

**GEORGE – LITTLE ROCK COMMUNITY  
SCHOOL DISTRICT  
INDEPENDENT AUDITOR’S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2015**



**GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Amy Jurrens	President	2015
Doug Krull	Vice President	2015
Curt Fiedler	Board Member	2015
Ryan Klingenberg	Board Member	2017
Terrence Clark	Board Member	2017
<b>School Officials</b>		
Steven Barber	Superintendent	Indefinite
Delinda Kruger	District Secretary/Treasurer and Business Manager	Indefinite
Steve Avery	Attorney	Indefinite



# GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

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# GRANT AND WILLIAMS INC.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

To the Board of Education of the  
George – Little Rock Community School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George – Little Rock Community School District, George and Little Rock, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

### Emphasis of Matter

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

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management’s Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District’s Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, and the Schedule of Funding Progress for the Retiree Health Plan on pages 8 through 16 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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 George – Little Rock Community School District’s basic financial statements. The previous audits for June 30, 2006 – 2014 were done by other firms, but were in accordance with the standards referred to in the third paragraph of this report, the financial statements for the years ended June 30, 2006 – 2014 (none of which are presented herein) and expressed an unmodified or unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 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 *Governmental Auditing Standards*, we have also issued our report dated December 30, 2015 on our consideration of George – Little Rock Community School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering George – Little Rock Community School District’s internal control over financial reporting and compliance.

Grant and Williams Inc.

Grant and Williams Inc.  
Sioux Falls, SD  
December 30, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

George – Little Rock 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**

- The General Fund revenues decreased from \$4,660,679 in fiscal year 2014 to \$4,554,953 in fiscal year 2015, while General Fund expenditures decreased from \$4,659,182 in fiscal year 2014 to \$4,657,115 in fiscal 2015. The District's General Fund balance decreased from \$1,583,189 in fiscal 2014 to \$1,481,027 in fiscal 2015, a 6.453% decreased.
- The fiscal year 2015 decrease in General Fund revenues were attributable to decreases in state and federal revenue. The decrease in expenditures was due primarily to a decrease in instruction function as there were fewer students then in the prior 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 the George – Little Rock 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 George – Little Rock Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the 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 to the District's budget for the year, as well as presenting the Schedule of Summary of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and capital project accounts.

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

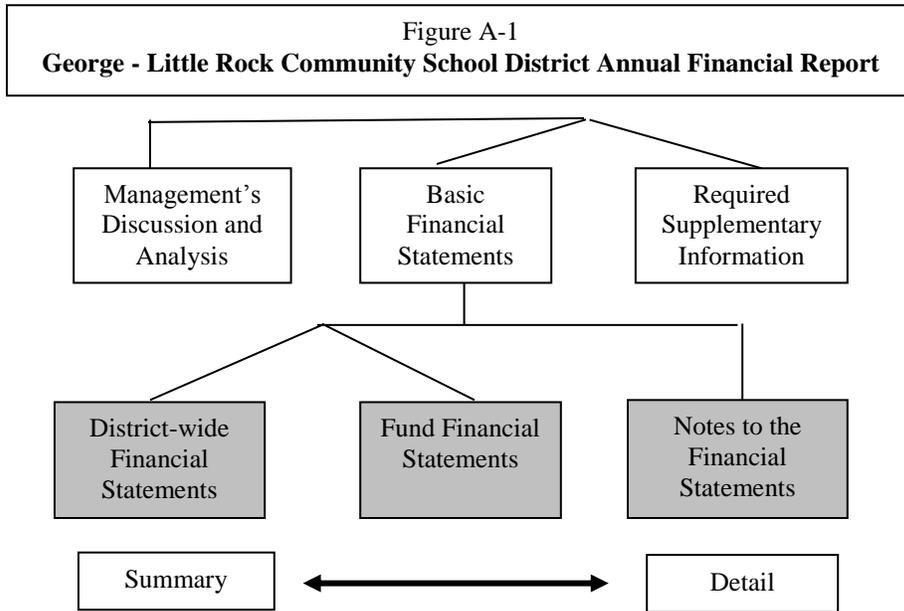


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities covered and the types of information contained.

<b>Figure A-2: Major Features of the District Wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and FFA activities
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 net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with

the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether its 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 building and other facilities, need to be considered.

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

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

### **Fund Financial Statements**

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

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

The District has two kinds of funds:

- *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 funds statements provide a detailed short-term view that helps the reader 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 Funds.

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

- *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, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the FFA Property Fund.

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

Reconciliations between the government-wide financial statements and the 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.

	Governmental Activities		Business type Activities		Total Activities		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014 (not restated)	2014 - 2015	
Current and other assets	\$ 6,741	\$ 6,335	\$ 40	\$ 20	\$ 6,781	\$ 6,355	\$ 426	6.70%
Capital assets	6,392	6,336	51	59	6,443	6,395	48	0.8%
Total assets	13,133	12,671	91	79	13,224	12,750	474	3.7%
Deferred outflows of resources	300	-	9	-	309	-	309	100.0%
Long-term Liabilities	2,630	2,900	-	-	2,630	2,900	(270)	(9.31%)
Other Liabilities	2,510	720	59	7	2,569	727	1,842	253.4%
Total Liabilities	5,140	3,620	59	7	5,199	3,627	1,572	43.3%
Deferred inflows of resources	3,585	2,809	22	2	3,607	2,811	796	28.3%
<b>Net Position</b>								
Net Investment in capital assets	3,567	3,241	51	59	3,618	3,300	318	9.64%
Restricted	2,137	1,775	-	-	2,137	1,775	362	20.39%
Unrestricted	(996)	1,226	(32)	11	(1,028)	1,237	(2,265)	(183.10%)
Total net position	\$ 4,708	\$ 6,242	\$ 19	\$ 70	\$ 4,727	\$ 6,312	\$ (1,585)	(25.11%)

The District's combined net position decreased by 25.11% or approximately \$1,585,000 the prior year due to the adoption of GASB No. 68. 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 resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$362,000, or 20.39% from the prior year. The increase was primarily a result of the increased revenues in the 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 the legal requirements – decreased approximately \$2,265,000 or 183.1%. This decrease in unrestricted net position was primarily a result of the District's net position liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68. Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$2,209,090 and \$65,667, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4  
Changes in Net Position  
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2015	2014	2015	2014	2015	2014	2014 - 2015
Revenue							
Program revenue:							
Charges for service	\$ 349	\$ 392	\$ 150	\$ 148	\$ 499	\$ 540	(7.59%)
Operating grants, contributions and restricted interest	993	961	132	127	1,125	1,088	3.40%
Capital grants, contributions and restricted interest	10	25	-	-	10	25	(60.00%)
General revenues:							
Property tax	2,822	2,665	-	-	2,822	2,665	5.89%
Local option sales and service tax	418	498	-	-	418	498	(16.06%)
Unrestricted state grants	1,562	1,688	-	-	1,562	1,688	(7.46%)
Other	4	5	-	-	4	5	(20.00%)
Total revenues	<u>6,158</u>	<u>6,234</u>	<u>282</u>	<u>275</u>	<u>6,440</u>	<u>6,509</u>	(1.06%)
Program expenses:							
Governmental activities:							
Instruction	3,258	3,412	-	-	3,258	3,412	(4.51%)
Support service	1,819	1,795	-	-	1,819	1,795	1.34%
Non-instructional programs	-	-	267	275	267	275	(2.91%)
Other expenses	406	431	-	-	406	431	(5.80%)
Total expenses	<u>5,483</u>	<u>5,638</u>	<u>267</u>	<u>275</u>	<u>5,750</u>	<u>5,913</u>	(2.76%)
Change in net position	675	596	15	-	690	596	15.77%
Net position beginning of year, as restated	<u>\$ 4,033</u>	<u>\$ 5,647</u>	<u>\$ 5</u>	<u>\$ 70</u>	<u>4,038</u>	<u>5,717</u>	(29.37%)
Net position end of year	<u>\$ 4,708</u>	<u>\$ 6,243</u>	<u>\$ 20</u>	<u>\$ 70</u>	<u>\$ 4,728</u>	<u>\$ 6,313</u>	(25.11%)

In fiscal year 2015, property tax, statewide sales, service and use tax, and unrestricted state grants account for 74.56% of governmental activities revenue while charges for services and operating grants, contributions and restricted interest accounted for 100% of the business type activities revenue. The District's expenses primarily relate to instruction and support services, which account for 88.296% of the total expenses.

The District's total revenues were approximately \$6.440 million, of which \$6.158 million was for governmental activities and approximately \$282,000 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.06% decrease in revenues and a 2.76% decrease in expenses. Decreases in charges for services and local option sales and service tax offset the increases in property taxes, operating grants, and contributions. Decreases in expenses were related to instruction and other expenses due to a reduction in staff caused by fewer students attending school in the District.

## Governmental Activities

Revenues for governmental activities were \$6,157,736 and expenses were \$5,482,350 for the year ended June 30, 2015. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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	Change 2014-2015	2015	2014	Change 2014-2015
Instruction	\$ 3,257	\$ 3,412	(4.54%)	\$ 2,337	\$ 2,473	(5.50%)
Support services	1,819	1,795	1.34%	1,585	1,569	1.02%
Non-instructional programs	-	-	0.00%	-	-	0.00%
Other expenses	406	432	(6.02%)	209	219	(4.57%)
Totals	<u>\$ 5,482</u>	<u>\$ 5,639</u>	(2.78%)	<u>\$ 4,131</u>	<u>\$ 4,261</u>	(3.05%)

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$348,810.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,002,661.
- The net cost of governmental activities was financed with \$3,240,379 in property and other taxes and \$1,561,529 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities were \$281,701, representing a 2.251% increase over the prior year, while expenses totaled \$267,193, a 2.845% decrease over the prior year. The District's business type activities include the School Nutrition Fund and FFA Property. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income. The increase in revenues is a result of FFA sale of cattle, meal price and federal reimbursements increases in the current year. The expenses decreased due to cost of livestock and general supplies for the FFA Property Fund.

## INDIVIDUAL FUND ANALYSIS

As previously noted, George – Little Rock Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,366,503, an increase of \$236,770. The primary reason for the increase in combined fund balances in fiscal 2015 is due to a decrease in the expenditures in the General Fund and Nonmajor Special Revenue Funds and an increase in Statewide Sales, Service and Use Tax Fund in revenues.

## Governmental Fund Highlights

- The District's change in the General Fund financial position is the result of many factors.

Increases in taxes and state foundation aid resulted in a decrease in revenues. However, the decrease in revenues was offset by the District's decreases in General Fund and Nonmajor Special Revenue Funds expenditures, requiring the District to use carryover fund balance only for the Debt Service Fund to meet its financial obligations during the year.

- The General Fund balance increased from \$1,583,189 to \$1,481,027, due, in part, to the reduction salaries and benefits and existing expenditure commitments of the District.
- The Debt Service Fund balance increased from \$101,663 in fiscal 2014 to \$102,816 in fiscal 2015. The increase was due to the reduction of payments made on the long term principal and interest in the current year.
- The Capital Projects Fund balance increased due to the increases in property tax and decreases in amount facilities acquisitions in the current year. The District ended fiscal 2014 with a \$1,182,540 balance and ended fiscal 2015 ended with a balance of \$1,478,359.

### **Proprietary Fund Highlights**

School Nutrition Fund cash balance decreased from \$13,984 at June 30, 2014 to \$13,667 at June 30, 2015, representing a decrease of \$287. This is due primarily from increases in expenses for this year. FFA Property Fund increased the cash balance from \$139 at June 30, 2014 to \$21,908 at June 30, 2015 this is due to the sale of feeder calves.

### **BUDGETARY HIGHLIGHTS**

The District did not amend its budget during the year, so the original and final budget amounts remain the same.

The District's receipts were \$100,943 less than budgeted receipts, with a variance of 1.54%. The most significant variance resulted from the decreases in local sources from the budgeted amounts.

Total expenditures were less than budgeted, due to 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.

The certified budget did not exceed the budget and was not amended during the year.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2015, the District had invested \$6.442 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 represents a net increase of 0.73% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$269,527.

The original cost of the District's capital assets was \$10.868 million. Governmental funds account for \$10.642 million, with the remainder of \$.226 million accounted for in the Proprietary – School Nutrition Fund.

The largest change in capital asset activity during the year occurred with building and improvements of \$96,198 and \$220,853 of furniture and equipment in fiscal year 2015.

Figure A-6  
Capital Assets, net of Depreciation  
(expressed in thousands)

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014 - 2015
Land	\$ 49	\$ 49	\$ -	\$ -	\$ 49	\$ 49	0.00%
Buildings	5,088	5,129	-	-	5,088	5,129	(0.80%)
Improvements other than building:	76	81	-	-	76	81	(6.17%)
Furniture and Equipment	1,178	1,077	51	59	1,229	1,136	8.19%
Totals	<u>\$6,391</u>	<u>\$6,336</u>	<u>\$ 51</u>	<u>\$ 59</u>	<u>\$6,442</u>	<u>\$6,395</u>	0.73%

### Long-Term Debt

At June 30, 2015, the District had \$2,961,731 in general obligation, revenue and other long-term debt outstanding compared to \$3,213,622 last year. This represents a decrease of 7.838% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$22.1 million.

In March 2005, the District's voters authorized the issuance of \$4,360,000 in general obligation bonds to pay for construction of the additions to buildings in George and Little Rock. At the same time the District issued \$685,000 of local option sales and services tax revenue bonds for the same project. The District refinanced the general obligation bonds in December 2011; this will be used to pay the bonds in 2016. The District had total outstanding bonded indebtedness at June 30, 2015 of \$2,815,000.

The District also had early retirement obligations of \$146,731 at June 30, 2015 with \$66,731 due in FY 2015 and \$80,000 long term.

The District entered into a capital lease agreement for a new tractor in 2013. As of June 30, 2015 the lease was paid in full.

Figure A-7  
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2015	2014	2014 - 2015
General Obligation Bonds	2,815,000	3,075,000	(8.455%)
Capital Lease	-	10,430	(100.000%)
Early Retirement	146,731	128,192	14.462%
Totals	<u>\$2,961,731</u>	<u>\$3,213,622</u>	(7.838%)

## **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:

- The financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the District will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment decreased in fiscal year 2014-2015 with a budget enrollment of 442, a reduction of 14 students. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2014-2015 school year, George – Little Rock students who open enrolled out to other districts decreased to 29. Because George – Little Rock is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- During fiscal 2015, the District decided on a one-year contract with George-Little Rock Education Association due to the unknown factors of state funding and number of students enrolled. The District will negotiate a new agreement each year until funding and enrollment stabilizes. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

## **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 Cathy Bonestroo, Board Secretary/Business Manager at the George – Little Rock Community School District, 500 E. Indiana Ave., George, IA 51237 or 712-475-3311.

## **BASIC FINANCIAL STATEMENTS**

**George – Little Rock Community School District**

George - Little Rock Community School District  
Statement of Net Position  
Year Ended June 30, 2015

Exhibit A

	Governmental Activities	Business Type Activities	Totals
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 3,650,695	\$ 35,605	\$ 3,686,300
Receivables:			
Property tax:			
Delinquent	24,906	-	24,906
Succeeding year	2,582,785	-	2,582,785
Local option sales taxes	65,030	-	65,030
Accounts Receivable	53,458	-	53,458
Accrued interest	678	-	678
Due from other governments	349,804	-	349,804
Due from (to) other funds	14,000	(14,000)	-
Inventories	-	18,244	18,244
Capital assets, net of accumulated depreciation	6,391,721	51,353	6,443,074
<b>Total assets</b>	<b>13,133,077</b>	<b>91,202</b>	<b>13,224,279</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	300,471	8,604	309,075
<b>Liabilities</b>			
Accounts payable	36,624	230	36,854
Salaries and benefits payable	409,991	7,104	417,095
Accrued interest payable	9,301	-	9,301
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	265,000	-	265,000
Early retirement	66,731	-	66,731
Portion due after one year:			
General obligation bonds payable	2,550,000	-	2,550,000
Net pension liability	1,722,097	51,191	1,773,288
Early retirement	80,000	-	80,000
<b>Total liabilities</b>	<b>5,139,744</b>	<b>58,525</b>	<b>5,198,269</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,582,785	-	2,582,785
Pension related deferred inflows	656,758	19,523	676,281
Other unavailable	345,453	2,629	348,082
	<b>3,584,996</b>	<b>22,152</b>	<b>3,607,148</b>
<b>Net Position</b>			
Net investment in capital assets	3,567,420	51,353	3,618,773
Restricted for:			
Categorical funding	398,661	-	398,661
Debt Service	1,465,868	-	1,465,868
Entrepreneurial education activities			-
Management levy	74,767	-	74,767
Student activities	22,878	-	22,878
Physical plant and equipment	59,925	-	59,925
Capital projects	115,307	-	115,307
Unrestricted	(996,018)	(32,224)	(1,028,242)
<b>Total net position</b>	<b>\$ 4,708,808</b>	<b>\$ 19,129</b>	<b>\$ 4,727,937</b>

See notes to financial statements.

George - Little Rock Community School District  
Statement of Activities  
Year Ended June 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Service	Operating Grants and Restricted Interest	Capital Grants Contributions and Restricted Interest
<b>Governmental activities:</b>				
Instruction:				
Regular instruction	\$ 2,441,964	\$ 106,945	\$ 467,371	\$ -
Special instruction	435,786	21,782	97,633	-
Other instruction	379,620	217,729	8,692	-
	<u>3,257,370</u>	<u>346,456</u>	<u>573,696</u>	<u>-</u>
Support services:				
Student services	186,344	-	12,536	-
Instructional staff services	139,067	-	-	-
Administration services	602,766	-	-	-
Operation and maintenance of plant services	562,834	2,354	217,777	-
Transportation services	328,057	-	1,328	-
	<u>1,819,068</u>	<u>2,354</u>	<u>231,641</u>	<u>-</u>
Non-instructional programs				
Other expenses:				
Facilities acquisition	156,432	-	-	9,611
Long-term debt interest	61,767	-	-	-
AEA flow-through	187,713	-	187,713	-
	<u>405,912</u>	<u>-</u>	<u>187,713</u>	<u>9,611</u>
Total governmental activities	5,482,350	348,810	993,050	9,611
<b>Business type activities:</b>				
Non-instructional programs:				
FFA Property	16,421	26,727	-	-
Food service operations	250,772	123,455	131,501	-
Total	<u>\$ 5,749,543</u>	<u>\$ 498,992</u>	<u>\$ 1,124,551</u>	<u>\$ 9,611</u>
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Total general revenues				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ (1,867,648)	\$ -	\$ (1,867,648)
(316,371)	-	(316,371)
(153,199)	-	(153,199)
<u>(2,337,218)</u>	<u>-</u>	<u>(2,337,218)</u>
(173,808)	-	(173,808)
(139,067)	-	(139,067)
(602,766)	-	(602,766)
(342,703)	-	(342,703)
(326,729)	-	(326,729)
<u>(1,585,073)</u>	<u>-</u>	<u>(1,585,073)</u>
-	-	-
(146,821)	-	(146,821)
(61,767)	-	(61,767)
-	-	-
<u>(208,588)</u>	<u>-</u>	<u>(208,588)</u>
<u>(4,130,879)</u>	<u>-</u>	<u>(4,130,879)</u>
-	10,306	10,306
-	4,184	4,184
<u>(4,130,879)</u>	<u>14,490</u>	<u>(4,116,389)</u>
2,498,154	-	2,498,154
324,104	-	324,104
418,121	-	418,121
1,561,529	-	1,561,529
4,357	18	4,375
<u>4,806,265</u>	<u>18</u>	<u>4,806,283</u>
675,386	14,508	689,894
4,033,422	4,621	4,038,043
<u>\$ 4,708,808</u>	<u>\$ 19,129</u>	<u>\$ 4,727,937</u>

George - Little Rock Community School District  
 Balance Sheet  
 Governmental Funds  
 June 30, 2015

Exhibit C

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 1,830,684	\$ 99,604	\$ 1,414,308	\$ 306,099	\$ 3,650,695
Receivables:					
Property tax:					
Delinquent	17,094	3,212	2,208	2,392	24,906
Succeeding year	1,767,766	324,033	252,548	238,438	2,582,785
Local option sales taxes	-	-	65,030	-	65,030
Accounts	53,458	-	-	-	53,458
Accrued interest	-	-	678	-	678
Due from other funds	14,000	-	-	-	14,000
Due from other governments	226,428	-	123,376	-	349,804
Total assets	<u>3,909,430</u>	<u>426,849</u>	<u>1,858,148</u>	<u>546,929</u>	<u>6,741,356</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	30,255	-	3,865	2,504	36,624
Salaries and benefits payable	408,305	-	-	1,686	409,991
Total liabilities	<u>438,560</u>	<u>-</u>	<u>3,865</u>	<u>4,190</u>	<u>446,615</u>
Deferred inflows of resources					
Unavailable revenues:					
Succeeding year property tax	1,767,766	324,033	252,548	238,438	2,582,785
Other	222,077	-	123,376	-	345,453
Total deferred inflows of resources	<u>1,989,843</u>	<u>324,033</u>	<u>375,924</u>	<u>238,438</u>	<u>2,928,238</u>
Fund balances:					
Restricted for:					
Categorical funding	398,661	-	-	-	398,661
Debt service	-	102,816	1,363,052	-	1,465,868
Management levy	-	-	-	221,498	221,498
Student activities	-	-	-	22,878	22,878
Public education recreation	-	-	-	59,925	59,925
Physical plant and equipment	-	-	115,307	-	115,307
Assigned for:					
Casino Funds	583,147	-	-	-	583,147
Unassigned	499,219	-	-	-	499,219
Total fund balances	<u>1,481,027</u>	<u>102,816</u>	<u>1,478,359</u>	<u>304,301</u>	<u>3,366,503</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,909,430</u>	<u>\$ 426,849</u>	<u>\$ 1,858,148</u>	<u>\$ 546,929</u>	<u>\$ 6,741,356</u>

See notes to financial statements.

George - Little Rock Community School District  
 Reconciliation of the Balance Sheet - Governmental Funds  
 to the Statement of Net Position  
 June 30, 2015

Exhibit D

<b>Total fund balances of governmental funds (page 22)</b>	\$	3,366,503
<p>Amounts reported for governmental activities in the Statements of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,391,721
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.		(9,301)
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	300,471	
Deferred inflows of resources	<u>(656,758)</u>	(356,287)
Long-term liabilities, including bonds and notes payable, compensated absences and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(4,683,828)</u>
<b>Net assets of governmental activities (page 21)</b>	<b>\$</b>	<b><u>4,708,808</u></b>

See notes to financial statements.

George - Little Rock Community School District  
Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2015

Exhibit E

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 1,913,276	\$ 324,104	\$ 345,916	\$ 238,961	\$ 2,822,257
Tuition	83,961	-	-	-	83,961
Other	221,193	217	50,021	225,164	496,595
State sources	2,203,474	115	418,200	85	2,621,874
Federal sources	133,049	-	-	-	133,049
<b>Total Revenues</b>	<b>4,554,953</b>	<b>324,436</b>	<b>814,137</b>	<b>464,210</b>	<b>6,157,736</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	2,178,735	-	-	289,452	2,468,187
Special instruction	450,489	-	-	-	450,489
Other instruction	393,036	-	-	-	393,036
	<b>3,022,260</b>	<b>-</b>	<b>-</b>	<b>289,452</b>	<b>3,311,712</b>
Support services:					
Student services	122,980	-	67,323	-	190,303
Instructional staff services	143,905	-	-	-	143,905
Administration services	533,081	1,000	85,258	1	619,340
Operation and maintenance of plant services	375,934	-	17,359	106,555	499,848
Transportation services	271,242	-	94,413	17,147	382,802
	<b>1,447,142</b>	<b>1,000</b>	<b>264,353</b>	<b>123,703</b>	<b>1,836,198</b>
Non-instructional programs					
Other expenditures:					
Facilities acquisition	-	-	243,535	9,095	252,630
Long-term debt principal	-	270,430	-	-	270,430
Long-term debt interest	-	62,283	-	-	62,283
AEA flow-through	187,713	-	-	-	187,713
	<b>187,713</b>	<b>332,713</b>	<b>243,535</b>	<b>9,095</b>	<b>773,056</b>
<b>Total expenditures</b>	<b>4,657,115</b>	<b>333,713</b>	<b>507,888</b>	<b>422,250</b>	<b>5,920,966</b>
Excess (deficiency) of revenues over (under) expenditures	(102,162)	(9,277)	306,249	41,960	236,770
<b>Other financing sources (uses):</b>					
Operating transfers in (out)	-	10,430	(10,430)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>10,430</b>	<b>(10,430)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(102,162)</b>	<b>1,153</b>	<b>295,819</b>	<b>41,960</b>	<b>236,770</b>
Fund balances beginning of year	1,583,189	101,663	1,182,540	262,341	3,129,733
<b>Fund balances end of year</b>	<b>\$ 1,481,027</b>	<b>\$ 102,816</b>	<b>\$ 1,478,359</b>	<b>\$ 304,301</b>	<b>\$ 3,366,503</b>

See notes to financial statements.

George - Little Rock 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

Exhibit F

**Net change in fund balance - total governmental funds (page 24)** \$ 236,770

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

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

Expenditures for capital assets	317,051	
Depreciation expense	<u>(261,548)</u>	55,503

Proceeds from issuing long-term liabilities provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issues, as follows:

Repaid	<u>270,430</u>	270,430
--------	----------------	---------

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 governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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

Pension expense	130,707	
Early retirement	<u>(18,539)</u>	<u>112,168</u>

**Change in net position of governmental activities (page 21)** \$ 675,386

See notes to financial statements.

George - Little Rock Community School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

Exhibit G

	School Nutrition	FFA Property	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 13,697	\$ 21,908	\$ 35,605
Inventories	6,539	11,705	18,244
Capital assets, net of accumulated depreciation	51,353	-	51,353
<b>Total assets</b>	71,589	33,613	105,202
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	8,604	-	8,604
<b>Liabilities</b>			
Accounts payable	-	230	230
Due to other funds	14,000	-	14,000
Deferred revenue	2,629	-	2,629
Net pension liability	51,191	-	51,191
Salaries and benefits payable	7,104	-	7,104
<b>Total Liabilities</b>	74,924	230	75,154
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	19,523	-	19,523
<b>Net Position</b>			
Net investment in capital assets	51,353	-	51,353
Unrestricted	(65,607)	33,383	(32,224)
<b>Total net position</b>	\$ (14,254)	\$ 33,383	\$ 19,129

See notes to financial statements.

George - Little Rock Community School District  
Statement of Revenues, Expenses and Changes in  
Fund Net Position - Proprietary Funds  
Year Ended June 30, 2015

Exhibit H

	School Nutrition	FFA Property	Totals
Operating revenues:			
Local sources:			
Charges for service	\$ 123,455	\$ 26,727	\$ 150,182
Operating expenses:			
Non-instructional programs:			
Operations:			
Salaries	80,494	-	80,494
Benefits	9,669	-	9,669
Purchased services	2,320	-	2,320
Supplies	150,310	16,421	166,731
Depreciation	7,979	-	7,979
Total operating expenses	250,772	16,421	267,193
Operating (loss) income	(127,317)	10,306	(117,011)
Non-operating revenues:			
State sources	2,234	-	2,234
Federal sources	129,267	-	129,267
Interest income	18	-	18
Total non-operating revenues	131,519	-	131,519
Change in net position	4,202	10,306	14,508
Net position beginning of year, as restated	(18,456)	23,077	4,621
Net position end of year	\$ (14,254)	\$ 33,383	\$ 19,129

See notes to financial statements.

George - Little Rock Community School District  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2015

EXHIBIT I

	School Nutrition	FFA Property	Totals
<b>Cash flows from operating activities:</b>			
Cash received from sales	\$ 123,981	\$ 26,727	\$ 150,708
Cash paid to employees for services	(103,251)	-	(103,251)
Cash paid to suppliers for goods or services	(134,881)	(4,958)	(139,839)
Net cash used by operating activities	(114,151)	21,769	(92,382)
<b>Cash flows from non-capital financing activities:</b>			
State grants received	2,234	-	2,234
Federal grants received	111,612	-	111,612
Net cash provided by non-capital financing activities	113,846	-	113,846
<b>Cash flows from investing activities:</b>			
Interest on investments	18	-	18
Net increase (decrease) in cash and cash equivalents	(287)	21,769	21,482
Cash and cash equivalents beginning of year	13,984	139	14,123
Cash and cash equivalents end of year	\$ 13,697	\$ 21,908	\$ 35,605
<b>Reconciliation of operating loss to net cash used by operating activities</b>			
Operating (loss) income	(127,317)	10,306	(117,011)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Commodities used	17,655	-	17,655
Depreciation	7,979	-	7,979
(Increase) decrease in inventories	94	11,233	11,327
Increase (decrease) in accounts payable	-	230	230
Increase (decrease) in salaries and benefits payable	469	-	469
Increase (decrease) in deferred revenues	526	-	526
Increase (decrease) in net pension liability	(3,557)	-	(3,557)
Increase (decrease) in due to other governments	(10,000)	-	(10,000)
Net cash used in operating activities	\$ (114,151)	\$ 21,769	\$ (92,382)

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2015 the District received \$17,655 of federal commodities.

See notes to financial statements.

**GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2015**

**(1) Summary of Significant Accounting Policies**

The George – Little Rock Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of George and Little Rock, Iowa and the predominately agricultural territory in Lyon, Sioux and Osceola Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. Reporting Entity**

For financial reporting purposes, George – Little Rock 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 George – Little Rock Community School District has no component unit, which meet the Governmental Accounting Standards Board criteria.

**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. 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 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.

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

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

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. 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 main operating fund of the District. All general tax revenues and other revenues 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 expenditures, including instructional, support and other costs.

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

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

The District reports the following major proprietary funds:

The Enterprise – School Nutrition Fund is used to account for the food service operations of the District. The other Enterprise – FFA Property Fund is used to account for the FFA cattle raising operations.

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the

government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	2,500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	100 years
Improvements other than buildings	15 - 50 years
Furniture and equipment:	3 - 15 years

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

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August,

have been accrued as liabilities.

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

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

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

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

Fund Equity – In the governmental fund financial statements, fund balance are classified as follows:

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

Assigned – Amounts which the Board of Education intends to be used for specific purposes that are neither considered to be restricted or committed.

Unassigned – All amounts not included in other spendable classifications.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted for the fiscal year 2014-2015 and the District did not exceed its General Fund unspent authorized budget.

#### (2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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 \$437,532 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor’s Financial Services.

**(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	School Nutrition	\$ 14,000
		<u>\$ 14,000</u>

The School Nutrition Fund will be repaying the General for an advance to pay expenditures of the Funds when the cash flow improves.

**(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	Physical Plant and Equipment Levy	\$ 10,430
		<u>\$ 10,430</u>

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

**(5) Categorical Funding**

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

Program	
Gifted and Talented Program	\$ 62,200
Preschool/State Aid	255,039
Early Literacy	21,077
Professional Development Core Curriculum	36,935
Teacher Leadership Grant	2,941
Educator Quality, Professional Development	20,469
	<u>\$ 398,661</u>

(6) **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	\$ 49,270	\$ -	\$ -	\$ 49,270
Total capital assets not being depreciated	49,270	-	-	49,270
Capital assets being depreciated:				
Buildings	7,471,471	96,198	-	7,567,669
Improvements other than buildings	502,243	-	-	502,243
Furniture and equipment	2,346,291	220,853	43,533	2,523,611
Total capital assets being depreciated	10,320,005	317,051	43,533	10,593,523
Less accumulated depreciation for:				
Buildings	2,342,697	136,960	-	2,479,657
Improvements other than buildings	420,747	5,298	-	426,045
Furniture and equipment	1,269,613	119,290	43,533	1,345,370
Total accumulated depreciation	4,033,057	261,548	43,533	4,251,072
Total capital assets being depreciated, net	6,286,948	55,503	-	6,342,451
Governmental activities capital assets, net	\$ 6,336,218	\$ 55,503	\$ -	\$ 6,391,721
<b>Business type activities:</b>				
Furniture and equipment	\$ 225,970	\$ -	\$ -	\$ 225,970
Less accumulated depreciation	(166,637)	(7,979)	-	(174,616)
Business type activities capital assets, net	\$ 59,333	\$ (7,979)	\$ -	\$ 51,354
Depreciation expense was charged to the following functions:				
Governmental activities:				
Instruction:				
Regular				\$ 22,208
Support services:				
Instructional staff				32,935
Operation and maintenance of plant				159,398
Transportation				47,007
Total depreciation expense - governmental activities				<u>\$ 261,548</u>
Business type activities:				
Food service operations				<u>\$ 7,979</u>

**(7) Long-Term Debt**

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

	Balance			Balance	Due
	Beginning		End	Within	
	of Year	Additions	of Year	One Year	
General Obligation	\$ 3,075,000	\$ -	\$ 260,000	\$ 2,815,000	\$ 265,000
Capital Lease	10,430	-	10,430	-	-
Early Retirement	128,192	72,000	53,461	146,731	66,731
<b>Total</b>	<b>\$ 3,213,622</b>	<b>\$ 72,000</b>	<b>\$ 323,891</b>	<b>\$ 2,961,731</b>	<b>\$ 331,731</b>

General Obligation Bonds Payable

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

Year Ending June, 30	Interest Rates	Bond Issue December 6, 2011		
		Series 2011		
		Principal	Interest	Total
2016	4%	\$ 265,000	\$ 58,533	\$ 323,533
2017	1.25%	265,000	55,220	320,220
2018	1.25%	270,000	51,643	321,643
2019	1.35%	280,000	47,323	327,323
2020	1.60%	290,000	42,283	332,283
2021-2025	1.80 - 2.55%	1,445,000	110,043	1,555,043
		<u>\$2,815,000</u>	<u>\$ 365,043</u>	<u>\$3,180,043</u>

During the year ended June 30, 2015, the District made principal payment of \$260,000 and \$61,782.50 interest payments for General Obligation Bonds.

Capital Lease

During a prior year the District entered into a capital lease agreement to purchase a tractor. The total cost of the lease is \$46,717.50. The District made a \$5,000 down payment and the final installment of \$10,430 was made on April 20, 2015.

**(8) Termination Benefits**

The District offered a voluntary early retirement plan to its employees until November 30, 2007. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement was subject to approval by the Board of Directors by February 1 of the applicable year.

Early retirement benefits are a flat \$2,000 per year for 5 years and health insurance payments based on the retirement year rate until the retiree reaches 65 years of age. If health insurance rates go up the retiree will need to pay the difference. There is one retiree remaining from this plan.

In each fiscal year ending June 2013, 2014 and 2015 years the District approved a voluntary early retirement plan to its employees. Each plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in

which early retirement commences. The application for early retirement was subject to approval by the Board of Directors by February 1 of the applicable year.

The benefit is \$24,000 paid as a HRA (Health Reimbursement Arrangement) account in three \$8,000 increments by June 30 of each of the next three consecutive years. There was one person that was approved for early retirement for each of the 2012 and 2013 plan years. There are four persons that were approved for early retirement in the 2014 plan year. During the current year there were three persons that were approved for early retirement.

At June 30, 2014, the District has obligations to ten participants with a total liability of \$146,731. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$53,461.20. Details of the early retirement obligations at June 30, 2015 are as follows:

Year Ending	Compensation	Health Insurance	Total
2016	\$ 64,000	\$ 2,731	\$ 66,731
2017	56,000	-	56,000
2018	24,000	-	24,000
	\$ 144,000	\$ 2,731	\$ 146,731

**(9) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, IA, 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 informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time 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 benefits 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 \$256,488.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions – At June 30, 2015, the District reported a liability of \$1,773,288 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 proportion was 0.043816 percent, which was a decrease of 0.000974 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$122,225. 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	\$ 19,272	\$ -
Changes of Assumptions	78,259	-
Net difference between projected and actual earnings on pension plan investments		676,281
Changes in proportion and differences between District contributions and proportionate share of contributions	(44,944)	-
District contributions subsequent to the measurement date	256,488	
Total	<u>\$ 309,075</u>	<u>\$ 676,281</u>

\$256,488 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	\$ (156,784)
2017	(156,784)
2018	(156,784)
2019	(156,784)
2020	3,440
Total	<u>\$ (623,696)</u>

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
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 3,350,579	\$ 1,773,288	\$ 441,892

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 \$ 0 for legally required employer contributions and \$ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(10) Other Postemployment Benefits (OPEB)**

Plan Description – The District offers a single-employer health benefit plan which provides medical and prescription benefits for employees, retirees and their spouses. There are 117

active and 5 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with the District’s health insurance provider. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual OPEB Cost	\$ 71,000
Employer Contributions	<u>(50,000)</u>
Increase in net OPEB obligation	21,000
Net OPEB obligation beginning of year	<u>142,000</u>
Net OPEB obligation end of year	<u><u>\$ 163,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$4,884.34 to the medical plan. Plan members eligible for benefits contributed \$48,662.12, or 90.8% of the premium costs.

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

Year Ended	Annual OPEB Costs	of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 124,000	52%	\$ 142,000
6/30/14	71,000	41%	142,000
6/30/15	71,000	35%	163,000

Funding Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was approximately \$1.333 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.753 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,914,000 and the ratio of the UAAL to covered payroll was 25.84%. 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 July 1, 2012 actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10.00%. The ultimate medical trend rate is 6.00%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

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

Projected claim costs of the medical plan are \$551 per month for retirees less than 65 and \$625 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(11) Risk Management**

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

**(12) 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 \$187,713 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.

**(13) Operating Lease**

As of June 30, 2015, the District is leasing copiers under operating lease agreement with an office equipment company. The lease was entered into on August 2013 with monthly payments of \$507.48 made on the 6<sup>th</sup> of each month and the final payment to be made on

August 6, 2017. The future minimum payments required for the existing operating leases will be \$6,089.76 for the fiscal year 2015-2016 and \$1,014.96 for fiscal year 2016-2017.

As of July 10, 2013, the District is leasing student laptops under non-cancelable contracts with VAR Resources. The lease annual payments totaling \$40,826.71 with the final payment to be made in 2016. The future minimum payments are as follows:

<b>Year Ending June, 30</b>	Principal	Interest	Total
2016	\$ 31,854.89	\$ 8,971.82	\$ 40,826.71
	<u>\$ 31,854.89</u>	<u>\$ 8,971.82</u>	<u>\$ 40,826.71</u>

On June 5, 2015 the District signed a new lease agreement with VAR Resources to provide student with Dell Latitudes. The Lease annual payments will be \$60,997.32 per year starting in July 2016 through July 2018 totaling \$182,992.

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

	<u>Governmental Activities</u>	<u>Business type Activities</u>
Net position June 30, 2014, as previously reported	\$ 6,242,512	\$ 70,288
Net pension liability at June 30, 2014	(2,462,825)	(73,210)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	253,735	7,543
Net position June 30, 2014, as restated	<u>\$ 4,033,422</u>	<u>\$ 4,621</u>

**(15) Construction Project**

On March 16, 2015, the District approved the parking lot project for \$295,650 which was started after school was completed. The project was completed in August before the school year started.

**George – Little Rock Community School District**

## **Required Supplementary Information**

George - Little Rock Community School District  
 Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances -  
 Budget and Actual - All Governmental Funds and Proprietary Funds  
 Required Supplementary Information  
 Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local Sources	\$ 3,402,813	\$ 150,200
State sources	2,621,874	2,234
Federal sources	133,049	129,267
Total revenues	6,157,736	281,701
Expenditures		
Instruction	3,311,712	16,421
Support services	1,836,198	-
Non-instructional programs	-	250,772
Other expenditures	773,056	-
Total expenditures	5,920,966	267,193
Excess (deficiency) of revenues over (under) expenditures	236,770	14,508
Other financing sources, net	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	236,770	14,508
Balances beginning of year	3,129,733	4,621
Balances end of year	\$ 3,366,503	\$ 19,129

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 3,553,013	\$ 3,993,698	\$ 3,993,698	\$ (440,685)
2,624,108	2,241,682	2,241,682	382,426
262,316	305,000	305,000	(42,684)
<u>6,439,437</u>	<u>6,540,380</u>	<u>6,540,380</u>	<u>(100,943)</u>
3,328,133	3,891,000	3,891,000	(562,867)
1,836,198	1,939,700	1,939,700	(103,502)
250,772	270,000	270,000	(19,228)
773,056	935,909	935,909	(162,853)
<u>6,188,159</u>	<u>7,036,609</u>	<u>7,036,609</u>	<u>(848,450)</u>
251,278	(496,229)	(496,229)	747,507
-	2,500	2,500	(2,500)
251,278	(493,729)	(493,729)	745,007
3,134,354	2,398,736	2,398,736	735,618
<u>\$ 3,385,632</u>	<u>\$ 1,905,007</u>	<u>\$ 1,905,007</u>	<u>\$ 1,480,625</u>

George – Little Rock Community School District  
Notes to Required Supplementary Information – Budgetary Reporting  
Year ended June 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. There were no budget amendments adopted by the District during the school year.

The District did not exceed the amounts of the amended budget and the District did not exceed its General Fund unspent authorized budget.

George - Little Rock Community School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Iowa Public Employees' Retirement System  
Last Fiscal Year\*  
(In Thousands)  
Required Supplementary Information

	2015
District's proportion of the pension liability	0.0447133%
District's proportionate share of the net pension liability	\$ 1,773
District's covered-employee payroll	\$ 2,842
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.39%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

**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.

George - Little Rock Community School District  
Schedule of the District's Contributions  
Iowa Public Employees' Retirement System  
Last 10 Fiscal Years  
(In Thousands)  
Required Supplementary Information

	2015	2014	2013	2012
Statutorily Required Contribution	\$ 256	\$ 256	\$ 251	\$ 237
Contributions in relation to the statutorily required contribution	(256)	(256)	(251)	(237)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,842	\$ 2,895	\$ 2,894	\$ 2,931
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
\$ 191	\$ 179	\$ 177	\$ 172	\$ 155	\$ 150
(191)	(179)	(177)	(172)	(155)	(150)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,750	\$ 2,690	\$ 2,782	\$ 2,847	\$ 2,689	\$ 2,609
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

George – Little Rock 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 and 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.

George – Little Rock 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.

George – Little Rock 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)
2009	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,771,302	43.63%
2010	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,650,137	45.62%
2011	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,704,346	44.71%
2012	July 1, 2012	-	753,000	753,000	0.00%	2,831,689	26.59%
2013	July 1, 2012	-	753,000	753,000	0.00%	2,853,689	26.39%
2014	July 1, 2012	-	753,000	753,000	0.00%	2,934,716	25.66%
2015	July 1, 2012	-	753,000	753,000	0.00%	2,913,932	25.84%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**George – Little Rock Community School District  
Supplementary Information**

George - Little Rock Community School District  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2015

Schedule 1

	Special Revenue			
	Management Levy	Student Activity	Public Education Recreation Levy	Total
<b>Assets</b>				
Cash and cash equivalents:				
Cash	\$ 220,384	\$ 19,382	\$ 61,333	\$ 301,099
Investments	-	5,000	-	5,000
Receivables:				
Property tax:				
Delinquent	2,114	-	278	2,392
Succeeding year	209,999	-	28,439	238,438
<b>Total assets</b>	432,497	24,382	90,050	546,929
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	1,000	1,504	-	2,504
Salaries and benefits payable	-	-	1,686	1,686
Total liabilities	1,000	1,504	1,686	4,190
Deferred inflows of resources				
Unavailable revenues:				
Succeeding year property tax	209,999	-	28,439	238,438
Total deferred inflows of resources	209,999	-	28,439	238,438
Fund equity:				
Management levy purposes	221,498	-	-	221,498
Student activities	-	22,878	-	22,878
Public education recreation levy	-	-	59,925	59,925
Total fund balances	221,498	22,878	59,925	304,301
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 432,497	\$ 24,382	\$ 90,050	\$ 546,929

See accompanying independent auditor's report.

George - Little Rock Community School District  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended June 30, 2015

Schedule 2

	Special Revenue			Total
	Management Levy	Student Activity	Public Education Recreation Levy	
Revenues:				
Local sources:				
Local tax	\$ 211,198	\$ -	\$ 27,763	\$ 238,961
Other	6,981	217,827	356	225,164
State sources	75	-	10	85
Total revenues	<u>218,254</u>	<u>217,827</u>	<u>28,129</u>	<u>464,210</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	56,862	229,359	3,231	289,452
Support services:				
Administration Services	1	-	-	1
Operation and maintenance of plant services	99,105	-	7,450	106,555
Student Transportation	15,918	-	1,229	17,147
Other expenditures:				
Facilities acquisition	-	-	9,095	9,095
Total expenditures	<u>171,886</u>	<u>229,359</u>	<u>21,005</u>	<u>422,250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,368</u>	<u>(11,532)</u>	<u>7,124</u>	<u>41,960</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	46,368	(11,532)	7,124	41,960
Fund balances beginning of year	<u>175,130</u>	<u>34,410</u>	<u>52,801</u>	<u>262,341</u>
Fund balances end of year	<u>\$ 221,498</u>	<u>\$ 22,878</u>	<u>\$ 59,925</u>	<u>\$ 304,301</u>

See accompanying independent auditor's report.

George - Little Rock 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
Annual	5,482	6,602	5,460	-	6,624
Resale	-	8,350	8,990	640	-
General	2,205	41,057	38,658	(4,604)	-
Athletics	-	15,353	3,787	(11,566)	-
Baseball	-	645	4,695	3,844	(206)
Basketball:					
Boys	-	8,590	8,710	120	-
Boys Fundraiser	-	210	160	-	50
Girls	-	11,977	12,206	229	-
Girls Fundraiser	715	3,000	3,819	104	-
Track:					
Boys	-	62	2,945	2,883	-
Girls	-	493	4,341	3,848	-
Softball	-	4,747	8,639	3,227	(665)
Softball Fundraiser	915	1,355	692	-	1,578
Wrestling	-	1,306	9,809	8,503	-
Wrestling Fundraiser	125	-	-	-	125
Football	-	-	1,098	1,098	-
Golf:					
Boys	-	459	1,904	1,445	-
Girls	-	218	1,750	928	(604)
Volleyball	-	6,686	7,862	1,176	-
Cross Country	-	1,442	2,822	1,380	-
Cheerleaders	436	1,018	779	-	675
Music - Vocal	-	1,960	2,801	841	-
Music - Instrumental	-	2,689	3,902	1,185	(28)
Music Boosters	343	3,930	8,209	3,936	-
Faculty	1,352	5,225	5,044	-	1,533
Future Farmers of America	-	51,991	41,376	(9,540)	1,075
Future Farmers /Savings	19	-	-	-	19
National Honor Society	150	368	109	-	409
MS Student Council	370	-	-	(370)	-
HS Student Council	2,320	1,619	2,078	-	1,861
Broadway Bound	-	92	-	-	92
Investor Group	1,849	3,184	1,700	(1,792)	1,541
Drama Club	-	2,279	5,176	2,897	-
Interest on Investments	-	32	-	(32)	-
Athletics Resale	-	-	959	959	-
Spanish Trip	-	350	350	-	-

Account	Balance Beginning of Year	Revenues	Expenditures	Intra- Fund Transfers	Balance End of Year
Class of:					
2013	538	-	416	(122)	-
2014	1,245	-	1,050	-	195
2015	2,325	168	695	-	1,798
2016	416	7,753	7,263	-	906
2017	360	-	-	-	360
2018	406	10	-	-	416
2019	154	1,260	1,134	-	280
2020	26	540	486	-	80
2021	-	200	180	-	20
Insurance	-	224	224	-	-
NOW Interest	-	65	-	(65)	-
Book Fair - George	1,018	2,332	2,228	-	1,122
MS Magazines	383	9,732	-	(10,115)	-
MS Yearbook	401	1,022	953	47	517
Pictures	-	47	-	(47)	-
MS Reading Program	627	2,400	2,650	-	377
Steve Groenwold Memorial	33	-	-	-	33
Virgil Krull Memorial	233	100	-	-	333
Band Fundraiser	4,556	-	397	(4,159)	-
Work keys	601	-	601	-	-
Vending Machine	-	165	-	(165)	-
Promotions - Middle School	373	440	6,660	6,543	696
Promotions - Elementary	2,794	2,089	1,118	(3,200)	565
Stem Club	1,640	1,991	2,474	(56)	1,101
	<u>\$ 34,410</u>	<u>\$ 217,827</u>	<u>\$ 229,359</u>	<u>\$ -</u>	<u>\$ 22,878</u>

See accompanying independent auditor's report.

George - Little Rock Community School District  
 Combining Balance Sheet  
 Capital Project Accounts  
 June 30, 2015

Schedule 4

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and cash equivalents:			
Cash	\$ 1,297,344	\$ 116,964	\$ 1,414,308
Receivables:			
Property tax:			
Delinquent	-	2,208	2,208
Succeeding year	-	252,548	252,548
Local option sales taxes	65,030	-	65,030
Accrued interest	678	-	678
Due from other governments	-	123,376	123,376
<b>Total assets</b>	1,363,052	495,096	1,858,148
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	-	3,865	3,865
Total liabilities	-	3,865	3,865
Deferred inflows of resources			
Unavailable revenues:			
Succeeding year property tax	-	252,548	252,548
Other	-	123,376	123,376
Total deferred inflows of resources	-	375,924	375,924
Fund equity:			
Restricted for:			
Debt Service	1,363,052	-	1,363,052
Physical plant and equipment	-	115,307	115,307
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 1,363,052	\$ 495,096	\$ 1,858,148

See accompanying independent auditor's report.

George - Little Rock Community School District  
Combining Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Capital Project Accounts  
Year ended June 30, 2015

Schedule 5

	Capital Project Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 345,916	\$ 345,916
Other	7,725	42,296	50,021
State sources	418,121	79	418,200
Total revenues	425,846	388,291	814,137
Expenditures:			
Current:			
Support services:			
Student Services	-	67,323	67,323
Administration Services	-	85,258	85,258
Operation and maintenance of plant services	-	17,359	17,359
Student Transportation	-	94,413	94,413
Other expenditures:			
Facilities acquisition	107,184	136,351	243,535
Total expenditures	107,184	400,704	507,888
Excess (deficiency) of revenues over (under) expenditures	318,662	(12,413)	306,249
Other financing sources (uses):			
Operating transfers	-	(10,430)	(10,430)
Total other financing sources (uses)	-	(10,430)	(10,430)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	318,662	(22,843)	295,819
Fund balances beginning of year	1,044,390	138,150	1,182,540
Fund balances end of year	\$ 1,363,052	\$ 115,307	\$ 1,478,359

See accompanying independent auditor's report.

George - Little Rock Community School District  
Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds  
For the Last Ten Years

	Modified Accrual Basis			
	2015	2014	2013	2012
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 2,822,257	\$ 2,665,016	\$ 3,161,920	\$ 3,112,671
Tuition	83,961	86,388	84,899	70,278
Other	496,595	547,010	676,992	490,898
Bonds	-	-	-	-
Intermediate sources	-	-	-	-
State sources	2,621,874	2,796,736	2,339,761	2,341,102
Federal sources	133,049	139,075	177,175	247,542
Total	<u>6,157,736</u>	<u>6,234,225</u>	<u>6,440,747</u>	<u>6,262,491</u>
<b>Expenditures:</b>				
Instruction:				
Regular instruction	2,468,187	2,474,211	2,588,791	2,445,746
Special instruction	450,489	433,846	541,365	600,023
Other instruction	393,036	442,540	400,829	396,699
Support services:				
Student services	190,303	130,922	127,949	162,686
Instructional staff services	143,905	124,199	174,895	144,457
Administration services	619,340	642,179	668,873	541,375
Operation and maintenance of plant service:	499,848	460,513	421,703	387,889
Transportation services	382,802	319,036	250,430	256,637
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	252,630	282,398	323,689	103,703
Long-term debt				
Principal	270,430	300,429	295,429	3,160,429
Interest and other charges	62,283	195,038	207,200	242,572
AEA flow-through	187,713	187,660	182,772	182,442
Total	<u>\$ 5,920,966</u>	<u>\$ 5,992,971</u>	<u>\$ 6,183,925</u>	<u>\$ 8,624,658</u>

See accompanying independent auditor's report.

	2011	2010	2009	2008	2007	2006
\$	2,943,817	\$ 2,695,208	\$ 2,517,385	\$ 2,481,924	\$ 2,435,179	\$ 2,220,837
	114,611	103,136	91,462	91,439	64,239	108,869
	380,072	360,195	343,513	330,738	417,069	454,405
	-	-	-	-	-	5,045,000
	-	-	-	-	500	1,697
	2,413,380	2,178,410	2,564,825	2,554,877	2,246,580	2,238,731
	277,931	504,774	167,328	306,558	498,649	209,369
	<u>6,129,811</u>	<u>5,841,723</u>	<u>5,684,513</u>	<u>5,765,536</u>	<u>5,662,216</u>	<u>10,278,908</u>
	2,376,317	2,289,367	2,387,719	2,388,562	2,291,273	2,177,635
	535,914	558,235	578,651	510,165	497,948	483,495
	446,294	466,432	451,958	406,835	376,508	378,093
	134,153	99,964	101,281	98,269	90,720	96,344
	149,624	114,631	87,340	132,092	72,786	75,428
	476,330	544,152	514,709	590,484	557,377	534,224
	432,611	356,127	396,540	458,106	411,631	355,349
	363,451	215,186	309,019	252,794	309,222	238,468
	-	-	-	74	2,033	-
	231,173	69,234	154,293	286,978	4,039,507	1,493,337
	255,000	250,000	235,000	232,091	217,091	135,000
	165,560	174,991	184,193	191,992	201,438	180,602
	202,344	199,217	178,849	169,411	164,820	155,076
\$	<u>5,768,771</u>	<u>5,337,536</u>	<u>5,579,552</u>	<u>5,717,853</u>	<u>9,232,354</u>	<u>6,303,051</u>

See accompanying independent auditor's report.

# GRANT AND WILLIAMS INC.

CERTIFIED PUBLIC ACCOUNTANTS

[www.grantandwilliams.com](http://www.grantandwilliams.com)

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

To the Board of Education of  
George – Little Rock 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 George – Little Rock Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies internal control over financial reporting we consider to be 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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-15-A to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the George – Little Rock 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, noncompliance 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 object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance 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 is 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.

## George – Little Rock Community School District’s Responses to Findings

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

## Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of George – Little Rock 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.

Grant and Williams Inc.  
Grant and Williams Inc.  
Certified Public Accountants  
Sioux Falls, SD  
December 30, 2015

**GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT**  
**Schedule of Findings**  
**Year Ended June 30, 2015**

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

I-15-A Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare the financial statements and accompanying notes to the financial statements that are materially correct. The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The District's inadequate controls over financial reporting result in the likelihood that the District would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

Recommendation – While we recognize that this condition is not unusual for organization of your size, is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the District and changes in reporting requirements.

Response – Management and the Board of Education will review and approve for propriety the draft of the financial statements and accompanying notes to the financial statements prepared by the auditors. Due to the District's size, we will accept the risk associated with these conditions based on cost and other considerations.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

## GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

### Schedule of Findings Year Ended June 30, 2015

#### **Part II: Other Findings Related to Required Statutory Reporting:**

- II-15-A Certified Budget – Expenditures for the year ended June 30, 2015, did not exceed certified budget approved as amended. The District did not exceed its General Fund unspent authorized budget for the year ended June 30, 2015.
- II-15-B Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-15-C 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-15-D Business Transactions – One of the board members is also a part-time coach for the District, his salary does not exceed the Iowa State Statute amount.
- II-15-E 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 ensure the coverage is adequate for current operations.
- II-15-F Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted.
- II-15-G Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-15-H Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-15-I 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-15-J Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.
- II-15-K Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-15-L Deficit Balances – There were four student activity accounts that had a deficit balance at June 30, 2015.

Recommendation – The District should continue to investigate alternative to eliminate these deficits in order to return these accounts to sound financial condition.

Response – The District is continuing to investigate alternative to eliminate these deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.

**GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**Schedule of Findings  
Year Ended June 30, 2015**

II-15-M 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 sales, services and use tax. 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		\$ 657,052
Statewide sales, services and use tax revenue		418,121
Expenditures/transfers out:		
School infrastructure		
Land	\$ -	
Buildings	-	
Equipment	(94,890)	
Other improvements	-	
Debt service for school infrastructure:		
General obligation debt	-	
Revenue debt	-	(94,890)
Ending Balance		<u>\$ 980,283</u>

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

	Rate of Levy Reduction Per \$1,000 of	Property Tax Dollars
Debt Service Levy	\$ 0.00484	\$ 1,000