

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Eldora-New Providence Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Jolene Teske	President	2015
Maggie VanderWilt	Vice President	2015
Steve Sunkle	Board Member	2017
Greg Salvo	Board Member	2017
Nancy Callaway	Board Member	2015
Jay Stanish	Board Member	2017
Lori Kohart	Board Member	2015
<u>School Officials</u>		
Jay Mathis	Superintendent	2015
Cindy Bierle	District Secretary/Treasurer	2015
Ahler's & Cooney, P.C.	Attorney	2015

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

Independent Auditor's Report

To the Board of Education of the Eldora-New Providence Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Eldora-New Providence Community School District, Eldora, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

The financial statements of Eldora-New Providence School Foundation have not been audited, and we were not engaged to audit the Eldora-New Providence School Foundation financial statements as part of our audit of the Eldora-New Providence Community School District's basic financial statements. The Eldora-New Providence School Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because we were not engaged to audit the Eldora-New Providence School Foundation's financial statements and because we did not apply any auditing procedures to the Eldora-New Providence School Foundation's financial statements, we do not express an opinion on the discretely presented component unit.

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, business type activities, each major fund, and the aggregate remaining fund information of the Eldora-New Providence Community School District at June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Emphasis of Matter

As discussed in Note 14 to the financial statements, Eldora-New Providence Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information.*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Funding Progress for the Retiree Health Plan and the combining statements for the discretely presented component unit on pages 7 through 16 and 46 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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 Eldora-New Providence Community School District's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2014 (which is not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, 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 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 24, 2016, on our consideration of the Eldora-New Providence Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Eldora-New Providence Community School District's internal control over financial reporting and compliance.

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

NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2016  
Newton, Iowa

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Eldora-New Providence 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 decreased from \$8,472,532 in fiscal 2014 to \$8,327,442 in fiscal 2015, while General Fund expenditures increased from \$7,878,338 in fiscal 2014 to \$8,118,573 in fiscal 2015. The District's General Fund balance increased from \$2,224,703 at June 30, 2014 to \$2,433,572 at June 30, 2015.
- The decrease in General Fund revenues was attributable to a decrease in local tax sources as compared to the previous year. The increase in expenditures was due to the increase in support services costs during the year.

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

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

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

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**  
**Eldora-New Providence Community School District Annual Financial Report**

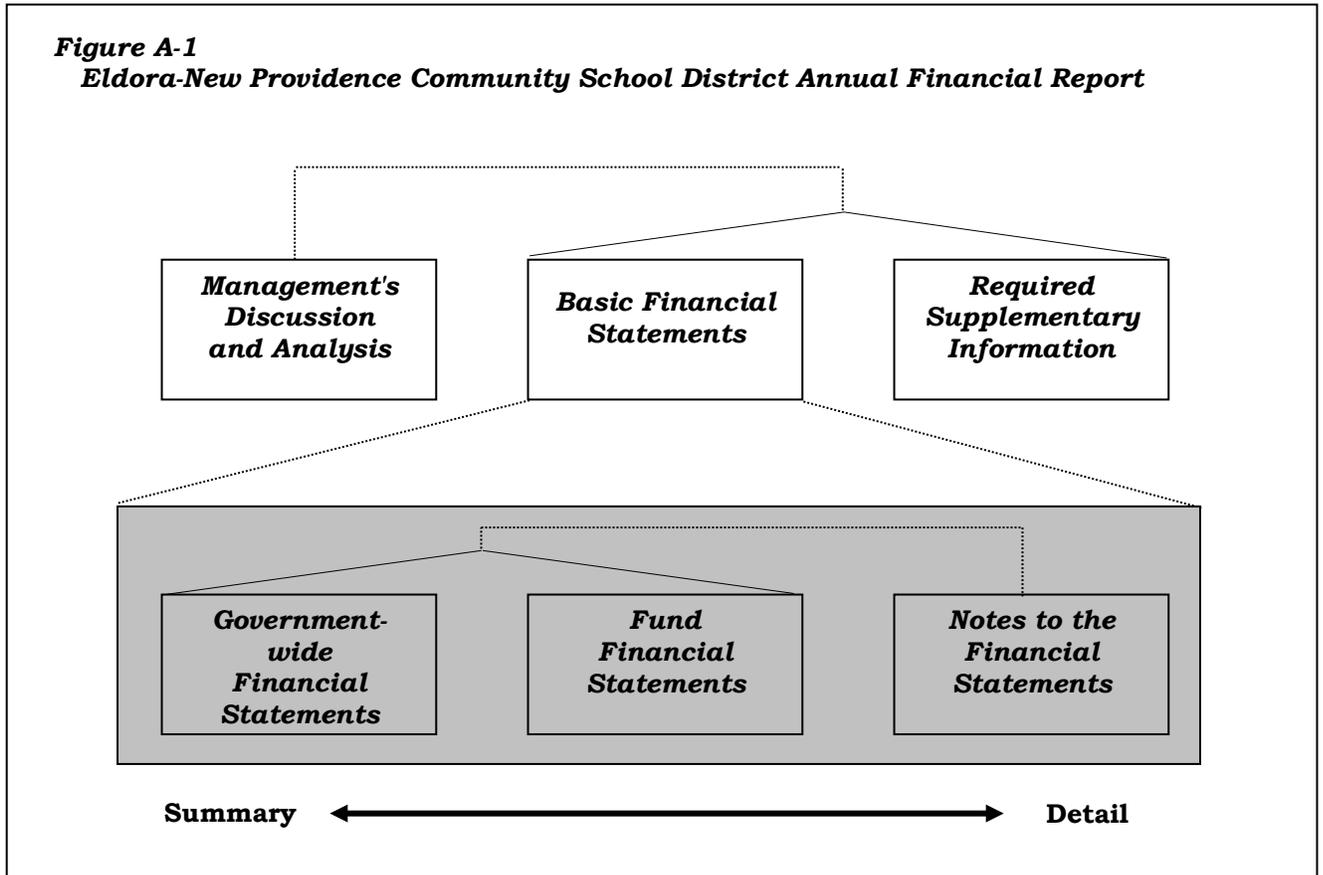


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>
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
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
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
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

## 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.

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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 three 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 as well as the District's day care fund.
- *Component unit:* The Eldora-New Providence School Foundation was created to financially support the Eldora-New Providence Community School District and to provide scholarship support to graduates of the school.

### **Fund Financial Statements**

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

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

The District has two kinds of funds:

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

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

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

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

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

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							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-15
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	
Current and other assets	\$ 9,003,208	9,437,321	25,004	32,295	9,028,212	9,469,616	-4.66%
Capital assets	7,705,733	7,645,194	91,724	91,583	7,797,457	7,736,777	0.78%
Total assets	16,708,941	17,082,515	116,728	123,878	16,825,669	17,206,393	-2.21%
Deferred inflows of resources	481,541	-	14,711	-	496,252	-	100.00%
Long-term liabilities	6,140,404	4,450,213	149,032	75,004	6,289,436	4,525,217	38.99%
Other liabilities	2,071,582	2,352,657	69,609	91,737	2,141,191	2,444,394	-12.40%
Total liabilities	8,211,986	6,802,870	218,641	166,741	8,430,627	6,969,611	20.96%
Deferred inflows of resources	3,724,860	2,826,214	31,186	-	3,756,046	2,826,214	32.90%
Net position:							
Net investment in capital assets	4,726,877	4,071,601	91,724	91,583	4,818,601	4,163,184	15.74%
Restricted	1,997,024	2,151,385	-	-	1,997,024	2,151,385	-7.17%
Unrestricted	(1,470,265)	1,230,445	(210,112)	(134,446)	(1,680,377)	1,095,999	-253.32%
Total net position	\$ 5,253,636	7,453,431	(118,388)	(42,863)	5,135,248	7,410,568	-30.70%

The District's combined net position decreased by 30.70%, or \$2,275,320, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$154,361, or 7.17% from the prior year. This was primarily the result of a decrease in the fund balance of the Capital Projects: Physical Plant and Equipment Levy 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 \$2,776,376 or 253.32%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,075,405 and \$96,097, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014		2014		2014		2014-15
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	
Revenues:							
Program revenues:							
Charges for service	\$ 1,242,035	1,243,684	136,350	156,851	1,378,385	1,400,535	-1.58%
Operating grants, contributions and restricted interest	815,924	687,477	222,200	191,956	1,038,124	879,433	18.04%
Capital grants, contributions and restricted interest	625	9,335	-	-	625	9,335	-93.30%
General revenues:							
Property tax	2,835,843	3,031,980	-	-	2,835,843	3,031,980	-6.47%
Income surtax	168,683	218,218	-	-	168,683	218,218	-22.70%
Statewide sales, services and use tax	600,497	565,514	-	-	600,497	565,514	6.19%
Unrestricted state grants	3,919,156	3,958,052	-	-	3,919,156	3,958,052	-0.98%
Unrestricted interest income	19,913	6,914	-	47	19,913	6,961	186.07%
Other	186,531	191,912	19,176	823	205,707	192,735	6.73%
Total revenues	<u>9,789,207</u>	<u>9,913,086</u>	<u>377,726</u>	<u>349,677</u>	<u>10,166,933</u>	<u>10,262,763</u>	<u>-0.93%</u>
Program expenses:							
Instruction	5,792,831	6,143,383	-	-	5,792,831	6,143,383	-5.71%
Support services	2,425,599	2,424,544	9,375	12,821	2,434,974	2,437,365	-0.10%
Non-instructional programs	78,705	97,503	362,655	394,623	441,360	492,126	-10.32%
Other expenses	601,586	565,378	-	-	601,586	565,378	6.40%
Total expenses	<u>8,898,721</u>	<u>9,230,808</u>	<u>372,030</u>	<u>407,444</u>	<u>9,270,751</u>	<u>9,638,252</u>	<u>-3.81%</u>
Excess(Deficiency) of revenues over(under) expenditures	890,486	682,278	5,696	(57,767)	896,182	624,511	43.50%
Transfers	(14,876)	(12,360)	14,876	12,360	-	-	0.00%
Change in net position	875,610	669,918	20,572	(45,407)	896,182	624,511	43.50%
Net position beginning of year, as restated	<u>4,378,026</u>	<u>6,783,513</u>	<u>(138,960)</u>	<u>2,544</u>	<u>4,239,066</u>	<u>6,786,057</u>	<u>-37.53%</u>
Net position end of year	<u>\$ 5,253,636</u>	<u>7,453,431</u>	<u>(118,388)</u>	<u>(42,863)</u>	<u>5,135,248</u>	<u>7,410,568</u>	<u>-30.70%</u>

In fiscal 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 76.86% of the revenue from governmental activities while charges for service and operating grants and contributions account for 94.92% of the revenue from business type activities.

The District's total revenues were approximately \$10.17 million, of which approximately \$9.79 million was for governmental activities and approximately \$0.38 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.93% decrease in revenues and a 3.81% decrease in expenses. The decrease in expenses is primarily related to decreases in the instruction functional area.

### Governmental Activities

Revenues for governmental activities were \$9,789,207 and expenses were \$8,898,721 for the year ended June 30, 2015.

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

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 5,792,831	6,143,383	-5.71%	4,042,042	4,543,437	-11.04%
Support services	2,425,599	2,424,544	0.04%	2,410,537	2,376,176	1.45%
Non-instructional programs	78,705	97,503	-19.28%	78,705	97,503	-19.28%
Other expenses	601,586	565,378	6.40%	308,853	273,196	13.05%
Totals	<u>\$ 8,898,721</u>	<u>9,230,808</u>	<u>-3.60%</u>	<u>6,840,137</u>	<u>7,290,312</u>	<u>-6.17%</u>

- The cost financed by users of the District's programs was \$1,242,035.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$816,549.
- The net cost of governmental activities was financed with \$2,835,843 in property tax, \$168,683 in income surtax, \$600,497 in statewide sales, services and use tax, \$3,919,156 in unrestricted state grants, \$19,913 in interest income and \$186,531 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities were \$377,726 and expenses were \$372,030. The District's business type activities include the School Nutrition Fund and the Day Care Fund. Revenues of these activities were mostly comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

As previously noted, the Eldora-New Providence 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 balance of \$4,076,048, which is less than last year's ending fund balances of \$4,108,848. This decrease is primarily a result of the decrease in the Capital Projects: Physical Plant and Equipment Levy Fund balance.

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## **Governmental Fund Highlights**

- The General Fund balance increased from \$2,224,703 at June 30, 2014 to \$2,433,572 at June 30, 2015. Revenues decreased and expenses increased when compared to the prior year, however the revenues still outpaced expenses leading to the 9.39% improvement in fund balance.
- The Management Levy Fund balance increased from \$470,493 at June 30, 2014 to \$661,477 at June 30, 2015. Revenues increased and expenses decreased when compared to the prior year, leading to the 40.59% improvement in fund balance.
- The Capital Projects Fund balance decreased from \$1,319,094 at June 30, 2014 to \$896,676 at June 30, 2015. The Statewide Sales, Services and Use Tax Fund balance increased \$85,845 or 14.86% while the Physical Plant and Equipment Levy Fund balance decreased \$508,263 or 68.56% from the prior year.

## **Proprietary Fund Highlights**

- The School Nutrition Fund net position increased from deficit \$138,099 restated at July 1, 2014 to a deficit \$118,388 at June 30, 2015. This increase in net position is primarily due to a decrease in expenses when compared to the prior year.
- The Day Care Fund net position increased from deficit \$861 at June 30, 2014 to \$0 at June 30, 2015.

## **BUDGETARY HIGHLIGHTS**

The District's revenues were \$89,340 less than budgeted revenues, a variance of 0.87%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

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

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2015, the District had invested approximately \$7.78 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 0.78% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$526,342.

The original cost of the District's capital assets was \$14,952,880. Governmental funds account for \$14,606,938 with the remainder of \$345,942 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2015, compared to \$698,833 reported at June 30, 2014. This decrease resulted from the District completing construction on an HVAC improvement.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 252,655	252,655	-	-	252,655	252,655	0.00%
Construction in progress	-	689,833	-	-	-	689,833	100.00%
Buildings	6,461,750	5,554,690	-	-	6,461,750	5,554,690	14.04%
Land improvements	234,526	211,558	-	-	234,526	211,558	9.79%
Machinery and equipment	756,802	936,458	91,724	91,583	848,526	1,028,041	-21.16%
Total	<u>\$ 7,705,733</u>	<u>7,645,194</u>	<u>91,724</u>	<u>91,583</u>	<u>7,797,457</u>	<u>7,736,777</u>	<u>0.78%</u>

### Long-Term Debt

At June 30, 2015, the District had \$6,289,436 in general obligation and other long-term debt outstanding. This represents an increase of 38.99% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding revenue bond indebtedness of \$1,225,000 at June 30, 2015, payable from the Capital Projects: Statewide, Sales Services and Use Tax Fund.

The District had total outstanding QZAB revenue bond indebtedness of \$571,000 at June 30, 2015, payable from the Capital Projects: Statewide, Sales Services and Use Tax Fund.

The District had total outstanding capital loan note indebtedness of \$960,000 at June 30, 2015, payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District had total outstanding bus lease indebtedness of \$89,674 at June 30, 2015, payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District had total outstanding computer lease indebtedness of \$133,182 at June 30, 2015, payable from the Capital Projects: Statewide, Sales Services and Use Tax Fund.

The District had total outstanding compensated absences payable of \$341,369 at June 30, 2015. Governmental activities accounted for \$308,272 of this total payable from the General Fund while business type activities accounted for \$33,097 payable from the Enterprise: School Nutrition Fund.

The District had outstanding net pension liability at June 30, 2015 of \$2,434,886. The governmental activities accounted for \$2,361,109 of this total while business type activities accounted for \$73,777.

The District had outstanding net OPEB liability at June 30, 2015 of \$534,325. The governmental activities accounted for \$492,167 of this total while business type activities accounted for \$42,158.

Figure A-7							
Outstanding Long-Term Obligations							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Revenue bonds	\$ 1,225,000	1,350,000	-	-	1,225,000	1,350,000	-9.26%
QZAB revenue bonds	571,000	642,500	-	-	571,000	642,500	-11.13%
Capital loan note	960,000	1,185,000	-	-	960,000	1,185,000	100.00%
Bus lease	89,674	132,669	-	-	89,674	132,669	100.00%
Computer leases	133,182	263,424	-	-	133,182	263,424	100.00%
Compensated absences	308,272	326,501	33,097	27,908	341,369	354,409	-3.68%
Net pension liability	2,361,109	-	73,777	-	2,434,886	-	100.00%
Net OPEB liability	492,167	550,119	42,158	47,096	534,325	597,215	-10.53%
Totals	\$ 6,140,404	4,450,213	149,032	75,004	6,289,436	4,525,217	38.99%

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- School financing is highly dependent upon student enrollment. The District's October 2015 enrollment decreased by fourteen students. This decrease in enrollment will decrease the District's funding for fiscal year 2017.
- While 2015-2016 saw decreased enrollment, the District has experienced a declining enrollment trend for the past decade. The District expects this trend of declining enrollment to continue in the future.
- The district does not foresee any significant growth in jobs or housing in the near future and this will certainly impact future enrollment trends.
- While the state's economic picture is improving, the pace of the improvement is slow and gradual. Therefore, the District cannot expect significant growth in state aid for the immediate future.
- The District began a nine-year whole grade sharing agreement with the Hubbard-Radcliffe Community School District during Fiscal 2008. Fiscal 2015 was the eighth year of this agreement. Because more students from the Eldora-New Providence District are being tuitioned to the combined middle school hosted by the Hubbard-Radcliffe District than are being tuitioned by the Hubbard-Radcliffe District to the combined high school hosted by the Eldora-New Providence District, the District has needed to adjust its staffing levels to account for this difference. Since staff salaries and benefits are the largest expense in the General Fund, the District will need to continue to monitor its staffing levels to align resources in the whole grade sharing agreement with expenditures.

## 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 R. Jay Mathis, Superintendent, or Cindy Bierle, District Secretary/Treasurer, Eldora-New Providence Community School District, 1010 Edgington Ave., Eldora, Iowa, 50627.

## **Basic Financial Statements**

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Eldora- New Providence School Foundation*
<b>ASSETS</b>				
Cash and pooled investments	\$ 4,953,490	17,749	4,971,239	411,691
Receivables:				
Property tax:				
Delinquent	40,120	-	40,120	-
Succeeding year	2,726,785	-	2,726,785	-
Income surtax	155,808	-	155,808	-
Accounts	4,400	-	4,400	-
Due from other funds	43,548	-	43,548	-
Due from other governments	1,073,617	2,491	1,076,108	-
Inventories	5,440	4,764	10,204	-
Capital assets, net of accumulated depreciation	7,705,733	91,724	7,797,457	-
<b>TOTAL ASSETS</b>	16,708,941	116,728	16,825,669	411,691
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflows	481,541	14,711	496,252	-
<b>LIABILITIES</b>				
Due to other funds	-	43,548	43,548	-
Accounts payable	1,365,742	2,158	1,367,900	-
Salaries and benefits payable	678,825	19,716	698,541	-
Accrued interest payable	27,015	-	27,015	-
Unearned revenue	-	4,187	4,187	-
Long-term liabilities:				
Portion due within one year:				
Revenue bonds payable	130,000	-	130,000	-
QZAB revenue bonds payable	71,500	-	71,500	-
Capital loan note payable	225,000	-	225,000	-
Bus lease payable	44,211	-	44,211	-
Computer lease payable	133,182	-	133,182	-
Compensated absences	308,272	33,097	341,369	-
Portion due after one year:				
Revenue bonds payable	1,095,000	-	1,095,000	-
QZAB revenue bonds payable	499,500	-	499,500	-
Capital loan note payable	735,000	-	735,000	-
Bus lease payable	45,463	-	45,463	-
Net pension liability	2,361,109	73,777	2,434,886	-
Net OPEB liability	492,167	42,158	534,325	-
<b>TOTAL LIABILITIES</b>	8,211,986	218,641	8,430,627	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	998,075	31,186	1,029,261	-
Unavailable property tax revenue	2,726,785	-	2,726,785	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	3,724,860	31,186	3,756,046	-
<b>NET POSITION</b>				
Net investment in capital assets	4,726,877	91,724	4,818,601	-
Restricted for:				
Categorical funding	376,690	-	376,690	-
Debt service	129,262	-	129,262	-
School infrastructure	507,345	-	507,345	-
Physical plant and equipment	233,054	-	233,054	-
Management levy purposes	661,477	-	661,477	-
Student activities	89,196	-	89,196	-
Unrestricted	(1,470,265)	(210,112)	(1,680,377)	411,691
<b>TOTAL NET POSITION</b>	\$ 5,253,636	(118,388)	5,135,248	411,691

\* Year end for the Eldora-New Providence School Foundation was December 31, 2014.

SEE NOTES TO FINANCIAL STATEMENTS.

**ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Eldora- New Providence School Foundation**
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government		Total	
					Governmental Activities	Business Type Activities		
<b>Functions/Programs:</b>								
Governmental activities:								
Instruction:								
Regular	\$ 2,998,748	896,470	139,775	-	(1,962,503)	-	(1,962,503)	-
Special	1,688,021	170,974	60,235	-	(1,456,812)	-	(1,456,812)	-
Other	1,106,062	169,099	314,236	-	(622,727)	-	(622,727)	-
	<u>5,792,831</u>	<u>1,236,543</u>	<u>514,246</u>	<u>-</u>	<u>(4,042,042)</u>	<u>-</u>	<u>(4,042,042)</u>	<u>-</u>
Support services:								
Student	210,406	-	170	-	(210,236)	-	(210,236)	-
Instructional staff	407,444	-	-	-	(407,444)	-	(407,444)	-
Administration	626,357	-	-	-	(626,357)	-	(626,357)	-
Operation and maintenance of plant	788,972	-	6,119	625	(782,228)	-	(782,228)	-
Transportation	392,420	5,492	2,656	-	(384,272)	-	(384,272)	-
	<u>2,425,599</u>	<u>5,492</u>	<u>8,945</u>	<u>625</u>	<u>(2,410,537)</u>	<u>-</u>	<u>(2,410,537)</u>	<u>-</u>
Non-instructional:								
Community service operations	78,705	-	-	-	(78,705)	-	(78,705)	-
Long-term debt interest	71,459	-	-	-	(71,459)	-	(71,459)	-
Other expenditures:								
AEA flowthrough	292,733	-	292,733	-	-	-	-	-
Depreciation(unallocated)*	237,394	-	-	-	(237,394)	-	(237,394)	-
	<u>530,127</u>	<u>-</u>	<u>292,733</u>	<u>-</u>	<u>(237,394)</u>	<u>-</u>	<u>(237,394)</u>	<u>-</u>
Total governmental activities	<u>8,898,721</u>	<u>1,242,035</u>	<u>815,924</u>	<u>625</u>	<u>(6,840,137)</u>	<u>-</u>	<u>(6,840,137)</u>	<u>-</u>
Business Type activities:								
Support services:								
Operation and maintenance of plant	9,375	-	-	-	-	(9,375)	(9,375)	-
Non-instructional programs:								
Food service operations	362,655	136,350	222,200	-	-	(4,105)	(4,105)	-
Total business type activities	<u>372,030</u>	<u>136,350</u>	<u>222,200</u>	<u>-</u>	<u>-</u>	<u>(13,480)</u>	<u>(13,480)</u>	<u>-</u>
Total primary government	<u>\$ 9,270,751</u>	<u>1,378,385</u>	<u>1,038,124</u>	<u>625</u>	<u>(6,840,137)</u>	<u>(13,480)</u>	<u>(6,853,617)</u>	<u>-</u>
Total component unit	<u>\$ 30,450</u>	<u>-</u>	<u>29,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,416)</u>
<b>General Revenues and Transfers:</b>								
Property tax levied for:								
General purposes				\$ 2,538,294	-	2,538,294	-	
Capital outlay				297,549	-	297,549	-	
Income surtax				168,683	-	168,683	-	
Statewide sales, services and use tax				600,497	-	600,497	-	
Unrestricted state grants				3,919,156	-	3,919,156	-	
Unrestricted investment earnings				19,913	-	19,913	337	
Unrealized gain on investments				-	-	-	10,108	
Other general revenues				186,531	19,176	205,707	-	
Transfers				(14,876)	14,876	-	-	
Total general revenues and transfers				<u>7,715,747</u>	<u>34,052</u>	<u>7,749,799</u>	<u>10,445</u>	
Change in net position				875,610	20,572	896,182	9,029	
Net position beginning of year, as restated				4,378,026	(138,960)	4,239,066	402,662	
Net position end of year				<u>\$ 5,253,636</u>	<u>(118,388)</u>	<u>5,135,248</u>	<u>411,691</u>	

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

\*\* Year end for the Eldora-New Providence School Foundation was December 31, 2014.

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Management Levy	Capital Projects	Nonmajor: Student Activity	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 3,424,579	656,188	779,506	93,217	4,953,490
Receivables:					
Property tax					
Delinquent	30,470	5,289	4,361	-	40,120
Succeeding year	2,047,596	375,000	304,189	-	2,726,785
Income surtax	155,808	-	-	-	155,808
Accounts	2,367	-	-	2,033	4,400
Due from other funds	43,548	-	-	-	43,548
Due from other governments	948,287	-	125,330	-	1,073,617
Inventories	5,440	-	-	-	5,440
<b>TOTAL ASSETS</b>	<b>\$ 6,658,095</b>	<b>1,036,477</b>	<b>1,213,386</b>	<b>95,250</b>	<b>9,003,208</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,342,294	-	12,521	10,927	1,365,742
Salaries and benefits payable	678,825	-	-	-	678,825
Total liabilities	2,021,119	-	12,521	10,927	2,044,567
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,047,596	375,000	304,189	-	2,726,785
Income surtax	155,808	-	-	-	155,808
Total deferred inflows of resources	2,203,404	375,000	304,189	-	2,882,593
Fund balances:					
Nonspendable	5,440	-	-	-	5,440
Restricted for:					
Categorical funding	376,690	-	-	-	376,690
Debt service	-	-	156,277	-	156,277
School infrastructure	-	-	507,345	-	507,345
Physical plant and equipment	-	-	233,054	-	233,054
Management levy purposes	-	661,477	-	-	661,477
Student activities	-	-	-	89,196	89,196
Unassigned:					
General	2,051,442	-	-	-	2,051,442
Student activities	-	-	-	(4,873)	(4,873)
Total fund balances	2,433,572	661,477	896,676	84,323	4,076,048
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,658,095</b>	<b>1,036,477</b>	<b>1,213,386</b>	<b>95,250</b>	<b>9,003,208</b>

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

<b>Total fund balances of governmental funds (page 20)</b>	\$	4,076,048
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,705,733
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(27,015)
Income surtax receivable are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		155,808
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	\$ 481,541	
Deferred inflows of resources	<u>(998,075)</u>	(516,534)
Long-term liabilities, including bonds payable, leases payable, compensated absences payable, capital loan notes payable, net pension liability and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(6,140,404)</u>
<b>Net position of governmental activities (page 18)</b>	<b>\$</b>	<b><u><u>5,253,636</u></u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	General	Management Levy	Capital Projects	Nonmajor: Debt Service	Nonmajor: Student Activity	Total
<b>REVENUES:</b>						
Local sources:						
Local tax	\$ 2,358,351	376,220	297,549	-	-	3,032,120
Tuition	997,795	-	-	-	-	997,795
Other	340,531	7,629	35,679	-	169,174	553,013
State sources	4,372,811	1,469	601,639	-	-	4,975,919
Federal sources	257,954	-	-	-	-	257,954
<b>TOTAL REVENUES</b>	<b>8,327,442</b>	<b>385,318</b>	<b>934,867</b>	<b>-</b>	<b>169,174</b>	<b>9,816,801</b>
<b>EXPENDITURES:</b>						
Current:						
Instruction:						
Regular	2,958,465	139,001	8,028	-	-	3,105,494
Special	1,730,530	-	-	-	-	1,730,530
Other	983,184	-	500	-	179,409	1,163,093
	5,672,179	139,001	8,528	-	179,409	5,999,117
Support services:						
Student	219,427	-	-	-	-	219,427
Instructional staff	199,160	-	13,626	-	-	212,786
Administration	653,650	-	17	-	-	653,667
Operation and maintenance of plant	632,891	42,396	124,029	-	-	799,316
Transportation	369,828	12,937	13,755	-	-	396,520
	2,074,956	55,333	151,427	-	-	2,281,716
Non-instructional programs:						
Community service operations	78,705	-	-	-	-	78,705
Capital outlay	-	-	524,349	-	-	524,349
Long-term debt:						
Principal	-	-	-	594,737	-	594,737
Interest and fiscal charges	-	-	-	78,244	-	78,244
	-	-	-	672,981	-	672,981
Other expenditures:						
AEA flowthrough	292,733	-	-	-	-	292,733
<b>TOTAL EXPENDITURES</b>	<b>8,118,573</b>	<b>194,334</b>	<b>684,304</b>	<b>672,981</b>	<b>179,409</b>	<b>9,849,601</b>
Excess(Deficiency) of revenues over(under) expenditures	208,869	190,984	250,563	(672,981)	(10,235)	(32,800)
Other financing sources(uses):						
Transfer in	-	-	-	672,981	-	672,981
Transfer out	-	-	(672,981)	-	-	(672,981)
Total other financing sources(uses)	-	-	(672,981)	672,981	-	-
Change in fund balances	208,869	190,984	(422,418)	-	(10,235)	(32,800)
Fund balances beginning of year	2,224,703	470,493	1,319,094	-	94,558	4,108,848
Fund balances end of year	\$ 2,433,572	661,477	896,676	-	84,323	4,076,048

SEE NOTES TO FINANCIAL STATEMENTS.

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

<b>Change in fund balances - total governmental funds (page 22)</b>		\$ (32,800)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Capital outlay	\$ 572,146	
Depreciation expense	<u>(511,607)</u>	60,539
Income surtax accounts receivable is not available to finance expenditures of the current year period and is recognized as deferred inflows of resources in the governmental funds.		(27,594)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		594,737
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.		351,680
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		6,785
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.		
Pension expense	(153,918)	
Compensated absences	18,229	
Other postemployment benefits	<u>57,952</u>	<u>(77,737)</u>
<b>Change in net position of governmental activities (page 19)</b>		<u>\$ 875,610</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

		Business Type Activities:
		Enterprise Fund
		School
		Nutrition
<b>ASSETS</b>		
Current assets:		
Cash and pooled investments	\$	17,749
Due from other governments		2,491
Inventories		4,764
Total current assets		<u>25,004</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation		91,724
<b>TOTAL ASSETS</b>		<u>116,728</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows		<u>14,711</u>
<b>LIABILITIES</b>		
Current liabilities:		
Due to other funds		43,548
Accounts payable		2,158
Salaries and benefits payable		19,716
Unearned revenue		4,187
Total current liabilities		<u>69,609</u>
Noncurrent liabilities:		
Compensated absences		33,097
Net pension liability		73,777
Net OPEB liability		42,158
Total long-term liabilities		<u>149,032</u>
<b>TOTAL LIABILITIES</b>		<u>218,641</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows		<u>31,186</u>
<b>NET POSITION</b>		
Net investment in capital assets		91,724
Unrestricted		(210,112)
<b>TOTAL NET POSITION</b>	<b>\$</b>	<u><u>(118,388)</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Daycare	Total
<b>OPERATING REVENUES:</b>			
Local sources:			
Charges for service	\$ 136,350	-	136,350
Shared contracts	22,388	-	22,388
Miscellaneous	886	18,290	19,176
<b>TOTAL OPERATING REVENUES</b>	<b>159,624</b>	<b>18,290</b>	<b>177,914</b>
<b>OPERATING EXPENSES:</b>			
Support services:			
Operation and maintenance of plant:			
Benefits	436	-	436
Services	8,939	-	8,939
Total support services	9,375	-	9,375
Non-instructional programs:			
Food service operations:			
Salaries	118,780	-	118,780
Benefits	46,771	-	46,771
Services	1,502	-	1,502
Supplies	163,438	17,429	180,867
Depreciation	14,735	-	14,735
Total non-instructional programs	345,226	17,429	362,655
<b>TOTAL OPERATING EXPENSES</b>	<b>354,601</b>	<b>17,429</b>	<b>372,030</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(194,977)</b>	<b>861</b>	<b>(194,116)</b>
<b>NON-OPERATING REVENUES:</b>			
State sources	2,849	-	2,849
Federal sources	196,963	-	196,963
<b>TOTAL NON-OPERATING REVENUES</b>	<b>199,812</b>	<b>-</b>	<b>199,812</b>
Change in net position before capital contributions	4,835	861	5,696
Capital contributions	14,876	-	14,876
Change in net position	19,711	861	20,572
Net position beginning of year, as restated	(138,099)	(861)	(138,960)
Net position end of year	\$ (118,388)	-	(118,388)

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Daycare	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 135,921	-	135,921
Cash received from shared contracts	22,388	-	22,388
Cash received from miscellaneous	886	35,720	36,606
Cash payments to employees for services	(171,436)	-	(171,436)
Cash payments to suppliers for goods or services	(161,111)	(17,429)	(178,540)
Net cash provided by(used in) operating activities	(173,352)	18,291	(155,061)
Cash flows from non-capital financing activities:			
Net repayments to the General Fund	(2,973)	(18,291)	(21,264)
State grants received	2,849	-	2,849
Federal grants received	183,838	-	183,838
Net cash provided by(used in) non-capital financing activities	183,714	(18,291)	165,423
Net increase in cash and pooled investments	10,362	-	10,362
Cash and pooled investments beginning of year	7,387	-	7,387
Cash and pooled investments end of year	\$ 17,749	-	17,749
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:			
Operating income(loss)	\$ (194,977)	861	(194,116)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:			
Commodities consumed	12,971	-	12,971
Depreciation	14,735	-	14,735
Decrease in inventories	295	-	295
Decrease in accounts receivable	82	17,430	17,512
Decrease in accounts payable	(498)	-	(498)
Increase in salary and benefits payable	145	-	145
Increase in compensated absences	5,189	-	5,189
Decrease in other postemployment benefits	(4,938)	-	(4,938)
Decrease in net pension liability	(33,190)	-	(33,190)
Increase in deferred outflows of resources	(3,841)	-	(3,841)
Increase in deferred inflows of resources	31,186	-	31,186
Decrease in unearned revenue	(511)	-	(511)
Net cash provided by(used in) operating activities	\$ (173,352)	18,291	(155,061)

## NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$12,971.

During the year ended June 30, 2015, the Nutrition Fund received capital contributions from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$14,876.

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**Note 1. Summary of Significant Accounting Policies**

The Eldora-New Providence Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Eldora and New Providence, Iowa, and the predominately agricultural territory of Grundy, Hardin and Marshall 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 Government Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Eldora-New Providence 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 financial statements present Eldora-New Providence Community School District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit - The Eldora-New Providence School Foundation was created to financially support the Eldora-New Providence School system and post high school scholarship support to graduates of the school. The Foundation is a separate legal entity with its own accounting records and board of trustees. In accordance with the criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The foundation is accounted for as a component unit in these financial statements with the year ending December 31, 2014.

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

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the activities of the District, with omission of the fiduciary funds. 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 restricted net position.

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

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

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

The District reports the following major governmental funds:

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

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

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

The District also reports the following non-major proprietary funds.

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

The Enterprise, Day Care Fund and is used to account for all the day care activities offered by the District.

### **C. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 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 the 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 governmental commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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

Asset Class	Amount
Land	\$ -
Buildings	5,000
Land improvements	5,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	3-20 years
Machinery and equipment	7-30 years

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund and Enterprise, School Nutrition Fund.

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

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

Nonspendable - Amounts which cannot be spent because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

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

Unassigned - All amounts not included in preceding classifications.

**E, Budgets and Budgetary Accounting**

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

**Note 2. Cash and Pooled Investments**

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$203 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor’s Financial Services.

**Note 3. Due from and Due to Other Funds**

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

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise: School Nutrition	\$ 43,548

The Enterprise: School Nutrition Fund is repaying the General Fund for salaries and benefits paid during the year.

**Note 4. Interfund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 387,908
Debt Service	Capital Projects: Physical Plant and Equipment Levy	285,073
Total		\$ 672,981

The transfer of \$387,908 from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District annual QZAB revenue bond, the District's revenue bond, and computer lease indebtedness.

The transfer of \$285,073 from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was needed for principal and interest payments on the District's capital loan notes and bus lease indebtedness.

**Note 5. 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
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 252,655	-	-	252,655
Construction in progress	689,833	427,091	1,116,924	-
Total capital assets not being depreciated	942,488	427,091	1,116,924	252,655
Capital assets being depreciated:				
Buildings	9,376,159	1,153,042	-	10,529,201
Land improvements	383,828	44,380	-	428,208
Machinery and equipment	3,332,317	64,557	-	3,396,874
Total capital assets being depreciated	13,092,304	1,261,979	-	14,354,283
Less accumulated depreciation for:				
Buildings	3,821,469	245,982	-	4,067,451
Land improvements	172,270	21,412	-	193,682
Machinery and equipment	2,395,859	244,213	-	2,640,072
Total accumulated depreciation	6,389,598	511,607	-	6,901,205
Total capital assets being depreciated, net	6,702,706	750,372	-	7,453,078
Governmental activities capital assets, net	\$ 7,645,194	1,177,463	1,116,924	7,705,733
<b>Business type activities:</b>				
Machinery and equipment	\$ 331,066	14,876	-	345,942
Less accumulated depreciation	239,483	14,735	-	254,218
Business type activities capital assets, net	\$ 91,583	141	-	91,724

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 8,804
Other		8,131
Support services:		
Instructional staff		216,458
Operations and maintenance of plant		853
Transportation		39,967
		274,213
Unallocated depreciation		237,394
Total governmental activities depreciation expense		\$ 511,607
Business type activities:		
Food service operations		\$ 14,735

## **Note 6. Long-Term Debt**

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due within one year
<b><i>Governmental activities:</i></b>					
Revenue bonds	\$ 1,350,000	-	125,000	1,225,000	130,000
QZAB revenue bonds	642,500	-	71,500	571,000	71,500
Capital loan note	1,185,000	-	225,000	960,000	225,000
Bus lease	132,669	-	42,995	89,674	44,211
Computer lease	263,424	-	130,242	133,182	133,182
Compensated absences	326,501	308,272	326,501	308,272	308,272
Net pension liability	3,423,294	-	1,062,185	2,361,109	-
Net OPEB liability	550,119	-	57,952	492,167	-
Total	<u>\$ 7,873,507</u>	<u>308,272</u>	<u>2,041,375</u>	<u>6,140,404</u>	<u>912,165</u>
<b><i>Business type activities:</i></b>					
Compensated absences	\$ 27,908	33,097	27,908	33,097	33,097
Net pension liability	106,967	-	33,190	73,777	-
Net OPEB liability	47,096	-	4,938	42,158	-
Total	<u>\$ 181,971</u>	<u>33,097</u>	<u>66,036</u>	<u>149,032</u>	<u>33,097</u>

### **Revenue Bonds Payable**

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

Year Ending June 30,	Bond Issue of July 15, 2008			
	Rate	Principal	Interest	Total
2016	4.29 %	\$ 130,000	49,764	179,764
2017	4.29	135,000	44,080	179,080
2018	4.29	145,000	38,074	183,074
2019	4.29	150,000	31,746	181,746
2020	4.29	155,000	25,204	180,204
2021-2023	4.29	510,000	33,248	543,248
Total		<u>\$ 1,225,000</u>	<u>222,116</u>	<u>1,447,116</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,900,000 of revenue bonds issued on July 15, 2008. The bonds were issued for the purpose of financing a school addition and remodeling. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2023. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitations of the District. Annual principal and interest payments on the bonds are expected to require nearly 30% of the statewide sales, services and use tax revenues. The total principal and interest paid remaining to be paid is \$1,447,116. For the current year \$125,000 in principal and \$55,234 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$600,497.

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

- Proceeds from the statewide sales, services and use tax shall be placed in a revenue account. Monies in the revenue account shall be transferred from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund, after the required transfer to the sinking account, may be used for any lawful purpose for which the statewide sales, services and use tax may be used. The District has set aside monies in the required sinking fund, which is part of the Capital Projects Fund.

**Qualified Zone Academy Revenue Bonds**

The District issued \$1,000,000 of qualified zone academy revenue bonds on July 15, 2008. The bonds were issued to financing the remodeling of existing school facilities that have been designated qualified zone academy projects. The bonds are interest free. The District makes annual payments to a local bank of \$71,500 paid from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Year Ending June 30,	QZAB Bond Issue of July 15, 2008		
	Rate	Principal	Interest
2016	- % \$	71,500	-
2017	-	71,500	-
2018	-	71,500	-
2019	-	71,500	-
2020	-	71,500	-
2021-2023	-	213,500	-
Total		<u>\$ 571,000</u>	-

**Capital Loan Note Payable**

During the year ended June 30, 2014, the District issued Capital Loan Notes to provide funds for the District's HVAC project. The Capital Loan Notes are payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the Districts June 30, 2015 capital loan note indebtedness are as follows:

Year Ending June 30,	Capital Loan Note Issue of June 2, 2014			
	Rate	Principal	Interest	Total
2016	0.50 % \$	225,000	12,037	237,037
2017	0.75	135,000	10,912	145,912
2018	1.05	100,000	9,900	109,900
2019	1.30	100,000	8,850	108,850
2020	1.60	100,000	7,550	107,550
2021-2023	1.80-2.15	300,000	12,250	312,250
Total		<u>\$ 960,000</u>	<u>61,499</u>	<u>1,021,499</u>

**Bus Lease Payable**

During the year ended June 30, 2014, the District entered into a bus lease for the purchase of two school buses. The bus lease is payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the Districts June 30, 2015 bus lease indebtedness are as follows:

Year Ending June 30,	Bus Lease Issue of October 15, 2013			
	Rate	Principal	Interest	Total
2016	2.83 %	\$ 44,211	2,538	46,749
2017	2.83	45,463	1,287	46,750
Total		\$ 89,674	3,825	93,499

**Computer Lease Payable**

During the year ended June 30, 2013, the District entered into a computer lease. The computer lease is payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund. Details of the Districts June 30, 2015 computer lease indebtedness are as follows:

Year Ending June 30,	Computer Lease Issue of May 15, 2013			
	Rate	Principal	Interest	Total
2016	2.25 %	\$ 133,182	3,007	136,189

**Note 7. 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. Eldora-New Providence Community School District has 78 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. In addition, the District offers an early retirement incentive to employees that includes payment of the retiree's health insurance premiums which results in an explicit liability.

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

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

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	\$ 282,851
Interest on net OPEB obligation	8,402
Adjustment to annual required contribution	(78,210)
Annual OPEB cost	<u>213,043</u>
Contributions made	<u>(275,933)</u>
Increase in net OPEB obligation	(62,890)
Net OPEB obligation beginning of year	<u>597,215</u>
Net OPEB obligation end of year	<u><u>\$ 534,325</u></u>

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 is summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 54,458	45.57 %	\$ 140,921
2014	517,510	11.83	597,215
2015	213,043	129.52	534,325

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,648,874 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,648,874. The covered payroll (annual payroll of active employees covered by the plan) was \$3,813,126 and the ratio of the UAAL to covered payroll was 43.24%. 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.

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

As of the July 1, 2013 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **Note 8. Pension and Retirement Benefits**

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](http://www.ipers.org).

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

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

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or

decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District’s contributions to IPERS for the year ended June 30, 2015 were \$362,333.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,434,886 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s collective proportion was 0.060164 percent, which was an decrease of 0.002186 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$158,726. 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	\$ 26,462	\$ -
Changes of assumptions	107,457	-
Net difference between projected and actual earnings on pension plan investments	-	928,595
Changes in proportion and differences between District contributions and proportionate share of contributions	-	100,666
District contributions subsequent to the measurement date	<u>362,333</u>	-
Total	<u>\$ 496,252</u>	<u>\$ 1,029,261</u>

\$362,333 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	\$ (224,379)
2017	(224,379)
2018	(224,379)
2019	(224,379)
2020	2,174
	<u>\$ (895,342)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 4,600,649	\$ 2,434,886	\$ 606,758

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](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$46,974 for legally required employer contributions and \$31,298 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**Note 9. Risk Management**

The District is a member in the Iowa Star Schools Employees Benefits Health Plan, an Iowa Code Chapter 28E organization. Iowa Star Schools is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. Iowa Star Schools was set up for the purpose of managing and funding employee benefits. Iowa Star Schools provides coverage and protection in the following categories: medical. District contributions to Iowa Star for the year ended June 30, 2015 were \$595,118.

Eldora-New Providence Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

**Note 10. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$292,733 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**Note 11. Deficit Net Position**

The District had a deficit unrestricted net position of \$210,112 in the Enterprise, School Nutrition Fund and a deficit total net position of \$118,388 at June 30, 2015. The District had a deficit unrestricted net position of \$1,470,265 in the governmental activities at June 30, 2015. The District also had one account in the Student Activity Fund with a deficit balance of \$4,873.

## **Note 12. Categorical Funding**

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

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 232,896
Gifted and talented programs	33,400
Four-year-old preschool state aid	59,565
Successful progression for early readers	19,107
Professional development for model core curriculum	2,084
Professional development	13,709
Teacher leadership grants	4,602
Returning dropout and dropout prevention programs	111
Teacher salary supplement	11,216
Total	<u>\$ 376,690</u>

## **Note 13. Detailed Reconciliation of Governmental Fund Balances to Net Position**

The following is a detailed reconciliation of certain governmental fund balances to net position:

	<u>Net investment in Capital Assets</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	156,277	2,051,442
Invested in capital assets, net of accumulated depreciation	7,705,733	-	-
Revenue bond capitalized indebtedness	(1,225,000)	-	-
QZAB revenue bond capitalized indebtedness	(571,000)	-	-
Capital loan note capitalized indebtedness	(960,000)	-	-
Bus lease capitalized indebtedness	(89,674)	-	-
Computer lease capitalized indebtedness	(133,182)	-	-
Accrued interest payable	-	(27,015)	-
Income surtax receivable	-	-	155,808
Compensated absences	-	-	(308,272)
Net OPEB liability	-	-	(492,167)
Net pension liability	-	-	(2,361,109)
Pension related deferred outflows of resources	-	-	481,541
Pension related deferred inflows of resources	-	-	(998,075)
Unassigned student activities	-	-	(4,873)
Nonspendable fund balance	-	-	5,440
Net position (Exhibit A)	<u>\$ 4,726,877</u>	<u>129,262</u>	<u>(1,470,265)</u>

## **Note 14. Accounting Change/Restatement**

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

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

	Governmental Activities	Business Type Activities		
		School Nutrition	Daycare	Total
Net position June 30, 2014, as previously reported	\$ 7,453,431	\$ (42,002)	(861)	(42,863)
Net pension liability at June 30, 2014	(3,423,294)	(106,967)	-	(106,967)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	347,889	10,870	-	10,870
Net position July 1, 2014, as restated	<u>\$ 4,378,026</u>	<u>\$ (138,099)</u>	<u>(861)</u>	<u>(138,960)</u>

# **Eldora-New Providence Community School District**

## **Required Supplementary Information**

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

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 4,582,928	177,914	4,760,842	5,109,802	5,109,802	(348,960)
State sources	4,975,919	2,849	4,978,768	4,539,065	4,539,065	439,703
Federal sources	257,954	196,963	454,917	635,000	635,000	(180,083)
Total revenues	9,816,801	377,726	10,194,527	10,283,867	10,283,867	(89,340)
Expenditures/Expenses:						
Instruction	5,999,117	-	5,999,117	6,155,000	6,155,000	155,883
Support services	2,281,716	9,375	2,291,091	2,377,800	2,377,800	86,709
Non-instructional programs	78,705	362,655	441,360	530,100	530,100	88,740
Other expenditures	1,490,063	-	1,490,063	1,565,455	1,565,455	75,392
Total expenditures/expenses	9,849,601	372,030	10,221,631	10,628,355	10,628,355	406,724
Excess(Deficiency) of revenues over(under ) expenditures/expenses	(32,800)	5,696	(27,104)	(344,488)	(344,488)	317,384
Other financing sources, net	-	14,876	14,876	-	-	14,876
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(32,800)	20,572	(12,228)	(344,488)	(344,488)	332,260
Balances beginning of year, as restated	4,108,848	(138,960)	3,969,888	2,972,123	2,972,123	997,765
Balances end of year	\$ 4,076,048	(118,388)	3,957,660	2,627,635	2,627,635	1,330,025

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2015

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 343,251	\$ 343,251	0.0 %	3,090,000	11.11%
2011	July 1, 2009	-	343,251	343,251	0.0	3,390,000	10.13%
2012	July 1, 2009	-	314,793	314,793	0.0	3,490,000	9.02%
2013	July 1, 2012	-	346,785	346,785	0.0	3,762,300	9.22%
2014	July 1, 2013	-	1,833,822	1,833,822	0.0	4,175,385	43.92%
2015	July 1, 2013	-	1,648,874	1,648,874	0.0	3,813,126	43.24%

See Note 7 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST FISCAL YEAR\*  
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.060164%
District's proportionate share of the net pension liability	\$ 2,434,886
District's covered-employee payroll	\$ 4,057,484
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.01%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 362,333	358,758	349,626	321,446	273,311	268,467	263,199	242,803	215,555	198,395
Contributions in relation to the statutorily required contribution	<u>(362,333)</u>	<u>(358,758)</u>	<u>(349,626)</u>	<u>(321,446)</u>	<u>(273,311)</u>	<u>(268,467)</u>	<u>(263,199)</u>	<u>(242,803)</u>	<u>(215,555)</u>	<u>(198,395)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 4,057,484	4,017,447	4,032,595	3,983,222	3,932,532	3,862,835	4,144,866	4,013,273	3,748,783	3,450,348
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015

*Changes of benefit terms:*

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

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

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

*Changes of assumptions:*

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

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

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

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

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

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015

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

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

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS  
 COMPONENT UNIT  
 DECEMBER 31, 2014

	Eldora- New Providence School Foundation
<b>ASSETS</b>	
Cash and pooled investments	\$ 411,691
<b>LIABILITIES</b>	
	-
<b>NET POSITION</b>	
Unrestricted	\$ 411,691

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF SUPPORT AND REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION - CASH BASIS  
 COMPONENT UNIT  
 YEAR ENDED DECEMBER 31, 2014

	Eldora- New Providence School Foundation
Support and revenues:	
Contributions, gifts, grants	\$ 29,034
Interest	337
Unrealized gain on investments	10,108
Total revenue	39,479
 Expenses:	
Scholarships	30,450
Change in net position	9,029
Net position beginning of year	402,662
Net position end of year	\$ 411,691

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

## **Supplementary Information**

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS ACCOUNTS  
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 550,813	228,693	779,506
Receivables:			
Property tax:			
Delinquent	-	4,361	4,361
Succeeding year	-	304,189	304,189
Due from other governments	125,330	-	125,330
<b>TOTAL ASSETS</b>	<b>\$ 676,143</b>	<b>537,243</b>	<b>1,213,386</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 12,521	-	12,521
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	304,189	304,189
Fund balances:			
Restricted for:			
Debt service	156,277	-	156,277
School infrastructure	507,345	-	507,345
Physical plant and equipment	-	233,054	233,054
Total fund balances	663,622	233,054	896,676
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 676,143</b>	<b>537,243</b>	<b>1,213,386</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>REVENUES:</b>			
Local sources:			
Local tax	\$ -	297,549	297,549
Other	33,979	1,700	35,679
State sources	600,497	1,142	601,639
<b>TOTAL REVENUES</b>	<b>634,476</b>	<b>300,391</b>	<b>934,867</b>
<b>EXPENDITURES:</b>			
Current:			
Instruction:			
Regular	8,028	-	8,028
Other	500	-	500
Support services:			
Instructional staff	13,626	-	13,626
Administration	17	-	17
Operation and maintenance of plant	86,614	37,415	124,029
Transportation	7,760	5,995	13,755
Capital outlay	44,178	480,171	524,349
<b>TOTAL EXPENDITURES</b>	<b>160,723</b>	<b>523,581</b>	<b>684,304</b>
Excess(Deficiency) of revenues over(under) expenditures	473,753	(223,190)	250,563
Other financing uses:			
Transfer out	(387,908)	(285,073)	(672,981)
Change in fund balances	85,845	(508,263)	(422,418)
Fund balances beginning of year	577,777	741,317	1,319,094
Fund balances end of year	\$ 663,622	233,054	896,676

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
ELEMENTARY CHALLENGE	\$ 7,093	5	223	-	6,875
DRAMA CLUB	-	628	1,018	390	-
HS VOCAL MUSIC	4,159	7,653	8,369	-	3,443
HS INSTRUMENTAL MUSIC	2,991	845	1,739	(225)	1,872
MUSIC RESALE	-	631	837	225	19
PERFORMANCE TEAM	3	-	-	-	3
HS ATHELTICS GENERAL	9,736	17,246	15,238	(2,076)	9,668
SOUTH HARDIN UNIFORM FUND	8,907	2,140	11,360	(4,560)	(4,873)
HS ATHLETICS RESALE	30	-	-	-	30
HS BASKETBALL	409	14,756	12,692	(1,435)	1,038
HS ATHLETICS MEDICAL	81	-	857	800	24
HS ATHLETICS CLINICS	-	55	457	410	8
HS BASEBALL/SOFTBALL	-	8,300	9,439	1,796	657
HS TRACK	1,315	5,482	9,379	2,590	8
HS CROSS COUNTRY	174	1,256	3,144	1,870	156
HS TENNIS	-	606	542	-	64
HS GOLF	-	778	2,616	1,840	2
CHEERLEADERS	121	2,680	2,480	-	321
HS FOOTBALL	1,177	12,780	13,435	-	522
FOOTBALL FUND RAISERS	813	7,634	6,345	-	2,102
HS WRESTLING	6,839	2,114	2,079	245	7,119
HS VOLLEYBALL	1,463	7,671	6,163	(1,870)	1,101
HS STUDENT COUNCIL	3,766	5,746	3,837	(1,443)	4,232
NATIONAL HONOR SOCIETY	2,048	-	714	-	1,334
ACADEMIC DECATHLON	957	2,350	1,161	-	2,146
FFA	3,301	23,110	23,413	-	2,998
HS ROBOTICS PROGRAM	-	275	139	-	136
CLASS OF 2014	829	-	-	-	829
CLASS OF 2015	6,616	1,413	3,521	-	4,508
CLASS OF 2016	12,825	3,381	11,828	-	4,378
CLASS OF 2017	1,273	23,430	10,411	466	14,758
CLASS OF 2018	-	860	34	-	826
HS CONCESSIONS, DONATIONS	3,557	3,784	5,009	645	2,977
CONCESSIONS, EQUIPMENT	2,319	-	239	332	2,412
HS ANNUAL - 2014	11,756	200	3,481	-	8,475
HS ANNUAL - 2015	-	11,365	7,210	-	4,155
TOTALS	<u>\$ 94,558</u>	<u>169,174</u>	<u>179,409</u>	<u>-</u>	<u>84,323</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE LAST TEN YEARS**

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
<b>Local sources:</b>										
Local tax	\$ 3,032,120	3,250,061	3,696,752	3,750,539	3,723,937	3,562,847	3,307,914	3,065,083	2,807,471	2,435,057
Tuition	997,795	943,320	882,663	922,315	947,757	922,038	1,053,973	1,089,985	476,037	432,390
Other	553,013	527,132	478,409	493,429	561,246	391,658	467,313	506,318	595,340	353,876
Intermediate sources	-	-	-	-	-	1,500	-	-	-	-
State sources	4,975,919	4,946,676	3,963,894	4,022,863	3,715,803	3,261,923	3,663,084	3,681,270	3,144,613	3,037,791
Federal sources	257,954	245,760	433,667	466,103	631,972	733,755	426,830	243,776	256,781	241,466
<b>Total</b>	<b>\$ 9,816,801</b>	<b>9,912,949</b>	<b>9,455,385</b>	<b>9,655,249</b>	<b>9,580,715</b>	<b>8,873,721</b>	<b>8,919,114</b>	<b>8,586,432</b>	<b>7,280,242</b>	<b>6,500,580</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	\$ 3,105,494	3,183,466	3,128,409	3,102,649	3,121,727	3,387,765	3,424,959	3,446,073	2,546,190	2,379,427
Special	1,730,530	1,559,267	1,684,758	1,531,126	1,625,705	1,407,354	1,362,417	1,441,756	1,012,515	911,520
Other	1,163,093	1,219,523	1,247,326	1,191,285	1,045,910	880,199	847,229	825,586	742,927	687,808
<b>Support services:</b>										
Student	219,427	212,287	176,869	155,470	136,790	140,742	152,229	167,077	152,211	292,966
Instructional staff	212,786	679,666	269,812	297,547	636,367	415,881	359,938	296,240	333,836	313,084
Administration	653,667	664,540	646,345	611,256	593,664	604,816	678,591	652,480	665,812	562,549
<b>Operation and maintenance</b>										
of plant	799,316	653,295	660,895	498,345	759,802	931,895	490,575	584,854	503,120	507,324
Transportation	396,520	506,893	337,558	389,984	359,628	334,137	296,163	298,044	269,662	158,180
Non-instructional programs	78,705	97,503	130,342	125,472	124,965	132,632	146,914	140,569	176,273	-
Capital outlay	524,349	784,955	137,106	28,709	102,862	129,818	2,427,660	478,000	34,003	32,923
<b>Long-term debt:</b>										
Principal	594,737	372,936	297,605	317,328	420,900	576,500	390,000	440,000	420,000	395,000
Interest and fiscal charges	78,244	62,156	65,787	70,866	84,605	105,876	83,350	61,662	79,400	96,062
AEA flow-through	292,733	292,182	267,397	275,656	292,146	288,369	245,434	240,201	213,293	197,357
<b>Total</b>	<b>\$ 9,849,601</b>	<b>10,288,669</b>	<b>9,050,209</b>	<b>8,595,693</b>	<b>9,305,071</b>	<b>9,335,984</b>	<b>10,905,459</b>	<b>9,072,542</b>	<b>7,149,242</b>	<b>6,534,200</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of the Eldora-New Providence 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 Eldora-New Providence Community School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct 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 on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eldora-New Providence 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.

Eldora-New Providence Community School District's Responses to Findings

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2016  
Newton, Iowa

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

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

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Capital assets - purchasing, recording and reconciling.
- 5) Wire transfers - processing and approving.
- 6) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 7) Financial reporting - preparing, reconciling and approving.
- 8) School lunch program - recording, journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

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

Response - The District will continue to segregate duties to the best of its ability, but with our budgetary status will not be able to increase personnel.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - District expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted in any of the functional areas.

II-B-15 Questionable Disbursements - We noted a disbursement for a going away present for the Principal. Giving going away presents does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - The District reviewed procedures with the personnel involved with this transaction.

Conclusion - Response accepted.

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 - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Greg Salvo, Board Member Coach	Purchased Services	\$2,500

In accordance with the Chapter 279.7A of the Code of Iowa, the above transaction with the Board Member does not appear to represent a conflict of interest.

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

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

II-G-15 Certified Enrollment - We noted variances regarding the enrollment data certified to the Iowa Department of Education. The number certified to the Iowa Department of Education was overstated by 1.54 students for the fall of 2014 count date.

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

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

Conclusion - Response accepted.

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 filed with the Iowa Department of Education timely and we noted not significant deficiencies in the amounts reported.

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

II-L-15 Financial Condition - The District had a deficit unrestricted net position of \$210,112 in the Enterprise, School Nutrition Fund and a deficit total net position of \$118,388 at June 30, 2015. The District had a deficit unrestricted net position of \$1,470,265 in the governmental activities at June 30, 2015. The District also had one account in the Student Activity Fund with a deficit balance of \$4,873. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

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

Response - The District's governmental activities went deficit due to the implementation of GASB Statement No. 68 and No. 71 in fiscal year 2015 which require the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position.

Conclusion - Response accepted.

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

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

Beginning Balance		\$ 577,777
Revenues:		
Sales tax revenues	\$ 600,497	
Other local revenues	33,979	634,476
Total revenues		<u>1,212,253</u>
Expenditures:		
School infrastructure construction	3,396	
Equipment	58,050	
Buildings	16,376	
Other	82,901	
Transfers to other funds:		
Debt service fund	387,908	548,631
Ending balance		<u><u>\$ 663,622</u></u>

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

II-N-15 Student Activity Fund - During our audit issues arose about the properness of certain expenditures paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from. More specific examples of these instances of questioned items and recommendations are as follows:

**Questionable Accounts** - We noted an Elementary Challenge account in the Student Activity Fund. These accounts appear to be for instructional in nature which would be more appropriately handled in the General Fund.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. The revenues and expenditures in the Elementary Challenge account appears to more instructional in nature and would be more appropriate in the General Fund.

Response - The account has been moved to the General Fund.

Conclusion - Response accepted.

II-O-15 District and Regional Rents - We noted during our audit that the District receives money for the use of facilities when hosting district and regional events. The District currently receipts district and regional rents into the Student Activity Fund.

Recommendation - Chapter 297.9 of the Code of Iowa requires rent to be receipted into the General Fund. The District should receipt rent collected for facility usage into the General Fund.

Response - The District has reviewed this situation with the Activity Fund personnel.

Conclusion - Response accepted.

II-P-15 Interfund Loans - We noted during our audit that the District has interfund loans between the General Fund and the Enterprise: School Nutrition Fund of \$43,548 which were on the balance sheets in the prior year and still on the current year balance sheets.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2010, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1<sup>st</sup> of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue anticipatory warrants to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should seek and obtain external borrowings to comply with the declaratory ruling in order to repay the interfund loan.

Response - The District will explore options for external borrowings to comply with the declaratory order to repay the interfund loan.

Conclusion - Response accepted.