

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Central Decatur Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Board of Education		
Igor Takacs	President	2015
Shaun Schaff	Vice President	2015
Ray Bishop	Board Member	2015
Mike Stuck	Board Member	2017
Amber Swartz	Board Member	2017
School Officials		
Chris Coffelt	Superintendent	2015
Becky Wood	Business Manager/Board Secretary	2015
Verle Norris Law Firm	Attorney	2015

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

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Decatur Community School District at June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Emphasis of Matter

As discussed in Note 15 to the financial statements, Central Decatur Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Decatur 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 in Schedules 1 through 9, 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 applies 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 18, 2016, on our consideration of Central Decatur Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of

our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

January 18, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,001,890 in fiscal year 2014 to \$8,188,074 in fiscal year 2015, while General Fund expenditures increased from \$7,865,111 in fiscal year 2014 to \$7,934,170 in fiscal year 2015. The District's General Fund balance increased from \$1,377,575 at June 30, 2014 to a balance of \$1,631,479, an 18.43% increase from the prior year.
- The increase in General Fund revenues is attributable to an increase in state and federal grants during fiscal year 2015. The increase in expenditures is mainly attributable to an increase in negotiated salaries and benefits paid to District employees.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Central Decatur Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Decatur Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Decatur Community School District acts solely as an agent or custodial for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

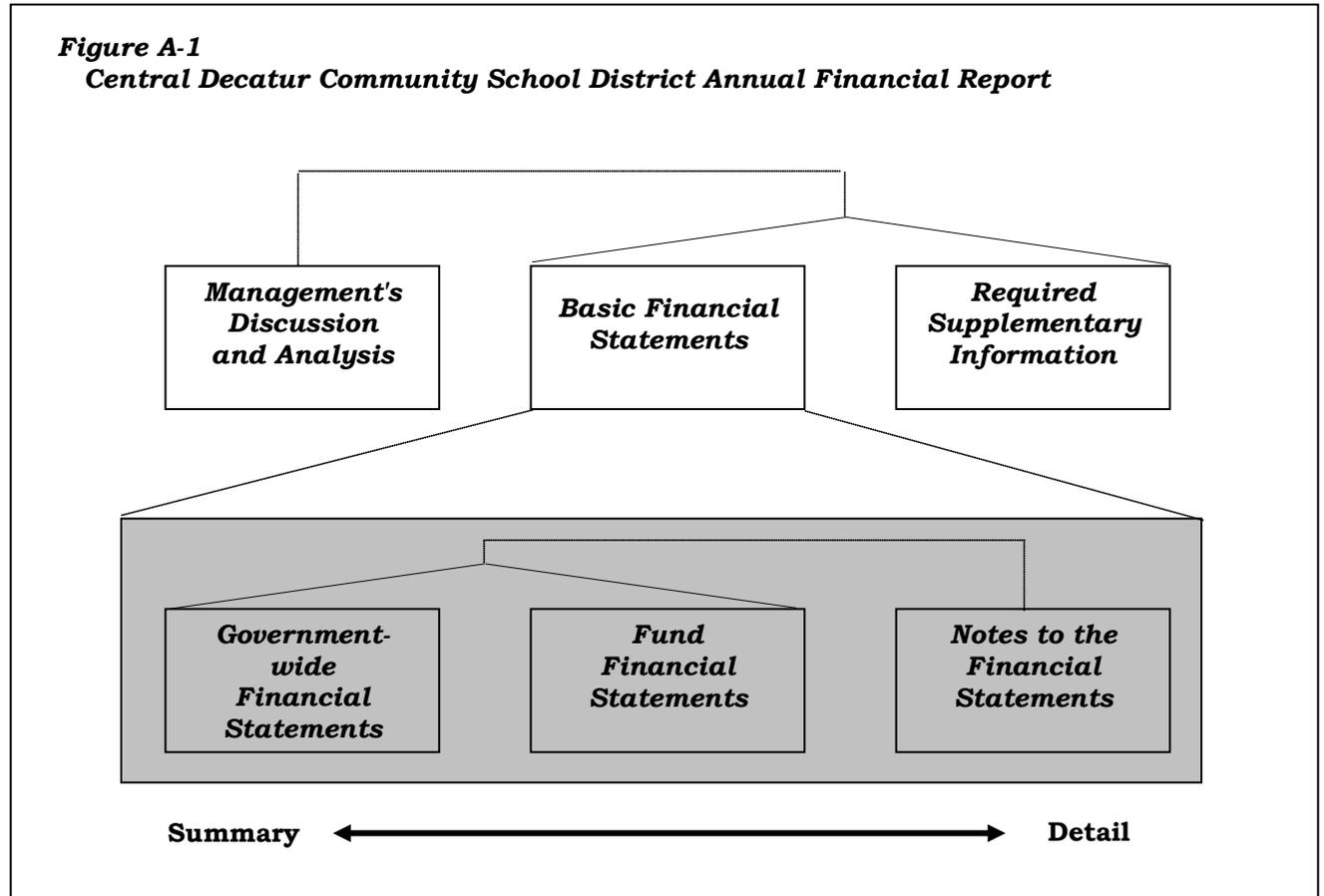


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2				
Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2015	June 30, 2014 (Not Restated)	June 30, 2015	June 30, 2014 (Not Restated)	June 30, 2015	June 30, 2014 (Not Restated)	2014-15
Current and other assets	\$ 5,932,273	5,621,351	5,612	42,266	5,937,885	5,663,617	4.84%
Capital assets	7,335,244	7,533,225	58,046	61,211	7,393,290	7,594,436	-2.65%
Total assets	13,267,517	13,154,576	63,658	103,477	13,331,175	13,258,053	0.55%
Deferred outflows of resources	548,400	-	24,263	-	572,663	-	100.00%
Long-term liabilities	4,640,016	2,312,501	125,552	9,053	4,765,568	2,321,554	105.27%
Other liabilities	1,097,189	1,158,420	40,719	29,968	1,137,908	1,188,388	-4.25%
Total liabilities	5,737,205	3,470,921	166,271	39,021	5,903,476	3,509,942	68.19%
Deferred inflows of resources	3,194,498	2,127,693	43,883	-	3,238,381	2,127,693	52.20%
Net position:							
Net investment in capital assets	5,865,244	5,558,505	58,046	61,211	5,923,290	5,619,716	5.40%
Restricted	1,056,017	985,063	-	-	1,056,017	985,063	7.20%
Unrestricted	(2,037,047)	1,012,394	(180,279)	3,245	(2,217,326)	1,015,639	-318.32%
Total net position	\$ 4,884,214	7,555,962	(122,233)	64,456	4,761,981	7,620,418	-37.51%

The District's combined net position decreased by 37.51%, or \$2,858,437 from the prior year. The largest portion of the District's net position is the invested in capital assets, net of related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by \$70,954, or 7.20% from the prior year. The increase in restricted net position is mainly attributable to the increase in fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Account.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased by \$3,232,965, or 318.32%. The reduction in unrestricted net position is primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by 3,318,674 and 143,688, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

	Figure A-4 Changes of Net Position						
	Governmental Activities		Business Type Activities		Total District	Total Change	
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 795,931	890,970	166,683	143,616	962,614	1,034,586	-6.96%
Operating grants, contributions and restricted interest	1,422,389	1,366,083	396,806	388,176	1,819,195	1,754,259	3.70%
Capital grants, contributions and restricted interest	1,400	-	-	-	1,400	-	100.00%
General revenues:							
Property tax	2,139,790	2,167,587	-	-	2,139,790	2,167,587	-1.28%
Income surtax	206,808	163,663	-	-	206,808	163,663	26.36%
Statewide sales, services and use tax	638,141	588,975	-	-	638,141	588,975	8.35%
Unrestricted state grants	4,401,871	4,150,970	-	-	4,401,871	4,150,970	6.04%
Unrestricted investment earnings	3,449	1,653	2	8	3,451	1,661	107.77%
Other	34,628	127,573	1,535	5,560	36,163	133,133	-72.84%
Total revenues	9,644,407	9,457,474	565,026	537,360	10,209,433	9,994,834	2.15%
Program expenses:							
Instructional	5,256,109	6,028,141	-	-	5,256,109	6,028,141	-12.81%
Support services	3,154,048	3,147,462	9,120	5,071	3,163,168	3,152,533	0.34%
Non-instructional programs	9,587	9,613	598,907	592,492	608,494	602,105	1.06%
Other expenses	577,737	681,679	-	-	577,737	681,679	-15.25%
Total expenses	8,997,481	9,866,895	608,027	597,563	9,605,508	10,464,458	-8.21%
Change in net position	646,926	(409,421)	(43,001)	(60,203)	603,925	(469,624)	-228.60%
Net position beginning of year, as restated	4,237,288	7,965,383	(79,232)	124,659	4,158,056	8,090,042	-48.60%
Net position end of year	\$ 4,884,214	7,555,962	(122,233)	64,456	4,761,981	7,620,418	-37.51%

In fiscal year 2015, property tax, income surtax and unrestricted state grants accounted for 69.97% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.73% of the business type activities revenue.

The District's total revenues were approximately \$10.21 million, of which approximately \$9.64 million was for governmental activities and approximately \$0.57 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.15% increase in revenues and a 8.21% decrease in expenses. The increase in revenues is primarily due to an increase in unrestricted state grants revenue received compared to the prior year. The decrease in expenses is primarily due to a decrease in instructional expenditures incurred compared the prior year.

Governmental Activities

Revenues for governmental activities were \$9,644,407 and expenses were \$8,997,481 for the year ended June 30, 2015.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Change 2014-15	2015	2014 (Not Restated)	Change 2014-15
Instruction	\$ 5,256,109	6,028,141	-12.81%	3,914,601	4,515,635	-13.31%
Support services	3,154,048	3,147,462	0.21%	2,566,308	2,676,446	-4.12%
Non-instructional programs	9,587	9,613	-0.27%	659	1,523	-56.73%
Other expenses	577,737	681,679	-15.25%	296,193	416,238	-28.84%
Totals	\$ 8,997,481	9,866,895	-8.81%	6,777,761	7,609,842	-10.93%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$795,931.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$1,423,789.
- The net cost of governmental activities was financed with \$2,139,790 in property tax, \$206,808 in income surtax, \$638,141 in statewide sales, services and use tax, \$4,401,871 in unrestricted state grants, \$3,449 in interest income and \$34,628 in other general revenues.

Business type Activities

Revenues of the District's business type activities for the year ended June 30, 2015 were \$565,026, a 5.15% increase over the prior year, and expenses totaled \$608,027, a 1.75% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,466,492; an increase from last year's ending fund balances of \$2,209,718. The increase in combined fund balances is mainly attributable to the increase in fund balance of the General Fund.

Governmental Fund Highlights

- The General Fund balance increased from \$1,377,575 at June 30, 2014 to \$1,631,479 at June 30, 2015. The increase in General Fund revenues was due in part to an increase in state and federal grant revenue received compared to the prior year and the increase in expenses was primarily due to negotiated salaries and benefits. Total revenues outpaced total expenditures during the year ensuring an increase in ending fund balance.
- The Capital Projects Fund balance increased from \$597,904 at June 30, 2014 to \$678,308 at June 30, 2015. The increase in the Capital Projects Fund ending balance is mainly attributable to the increase in sales tax revenues received as compared to the previous year.

Proprietary Fund Highlights

The Proprietary Fund net position decreased from a deficit restated net position of \$79,232 at July 1, 2014 to a deficit net position of \$122,233 at June 30, 2015, representing a decrease of 54.27%. The decrease in net position can be partly attributed to the increase in food costs to the District during the year. Total expenses also outpaced total revenues ensuring a decrease in ending net position.

BUDGETARY HIGHLIGHTS

Over the course of the year, Central Decatur Community School District amended its budget one time to reflect additional expenditures in the instruction and non-instructional programs functional areas.

The District's revenues were \$18,786 more than budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures using realistic projections based from prior year expenditures with 5% added as to not exceed the budget. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$7,393,290, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.65% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$391,626.

The original cost of the District's capital assets was \$13,669,575. Governmental funds account for \$13,395,462 with the remainder of \$274,113 in the Enterprise, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$98,753 at June 30, 2014, compared to \$0 reported at June 30, 2015. The decrease in construction in progress is due to the completion of the boy's locker room renovation project during the year. This project was capitalized in the Buildings category on the District's official capital asset listing.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 29,300	29,300	-	-	29,300	29,300	0.00%
Construction in progress	-	98,753	-	-	-	98,753	-100.00%
Buildings	6,558,318	6,564,599	-	-	6,558,318	6,564,599	-0.10%
Land improvements	182,748	187,333	-	-	182,748	187,333	-2.45%
Machinery and equipment	564,878	653,240	58,046	61,211	622,924	714,451	-12.81%
Total	\$ 7,335,244	7,533,225	58,046	61,211	7,393,290	7,594,436	-2.65%

Long-Term Debt

At June 30, 2015, the District had \$4,765,568 in general obligation and other long-term debt outstanding. This represents an increase of 105.27% from last year. (See Figure A-6) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had outstanding general obligation bonds of \$1,470,000 at June 30, 2015 payable from the Debt Service Fund.

The District had an outstanding computer lease payable of \$144,444 at June 30, 2015 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had total outstanding termination benefits payable of \$110,284 at June 30, 2015 payable from the Special Revenue: Management Levy Fund.

The District had a net pension liability of \$2,772,661 at June 30, 2015. \$2,657,595 of this total is accounted for in the District's governmental activities while \$115,066 is accounted for in the District's business type activities.

The District had a net OPEB liability of \$268,179 at June 30, 2015. \$257,693 of this total is accounted for in the District's governmental activities while \$10,486 is accounted for as part of the District's business type activities.

Figure A-7
Outstanding Long-Term Debt Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
General obligation bonds	\$ 1,470,000	1,690,000	-	-	1,470,000	1,690,000	-13.02%
Computer lease	144,444	284,720	-	-	144,444	284,720	-49.27%
Termination benefits	110,284	115,297	-	-	110,284	115,297	-4.35%
Net pension liability	2,657,595	-	115,066	-	2,772,661	-	100.00%
Net OPEB liability	257,693	222,484	10,486	9,053	268,179	231,537	15.83%
Total	\$ 4,640,016	2,312,501	125,552	9,053	4,765,568	2,321,554	105.27%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- District student enrollment is a primary consideration in the development of the budget on an annual basis. Historically, the district has experienced a declining enrollment, although student numbers have been relatively stable, increasing slightly over the past few years. The District will continue to monitor enrollment and adjust staffing ratios accordingly in order to maintain appropriate spending authority.
- The Iowa Legislature set the state supplementary aid rate for Fiscal Year 2016 after the budget was established and did not set the rate for Fiscal Year 2017. This uncertainty negatively impacts district decision-making in preparing for the annual budget.
- District health insurance renewal rates through United Health Care are a cost the district has no control over, continuing to increase on an annual basis. As such, a larger percentage of new money is allotted to health insurance benefits, leaving less for staff salaries. These increases in health care costs and rates will continue to impact district finances and staffing. Long-term impact and associated costs of the Affordable Care Act on the District continue to be evaluated.
- The District continues to be impacted by diminishing state and federal funding revenues and increasing District expenses. The District will evaluate how best to meet its' core mission of providing a quality educational experience for all students, supporting priorities, while evaluating efficiencies in all areas of the budget. District salaries and benefits continue to increase at a rate that exceeds annual state supplemental aid amounts, eroding District reserves and authority.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Becky Wood, Business Manager/Board Secretary, Central Decatur Community School District, 1201 NE Poplar Street, Leon, Iowa, 50144.

BASIC FINANCIAL STATEMENTS

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 2,855,355	-	2,855,355
Receivables:			
Property tax:			
Delinquent	40,945	-	40,945
Succeeding year	2,180,968	-	2,180,968
Income surtax	192,025	-	192,025
Accounts	1,354	2,330	3,684
Due from(Due to)other funds	25,000	(25,000)	-
Due from other governments	636,626	11,624	648,250
Inventories	-	16,658	16,658
Capital assets, net of accumulated depreciation	7,335,244	58,046	7,393,290
TOTAL ASSETS	13,267,517	63,658	13,331,175
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	548,400	24,263	572,663
LIABILITIES			
Excess of warrants over bank balance	-	1,847	1,847
Accounts payable	231,721	4,696	236,417
Salaries and benefits payable	861,067	30,771	891,838
Accrued interest payable	4,401	-	4,401
Unearned revenues	-	3,405	3,405
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	225,000	-	225,000
Computer lease payable	144,444	-	144,444
Termination benefits payable	37,825	-	37,825
Portion due after one year:			
General obligation bonds payable	1,245,000	-	1,245,000
Termination benefits payable	72,459	-	72,459
Net pension liability	2,657,595	115,066	2,772,661
Net OPEB liability	257,693	10,486	268,179
TOTAL LIABILITIES	5,737,205	166,271	5,903,476
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	2,180,968	-	2,180,968
Pension related deferred inflows	1,013,530	43,883	1,057,413
TOTAL DEFERRED INFLOWS OF RESOURCES	3,194,498	43,883	3,238,381
NET POSITION			
Net investment in capital assets	5,865,244	58,046	5,923,290
Restricted for:			
Categorical funding	307,061	-	307,061
School infrastructure	668,039	-	668,039
Physical plant and equipment	10,269	-	10,269
Student activities	57,616	-	57,616
Support trust purposes	4,974	-	4,974
Debt service	8,058	-	8,058
Unrestricted	(2,037,047)	(180,279)	(2,217,326)
TOTAL NET POSITION	\$ 4,884,214	(122,233)	4,761,981

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues						Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,950,865	291,152	406,002	-	(2,253,711)	-	(2,253,711)
Special	1,080,683	148,136	75,568	-	(856,979)	-	(856,979)
Other	1,224,561	285,288	133,962	1,400	(803,911)	-	(803,911)
	<u>5,256,109</u>	<u>724,576</u>	<u>615,532</u>	<u>1,400</u>	<u>(3,914,601)</u>	<u>-</u>	<u>(3,914,601)</u>
Support services:							
Student	285,586	6,691	12,500	-	(266,395)	-	(266,395)
Instructional staff	720,606	-	477,208	-	(243,398)	-	(243,398)
Administration	818,764	64,041	6,338	-	(748,385)	-	(748,385)
Operation and maintenance of plant	730,450	-	-	-	(730,450)	-	(730,450)
Transportation	598,642	623	20,339	-	(577,680)	-	(577,680)
	<u>3,154,048</u>	<u>71,355</u>	<u>516,385</u>	<u>-</u>	<u>(2,566,308)</u>	<u>-</u>	<u>(2,566,308)</u>
Non-instructional programs:							
Other enterprise operations	659	-	-	-	(659)	-	(659)
Community service operations	8,928	-	8,928	-	-	-	-
	<u>9,587</u>	<u>-</u>	<u>8,928</u>	<u>-</u>	<u>(659)</u>	<u>-</u>	<u>(659)</u>
Long-term debt interest	58,924	-	-	-	(58,924)	-	(58,924)
Other expenditures:							
AEA flowthrough	281,544	-	281,544	-	-	-	-
Depreciation(unallocated)*	237,269	-	-	-	(237,269)	-	(237,269)
	<u>518,813</u>	<u>-</u>	<u>281,544</u>	<u>-</u>	<u>(237,269)</u>	<u>-</u>	<u>(237,269)</u>
Total governmental activities	8,997,481	795,931	1,422,389	1,400	(6,777,761)	-	(6,777,761)
Business type activities:							
Support services:							
Administration	706	-	-	-	-	(706)	(706)
Operation and maintenance of plant	8,414	-	-	-	-	(8,414)	(8,414)
Non-instructional programs:							
Food service operations	598,907	166,683	396,806	-	-	(35,418)	(35,418)
Total business type activities	<u>608,027</u>	<u>166,683</u>	<u>396,806</u>	<u>-</u>	<u>-</u>	<u>(44,538)</u>	<u>(44,538)</u>
Total	\$ 9,605,508	962,614	1,819,195	1,400	(6,777,761)	(44,538)	(6,822,299)
General Revenues:							
Property tax for:							
General purposes					1,830,629	-	1,830,629
Debt service					268,053	-	268,053
Capital outlay					41,108	-	41,108
Income surtax					206,808	-	206,808
Statewide sales, services and use tax					638,141	-	638,141
Unrestricted state grants					4,401,871	-	4,401,871
Unrestricted investment earnings					3,449	2	3,451
Other					34,628	1,535	36,163
Total general revenues					<u>7,424,687</u>	<u>1,537</u>	<u>7,426,224</u>
Change in net position					646,926	(43,001)	603,925
Net position beginning of year, as restated					<u>4,237,288</u>	<u>(79,232)</u>	<u>4,158,056</u>
Net position end of year					<u>4,884,214</u>	<u>(122,233)</u>	<u>4,761,981</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 2,056,000	640,271	159,084	2,855,355
Receivables:				
Property tax:				
Delinquent	31,562	787	8,596	40,945
Succeeding year	1,646,438	41,827	492,703	2,180,968
Income surtax	192,025	-	-	192,025
Accounts	835	-	519	1,354
Due from other funds	25,000	-	-	25,000
Due from other governments	536,249	100,377	-	636,626
TOTAL ASSETS	\$ 4,488,109	783,262	660,902	5,932,273
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 157,100	63,127	11,494	231,721
Salaries and benefits payable	861,067	-	-	861,067
Total liabilities	1,018,167	63,127	11,494	1,092,788
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,646,438	41,827	492,703	2,180,968
Income surtax	192,025	-	-	192,025
Total deferred inflows of resources	1,838,463	41,827	492,703	2,372,993
Fund balances:				
Restricted for:				
Categorical funding	307,061	-	-	307,061
School infrastructure	-	668,039	-	668,039
Physical plant and equipment	-	10,269	-	10,269
Student activities	-	-	57,616	57,616
Management levy purposes	-	-	81,731	81,731
Support trust purposes	-	-	4,974	4,974
Debt service	-	-	12,459	12,459
Unassigned:				
General	1,324,418	-	-	1,324,418
Student activities	-	-	(75)	(75)
Total fund balances	1,631,479	678,308	156,705	2,466,492
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,488,109	783,262	660,902	5,932,273

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 20)	\$	2,466,492
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,335,244
Accounts receivable income surtax, are not yet available to finance current year expenditures of the current fiscal period and, therefore, are recognized as deferred inflows of resources in the governmental funds.		192,025
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.		(4,401)
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	\$ 548,400	
Deferred inflows of resources	(1,013,530)	(465,130)
	\$ 548,400	(465,130)
Long-term liabilities, including general obligation bonds payable, computer lease payable, termination benefits payable, net pension liability and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(4,640,016)
Net position of governmental activities(page 18)	\$	<u><u>4,884,214</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 1,795,128	41,108	449,243	2,285,479
Tuition	421,051	-	-	421,051
Other	177,633	2,983	263,943	444,559
State sources	4,806,831	638,168	299	5,445,298
Federal sources	986,901	-	-	986,901
Total revenues	<u>8,187,544</u>	<u>682,259</u>	<u>713,485</u>	<u>9,583,288</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,830,498	-	59,699	2,890,197
Special	1,091,689	-	-	1,091,689
Other	954,574	-	269,507	1,224,081
	<u>4,876,761</u>	<u>-</u>	<u>329,206</u>	<u>5,205,967</u>
Support services:				
Student	261,482	-	900	262,382
Instructional staff	685,829	3,482	350	689,661
Administration	791,397	-	10,471	801,868
Operation and maintenance of plant	528,698	30,398	163,562	722,658
Transportation	498,872	1,800	19,993	520,665
	<u>2,766,278</u>	<u>35,680</u>	<u>195,276</u>	<u>2,997,234</u>
Non-instructional programs:				
Other enterprise operations	659	-	-	659
Community service operations	8,928	-	-	8,928
	<u>9,587</u>	<u>-</u>	<u>-</u>	<u>9,587</u>
Capital outlay	-	412,527	-	412,527
Long-term debt:				
Principal	-	-	360,276	360,276
Interest and fiscal charges	-	-	59,909	59,909
	<u>-</u>	<u>-</u>	<u>420,185</u>	<u>420,185</u>
Other expenditures:				
AEA flowthrough	281,544	-	-	281,544
Total expenditures	<u>7,934,170</u>	<u>448,207</u>	<u>944,667</u>	<u>9,327,044</u>
Excess(Deficiency) of revenues over(under) expenditures	253,374	234,052	(231,182)	256,244
Other financing sources(uses):				
Transfer in	-	-	153,648	153,648
Transfer out	-	(153,648)	-	(153,648)
Sale of equipment	530	-	-	530
Total other financing sources(uses)	<u>530</u>	<u>(153,648)</u>	<u>153,648</u>	<u>530</u>
Change in fund balances	253,904	80,404	(77,534)	256,774
Fund balances beginning of year	<u>1,377,575</u>	<u>597,904</u>	<u>234,239</u>	<u>2,209,718</u>
Fund balances end of year	<u>\$ 1,631,479</u>	<u>678,308</u>	<u>156,705</u>	<u>2,466,492</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2015

Change in fund balances - total governmental funds(page 22) \$ 256,774

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

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

Capital outlay	\$ 185,810	
Depreciation expense	<u>(383,791)</u>	(197,981)

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. 360,276

Income surtax account receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 61,119

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. 985

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred inflow of resources in the Statement of Net Position. 396,259

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

Termination benefits	\$ 5,013	
Pension expense	(200,310)	
Other postemployment benefits	<u>(35,209)</u>	<u>(230,506)</u>

Change in net position of governmental activities(page 19) \$ 646,926

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise School Nutrition
ASSETS	
Current assets:	
Accounts receivable	\$ 2,330
Due from other governments	11,624
Inventories	16,658
Total current assets	30,612
Noncurrent assets:	
Capital assets, net of accumulated depreciation	58,046
TOTAL ASSETS	88,658
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	24,263
LIABILITIES	
Current liabilities:	
Due to other funds	25,000
Excess of warrants over bank balance	1,847
Accounts payable	4,696
Salaries and benefits payable	30,771
Unearned revenue	3,405
Total current liabilities	65,719
Noncurrent liabilities:	
Net pension liability	115,066
Net OPEB liability	10,486
Total noncurrent liabilities	125,552
TOTAL LIABILITIES	191,271
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	43,883
NET POSITION	
Net Investment in capital assets	58,046
Unrestricted	(180,279)
TOTAL NET POSITION	\$ (122,233)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 166,683
Miscellaneous	1,535
Total operating revenues	168,218
Operating expenses:	
Support services:	
Administration:	
Services	706
Operation and maintenance of plant:	
Services	8,414
	9,120
Non-instructional programs:	
Food service operations:	
Salaries	185,346
Benefits	91,237
Services	2,209
Supplies	311,300
Other	980
Depreciation	7,835
	598,907
Total operating expenses	608,027
Operating loss	(439,809)
Non-operating revenues:	
State sources	4,018
Federal sources	392,788
Interest income	2
Total non-operating revenues	396,808
Change in net position	(43,001)
Net position beginning of year, as restated	(79,232)
Net position end of year	\$ (122,233)

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 164,083
Cash received from miscellaneous	1,535
Cash payments to employees for services	(275,276)
Cash payments to suppliers for goods or services	(287,792)
Net cash used in operating activities	(397,450)
Cash flows from non-capital financing activities:	
Borrowings from General Fund.	25,000
State grants received	4,018
Federal grants received	355,508
Net cash provided by non-capital financing activities	384,526
Cash flows from capital and related financing activities:	
Purchase of capital assets	(4,670)
Cash flows from investing activities:	
Interest on investments	2
Net decrease in cash and pooled investments	(17,592)
Cash and pooled investments beginning of year	15,745
Cash and pooled investments end of year	\$ (1,847)
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (439,809)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	39,255
Depreciation	7,835
Increase in inventories	(3,736)
Increase in accounts receivable	(2,330)
Increase in accounts payable	298
Increase in salaries and benefits payable	8,876
Decrease in unearned revenue	(270)
Decrease in net pension liability	(45,576)
Increase in deferred outflows of resources	(7,309)
Increase in deferred inflows of resources	43,883
Increase in other postemployment benefits	1,433
Net cash used in operating activities	\$ (397,450)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received federal commodities of \$39,255.

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 24,267
LIABILITIES	<u>-</u>
NET POSITION	
Held in trust for scholarships	<u>\$ 24,267</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,276
Interest income	17
Total additions	1,293
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	2,350
Change in net position	(1,057)
Net position beginning of year	25,324
Net position end of year	\$ 24,267

SEE NOTES TO FINANCIAL STATEMENTS.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Central Decatur Community School District has included all funds, organizations, account groups, 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 Central Decatur Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Decatur County Assessors Conference Board.

B. Basis of Presentation

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

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

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

Restricted net position result 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. Enabling legislation did not result in any restricted net position.

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Cash 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, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

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

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

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

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

Deferred inflows of resources on the statement of net position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2015, the District had no investments.

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 153,648</u>

\$147,648 of the transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District's computer lease indebtedness as well as the amount \$6,000 budgeted for debt relief on the District's general obligation bond indebtedness.

Note 4. Due From and Due To Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise, School Nutrition	<u>\$ 25,000</u>

The Enterprise, School Nutrition Fund is repaying the General Fund for salaries and benefits paid by the General Fund which had not yet been repaid at year end.

Note 5. Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 29,300	-	-	29,300
Construction in progress	98,753	87,896	186,649	-
Total capital assets not being depreciated	<u>128,053</u>	<u>87,896</u>	<u>186,649</u>	<u>29,300</u>
Capital assets being depreciated:				
Buildings	10,364,380	217,651	-	10,582,031
Land improvements	393,453	8,752	-	402,205
Machinery and equipment	2,323,766	58,160	-	2,381,926
Total capital assets being depreciated	<u>13,081,599</u>	<u>284,563</u>	<u>-</u>	<u>13,366,162</u>
Less accumulated depreciation for:				
Buildings	3,799,781	223,932	-	4,023,713
Land improvements	206,120	13,337	-	219,457
Machinery and equipment	1,670,526	146,522	-	1,817,048
Total accumulated depreciation	<u>5,676,427</u>	<u>383,791</u>	<u>-</u>	<u>6,060,218</u>
Total capital assets being depreciated, net	<u>7,405,172</u>	<u>(99,228)</u>	<u>-</u>	<u>7,305,944</u>
Governmental activities capital assets, net	<u>\$ 7,533,225</u>	<u>(11,332)</u>	<u>186,649</u>	<u>7,335,244</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 303,030	4,670	33,587	274,113
Less accumulated depreciation	241,819	7,835	33,587	216,067
Business type activities capital assets, net	<u>\$ 61,211</u>	<u>(3,165)</u>	<u>-</u>	<u>58,046</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:		
Regular		\$ 52,736
Other		11,703
Support services:		
Administration		3,275
Operations and maintenance of plant		6,979
Transportation		71,829
		<u>146,522</u>
Unallocated depreciation		<u>237,269</u>
Total governmental activities depreciation expense		<u>\$ 383,791</u>

Business type activities:

Food service operations		<u>\$ 7,835</u>
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Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 1,690,000	-	220,000	1,470,000	225,000
Computer lease	284,720	-	140,276	144,444	144,444
Termination benefits	115,297	54,686	59,699	110,284	37,825
Net pension liability	3,710,247	-	1,052,652	2,657,595	-
Net OPEB liability	222,484	35,209	-	257,693	-
Total	<u>\$ 6,022,748</u>	<u>89,895</u>	<u>1,472,627</u>	<u>4,640,016</u>	<u>407,269</u>
<u>Business type activities:</u>					
Net pension liability	\$ 160,642	-	45,576	115,066	-
Net OPEB liability	9,053	1,433	-	10,486	-
Total	<u>\$ 169,695</u>	<u>1,433</u>	<u>45,576</u>	<u>125,552</u>	<u>-</u>

General Obligation Bonds Payable

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

Year Ended June 30,	Refunding Bond Issue Dated April 8, 2010				
	Interest Rates	Principal	Interest	Total	
2016	2.60 %	\$ 225,000	47,197	272,197	
2017	2.90	235,000	41,348	276,348	
2018	3.15	240,000	34,532	274,532	
2019	3.35	250,000	26,973	276,973	
2020	3.50	255,000	18,598	273,598	
2021	3.65	265,000	9,762	274,762	
Total		\$ 1,470,000	178,410	1,648,410	

Computer Lease Payable

Details of the District's June 30, 2014 computer lease indebtedness, which is payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund, are as follows:

Year Ended June 30,	Computer Lease Dated November 15, 2012				
	Interest Rates	Principal	Interest	Total	
2016	1.90 %	\$ 144,444	3,204	147,648	

Termination Benefits

In October 2014, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed twelve years of continuous contracted service to the District and must have reached the age of fifty-five on or before June 30, 2015. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal a cash payment of \$25,400 paid out in one to five equal installments at the election of the retiree. Payments will be made to each retiree on or before July 15th, each year. At June 30, 2015 the District had obligations to two participants of the 2015 retirement offering totaling \$54,686.

The District previously offered a cash incentive retirement plan to District employees in fiscal year 2013. This was offered to employees in fiscal year 2013 only. At June 30, 2015 the District had liabilities to four participants of the 2013 retirement offering totaling \$55,598.

At June 30, 2015, the District had obligations to a total six participants with a total liability of \$110,284. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$59,699.

Note 7. Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$413,934.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,772,661 for its proportionate share of the net pension liability. The net pension liability was measured as of June

30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.068510 percent, which was an increase of 0.000144 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$208,893. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,133	\$ -
Changes of assumptions	122,364	-
Net difference between projected and actual earnings on pension plan investments	-	1,057,413
Changes in proportion and differences between District contributions and proportionate share of contributions	6,232	-
District contributions subsequent to the measurement date	413,934	-
Total	\$ 572,663	\$ 1,057,413

\$413,934 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	\$ (227,267)
2017	(227,267)
2018	(227,267)
2019	(227,267)
2020	10,384
	<u>\$ (898,684)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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-percentagepoint higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 5,238,865	\$ 2,772,661	\$ 690,929

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 \$57,244 for legally required employer contributions and \$38,141 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 71 active members and 5 retired members in the plan. Retired participants must be age 55 or older at age of retirement.

The medical benefits are provided through a fully-insured plan with Coventry. Retirees under age 65 pay the same premium for the medical benefit as active employees, which result in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$	71,000
Interest on net OPEB obligation		10,419
Adjustment to annual required contribution		<u>(8,777)</u>
Annual OPEB cost		72,642
Contributions made		<u>(36,000)</u>
Increase in net OPEB obligation		36,642
Net OPEB obligation beginning of year		<u>231,537</u>
Net OPEB obligation end of year	<u>\$</u>	<u>268,179</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$36,000 to the medical plan. Plan members eligible for the plan contributed \$35,000 or 49.30% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 72,000	41.5%	\$ 196,186
2014	72,351	51.1%	231,537
2015	72,642	49.6%	268,179

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$551,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$551,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,646,198 and the ratio of the UAAL to covered payroll was 15.1%. 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. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the Alternative Measurement Method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 table, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

Projected claim costs of the medical plan are \$792 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5%. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Risk Management

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$281,544 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.

Note 11. Deficit Balances and Net Position

The Student Activity Fund had a deficit unassigned fund balance of \$75 at June 30, 2015. The Enterprise, School Nutrition Fund a deficit unrestricted net position of \$180,279 and a deficit total net position of \$122,233 at June 30, 2015. The District's governmental activities had a deficit unrestricted net position of \$2,037,047 at June 30, 2015.

Note 12. Operating Lease

In July 2015, the District entered into a 5 year lease agreement for 7 copy machines, with Infomax Office Systems Inc. Minimum monthly payments total \$2,319, which includes \$1,679 per month for equipment use and \$640 per month for maintenance on the machines. As of June 30, 2015 60 months remained on the lease agreement.

Note 13. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Home School Assistance Program	\$ 15,612
Gifted and Talented Programs	194,760
Beginning Teacher Mentoring and Induction Program	16
Teacher Salary Supplement	33,107
Successful Progression for Early Readers	30,155
Professional Development for Model Core Curriculum	7,999
Professional Development	17,916
Teacher Leadership Grants	7,496
Total	<u>\$ 307,061</u>

Note 14. Reconciliation of Certain Governmental Fund Balances to Net Position

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

	<u>Net Investment In Capital Assets</u>	<u>Management Levy</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	81,731	12,459	1,324,418
Invested in capital assets, net of accumulated depreciation	7,335,244	-	-	-
General obligation bond capitalized indebtedness	(1,470,000)	-	-	-
Computer lease capitalized indebtedness	-	-	-	(144,444)
Termination benefits	-	(81,731)	-	(28,553)
Accrued interest payable	-	-	(4,401)	-
Income surtax	-	-	-	192,025
Pension related deferred outflows of resources	-	-	-	548,400
Pension related deferred inflows of resources	-	-	-	(1,013,530)
Net pension liability	-	-	-	(2,657,595)
Net OPEB liability	-	-	-	(257,693)
Unassigned student activities	-	-	-	(75)
Net position (Exhibit A)	<u>\$ 5,865,244</u>	<u>-</u>	<u>8,058</u>	<u>(2,037,047)</u>

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources

and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 7,555,962	\$ 64,456
Net pension liability at June 30, 2014	(3,710,247)	(160,642)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	391,573	16,954
Net position July 1, 2014, as restated	<u>\$ 4,237,288</u>	<u>\$ (79,232)</u>

Central Decatur Community School District

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,151,089	168,220	3,319,309	3,497,580	3,497,580	(178,271)
State sources	5,445,298	4,018	5,449,316	5,577,948	5,577,948	(128,632)
Federal sources	986,901	392,788	1,379,689	1,054,000	1,054,000	325,689
Total revenues	9,583,288	565,026	10,148,314	10,129,528	10,129,528	18,786
Expenditures/expenses:						
Instruction	5,205,967	-	5,205,967	5,357,707	5,370,000	164,033
Support services	2,997,234	9,120	3,006,354	3,457,695	3,457,695	451,341
Non-instructional programs	9,587	598,907	608,494	575,000	645,313	36,819
Other expenditures	1,114,256	-	1,114,256	1,198,154	1,198,154	83,898
Total expenditures/expenses	9,327,044	608,027	9,935,071	10,588,556	10,671,162	736,091
Excess(Deficiency) of revenues over(under) expenditures/expenses	256,244	(43,001)	213,243	(459,028)	(541,634)	754,877
Other financing sources, net	530	-	530	2,500	2,500	(1,970)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	256,774	(43,001)	213,773	(456,528)	(539,134)	752,907
Balances beginning of year, as restated	2,209,718	(79,232)	2,130,486	2,399,872	2,399,872	(269,386)
Balances end of year	\$ 2,466,492	(122,233)	2,344,259	1,943,344	1,860,738	483,521

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison 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 functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. 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 expenditures by \$82,606.

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

	2015
District's proportion of the net pension liability	0.068510%
District's proportionate share of the net pension liability	\$ 2,772,661
District's covered-employee payroll	\$ 4,635,326
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.82%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 413,935	408,527	381,745	342,422	247,406	266,529	254,622	232,040	215,610	209,482
Contributions in relation to the statutorily required contribution	<u>(413,935)</u>	<u>(408,527)</u>	<u>(381,745)</u>	<u>(342,422)</u>	<u>(247,406)</u>	<u>(266,529)</u>	<u>(254,622)</u>	<u>(232,040)</u>	<u>(215,610)</u>	<u>(209,482)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 4,635,326	4,574,770	4,403,057	4,243,147	3,559,799	3,834,950	4,009,795	3,835,372	3,749,739	3,643,165
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 585,000	\$ 585,000	0.00%	\$ 2,934,049	20.0%
2011	July 1, 2009	-	585,000	585,000	0.00%	2,857,133	20.5%
2012	July 1, 2009	-	585,000	585,000	0.00%	3,150,619	18.6%
2013	July 1, 2012	-	551,000	551,000	0.00%	2,975,580	18.5%
2014	July 1, 2012	-	551,000	551,000	0.00%	3,102,718	17.8%
2015	July 1, 2012	-	551,000	551,000	0.00%	3,646,198	15.1%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Central Decatur Community School District

SUPPLEMENTARY INFORMATION

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue				Debt Service	Total
	Student Activity	Management Levy	Support Trust	Total		
ASSETS						
Cash and pooled investments	\$ 68,516	78,264	4,974	151,754	7,330	159,084
Receivables:						
Property tax:						
Delinquent	-	3,467	-	3,467	5,129	8,596
Succeeding year	-	225,000	-	225,000	267,703	492,703
Accounts	519	-	-	519	-	519
TOTAL ASSETS	\$ 69,035	306,731	4,974	380,740	280,162	660,902
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 11,494	-	-	11,494	-	11,494
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	-	225,000	-	225,000	267,703	492,703
Fund balances:						
Restricted for:						
Student activities	57,616	-	-	57,616	-	57,616
Management levy purposes	-	81,731	-	81,731	-	81,731
Support trust purposes	-	-	4,974	4,974	-	4,974
Debt service	-	-	-	-	12,459	12,459
Unassigned	(75)	-	-	(75)	-	(75)
Total fund balances	57,541	81,731	4,974	144,246	12,459	156,705
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 69,035	306,731	4,974	380,740	280,162	660,902

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2015

	Special Revenue			Total	Debt Service	Total
	Student Activity	Management Levy	Support Trust			
Revenues:						
Local sources:						
Local tax	\$ -	181,190	-	181,190	268,053	449,243
Other	256,800	7,071	61	263,932	11	263,943
State sources	-	121	-	121	178	299
Total revenues	256,800	188,382	61	445,243	268,242	713,485
Expenditures:						
Instruction:						
Regular	-	59,699	-	59,699	-	59,699
Other	269,507	-	-	269,507	-	269,507
Support services:						
Student	900	-	-	900	-	900
Instructional staff	350	-	-	350	-	350
Administration	-	10,471	-	10,471	-	10,471
Operation and maintenance of plant	170	163,392	-	163,562	-	163,562
Transportation	-	19,993	-	19,993	-	19,993
Long-term debt:						
Principal	-	-	-	-	360,276	360,276
Interest and fiscal charges	-	-	-	-	59,909	59,909
Total expenditures	270,927	253,555	-	524,482	420,185	944,667
Excess(Deficiency) of revenues over(under) expenditures	(14,127)	(65,173)	61	(79,239)	(151,943)	(231,182)
Other financing sources:						
Transfer in	-	-	-	-	153,648	153,648
Change in fund balances	(14,127)	(65,173)	61	(79,239)	1,705	(77,534)
Fund balances beginning of year	71,668	146,904	4,913	223,485	10,754	234,239
Fund balances end of year	\$ 57,541	81,731	4,974	144,246	12,459	156,705

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 626,083	14,188	640,271
Receivables:			
Property tax:			
Delinquent	-	787	787
Succeeding year	-	41,827	41,827
Due from other governments	100,377	-	100,377
TOTAL ASSETS	\$ 726,460	56,802	783,262
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 58,421	4,706	63,127
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	41,827	41,827
Fund balances:			
Restricted for:			
School infrastructure	668,039	-	668,039
Physical plant and equipment	-	10,269	10,269
Total fund balances	668,039	10,269	678,308
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 726,460	56,802	783,262

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL DECATUR 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	\$ -	41,108	41,108
Other	657	2,326	2,983
State sources	638,141	27	638,168
Total revenues	638,798	43,461	682,259
Expenditures:			
Support services:			
Instructional staff	-	3,482	3,482
Operation and maintenance of plant	-	30,398	30,398
Transportation	-	1,800	1,800
Capital outlay	400,568	11,959	412,527
Total expenditures	400,568	47,639	448,207
Excess(Deficiency) of revenues over(under) expenditures	238,230	(4,178)	234,052
Other financing uses:			
Transfer out	(153,648)	-	(153,648)
Change in fund balances	84,582	(4,178)	80,404
Fund balances beginning of year	583,457	14,447	597,904
Fund balances end of year	\$ 668,039	10,269	678,308

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Athletics:					
Basketball	\$ 6,389	15,219	15,216	(3,070)	3,322
Track	-	748	2,358	1,610	-
Cross Country	-	20	1,034	1,014	-
Golf	312	1,758	2,293	223	-
Football	1,370	10,600	9,671	(1,500)	799
Baseball & Camp	185	7,867	7,486	2,187	2,753
Wrestling	166	5,286	6,689	1,237	-
Volleyball	2,031	2,607	3,437	(500)	701
Softball and Fundraiser	2,439	4,635	7,298	1,213	989
Bowling	174	-	-	-	174
General Athletics	-	258	3,636	3,378	-
Season Passes	150	1,470	5	(1,375)	240
Girls Basketball Camp	4,547	7,452	9,508	193	2,684
Boys Basketball Camp	416	8,262	9,089	451	40
Cross Country Camp	53	2,520	1,584	-	989
Football Camp	961	15,048	14,389	(386)	1,234
Wrestling Camp	423	4,616	5,008	-	31
Golf camp	-	419	1,367	948	-
Volleyball Camp	-	4,564	3,457	-	1,107
	<u>19,616</u>	<u>93,349</u>	<u>103,525</u>	<u>5,623</u>	<u>15,063</u>
Athletic Support:					
Cheerleaders	-	72	86	14	-
Cheerleading Camp	-	3,343	2,674	(220)	449
Drill Team	1,916	1,307	2,600	-	623
	<u>1,916</u>	<u>4,722</u>	<u>5,360</u>	<u>(206)</u>	<u>1,072</u>
Clubs:					
Timber	463	-	-	(128)	335
Cardinal Athletics	230	-	-	224	454
International Club	1,027	270	181	(35)	1,081
TSA Club	1,769	2,944	2,684	-	2,029
Drama/Play Club	7,244	3,233	3,859	(3,000)	3,618
Speech Club	-	19	128	109	-
National Honor Society	2,687	-	195	-	2,492
SADD	996	30	30	-	996
Academic Bowl	146	660	449	-	357
Weight Club	554	3,778	4,791	500	41
MOB - Basketball	227	1,150	1,190	-	187
MOB - Football	-	1,725	1,735	10	-
Music Boosters	803	1,640	2,197	-	246
Go Ape	4,278	8,889	11,045	-	2,122
	<u>20,424</u>	<u>24,338</u>	<u>28,484</u>	<u>(2,320)</u>	<u>13,958</u>
Graduation Classes:					
Class of 2015	857	10,192	12,435	1,437	51
Class of 2016	407	4,300	3,919	-	788
Class of 2017	220	1,359	503	-	1,076
Class of 2018	20	205	-	-	225
	<u>1,504</u>	<u>16,056</u>	<u>16,857</u>	<u>1,437</u>	<u>2,140</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Account	Balance End of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Vocational Groups:					
FFA	8,407	46,366	51,188	2,610	6,195
FFA - Middle School	-	4,154	370	(2,489)	1,295
FCCLA	398	210	596	-	12
	<u>8,805</u>	<u>50,730</u>	<u>52,154</u>	<u>121</u>	<u>7,502</u>
Yearbook:					
Annual	8,402	12,934	8,616	35	12,755
Student Councils:					
HS Student Council	332	3,559	3,976	29	(56)
MS Student Council	334	-	-	-	334
	<u>666</u>	<u>3,559</u>	<u>3,976</u>	<u>29</u>	<u>278</u>
JR/SR Awards:					
Awards	-	17	1,570	1,534	(19)
Middle School Fundraiser	2,965	5,365	5,781	(1,000)	1,549
	<u>2,965</u>	<u>5,382</u>	<u>7,351</u>	<u>534</u>	<u>1,530</u>
Band/Chorus/Art:					
Music Trip	4,661	18,389	22,118	-	932
Instrumental Music	-	-	585	585	-
Vocal Music	-	33	475	442	-
	<u>4,661</u>	<u>18,422</u>	<u>23,178</u>	<u>1,027</u>	<u>932</u>
Miscellaneous Accounts:					
Coaches vs Cancer	-	915	940	521	496
Washington DC	100	881	981	-	-
Pepsi	-	239	-	(239)	-
Pepsi-Café	-	211	-	(211)	-
Fall Concessions	-	6,336	5,612	(724)	-
Winter Concessions	-	10,698	8,225	(2,473)	-
Summer Concessions	2,609	7,887	5,661	(3,020)	1,815
Interest	-	141	7	(134)	-
	<u>2,709</u>	<u>27,308</u>	<u>21,426</u>	<u>(6,280)</u>	<u>2,311</u>
Total	<u>\$ 71,668</u>	<u>256,800</u>	<u>270,927</u>	<u>-</u>	<u>57,541</u>

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND
 JUNE 30, 2015

	Private Purpose Trust									
	Scholarship									
	Bennett Scholarship	Logsdon Scholarship	Johnston Memorial	McAlwee Memorial	Horn Scholarship	Carter Nursing Scholarship	Leeper Scholarship	Decker Scholarship	Showers Haystack Memorial	Total
ASSETS										
Cash and pooled investments	\$ 1,342	5,671	5,037	8,198	2,218	200	409	749	443	24,267
LIABILITIES										
	-	-	-	-	-	-	-	-	-	-
NET POSITION										
Held in trust for scholarships	\$ 1,342	5,671	5,037	8,198	2,219	201	409	747	443	24,267

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUND
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust										
	Scholarship Fund										
	Bennett	Logsdon	Johnston	McAlwee	Horn	Carter	Leeper	Vaughn	Decker	Showers	Total
	Scholarship	Scholarship	Memorial	Memorial	Scholarship	Nursing	Scholarship	Scholarship	Scholarship	Memorial	
Additions:											
Local sources:											
Gifts and contributions	\$ -	-	-	-	-	-	500	100	-	676	1,276
Interest income	-	-	-	10	-	-	-	-	7	-	17
Total additions	-	-	-	10	-	-	500	100	7	676	1,293
Deductions:											
Instruction:											
Regular:											
Scholarships awarded	100	200	200	500	-	100	600	300	50	300	2,350
Change in net position	(100)	(200)	(200)	(490)	-	(100)	(100)	(200)	(43)	376	(1,057)
Net position beginning of year	1,442	5,871	5,237	8,688	2,219	301	509	200	790	67	25,324
Net position end of year	\$ 1,342	5,671	5,037	8,198	2,219	201	409	-	747	443	24,267

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,285,479	2,380,758	2,855,058	2,960,170	2,852,179	2,583,949	2,503,149	2,348,093	1,825,892	2,274,413
Tuition	421,051	445,865	354,838	338,415	398,469	290,701	335,722	287,073	205,594	157,034
Other	444,559	592,996	474,301	543,840	452,114	459,777	497,025	435,878	977,751	404,421
State sources	5,445,298	5,255,947	4,486,277	4,403,910	4,142,177	3,730,488	4,122,242	4,184,634	4,012,375	3,881,688
Federal sources	986,901	831,416	505,647	500,874	734,442	1,106,801	775,335	354,877	350,165	366,308
Total	\$ 9,583,288	9,506,982	8,676,121	8,747,209	8,579,381	8,171,716	8,233,473	7,610,555	7,371,777	7,083,864
Expenditures:										
Instruction:										
Regular	\$ 2,890,197	3,105,494	2,756,073	2,610,315	2,414,451	2,962,760	3,584,369	2,116,372	2,080,081	2,111,738
Special	1,091,689	1,164,160	1,238,797	1,190,642	1,148,670	1,080,114	401,003	1,361,384	1,373,325	1,375,313
Other	1,224,081	1,362,126	1,326,909	1,363,659	1,312,178	651,225	743,410	1,118,937	1,155,003	1,097,039
Support services:										
Student	262,382	274,920	231,421	209,259	138,733	132,480	131,405	128,839	137,913	137,510
Instructional staff	689,661	652,927	562,322	332,397	301,322	267,068	312,658	245,886	210,221	176,916
Administration	801,868	779,188	706,602	641,819	637,816	668,077	738,026	659,815	719,398	659,791
Operation and maintenance of plant	722,658	815,101	763,480	628,732	589,465	587,342	572,399	590,346	545,868	570,804
Transportation	520,665	680,949	585,460	567,308	491,955	469,517	411,817	434,587	401,404	375,953
Non-instructional programs	9,587	9,613	10,952	333	894	781	586	374	-	24,190
Capital outlay	412,527	189,919	238,556	483,323	648,649	804,990	255,371	741,155	68,395	146,308
Long-term debt:										
Principal	360,276	356,227	215,000	215,000	165,000	160,000	155,000	145,000	140,000	135,000
Interest	59,909	67,918	59,223	62,195	183,704	124,275	130,862	137,025	142,975	148,712
Other expenditures:										
AEA flow-through	281,544	265,441	249,707	249,841	281,671	280,012	253,488	245,664	239,906	232,901
Total	\$ 9,327,044	9,723,983	8,944,502	8,554,823	8,314,508	8,188,641	7,690,394	7,925,384	7,214,489	7,192,175

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
INDIRECT:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 15	\$ 89,868
National School Lunch Program	10.555	FY 15	262,458 *
Summer Food Service Program for Children	10.559	FY 15	<u>13,826</u>
			<u>366,152</u>
Fresh Fruit and Vegetable Program	10.582	FY 15	<u>26,636</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 15	<u>216,938</u>
Twenty-First Century Community Learning Centers	84.287	FY 15	<u>129,740</u>
Rural Education	84.358	FY 14	7,002
Rural Education	84.358	FY 15	<u>13,049</u>
			<u>20,051</u>
Improving Teacher Quality State Grants (Title IIA)	84.367	FY 15	<u>42,398</u>
Grants for State Assessments and Related Activities	84.369	FY 15	<u>3,490</u>
National Institute for Excellence in Teaching:			
Teacher Incentive Fund	84.374	FY 15	<u>474,306</u>
Green Hills Area Education Agency:			
Special Education - Grants to States	84.027	FY 15	<u>35,664</u>
Career and Technical Education - Basic Grants to States	84.048	FY 15	<u>11,610</u>
Total			<u>\$ 1,326,985</u>

* - Includes \$39,255 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Central Decatur Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on 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 financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

To the Board of Education of the Central Decatur Community School District:

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Government 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 Central Decatur 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 18, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control we consider to be a material weakness.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Decatur Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Decatur Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 18, 2016
Newton, Iowa

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

**Independent Auditor's Report on Compliance for Each
Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

To the Board of Education of Central Decatur Community School District:

Report on Compliance for Each Major Federal Program

We have audited Central Decatur Community School District 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 Central Decatur Community School District's major federal programs for the year ended June 30, 2015. Central Decatur Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Decatur 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 Central Decatur 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 Central Decatur Community School District's compliance with those requirements.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of Central Decatur 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 Central Decatur 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 Central Decatur Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

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 combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-15 to be a material weakness.

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 18, 2016
Newton, Iowa

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did disclose audit 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:
 - ***Child Nutrition Cluster:***
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
 - ***Individual program:***
 - CFDA Number 84.374 - Teacher Incentive Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Central Decatur Community School District did not qualify as a low-risk auditee.

CENTRAL DECATUR 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:

None noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - bank reconciliations, cash receipts and the disbursement function.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - opening mail and distribution, collecting, filling out deposit slips, depositing, journalizing, posting and reconciling.
- 4) Wire transfers - processing and approving.
- 5) Computer systems - performing all general accounting functions and controlling all data input and output.
- 6) Journal entries - approval and posting.

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

Response - The District will continue to review its' control procedures in order to move toward the maximum internal control possible with available staffing.

Conclusion - Response accepted.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553 - School Breakfast Program
CFDA Number 10.555 - National School Lunch Program
CFDA Number 10.559 - Summer Food Service Program for Children
Federal Award Year: 2015
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.374 - Teacher Incentive Fund
Federal Award Year: 2015
U.S. Department of Education
Passed through the National Institute for Excellence in Teaching

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

- 1) Cash - bank reconciliations, cash receipts and the disbursement function.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - opening mail and distribution, collecting, filling out deposit slips, depositing, journalizing, posting and reconciling.
- 4) Wire transfers - processing and approving.
- 5) Computer systems - performing all general accounting functions and controlling all data input and output.
- 6) Journal entries - approval and posting.

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

Response and Corrective Action Plan - The District will continue to review its' control procedures in order to move toward the maximum internal control possible with available staffing.

Conclusion - Response accepted.

CENTRAL DECATUR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted.

IV-B-15 Questionable Disbursements - We noted no disbursements that may not meet the requirements for 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 - Business transactions between the District and District officials or employees were noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Dan Christensen, Teacher Owns Christensen Mowing	Purchased Services	\$ 4,816

In accordance with Attorney General's opinion dated July 2, 1990, the above transactions with the District employee, Dan Christensen, do not appear to represent a conflict of interest.

IV-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

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

IV-G-15 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Iowa Department of Education. The number of resident students was understated by 1.00 students for the fall 2014 count date.

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

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

Conclusion - Response accepted.

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

IV-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

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

IV-K-15 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds. However, we noted that the District's categorical funding carryover balance for Gifted and Talented program increased from \$166,957 at June 30, 2014 to \$194,760 at June 30, 2015. The remaining carryover fund balance is nearly four times the yearly allocation received by the District.

Recommendation - The District should develop a plan to spend down the remaining carryover balance and potentially consider not applying for Talented and Gifted Program allocations in the future until the current carryover amount is spent down.

Response - The District will develop a plan to spend down the remaining carryover balance for the Talented and Gifted program in order to ensure funds are appropriately utilized for student services.

Conclusion - Response accepted.

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	583,457
Revenues/transfers in:			
Sales tax revenues	\$	638,141	
Other local revenues		657	638,798
			<u>1,222,255</u>
Expenditures/transfer out:			
School infrastructure construction	\$	363,071	
Equipment		37,497	
Transfer to another fund:			
Debt service fund		153,648	554,216
			<u>554,216</u>
Ending Balance		\$	<u>668,039</u>

For the year ended June 30, 2015, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	<u>\$ 0.04844</u>	<u>\$ 6,000</u>

IV-M -15 Financial Condition - The District had the following deficit balances at June 30, 2015. The District had a deficit unrestricted net position of \$180,279 and a deficit total net position of \$122,233 in the School Nutrition Fund. The District also had a deficit unrestricted net position in the District's Governmental Activities of \$2,037,047. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year. The District also had two deficit accounts in the Student Activity Fund totaling \$75 at June 30, 2015.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward. The District should also monitor the accounts and investigate alternatives to eliminate the deficit balances in the Student Activity Fund.

Response - The District will inform the board regarding GASB Statement No. 68 and No. 71. The District will review all deficit balances.

Conclusion - Response accepted.

IV-N-15 Student Activity Fund - During our audit concerns arose about the propriety of certain expenditures within the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more appropriately included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules (298A.9). More specific examples of findings are listed below.

Instructional Items Purchased: We noted the District purchased library books out of the Middle School account within the Student Activity Fund with money received from Scholastic Book Fairs held by the District. Expenditures for library books would appear to be instructional in nature, and would be more appropriately handled in the District's General Fund.

Recommendation - Iowa Administrative Code 281-98.60 states that the Student Activity Fund is not to be used as a clearing account for any other fund. Due to the Book Fairs not being associated with any of the groups recorded in the Student Activity Fund and due to the books purchased being as instructional items, it would appear more appropriate in the District's General Fund.

Response - The District will purchase library books from the General Fund.

Conclusion - Response accepted.