

**CORWITH-WESLEY COMMUNITY SCHOOL DISTRICT
CORWITH, IOWA**

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

YEAR ENDED JUNE 30, 2015

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Corwith-Wesley Community School District
Corwith, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Keith Hauswirth	President	2017
Jonathon Chambers	Vice President	2015
Susan Burrs	Board Member	2015
Tracy Studer	Board Member	2017
Jodi Grein	Board Member	2015
School Officials		
Jon Hueser	Superintendent	2015
Sue Parcel	District Secretary/Treasurer and Business Manager	2015
Ahlers & Cooney, P.C.	Attorney	Indefinite

Cornwell, Frideres, Maher & Associates, P.L.C.

Certified Public Accountants

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Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Residents of the Corwith-Wesley Community School District voted and passed a resolution for the dissolution of the District effective July 1, 2015. As described in Note 13 to the financial statements, the District dissolved its assets and liabilities into the Algona, Clarion-Goldfield-Dows, LuVerne, and West Hancock community school districts.

Emphasis of Matter

As discussed in Note 12 to the financial statements, Corwith-Wesley Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 51 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the

basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corwith-Wesley 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 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2016 on our consideration of Corwith-Wesley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Corwith-Wesley Community School District's internal control over financial reporting and compliance.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 18, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Corwith-Wesley 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 \$1,486,978 in fiscal 2014 to \$1,527,369 in fiscal 2015, while General Fund expenditures increased from \$1,542,396 in fiscal 2014 to \$1,860,154 in fiscal 2015. The District's General Fund balance decreased from \$527,605 in fiscal 2014 to \$195,835 in fiscal 2015, a 62.9% decrease.
- The fiscal year 2015 General Fund revenue increase was attributable to increases in state revenue. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits.

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 Corwith-Wesley 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 Corwith-Wesley Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide financial information about activities for which Corwith-Wesley Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Corwith-Wesley Community School District
Annual Financial Report

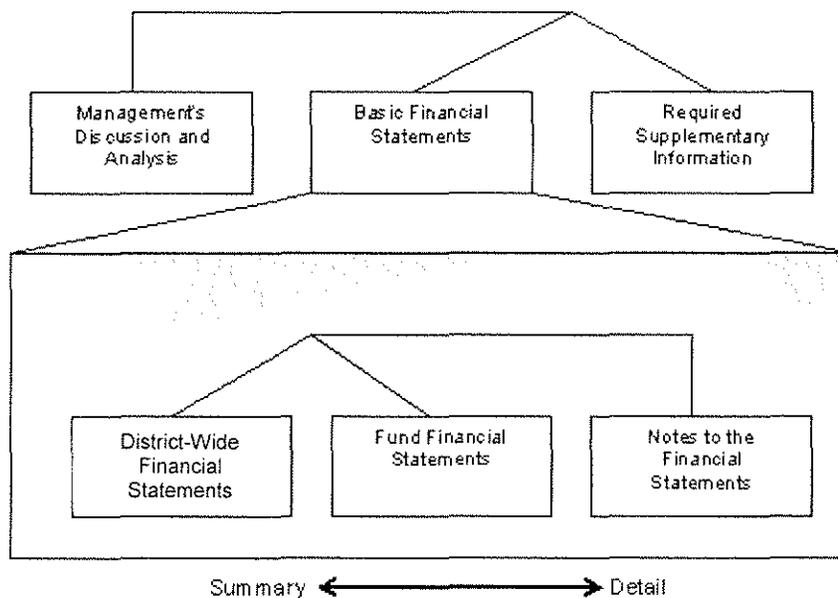


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	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, 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 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, and the Capital Projects Fund.

The required financial statements for 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 provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

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

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

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3							
Condensed Statement of Net Position							
(Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014 (Not restated)		2014 (Not restated)		2014 (Not restated)		2014-2015
	2015	restated)	2015	restated)	2015	restated)	2014-2015
Current and other assets	\$1,187	2,572	---	3	1,187	2,575	-53.9%
Capital assets	215	282	2	2	217	284	-23.6%
Total assets	1,402	2,854	2	5	1,404	2,859	-50.9%
Deferred outflows of resources	81		2		83		100.0%
Long-term liabilities	600	137	19	7	619	144	329.9%
Other liabilities	130	353	47	35	177	388	-54.4%
Total liabilities	730	490	66	42	796	532	49.6%
Deferred inflows of resources	385	885	8	---	393	885	-55.6%
Net position:							
Net investment in capital assets	215	282	2	2	217	284	-23.6%
Restricted	864	837	---	---	864	837	3.2%
Unrestricted	(711)	360	(72)	(39)	(783)	321	343.9%
Total net position	\$ 368	1,479	(70)	(37)	298	1,442	-79.3%

The District's total net position decreased 79.3% or approximately \$1,144,000, from the prior year. A portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$27,000 or 3% over the prior year. The increase was primarily a result of an increase in the amount restricted for Capital Projects, Statewide Sales, Services and Use Tax Fund.

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 approximately 1,104,000 or 344%. This reduction in unrestricted net position was primarily a result of the District’s net pension liability and 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 \$780,788 and \$17,468, 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 the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4								
Changes in Net Position								
(Expressed in Thousands)								
	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>District</u>		<u>Change</u>	
	2014		2014		2014			
	<u>2015</u>	<u>(Not restated)</u>	<u>2015</u>	<u>(Not restated)</u>	<u>2015</u>	<u>(Not restated)</u>	<u>2014-2015</u>	
Revenues:								
Program revenues:								
Charges for service	\$ 124	195	10	16	134	211		-36.5%
Operating grants, contributions and restricted interest	266	268	17	23	283	291		-2.7%
Capital grants, contributions and restricted interest	---	---	---	---	---	---		0.0%
General revenues:								
Property tax	886	845	---	---	886	845		4.9%
Income surtax	184	166	---	---	184	166		10.8%
Statewide sales, services and use tax	104	100	---	---	104	100		4.0%
Unrestricted state grants	251	164	---	---	251	164		53.0%
Unrestricted investment earnings	---	---	---	---	---	---		0.0%
Other	20	16	---	---	20	16		25.0%
Total revenues	<u>1,835</u>	<u>1,754</u>	<u>27</u>	<u>39</u>	<u>1,862</u>	<u>1,793</u>		<u>3.8%</u>
Program expenses:								
Instruction	1,352	1,139	---	---	1,352	1,139		18.7%
Support services	688	550	---	---	688	550		25.1%
Non-instructional programs	---	---	43	56	43	56		-23.2%
Other expenses	125	118	---	---	125	118		5.9%
Total expenses	<u>2,165</u>	<u>1,807</u>	<u>43</u>	<u>56</u>	<u>2,208</u>	<u>1,863</u>		<u>18.5%</u>
Change in net position	(330)	(53)	(16)	(17)	(346)	(70)		-394.3%
Net position beginning of year, as restated	698	1,532	(54)	(20)	644	1,512		-57.4%
Net position end of year	<u>\$ 368</u>	<u>1,479</u>	<u>(70)</u>	<u>(37)</u>	<u>298</u>	<u>1,442</u>		<u>-79.3%</u>

In fiscal year 2015, property tax and unrestricted state grants accounted for 62.0% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted 100% of business type activities revenue. The District's total revenues were approximately \$1.9 million, of which approximately \$1.8 million was for governmental activities and less than \$0.1 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.8% increase in revenues and an 18.5% increase in expenses. Unrestricted state grants increased approximately \$87,000 to fund the increase in expenses. The increase in expenses is related to increases in negotiated salaries and benefits and increased shared costs with other Districts.

Governmental Activities

Revenues for governmental activities were \$1,835,454 and expenses were \$2,165,137 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.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2015	2014	Change	2015	2014	Change
	(Not restated)	2014-2015		(Not restated)	2014-2015	
Instruction	\$ 1,352	1,139	18.7 %	1,052	760	38.4%
Support services	688	550	25.1 %	667	535	24.7%
Non-instructional programs	---	---	0.0%	---	---	0.0%
Other expenses	<u>125</u>	<u>118</u>	<u>5.9%</u>	<u>56</u>	<u>50</u>	<u>12.0%</u>
Total	<u>\$ 2,165</u>	<u>1,807</u>	<u>19.8%</u>	<u>1,775</u>	<u>1,345</u>	<u>32.0%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$123,982.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$266,270.
- The net cost of governmental activities was financed with \$1,173,439 in property and other taxes and \$250,920 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$27,179 representing a 30.7% decrease from the prior year, while expenses totaled \$43,322, a 22.8% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Corwith-Wesley 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 \$908,758, below last year's ending fund balances of \$1,200,255.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. Revenues and expenditures increased from the prior year, with expenditures increasing more than revenues. This resulted in the District using carryover fund balance to meet financial obligations during the year.
- The General Fund balance decreased from \$527,605 to \$195,835.
- The Capital Projects Fund balance increased from \$480,275 in fiscal 2014 to \$581,501 in fiscal 2015.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from a deficit of \$54,283 at June 30, 2014 to a deficit of \$70,426 at June 30, 2015, representing a decrease of approximately 30%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Corwith-Wesley Community School District did not amend its budget.

The District's total revenues were \$33,704 less than total budgeted revenues, a variance of 1.8%.

It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction and support services functional areas due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$217,000 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 23.6% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$67,897.

The original cost of the District's capital assets was approximately \$2.1 million. Governmental funds account for the majority of this \$2.1 million.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 1	1	---	---	1	1	0.0%
Buildings	102	110	---	---	102	110	-7.3%
Improvements other than buildings	12	13	---	---	12	13	-7.7%
Furniture and equipment	<u>100</u>	<u>158</u>	<u>2</u>	<u>2</u>	<u>102</u>	<u>160</u>	<u>-36.3%</u>
Total	<u>\$ 215</u>	<u>282</u>	<u>2</u>	<u>2</u>	<u>217</u>	<u>284</u>	<u>-23.6%</u>

Long-Term Debt

At June 30, 2015, the District had \$0 in total long-term debt outstanding. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

	Total District		Total Change
	June 30,		June 30,
	2015	2014	2014-2015
Compensated absences	\$ <u>---</u>	<u>4</u>	<u>-100.0%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

On September 9, 2014, 56.4% of voters approved dissolution of Corwith-Wesley District with 101 for and 78 against. Property of Corwith-Wesley CSD is divided accordingly to; LuVerne CSD (87.31%); Algona CSD (7.1%); West Hancock CSD (4.44%) and Clarion-Goldfield-Dows (1.15%). Dissolution will take effect June 30, 2015.

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 LeAnn Wempen, District Secretary/Treasurer and Business Manager, LuVerne Community School District, 405 Hanna, LuVerne, Iowa 50560.

Basic Financial Statements

Corwith-Wesley Community School District
 Corwith, Iowa
 Statement of Net Position
 June 30, 2015

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 979,935	-	979,935
Receivables:			
Property tax:			
Delinquent	8,121	-	8,121
Accounts	128	15	143
Due from other governments	199,580	-	199,580
Capital assets, net of accumulated depreciation	214,827	1,876	216,703
Total assets	1,402,591	1,891	1,404,482
 Deferred Outflows of Resources			
Pension related deferred outflows	80,540	1,969	82,509
 Liabilities			
Excess of warrants issued over bank balance	-	46,958	46,958
Accounts payable	129,652	-	129,652
Long-term liabilities:			
Portion due within one year:			
Unemployment benefits	19,558	-	19,558
Portion due after one year:			
Net pension liability	391,639	8,762	400,401
Net OPEB liability	189,123	9,954	199,077
Total liabilities	729,972	65,674	795,646
 Deferred Inflows of Resources			
Unavailable property tax revenue			
Pension related deferred inflows	384,939	8,612	393,551
Total deferred inflows of resources	384,939	8,612	393,551
 Net Position			
Net investment in capital assets	214,827	1,876	216,703
Restricted for:			
Categorical funding	171,042	-	171,042
Management levy purposes	95,687	-	95,687
School infrastructure	526,166	-	526,166
Physical plant and equipment	55,335	-	55,335
Student activities	16,177	-	16,177
Unrestricted	(711,014)	(72,302)	(783,316)
Total net position	\$ 368,220	(70,426)	297,794

See notes to financial statements.

Corwith-Wesley Community School District
 Corwith, Iowa
 Statement of Activities
 Year ended June 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
<u>Functions/Programs:</u>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 827,188	28,812	117,254	-
Special instruction	279,565	80,934	14,600	-
Other instruction	245,554	14,236	44,038	-
	<u>1,352,307</u>	<u>123,982</u>	<u>175,892</u>	<u>-</u>
Support services:				
Student	53,857	-	4,819	-
Instructional staff	48,883	-	16,893	-
Administration	288,265	-	-	-
Operation and maintenance of plant	182,771	-	-	-
Transportation	114,537	-	-	-
	<u>688,313</u>	<u>-</u>	<u>21,712</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	40,320	-	-	-
AEA flowthrough	68,666	-	68,666	-
Depreciation (unallocated)*	15,531	-	-	-
	<u>124,517</u>	<u>-</u>	<u>68,666</u>	<u>-</u>
Total governmental activities	2,165,137	123,982	266,270	-
Business type activities:				
Non-instructional programs:				
Food service operations	43,322	10,457	16,722	-
Total	<u>\$ 2,208,459</u>	<u>134,439</u>	<u>282,992</u>	<u>-</u>

General Revenues:

Property tax levied for:
 General purposes
 Capital outlay
 Income surtax
 Statewide sales, services and use tax
 Unrestricted state grants
 Unrestricted investment earnings
 Other
 Gain on sale of fixed assets
 Total general revenues
 Change in net position
 Net position beginning of year, as restated
 Net position end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
	(681,122)	-	(681,122)
	(184,031)	-	(184,031)
	(187,280)	-	(187,280)
	<u>(1,052,433)</u>	<u>-</u>	<u>(1,052,433)</u>
	(49,038)	-	(49,038)
	(31,990)	-	(31,990)
	(288,265)	-	(288,265)
	(182,771)	-	(182,771)
	(114,537)	-	(114,537)
	<u>(666,601)</u>	<u>-</u>	<u>(666,601)</u>
	(40,320)	-	(40,320)
	-	-	-
	(15,531)	-	(15,531)
	<u>(55,851)</u>	<u>-</u>	<u>(55,851)</u>
	(1,774,885)	-	(1,774,885)
	<u>-</u>	<u>(16,143)</u>	<u>(16,143)</u>
	<u>(1,774,885)</u>	<u>(16,143)</u>	<u>(1,791,028)</u>
\$	850,966	-	850,966
	34,364	-	34,364
	183,889	-	183,889
	104,220	-	104,220
	250,920	-	250,920
	350	-	350
	19,478	-	19,478
	1,015	-	1,015
	<u>1,445,202</u>	<u>-</u>	<u>1,445,202</u>
	(329,683)	(16,143)	(345,826)
	<u>697,903</u>	<u>(54,283)</u>	<u>643,620</u>
\$	<u>368,220</u>	<u>(70,426)</u>	<u>297,794</u>

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 278,468	565,149	136,318	979,935
Receivables:				
Property tax:				
Delinquent	6,668	304	1,149	8,121
Accounts	128	-	-	128
Due from other governments	<u>183,532</u>	<u>16,048</u>	<u>-</u>	<u>199,580</u>
Total assets	<u>\$ 468,796</u>	<u>581,501</u>	<u>137,467</u>	<u>1,187,764</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 123,607	-	6,045	129,652
Total liabilities	<u>123,607</u>	<u>-</u>	<u>6,045</u>	<u>129,652</u>
Deferred inflows of resources:				
Unavailable revenues:				
Income surtax	<u>149,354</u>	<u>-</u>	<u>-</u>	<u>149,354</u>
Total deferred inflows of resources	<u>149,354</u>	<u>-</u>	<u>-</u>	<u>149,354</u>
Fund balances:				
Restricted for:				
Categorical funding	171,042	-	-	171,042
Management levy purposes	-	-	115,245	115,245
Student activities	-	-	16,177	16,177
School infrastructure	-	526,166	-	526,166
Physical plant and equipment	-	55,335	-	55,335
Unassigned	<u>24,793</u>	<u>-</u>	<u>-</u>	<u>24,793</u>
Total fund balances	<u>195,835</u>	<u>581,501</u>	<u>131,422</u>	<u>908,758</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 468,796</u>	<u>581,501</u>	<u>137,467</u>	<u>1,187,764</u>

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

Total fund balances of governmental funds (page 19) **\$ 908,758**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 214,827

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 149,354

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	\$ 80,540	
Deferred inflows of resources	<u>(384,939)</u>	(304,399)

Long-term liabilities, including other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (600,320)

Net position of governmental activities (page 16) **\$ 368,220**

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Revenues:				
Local sources:				
Local tax	\$ 893,923	34,363	125,038	1,053,324
Tuition	108,968	-	-	108,968
Other	8,023	13,831	12,992	34,846
State sources	463,992	104,422	530	568,944
Federal sources	52,463	-	-	52,463
Total revenues	<u>1,527,369</u>	<u>152,616</u>	<u>138,560</u>	<u>1,818,545</u>
Expenditures:				
Current:				
Instruction:				
Regular	764,775	-	67,614	832,389
Special	280,081	-	-	280,081
Other	194,761	-	55,887	250,648
	<u>1,239,617</u>	<u>-</u>	<u>123,501</u>	<u>1,363,118</u>
Support services:				
Student	33,011	-	22,005	55,016
Instructional staff	44,447	-	-	44,447
Administration	252,949	10,560	17,685	281,194
Operation and maintenance of plant	137,457	510	28,011	165,978
Transportation	84,007	-	8,311	92,318
	<u>551,871</u>	<u>11,070</u>	<u>76,012</u>	<u>638,953</u>
Other expenditures:				
Facilities acquisition	-	40,320	-	40,320
AEA flowthrough	68,666	-	-	68,666
	<u>68,666</u>	<u>40,320</u>	<u>-</u>	<u>108,986</u>
Total expenditures	<u>1,860,154</u>	<u>51,390</u>	<u>199,513</u>	<u>2,111,057</u>
Excess (deficiency) of revenues over (under) expenditures	(332,785)	101,226	(60,953)	(292,512)
Other financing sources (uses):				
Sale of fixed assets	1,015	-	-	1,015
Total other financing sources (uses)	<u>1,015</u>	<u>-</u>	<u>-</u>	<u>1,015</u>
Change in fund balances	(331,770)	101,226	(60,953)	(291,497)
Fund balances beginning of year	<u>527,605</u>	<u>480,275</u>	<u>192,375</u>	<u>1,200,255</u>
Fund balances end of year	<u>\$ 195,835</u>	<u>581,501</u>	<u>131,422</u>	<u>908,758</u>

See notes to financial statements.

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 21) **\$ (291,497)**

*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. Depreciation expense in the current year is as follows:

Depreciation expense	(67,554)
----------------------	----------

Certain delinquent property tax, unspent grant proceeds, and income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.

15,894

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

58,999

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

Compensated absences	4,049	
Unemployment benefits	(19,558)	
Pension expense	25,751	
Other postemployment benefits	(55,767)	(45,525)

Change in net position of governmental activities (page 18) **\$ (329,683)**

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit G

Statement of Net Position
Proprietary Fund

June 30, 2015

	<u>Enterprise School Nutrition</u>
Assets	
Current assets:	
Accounts receivable	\$ <u>15</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,876</u>
Total assets	<u>1,891</u>
 Deferred Outflows of Resources	
Pension related deferred outflows	<u>1,969</u>
 Liabilities	
Current liabilities:	
Excess of warrants issued over bank balance	<u>46,958</u>
Noncurrent liabilities:	
Net pension liability	8,762
Net OPEB liability	<u>9,954</u>
Total noncurrent liabilities	<u>18,716</u>
Total liabilities	<u>65,674</u>
 Deferred Inflows of Resources	
Pension related deferred inflows	<u>8,612</u>
 Net Position	
Net investment in capital assets	1,876
Unrestricted	<u>(72,302)</u>
Total net position	<u>\$ (70,426)</u>

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit H

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

Year ended June 30, 2015

	<u>Enterprise School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 10,250
Miscellaneous	207
Total operating revenues	<u>10,457</u>
 Operating expenses:	
Support services:	
Operation and maintenance of plant	<u>165</u>
 Non-instructional programs:	
Food service operations:	
Salaries	14,505
Benefits	10,538
Supplies	17,771
Depreciation	343
	<u>43,157</u>
Total operating expenses	<u>43,322</u>
 Operating loss	<u>(32,865)</u>
 Non-operating revenues:	
State sources	219
Federal sources	16,503
Total non-operating revenues	<u>16,722</u>
 Decrease in net position	(16,143)
Net position beginning of year, as restated	<u>(54,283)</u>
Net position end of year	<u>\$ (70,426)</u>
See notes to financial statements.	

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2015

	<u>Enterprise</u> <u>School</u> <u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 10,091
Cash received from miscellaneous operating activities	207
Cash paid to employees for services	(27,950)
Cash paid to suppliers for goods or services	<u>(12,115)</u>
Net cash used by operating activities	<u>(29,767)</u>
Cash flows from non-capital financing activities:	
State grants received	219
Federal grants received	13,120
Excess of warrants issued over bank balance	<u>16,428</u>
Net cash provided by non-capital financing activities	<u>29,767</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents beginning of year	<u>-</u>
Cash and cash equivalents end of year	<u><u>\$ -</u></u>

See notes to financial statements.

(continued)

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2015

Enterprise
School
Nutrition

**Reconciliation of operating loss to net cash used by
operating activities:**

Operating loss	\$ (32,865)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	3,383
Depreciation	343
Decrease in accounts receivable	49
Decrease in inventories	2,453
(Decrease) in salaries and benefits payable	(3,779)
(Decrease) in net pension liability	(9,997)
(Increase) in deferred outflows of resources	(678)
Increase in deferred infows of resources	8,612
Increase in OPEB liability	2,935
(Decrease) in unearned revenue	<u>(223)</u>
Net cash used by operating activities	<u>\$ (29,767)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$3,383 of federal commodities.

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit J

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 8,000
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>8,000</u>
Change in net position	-
Net position beginning of year	<u>-</u>
Net position end of year	<u>\$ -</u>

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

Corwith-Wesley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades prekindergarten through twelve. An academic sharing agreement exists with LuVerne Community School District whereby grades prekindergarten through six attend the LuVerne Community School District. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Corwith, Wesley, and LuVerne, Iowa and the predominate agricultural territory in Hancock, Kossuth, and Wright counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Corwith-Wesley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Hancock and Kossuth County assessor's conference boards.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2015

B. Basis of Presentation

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

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

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

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

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

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2015

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 Project Fund accounts.

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

The Enterprise, 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.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2015

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.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

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

Cash and Cash Equivalents – The cash balances of most District funds are pooled and invested. Non-negotiable certificates of deposit are stated at cost.

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2015

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2015

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 years
Improvements other than buildings	10-30 years
Furniture 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/expenditures) 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.

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Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. The District had no liability at June 30, 2015.

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

Compensated Absences – District employees do not accumulate earned but unused vacation. District employees accumulate a limited amount of earned but unused sick leave benefits. A liability for earned but unused sick leave is recorded when incurred in the government-wide financial statements. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. The District had no liability at June 30, 2015.

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 a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related

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revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized 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 are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the instruction and support services functions and the District exceeded its General Fund unspent authorized budget.

(2) Cash and Cash Equivalents

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

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

The District had no investments at or during the year ended June 30, 2015 and deposited its excess cash in certificates of deposit and savings.

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,315	---	---	1,315
Capital assets being depreciated:				
Buildings	623,023	---	---	623,023
Improvements other than buildings	121,051	---	---	121,051
Furniture and equipment	1,365,862	---	(5,506)	1,360,356
Total capital assets being depreciated	2,109,936	---	(5,506)	2,104,430
Less accumulated depreciation for:				
Buildings	513,070	7,835	---	520,905
Improvements other than buildings	107,905	1,314	---	109,219
Furniture and equipment	1,207,895	58,405	(5,506)	1,260,794
Total accumulated depreciation	1,828,870	67,554	(5,506)	1,890,918
Total capital assets being depreciated, net	281,066	(67,554)	---	213,512
Governmental activities capital assets, net	\$ 282,381	(67,554)	---	214,827

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	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Furniture and equipment	\$ 17,148	---	---	17,148
Less accumulated depreciation	14,929	343	---	15,272
Business type activities capital assets, net	\$ 2,219	(343)	---	1,876

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 19,716
Special	4,133
Other	1,431

Support services:

Instructional staff	2,462
Operation and maintenance of plant	3,350
Transportation	<u>20,931</u>

52,023

Unallocated

15,531

Total depreciation expense – governmental activities

\$ 67,554

Business type activities:

Food service operations

\$ 343

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June 30, 2015

(4) Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Compensated absences	\$ 4,049	---	4,049	---	---
Unemployment benefits	---	19,558	---	19,558	19,558
Termination benefits	---	121,967	121,967	---	---
Net pension liability	838,493	---	446,854	391,639	---
Net OPEB liability	133,356	55,767	---	189,123	---
Total	\$ 975,898	197,292	572,870	600,320	19,558

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net pension liability	\$ 18,759	---	9,997	8,762	---
Net OPEB liability	7,019	2,935	---	9,954	---
Total	25,778	2,935	9,997	18,716	---

Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of service to the District. Employees must complete an application which must be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 55% of the Teacher's 2014-15 contracted base salary (excluding supplemental pay, extended contract pay, etc.) The incentive payment will be paid in one lump sum on or before June 30, 2015.

At June 30, 2015, the District has obligations to no participants. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$121,967.

Corwith-Wesley Community School District
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(5) 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 informational purposes only. Refer to the plan documents for more information.

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

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

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

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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 \$67,953.

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 \$400,401 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

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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 0.010096 percent, which was a decrease of .004834 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense/(benefit) of (\$26,327). 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	\$ 4,352	\$ -
Changes of assumptions	17,671	-
Net difference between projected and actual earnings on pension plan investments	-	152,701
Changes in proportion and differences between District contributions and proportionate share of contributions	-	240,850
District contributions subsequent to the measurement date	60,486	-
Total	\$ 82,509	\$ 393,551

\$60,486 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	\$ (89,303)
2017	(89,303)
2018	(89,303)
2019	(89,303)
2020	(14,316)
Total	\$ (371,528)

Corwith-Wesley Community School District
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June 30, 2015

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

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

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

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
District’s proportionate share of the net pension liability	\$ 756,547	\$ 400,401	\$ 99,777

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 no payables to the defined benefit pension plan.

Significant Effect on Employer’s Proportionate Share – The District has dissolved as of June 30, 2015. There will be no IPERS contributions going forward and their proportionate share will be zero.

Corwith-Wesley Community School District
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(6) Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 20 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit 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	\$ 86,000
Interest on net OPEB obligation	6,317
Adjustment to annual required contribution	<u>(5,615)</u>
Annual OPEB cost	86,702
Contributions made	<u>(28,000)</u>
Increase in net OPEB obligation	58,702
Net OPEB obligation beginning of year	<u>140,375</u>
Net OPEB obligation end of year	\$ <u>199,077</u>

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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 \$28,000 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% 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	\$ 86,000	12.8%	\$ 75,000
2014	86,375	24.3%	140,375
2015	86,702	32.3%	199,077

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 \$250,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$250,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$800,000 and the ratio of the UAAL to covered payroll was 31.3%. As of June 30, 2015, there were no trust fund assets.

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

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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 benefits 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 4.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from applying termination factors from the U.S. Office of Personnel Management.

Projected claim costs of the insurance plan are \$0, as there are no retirees in the plan. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(7) Risk Management

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

(8) 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 \$68,666 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.

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June 30, 2015

(9) Operating Lease

The District entered into an operating lease with Advanced Systems, Inc. for the rental of three Cannon copiers on November 23, 2009 for a period of five years. The amount paid for the fiscal year ended June 30, 2015 was \$10,560. There are no future rentals.

(10) 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>
Teacher Salary Supplement	\$ 2,749
Early Literacy	25,271
Market factor	135
Professional development – core curriculum	22,965
Teacher development academies	226
Professional development	46,714
Teacher Leadership	5,305
Early intervention	19,181
At Risk	1,459
Dropout Prevention	<u>47,037</u>
Total	<u>\$ 171,042</u>

(11) Deficit Fund Balance

The Enterprise, School Nutrition Fund had a deficit fund balance of \$70,426 at June 30, 2015.

(12) 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

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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	\$ 1,478,691	(36,815)
Net pension liability at June 30, 2014	(838,493)	(18,759)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>57,705</u>	<u>1,291</u>
Net position July 1, 2014, as restated	\$ <u>697,903</u>	<u>(54,283)</u>

(13) Subsequent Events

Subsequent events have been evaluated through March 18, 2016, which is the date the financial statements were available to be issued.

On September 9, 2014, voters of the Corwith-Wesley Community School District voted to dissolve the District at the end of the 2015 fiscal year. Property of the District will be divided between Algona, Clarion-Goldfield-Dows, LuVerne and West Hancock Community School Districts.

The allocation of Corwith-Wesley Community School District's June 30, 2015 fund balances by fund to the other districts per recommendation of the Iowa Department of Management is as follows:

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June 30, 2015

School District	Percentage Allocation Per DOM	General Fund	Student Activity	Management Levy	Statewide Sales, Services and Use Tax	Property Plant and Equipment Levy	Nutrition Fund	Total Received
Algona	7.10%	\$ 13,904	1,149	8,182	37,358	3,929	(5,000)	59,522
Clarion-Goldfield-Dows	1.15%	2,252	186	1,325	6,051	636	(810)	9,640
LuVerne	87.31%	170,984	14,124	100,621	459,395	48,313	(61,489)	731,948
West Hancock	4.44%	8,695	718	5,117	23,362	2,457	(3,127)	37,222
Total		\$195,835	16,177	115,245	526,166	55,335	(70,426)	838,332

There are still items that need to be completed before the remaining funds of the Corwith-Wesley Community School District can be distributed to the other districts. The building is being demolished at an estimated cost of \$371,774 to be completed by August 1, 2016. The remaining equipment had been sold for \$42,659. There are also unemployment benefits that are being paid to Iowa Workforce Development for former employees that filed unemployment claims. These and other small items will be recorded in the proper fund and allocated to each of the districts.

Required Supplementary Information

Corwith-Wesley Community School District
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Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 1,197,138	10,457
Intermediate sources	-	-
State sources	568,944	219
Federal sources	<u>52,463</u>	<u>16,503</u>
Total revenues	<u>1,818,545</u>	<u>27,179</u>
Expenditures/Expenses:		
Instruction	1,363,118	-
Support services	638,953	165
Non-instructional programs	-	43,157
Other expenditures	<u>108,986</u>	<u>-</u>
Total expenditures/expenses	<u>2,111,057</u>	<u>43,322</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(292,512)	(16,143)
Other financing sources, net	<u>1,015</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(291,497)	(16,143)
Balances beginning of year	<u>1,200,255</u>	<u>(54,283)</u>
Balances end of year	<u>\$ 908,758</u>	<u>(70,426)</u>

See accompanying independent auditor's report.

Total <u>Actual</u>	<u>Budgeted Amounts</u>		Final to Actual <u>Variance</u>
	<u>Original</u>	<u>Final</u>	
1,207,595	1,321,240	1,321,240	(113,645)
-	500	500	(500)
569,163	443,688	443,688	125,475
68,966	114,000	114,000	(45,034)
<u>1,845,724</u>	<u>1,879,428</u>	<u>1,879,428</u>	<u>(33,704)</u>
1,363,118	870,000	870,000	(493,118)
639,118	549,425	549,425	(89,693)
43,157	70,000	70,000	26,843
108,986	176,637	176,637	67,651
<u>2,154,379</u>	<u>1,666,062</u>	<u>1,666,062</u>	<u>(488,317)</u>
(308,655)	213,366	213,366	(522,021)
<u>1,015</u>	<u>-</u>	<u>-</u>	<u>1,015</u>
(307,640)	213,366	213,366	(521,006)
<u>1,145,972</u>	<u>1,463,783</u>	<u>1,463,783</u>	<u>(317,811)</u>
<u>838,332</u>	<u>1,677,149</u>	<u>1,677,149</u>	<u>(838,817)</u>

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2015

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

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

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

During the year ended June 30, 2015, expenditures in the instruction and support services functions exceeded the amounts budgeted and the District exceeded its General Fund unspent authorized budget.

Corwith-Wesley Community School District
Corwith-Wesley, Iowa

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

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

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.010096%
District's proportionate share of the net pension liability	\$ 400
District's covered-employee payroll	\$ 662
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.42%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

See accompanying independent auditor's report.

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

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of District Contributions

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

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 68	59	85
Contributions in relation to the statutorily required contribution	<u>(68)</u>	<u>(59)</u>	<u>(85)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 761	662	977
Contributions as a percentage of covered-employee payroll	8.94%	8.91%	8.70%

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
79	68	69	74	68	64	61
<u>(79)</u>	<u>(68)</u>	<u>(69)</u>	<u>(74)</u>	<u>(68)</u>	<u>(64)</u>	<u>(61)</u>
-	-	-	-	-	-	-
993	958	1,022	1,128	1,114	1,142	1,117
7.96%	7.10%	6.75%	6.56%	6.10%	5.60%	5.46%

Corwith-Wesley Community School District
Corwith, Iowa

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.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

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.

Corwith-Wesley Community School District
Corwith, Iowa

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	Jul 1, 2009	-	\$ -	-	0.0%	\$ 1,048,000	0.0%
2011	Jul 1, 2009	-	-	-	0.0	929,000	0.0
2012	Jul 1, 2009	-	-	-	0.0	902,000	0.0
2013	Jul 1, 2012	-	250,000	250,000	0.0	934,000	26.8
2014	Jul 1, 2012	-	250,000	250,000	0.0	597,000	41.9
2015	Jul 1, 2012	-	250,000	250,000	0.0	800,000	31.3

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

See accompanying independent auditor's report.

Supplementary Information

Corwith-Wesley Community School District
Corwith, Iowa

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	Special Revenue		
	Student Activity	Management Levy	Total
Assets			
Cash and cash equivalents	\$ 20,865	115,453	136,318
Receivables:			
Property tax:			
Delinquent	-	1,149	1,149
	-	1,149	1,149
Total assets	\$ 20,865	116,602	137,467
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 4,688	1,357	6,045
Total liabilities	4,688	1,357	6,045
Fund balances:			
Restricted for:			
Management levy purposes	-	115,245	115,245
Student activities	16,177	-	16,177
Total fund balances	16,177	115,245	131,422
Total liabilities, deferred inflows of resources and fund balances	\$ 20,865	116,602	137,467

See accompanying independent auditor's report.

Coriwith-Wesley Community School District
Corwith, Iowa

Schedule 2

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

June 30, 2015

	Special Revenue		
	Student Activity	Management Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	125,038	125,038
Other	10,190	2,802	12,992
State sources	-	530	530
Total revenues	<u>10,190</u>	<u>128,370</u>	<u>138,560</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	67,614	67,614
Other	23,539	32,348	55,887
Support services:			
Student	-	22,005	22,005
Administration	-	17,685	17,685
Operation and maintenance of plant	-	28,011	28,011
Transportation	1,816	6,495	8,311
Total expenditures	<u>25,355</u>	<u>174,158</u>	<u>199,513</u>
Deficiency of revenues under expenditures	(15,165)	(45,788)	(60,953)
Fund balances beginning of year	<u>31,342</u>	<u>161,033</u>	<u>192,375</u>
Fund balances end of year	<u>\$ 16,177</u>	<u>115,245</u>	<u>131,422</u>

See accompanying independent auditor's report.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	Balance Beginning of Year	Revenues and Interfund Transfers	<u>Expenditures</u>	Intrafund Transfers	Balance End of Year
Annual	\$ 4,176	4,001	4,688	-	3,489
Athletics - HS	-	208	2,046	1,838	-
Activity Tickets	2,005	1,900	1,900	-	2,005
Boys Basketball	742	-	-	(742)	-
Business Class	203	-	-	(203)	-
Cheerleaders	1,129	-	-	(1,129)	-
Class of 2015	2,662	1,664	4,248	(78)	-
Class of 2016	1,383	-	1,640	257	-
Class of 2017	928	-	86	(279)	563
Class of 2018	122	-	-	(122)	-
Clubs and Organizations	902	627	16	(1,513)	-
Danz Squad	1,238	-	-	(1,238)	-
Drama	2,582	-	1,327	-	1,255
FFA	2,451	425	1,640	-	1,236
Football	4,134	-	1,679	-	2,455
Fundraiser	1,978	-	-	-	1,978
Instrumental - High School	-	-	100	100	-
Student Council - HS	297	3	300	-	-
Student Trip Account	3,638	20	3,636	-	22
Volleyball	367	-	-	(367)	-
Miscellaneous Projects	405	1,342	2,049	3,476	3,174
Total	<u>\$ 31,342</u>	<u>10,190</u>	<u>25,355</u>	<u>-</u>	<u>16,177</u>

See accompanying independent auditor's report.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule 4

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and cash equivalents	\$ 510,118	55,031	565,149
Receivables:			
Property tax:			
Delinquent	-	304	304
Due from other governments	16,048	-	16,048
Total assets	\$ 526,166	55,335	581,501
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:	\$ -	-	-
Fund balances:			
Restricted for:			
School infrastructure	526,166	-	526,166
Physical plant and equipment	-	55,335	55,335
Total fund balances	526,166	55,335	581,501
Total liabilities, deferred inflows of resources and fund balances	\$ 526,166	55,335	581,501

See accompanying independent auditor's report.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule 5

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project 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	\$ -	34,363	34,363
Other	13,831	-	13,831
State sources	104,220	202	104,422
Total revenues	118,051	34,565	152,616
Expenditures:			
Support services:			
Administration	10,560	-	10,560
Operation and maintenance of plant	-	510	510
Other expenditures:			
Facilities acquisition	40,086	234	40,320
Total expenditures	50,646	744	51,390
Excess of revenues over expenditures	67,405	33,821	101,226
Fund balances beginning of year	458,761	21,514	480,275
Fund balances end of year	\$ 526,166	55,335	581,501

See accompanying independent auditor's report.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Local sources:				
Local tax	\$ 1,053,324	1,012,063	1,138,318	1,558,936
Tuition	108,968	140,327	151,707	46,131
Other	34,846	70,439	105,263	244,081
State sources	568,944	476,550	324,622	438,901
Federal sources	52,463	55,289	63,934	89,026
Total	<u>\$ 1,818,545</u>	<u>1,754,668</u>	<u>1,783,844</u>	<u>2,377,075</u>
Expenditures:				
Instruction:				
Regular	\$ 832,389	491,509	781,509	816,274
Special	280,081	305,727	311,900	202,838
Other	250,648	277,210	316,403	300,130
Support services:				
Student	55,016	31,933	23,657	26,325
Instructional staff	44,447	22,689	30,837	62,222
Administration	281,194	217,625	240,550	230,860
Operation and maintenance of plant	165,978	160,791	189,343	170,247
Transportation	92,318	62,974	55,905	54,308
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	40,320	37,653	77,904	115,939
Long-term debt:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
AEA flowthrough	68,666	68,622	66,073	68,717
Total	<u>\$ 2,111,057</u>	<u>1,676,733</u>	<u>2,094,081</u>	<u>2,047,860</u>

See accompanying independent auditor's report.

Schedule 6

Modified Accrual Basis					
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
1,604,123	1,505,292	1,488,935	1,303,520	1,281,748	1,161,181
254,009	275,176	103,548	152,893	159,428	123,214
99,697	103,510	150,377	135,865	130,605	122,487
490,954	480,065	750,791	772,242	847,067	946,873
167,744	149,408	78,202	81,695	93,737	73,371
<u>2,616,527</u>	<u>2,513,451</u>	<u>2,571,853</u>	<u>2,446,215</u>	<u>2,512,585</u>	<u>2,427,126</u>
811,041	846,507	842,921	838,525	894,887	856,555
244,583	232,757	257,846	297,728	386,422	347,821
298,928	358,013	370,151	373,910	341,596	362,730
25,348	36,156	36,293	36,904	34,374	32,194
42,442	41,012	40,935	41,062	29,699	36,666
228,477	267,139	348,868	297,898	284,300	268,795
168,126	199,275	247,055	242,840	236,317	322,388
71,791	141,281	91,346	207,498	166,385	116,616
-	-	857	-	-	-
41,744	70,396	25,836	54,390	64,348	-
-	14,951	14,351	15,576	-	-
-	625	1,225	-	-	-
78,546	79,065	73,841	73,339	74,531	73,379
<u>2,011,026</u>	<u>2,287,177</u>	<u>2,351,525</u>	<u>2,479,670</u>	<u>2,512,859</u>	<u>2,417,144</u>

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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
Corwith-Wesley Community School District:

We have audited 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, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Corwith-Wesley Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2016.

Internal Control Over Financial Reporting

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

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

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

misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-15 and I-B-15 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corwith-Wesley 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 II of the accompanying Schedule of Findings.

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

Corwith-Wesley Community School District's Responses to the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Corwith-Wesley 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.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 18, 2016

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2015

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Some, but not all, cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response – Due to the dissolution of the District this will no longer be an issue.

Conclusion – Response accepted.

I-B-15 Preparation of Financial Statements – The District does not have an internal control system designed to provide for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Therefore, as auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for an entity similar in size to Corwith-Wesley Community School District. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, it is the responsibility of the District's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2015

Response – Due to the dissolution of the District this will no longer be an issue.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 exceeded the certified budget amounts in the instruction and support services functions. The District exceeded its General Fund unspent authorized budget for the year ended June 30, 2015.

Recommendation – The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the General Fund unspent authorized budget over expenditure.

Response – Due to the dissolution of the District this will no longer be an issue.

Conclusion – Response accepted.

II-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

II-C-15 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

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

II-E-15 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure the coverage is adequate for current operations.

II-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2015

- II-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-15 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-15 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$ 458,761
Revenues/transfer in:		
Sales tax revenues	\$ 104,220	
Other local revenues	<u>13,831</u>	<u>118,051</u>
		576,812
Expenditures/transfers out:		
School infrastructure construction	23,736	
Equipment	16,350	
Other	<u>10,560</u>	<u>50,646</u>
Ending balance		\$ <u>526,166</u>

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2015

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

II-M-15 Deficit Balances – The Nutrition Fund had a deficit balance at June 30, 2015.

Recommendation – The District should continue to investigate alternatives to eliminate the deficit in order to return the fund to a sound financial condition.

Response – Due to the dissolution of the District this will no longer be an issue.

Conclusion – Response accepted.