

GILBERT COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Gilbert Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Tyler Holck	President	2015
John Nelson	Vice President	2017
Tanya Austin	Board Member	2015
Kim Mosiman	Board Member	2015
Sean Barber	Board Member	2017
School Officials		
Lindsey Beecher	Superintendent	2015
Johna Clancy	Board Secretary/Treasurer and Busniness Manager	2015
Ahler's & Cooney, P.C.	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 13 to the financial statements, Gilbert Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gilbert Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2016, on our consideration of Gilbert Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Gilbert Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

February 3, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$12,828,536 in fiscal year 2014 to \$14,305,202 in fiscal year 2015, while General Fund expenditures increased from \$14,054,642 in fiscal year 2014 to \$14,318,106 in fiscal year 2015. The District's General Fund balance decreased from \$403,979 at June 30, 2014 to \$391,075 at June 30, 2015, a 3.19% decrease from the prior year.
- The increase in General Fund revenues was mostly attributable to increased local tax and state sources revenues received as compared to the prior year. The increase in expenditures was due primarily to an increase in support service expenditures incurred as compared to the prior year primarily in the instructional staff due to the opening of the new high school building.
- The District has seen a steady increase in student enrollment over the past 5 years equal to 126 students and anticipates that trend to continue.

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds as well as providing combining schedules for the District's capital project and debt service accounts.

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

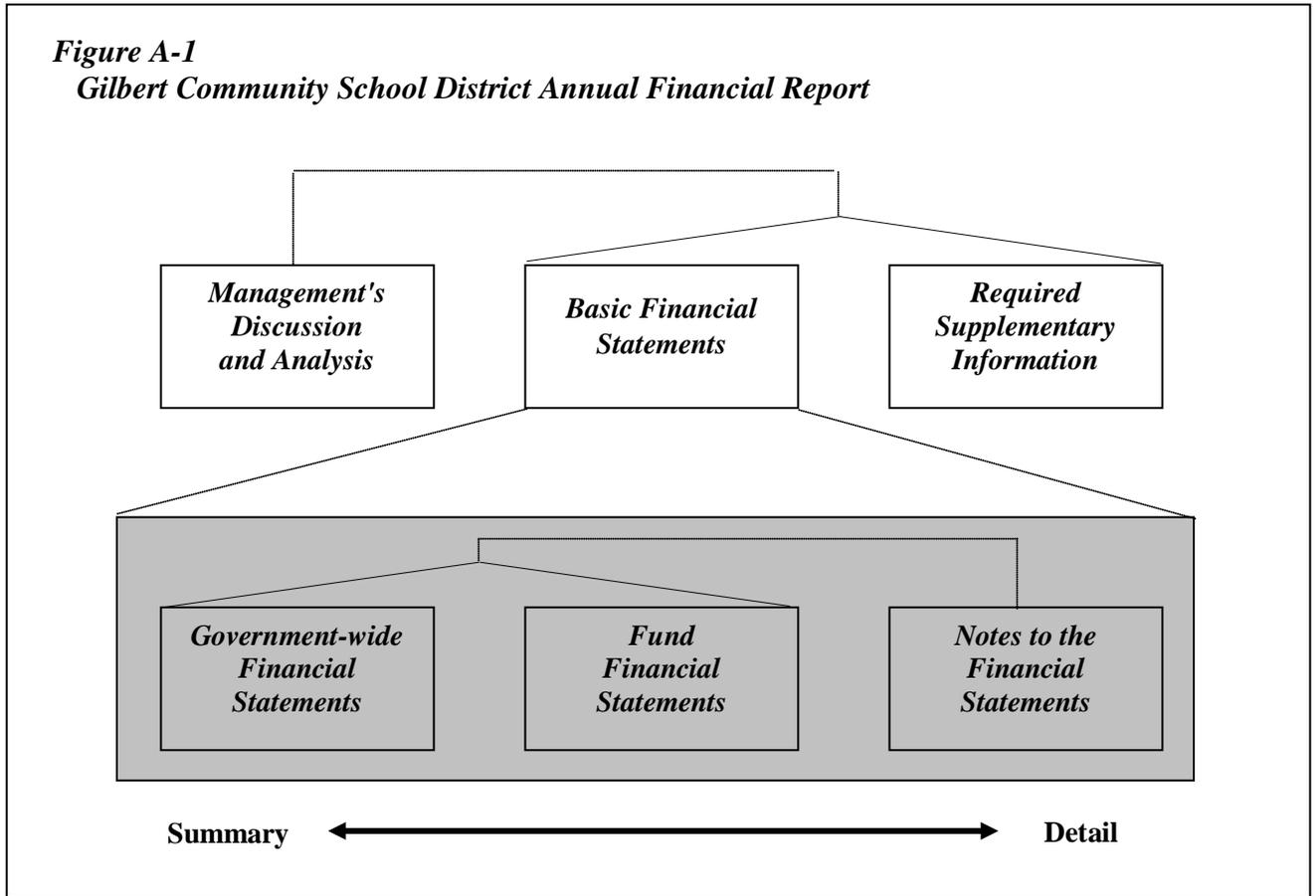


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Current and other assets	\$ 12,448,663	12,258,845	19,904	26,963	12,468,567	12,285,808	1.49%
Capital assets	44,627,857	45,487,009	274,555	305,443	44,902,412	45,792,452	-1.94%
Total assets	57,076,520	57,745,854	294,459	332,406	57,370,979	58,078,260	-1.22%
Deferred inflows of resources	1,147,189	-	27,680	-	1,174,869	-	100.00%
Long-term liabilities	36,992,819	33,453,900	133,372	6,206	37,126,191	33,460,106	10.96%
Other liabilities	309,701	715,459	44,500	19,932	354,201	735,391	-51.84%
Total liabilities	37,302,520	34,169,359	177,872	26,138	37,480,392	34,195,497	9.61%
Deferred inflows of resources	9,601,339	7,019,656	47,822	-	9,649,161	7,019,656	37.46%
Net position:							
Net investment in capital assets	12,982,857	12,157,009	274,555	305,443	13,257,412	12,462,452	6.38%
Restricted	4,110,763	4,263,768	-	-	4,110,763	4,263,768	-3.59%
Unrestricted	(5,773,770)	136,062	(178,110)	825	(5,951,880)	136,887	-4448.02%
Total net position	\$ 11,319,850	16,556,839	96,445	306,268	11,416,295	16,863,107	-32.30%

The District's combined net position decreased by 32.30%, or \$5,446,812, from the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased by 3.59%, or \$153,005, from the prior year. This decrease in restricted net position is mainly attributable to the decrease in ending fund balance for the Management Levy Fund.

Unrestricted net position - the part of net position that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- decreased 4,448.02%, or \$6,088,767, from the prior year. The decrease in unrestricted net position is primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$5,976,789 and \$148,853, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources

and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

	Figure A-4							
	Changes in Net Position							
	Governmental		Business Type		Total		Total	2014-15
	Activities		Activities		District		Change	
2014		2014		2014		2014-15		
2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)			
Program revenues:								
Charges for service	\$ 1,998,090	1,958,377	462,721	438,430	2,460,811	2,396,807	2.67%	
Operating grants, contributions and restricted interest	1,111,001	872,992	155,898	156,002	1,266,899	1,028,994	23.12%	
Capital grants, contributions and restricted interest	-	159,017	-	-	-	159,017	-100.00%	
General revenues:								
Property tax	7,069,952	6,741,390	-	-	7,069,952	6,741,390	4.87%	
Statewide sales, services and use tax	1,252,348	1,117,231	-	-	1,252,348	1,117,231	12.09%	
Nonspecific federal program grants	8,747	-	-	-	8,747	-	100.00%	
Unrestricted state grants	6,827,427	6,132,791	-	-	6,827,427	6,132,791	11.33%	
Unrestricted interest	26,975	57,762	227	514	27,202	58,276	-53.32%	
Other	164,534	370,216	3,617	1,038	168,151	371,254	-54.71%	
Total revenues	<u>18,459,074</u>	<u>17,409,776</u>	<u>622,463</u>	<u>595,984</u>	<u>19,081,537</u>	<u>18,005,760</u>	<u>5.97%</u>	
Program expenses:								
Instructional	10,304,593	11,274,649	-	-	10,304,593	11,274,649	-8.60%	
Support services	5,007,296	4,459,328	2,241	16,820	5,009,537	4,476,148	11.92%	
Non-instructional programs	368	1,050	681,192	674,311	681,560	675,361	0.92%	
Other expenses	2,407,017	2,559,439	-	-	2,407,017	2,559,439	-5.96%	
Total expenses	<u>17,719,274</u>	<u>18,294,466</u>	<u>683,433</u>	<u>691,131</u>	<u>18,402,707</u>	<u>18,985,597</u>	<u>-3.07%</u>	
Excess(Deficiency) of revenues over(under) expenses	739,800	(884,690)	(60,970)	(95,147)	678,830	(979,837)	-169.28%	
Transfers	-	(263,295)	-	263,295	-	-	0.00%	
Change in net position	739,800	(1,147,985)	(60,970)	168,148	678,830	(979,837)	-169.28%	
Net position beginning of year, as restated	<u>10,580,050</u>	<u>17,704,824</u>	<u>157,415</u>	<u>138,120</u>	<u>10,737,465</u>	<u>17,842,944</u>	<u>-39.82%</u>	
Net position end of year	<u>\$ 11,319,850</u>	<u>16,556,839</u>	<u>96,445</u>	<u>306,268</u>	<u>11,416,295</u>	<u>16,863,107</u>	<u>-32.30%</u>	

In fiscal year 2015, property tax and unrestricted state grants account for 75.29% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.38% of the revenue from business type activities.

The District's total revenues were \$19,081,537 of which \$18,459,074 was for governmental activities and \$622,463 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.97% increase in revenues and a 3.07% decrease in expenses. The increase in revenues was primarily due to an increase in property tax and unrestricted grant revenues received compared to the prior year while the decrease in expenses was primarily due to a decrease in expenditures in the instructional function as compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$18,459,074 and expenses were \$17,719,274 for the year ended June 30, 2015.

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

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Change 2014-15	2015	2014 (Not Restated)	Change 2014-15
Instruction	\$ 10,304,593	11,274,649	-8.60%	7,742,867	8,958,585	-13.57%
Support services	5,007,296	4,459,328	12.29%	4,986,893	4,278,406	16.56%
Non-instructional programs	368	1,050	-64.95%	368	1,050	-64.95%
Other expenses	2,407,017	2,559,439	-5.96%	1,880,055	2,066,039	-9.00%
Totals	\$ 17,719,274	18,294,466	-3.14%	14,610,183	15,304,080	-4.53%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,998,090.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$1,111,001.
- The net cost of governmental activities was financed with \$7,069,952 in property tax, \$1,252,438 in statewide sales, service and use tax, \$8,747 in nonspecific federal program grants, \$6,827,427 in unrestricted state grants, \$26,975 in interest income and \$164,534 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2015 were \$622,463 and expenses were \$683,433. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,652,051, below last year's ending fund balances of a \$4,760,016. However, the primary reason for the decrease in combined fund balances at the end of fiscal year 2015 is due to the decrease in fund balances of the Management Levy Fund as compared to the prior year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The General Fund balance decreased from \$403,979 at June 30, 2014 to \$391,075 at June 30, 2015. Both total revenues and total expenditures increased during the year but the increase in revenues was not enough outpace total expenditures incurred ensuring a decrease in ending fund balance.
- The Capital Projects Fund balance increased from \$1,672,220 at June 30, 2014 to \$1,864,616 at June 30, 2015. The primary reason for this increase in fund balance was an increase in local tax and state sales tax revenue received and a decrease in capital outlay expenditures incurred as compared to the prior year.
- The Debt Service fund balance decreased from \$1,909,009 at June 30, 2014 to \$1,876,588 at June 30, 2015. The main reason for the decrease in ending fund balance is due to the reserve and sinking requirements for the revenue bonds by the District in prior fiscal years.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from a restated net position of \$157,415 at July 1, 2014 to \$96,445 at June 30, 2015. Although revenues increased and expenditures decreased as compared to the previous year total expenditures still outpaced total revenues ensuring a decrease in ending net position.

BUDGETARY HIGHLIGHTS

The District's revenues were \$328,754 more than budgeted revenues, a variance of 1.75%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$44,902,412, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.94% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$1,518,150.

The original cost of the District's capital assets was \$55,975,498. Governmental funds account for \$55,430,809 with the remainder of \$544,689 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$915,163 at June 30, 2015, compared to \$602,917 at June 30, 2014. The primary reason for this increase in total land improvements is due to the completion of the District's parking lot project during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 1,146,053	1,146,053	-	-	1,146,053	1,146,053	0.00%
Construction in progress	-	53,658	-	-	-	53,658	-100.00%
Buildings	41,255,164	42,170,536	-	-	41,255,164	42,170,536	-2.17%
Land improvements	951,163	602,917	-	-	951,163	602,917	57.76%
Machinery and equipment	1,275,477	1,513,845	274,555	305,443	1,550,032	1,819,288	-14.80%
Total	\$ 44,627,857	45,487,009	274,555	305,443	44,902,412	45,792,452	-1.94%

Long-Term Debt

At June 30, 2015, the District had long-term debt outstanding of \$37,126,191 of total long-term debt outstanding. This represents an increase of 10.96% from the prior year (See Figure A-7). More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had revenue bonded indebtedness of \$11,770,000 at June 30, 2015 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had outstanding general obligation bonded indebtedness of \$19,875,000 at June 30, 2015 payable from the Debt Service Fund.

The District had termination benefits of \$153,691 due to District early retirees at June 30, 2015 payable from the Management Levy Fund.

The District had a net pension liability of \$5,160,235 at June 30, 2015. \$5,034,841 is attributed to the District's governmental activities while the remaining \$125,394 is attributed to the District's business type activities.

The District had a net OPEB liability of \$167,265 at June 30, 2015. \$159,287 of this total is attributed to the District's governmental activities while the remaining \$7,978 is attributed to the District's business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
		(Not Restated)		(Not Restated)		(Not Restated)	
Revenue bonds	\$ 11,770,000	12,450,000	-	-	11,770,000	12,450,000	-5.46%
General obligation bonds	19,875,000	20,880,000	-	-	19,875,000	20,880,000	-4.81%
Termination benefits	153,691	-	-	-	153,691	-	100.00%
Net pension liability	5,034,841	-	-	-	5,034,841	-	100.00%
Net OPEB obligation	159,287	123,900	133,372	6,206	292,659	130,106	124.94%
Total	\$ 36,992,819	33,453,900	133,372	6,206	37,126,191	33,460,106	10.96%

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:

- Gilbert CSD currently has nine housing developments within the school district in the process of building approximately 900 housing units that could increase our student enrollment between 250-800 additional students by 2024. Gilbert has developed a Long Range Facility Task Force to plan for this possible growth to ensure we can provide room for the additional students.
- Gilbert CSD faces challenges of providing the appropriate number of staff and amount of supplies needed to educate District students due to the growth of enrollment, the District not having the appropriate SSA or funding to do so creates unique challenges for the District's cost structure and requires the District to come up with alternatives.

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 Gail Hopkins District Board Secretary, Gilbert Community School District, 103 Mathews Drive, Gilbert, Iowa, 50105.

BASIC FINANCIAL STATEMENTS

GILBERT COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 4,125,876	-	4,125,876
Receivables:			
Property tax:			
Delinquent	18,032	-	18,032
Succeeding year	7,681,196	-	7,681,196
Due from other governments	623,559	-	623,559
Inventories	-	19,904	19,904
Capital assets, net of accumulated depreciation	44,627,857	274,555	44,902,412
TOTAL ASSETS	57,076,520	294,459	57,370,979
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,147,189	27,680	1,174,869
LIABILITIES			
Excess of warrants issued over bank balance	-	24,451	24,451
Accounts payable	115,156	-	115,156
Salaries and benefits payable	260	-	260
Accrued interest payable	194,285	-	194,285
Unearned revenue	-	20,049	20,049
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	1,040,000	-	1,040,000
Revenue bonds payable	645,000	-	645,000
Termination benefits payable	153,691	-	153,691
Portion due after one year:			
General obligation bonds payable	18,835,000	-	18,835,000
Revenue bonds payable	11,125,000	-	11,125,000
Net pension liability	5,034,841	125,394	5,160,235
Net OPEB liability	159,287	7,978	167,265
TOTAL LIABILITIES	37,302,520	177,872	37,480,392
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	7,681,196	-	7,681,196
Pension related deferred inflows	1,920,143	47,822	1,967,965
TOTAL DEFERRED INFLOWS OF RESOURCES	9,601,339	47,822	9,649,161
NET POSITION			
Net investment in capital assets	12,982,857	274,555	13,257,412
Restricted for:			
Categorical funding	197,763	-	197,763
Debt service	1,682,303	-	1,682,303
School infrastructure	1,244,317	-	1,244,317
Physical plant and equipment	620,299	-	620,299
Management levy	216,599	-	216,599
Student activities	149,482	-	149,482
Unrestricted	(5,773,770)	(178,110)	(5,951,880)
TOTAL NET POSITION	\$ 11,319,850	96,445	11,416,295

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 6,789,248	1,306,518	21,513	(5,461,217)	-	(5,461,217)
Special	1,260,863	140,737	316,168	(803,958)	-	(803,958)
Other	2,254,482	550,835	225,955	(1,477,692)	-	(1,477,692)
	<u>10,304,593</u>	<u>1,998,090</u>	<u>563,636</u>	<u>(7,742,867)</u>	<u>-</u>	<u>(7,742,867)</u>
Support services:						
Student	477,003	-	-	(477,003)	-	(477,003)
Instructional staff	1,044,830	-	6,895	(1,037,935)	-	(1,037,935)
Administration	1,528,018	-	-	(1,528,018)	-	(1,528,018)
Operation and maintenance of plant	1,256,594	-	-	(1,256,594)	-	(1,256,594)
Transportation	700,851	-	13,508	(687,343)	-	(687,343)
	<u>5,007,296</u>	<u>-</u>	<u>20,403</u>	<u>(4,986,893)</u>	<u>-</u>	<u>(4,986,893)</u>
Non-instructional programs:						
Food service operations	368	-	-	(368)	-	(368)
	<u>865,977</u>	<u>-</u>	<u>-</u>	<u>(865,977)</u>	<u>-</u>	<u>(865,977)</u>
Other expenses:						
AEA flowthrough	526,962	-	526,962	-	-	-
Depreciation(unallocated)*	1,014,078	-	-	(1,014,078)	-	(1,014,078)
	<u>1,541,040</u>	<u>-</u>	<u>526,962</u>	<u>(1,014,078)</u>	<u>-</u>	<u>(1,014,078)</u>
Total governmental activities	17,719,274	1,998,090	1,111,001	(14,610,183)	-	(14,610,183)
Business type activities:						
Support services:						
Operation and maintenance of plant	2,241	-	-	-	(2,241)	(2,241)
Non-instructional programs:						
Food service operations	681,192	462,721	155,898	-	(62,573)	(62,573)
Total business type activities	<u>683,433</u>	<u>462,721</u>	<u>155,898</u>	<u>-</u>	<u>(64,814)</u>	<u>(64,814)</u>
Total	\$ 18,402,707	2,460,811	1,266,899	(14,610,183)	(64,814)	(14,674,997)
General Revenues:						
Property tax levied for:						
General purposes				\$ 4,787,836	-	4,787,836
Debt services				1,612,691	-	1,612,691
Capital outlay				669,425	-	669,425
Statewide sales, services and use tax				1,252,348	-	1,252,348
Nonspecific program federal grants				8,747	-	8,747
Unrestricted state grants				6,827,427	-	6,827,427
Unrestricted investment earnings				26,975	227	27,202
Other				164,534	3,617	168,151
Total general revenues				<u>15,349,983</u>	<u>3,844</u>	<u>15,353,827</u>
Change in net position				739,800	(60,970)	678,830
Net position beginning of year, as restated				<u>10,580,050</u>	<u>157,415</u>	<u>10,737,465</u>
Net position end of year				\$ 11,319,850	96,445	11,416,295

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

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 62,545	1,669,297	1,874,263	519,771	4,125,876
Receivables:					
Property tax:					
Delinquent	14,728	978	2,325	1	18,032
Succeeding year	5,060,528	719,047	1,601,619	300,002	7,681,196
Due from other governments	429,218	194,341	-	-	623,559
TOTAL ASSETS	\$ 5,567,019	2,583,663	3,478,207	819,774	12,448,663
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 115,156	-	-	-	115,156
Salaries and benefits payable	260	-	-	-	260
Total liabilities	115,416	-	-	-	115,416
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	5,060,528	719,047	1,601,619	300,002	7,681,196
Fund balances:					
Restricted for:					
Categorical funding	197,763	-	-	-	197,763
Debt service	-	-	1,876,588	-	1,876,588
School infrastructure	-	1,244,317	-	-	1,244,317
Physical plant and equipment	-	620,299	-	-	620,299
Management levy purposes	-	-	-	370,290	370,290
Student activities	-	-	-	149,482	149,482
Unassigned	193,312	-	-	-	193,312
Total fund balances	391,075	1,864,616	1,876,588	519,772	4,652,051
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,567,019	2,583,663	3,478,207	819,774	12,448,663

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 20)	\$	4,652,051
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		44,627,857
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(194,285)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not report in the governmetnal funds, as follows:		
Deferred outflows of resources	\$ 1,147,189	
Deferred inflows of resources	<u>(1,920,143)</u>	(772,954)
Long-term liabilities include general obligation bonds payable, revenue bonds payable, termination benefits payable, other post employment benefits payable, and the net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(36,992,819)</u>
Net position of governmental activities(page 18)	\$	<u><u>11,319,850</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 4,787,668	669,425	1,612,691	168	7,069,952
Tuition	1,325,907	-	-	-	1,325,907
Other	251,708	37,826	5,867	568,291	863,692
State sources	7,518,327	1,253,728	2,996	56	8,775,107
Federal sources	421,592	824	2,000	-	424,416
TOTAL REVENUES	14,305,202	1,961,803	1,623,554	568,515	18,459,074
EXPENDITURES:					
Current:					
Instruction:					
Regular	6,523,750	34,362	-	153,401	6,711,513
Special	1,225,019	-	-	-	1,225,019
Other	1,669,271	-	-	523,840	2,193,111
	<u>9,418,040</u>	<u>34,362</u>	<u>-</u>	<u>677,241</u>	<u>10,129,643</u>
Support services:					
Student	443,744	-	-	-	443,744
Instructional staff	884,626	-	-	-	884,626
Administration	1,424,955	-	46,728	20,124	1,491,807
Operation and maintenance of plant	1,107,323	-	-	104,953	1,212,276
Transportation	512,456	106,064	-	20,865	639,385
	<u>4,373,104</u>	<u>106,064</u>	<u>46,728</u>	<u>145,942</u>	<u>4,671,838</u>
Non-instructional programs:					
Food service operations	-	-	-	368	368
	<u>-</u>	<u>-</u>	<u>-</u>	<u>368</u>	<u>368</u>
Capital outlay					
	<u>-</u>	<u>754,601</u>	<u>-</u>	<u>-</u>	<u>754,601</u>
Long-term debt:					
Principal	-	-	1,685,000	-	1,685,000
Interest and fiscal charges	-	-	907,978	-	907,978
	<u>-</u>	<u>-</u>	<u>2,592,978</u>	<u>-</u>	<u>2,592,978</u>
Other expenditures:					
AEA flowthrough	526,962	-	-	-	526,962
TOTAL EXPENDITURES	14,318,106	895,027	2,639,706	823,551	18,676,390
Excess(Deficiency) of revenues over(under) expenditures	(12,904)	1,066,776	(1,016,152)	(255,036)	(217,316)
Other financing sources(uses):					
Transfer in	-	331,898	983,731	-	1,315,629
Transfer out	-	(1,315,629)	-	-	(1,315,629)
Sale of equipment	-	109,351	-	-	109,351
Total other financing sources(uses)	<u>-</u>	<u>(874,380)</u>	<u>983,731</u>	<u>-</u>	<u>109,351</u>
Change in fund balances	(12,904)	192,396	(32,421)	(255,036)	(107,965)
Fund balances beginning of year	403,979	1,672,220	1,909,009	774,808	4,760,016
Fund balances end of year	<u>\$ 391,075</u>	<u>1,864,616</u>	<u>1,876,588</u>	<u>519,772</u>	<u>4,652,051</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 22) \$ (107,965)

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

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

Capital outlay	\$ 622,362	
Depreciation expense	<u>(1,481,514)</u>	(859,152)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. 1,685,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 42,001

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 607,284

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

Termination benefits	(153,691)	
Pension expense	(438,290)	
Other postemployment benefits	<u>(35,387)</u>	<u>(627,368)</u>

Change in net position of governmental activities(page 19) \$ 739,800

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise School Nutrition
ASSETS	
Current assets:	
Inventories	\$ 19,904
Noncurrent assets:	
Capital assets, net of accumulated depreciation	274,555
TOTAL ASSETS	294,459
 DEFERRED INFLOWS OF RESOURCES	
Pension related deferred outflows	27,680
 LIABILITIES	
Current liabilities:	
Excess of warrants issued over bank balance	24,451
Unearned revenues	20,049
Total current liabilities	44,500
Noncurrent liabilities:	
Net pension liability	125,394
Net OPEB liability	7,978
Total noncurrent liabilities	133,372
TOTAL LIABILITIES	177,872
 DEFERRED INFLOWS OF RESOURCES	
Pension related deferred outflows	47,822
 NET POSITION	
Net investment in capital assets	274,555
Unrestricted	(178,110)
TOTAL NET POSITION	\$ 96,445

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 462,721
Miscellaneous	3,617
TOTAL OPERATING REVENUES	466,338
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant:	
Services	2,241
Non-instructional programs:	
Food service operations:	
Salaries	213,449
Benefits	89,274
Services	2,977
Supplies	338,856
Depreciation	36,636
Total non-instructional programs	681,192
TOTAL OPERATING EXPENSES	683,433
OPERATING LOSS	(217,095)
NON-OPERATING REVENUES:	
Interest	227
State sources	4,935
Federal sources	150,963
TOTAL NON-OPERATING REVENUES	156,125
Change in net position	(60,970)
Net position beginning of year, as restated	157,415
Net position end of year	\$ 96,445

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 462,838
Cash received from miscellaneous operating activities	3,617
Cash payments to employees for services	(304,268)
Cash payments to suppliers for goods or services	(305,026)
Net cash used in operating activities	(142,839)
Cash flows from non-capital financing activities:	
State grants received	4,935
Federal grants received	110,277
Net cash provided by non-capital financing activities	115,212
Cash flows from investing activities:	
Interest on investments	227
Cash flows from capital financing activities:	
Purchase of capital assets	(5,748)
Net decrease in cash and pooled investments	(33,148)
Cash and pooled investments beginning of year	8,697
Cash and pooled investments end of year	\$ (24,451)
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (217,095)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	40,686
Depreciation	36,636
Increase in inventories	(1,638)
Increase in unearned revenue	117
Decrease in net pension liability	(41,935)
Increase in deferred outflows of resources	(9,204)
Increase in deferred inflows of resources	47,822
Increase in other postemployment benefits	1,772
Net cash used in operating activities	\$ (142,839)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received \$40,686 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

GILBERT COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies

The Gilbert Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Gilbert, Iowa, and the predominate agricultural territory in Boone and Story 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, Gilbert 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 is 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 Gilbert Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide financial statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary 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 non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports to following nonmajor enterprise fund:

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

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 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 is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The District's deposits at June 30, 2015 were entirely covered by federal depository insurance or 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 \$14 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor's Financial Services.

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects: Bond Construction	Capital Projects: Statewide Sales, Services and Use Tax	\$ 331,898
Debt Service: Debt Sinking	Capital Projects: Statewide Sales, Services and Use Tax	941,603
Debt Service:	Capital Projects: Statewide Sales, Services and Use Tax	42,128
Total		<u>\$ 1,315,629</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Capital Projects: Bond Construction Fund was needed to cover construction cost incurred during the year and to close out the fund at year end.

The transfer from Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service: Debt Sinking Fund was needed for principal and interest payments on the District's revenue bonded indebtedness.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for general obligation bonded debt relief.

(4) Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Limited english proficiency	\$ 2,802
Home school assistance program	92,867
Beginning teacher mentoring and induction	4,400
Teacher salary supplement	10,517
Successful progression for early readers	24,344
Professional development for model core curriculum	21,329
Professional development	18,039
Market factor incentives	7,236
Teacher leadership grants	16,229
Total	<u>\$ 197,763</u>

(5) Long-Term Liabilities

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

	Balance Beginning of Year			Balance End of Year	Due Within One Year
	Restated	Additions	Deletions		
Governmental activities:					
Revenue bonds	\$ 12,450,000	-	680,000	11,770,000	645,000
General obligation bonds	20,880,000	-	1,005,000	19,875,000	1,040,000
Termination benefits	-	153,691	-	153,691	153,691
Net pension liability	6,718,628	-	1,683,787	5,034,841	-
Net OPEB liability	123,900	35,387	-	159,287	-
Total	\$ 40,172,528	189,078	3,368,787	36,992,819	1,838,691
Business type activities:					
Net pension liability	\$ 167,329	-	41,935	125,394	-
Net OPEB liability	6,206	1,772	-	7,978	-
Total	\$ 173,535	1,772	41,935	133,372	-

General Obligation Bonds Payable

Details of the District's June 30, 2015 General Obligation bonds indebtedness is as follows:

Year Ending June 30,	Bond Dated October 1, 2011			Bond Dated February 1, 2012		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	3.00 %	\$ 130,000	299,808	2.70 %	\$ 145,000	13,338
2017	3.00	135,000	295,907	2.65	140,000	9,422
2018	3.00	140,000	291,858	1.35	150,000	5,713
2019	3.00	145,000	287,657	1.55	125,000	3,688
2020	3.00	150,000	283,308	1.75	100,000	1,750
2021-2025	3.00	1,790,000	1,340,937	-	-	-
2026-2030	3.00-3.40	5,560,000	785,348	-	-	-
2031-2033	3.55	1,225,000	43,488	-	-	-
Total		\$ 9,275,000	3,628,311		\$ 660,000	33,911

Year Ending June 30,	Bond Dated June 1, 2013			Refunding Bond Dated April 1, 2014			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	0.75 %	\$ 35,000	129,000	2.00-2.50 %	\$ 730,000	117,475	\$ 1,040,000	559,621	1,599,621
2017	0.75	40,000	128,738	2.50-3.00	750,000	100,075	1,065,000	534,142	1,599,142
2018	0.75	35,000	128,438	3.00	770,000	78,275	1,095,000	504,284	1,599,284
2019	2.00	65,000	128,175	3.00-2.00	790,000	55,025	1,125,000	474,545	1,599,545
2020	2.00	85,000	126,875	2.00	815,000	37,150	1,150,000	449,083	1,599,083
2021-2025	2.00	885,000	588,475	2.00	1,245,000	27,000	3,920,000	1,956,412	5,876,412
2026-2030	2.50-2.75	670,000	504,375	-	-	-	6,230,000	1,289,723	7,519,723
2031-2033	2.75-3.00	3,025,000	220,588	-	-	-	4,250,000	264,076	4,514,076
Total		\$ 4,840,000	1,954,664		\$ 5,100,000	415,000	\$ 19,875,000	6,031,886	25,906,886

Revenue Bonds Payable

Details of the District’s June 30, 2015, statewide sales, services and use tax revenue bond indebtedness are as follows:

Year Ending June 30,	Bond Dated February 1, 2012				Bond Dated July 1, 2013				Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total	
2016	2.00 %	\$ 300,000	215,857	2.00 %	\$ 345,000	74,385	645,000	290,242	935,242	
2017	2.00	310,000	209,758	2.00	350,000	67,435	660,000	277,193	937,193	
2018	2.00	315,000	203,507	2.00	355,000	60,385	670,000	263,892	933,892	
2019	2.00	530,000	195,058	2.00	155,000	55,285	685,000	250,343	935,343	
2020	2.00	540,000	184,357	2.00	155,000	52,185	695,000	236,542	931,542	
2021-2025	2.10-2.60	2,880,000	734,223	2.00-2.40	830,000	211,197	3,710,000	945,420	4,655,420	
2026-2030	2.75-3.40	3,630,000	319,654	3.00-3.20	1,075,000	96,275	4,705,000	415,929	5,120,929	
Total		<u>\$ 8,505,000</u>	<u>2,062,414</u>		<u>\$ 3,265,000</u>	<u>617,147</u>	<u>11,770,000</u>	<u>2,679,561</u>	<u>14,449,561</u>	

The District has pledged future statewide sales, services and use tax revenues to repay the \$8,900,000 of bonds issued February 1, 2012 and \$3,650,000 of bonds issued July 1, 2013. The bonds were issued for the purpose of financing a portion of the costs of the new high school as well as other District construction projects. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require approximately 75 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$14,449,561. For the current year, \$680,000 in principal and \$303,493 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,252,348.

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

- a) \$1,063,954 of the proceeds from the issuances of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited in the sinking account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Moneys in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Termination Benefits

During fiscal year 2015, the District approved a voluntary early retirement plan for employees. The plan was offered to employees for one year only. Eligible employees must have completed at least twelve consecutive years of service to Gilbert Community School District prior to June 30th of the fiscal year the employee wishes to retire. Employees must also have reached age fifty-five on or before June 30, 2015. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits granted to approved retirees include a payment of forty-eight percent of the employees regular contracted salary from the last year of employment paid to a Special Pay 403b trust. The benefit will be paid to the 403b in July following the fiscal year of retirement. At June 30, 2015, the District had obligations to six participants with a total liability of \$153,691.

(6) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,146,053	-	-	1,146,053
Construction in progress	53,658	292,798	346,456	-
Total capital assets not being depreciated	1,199,711	292,798	346,456	1,146,053
Capital assets being depreciated:				
Buildings	48,031,674	33,000	-	48,064,674
Land improvements	1,278,829	413,952	-	1,692,781
Machinery and equipment	4,298,233	229,068	-	4,527,301
Total capital assets being depreciated	53,608,736	676,020	-	54,284,756
Less accumulated depreciation for:				
Buildings	5,861,138	948,372	-	6,809,510
Land improvements	675,912	65,706	-	741,618
Machinery and equipment	2,784,388	467,436	-	3,251,824
Total accumulated depreciation	9,321,438	1,481,514	-	10,802,952
Total capital assets being depreciated, net	44,287,298	(805,494)	-	43,481,804
Governmental activities capital assets, net	\$ 45,487,009	(512,696)	346,456	44,627,857
Business type activities:				
Machinery and equipment	\$ 538,941	5,748	-	544,689
Less accumulated depreciation	233,498	36,636	-	270,134
Business type activities capital assets	\$ 305,443	(30,888)	-	274,555

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:	
Regular	\$ 158,420
Special	1,452
Other	117,057
Support services:	
Instructional staff	23,092
Administration	14,096
Operation and maintenance of plant	26,734
Transportation	126,585
	467,436
Unallocated depreciation	1,014,078
Total governmental activities depreciation expense	\$ 1,481,514

Business type activities:

Food service operations	\$ 36,636
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(7) Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$621,517

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$5,160,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.127505 percent, which was an increase of 0.005889 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$449,206. 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	\$ 56,082	\$ -
Changes of assumptions	227,733	-
Net difference between projected and actual earnings on pension plan investments	-	1,967,695
Changes in proportion and differences between District contributions and proportionate share of contributions	269,537	-
District contributions subsequent to the measurement date	621,517	-
Total	\$ 1,174,869	\$ 1,967,695

\$621,517 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	\$ (362,703)
2017	(362,703)
2018	(362,703)
2019	(362,703)
2020	36,199
	\$ (1,414,613)

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	<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	\$ 9,750,119	\$ 5,160,235	\$ 1,285,897

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.

(8) Other Post-employment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 86 active and 9 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 Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which result in an implicit rate subsidy and an OPEB liability. The District also previously offered retirees the option of \$125 a month insurance payments to District retirees. These benefits are accounted for as an explicit benefit.

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 and unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 50,007
Interest on net OPEB obligation	3,253
Adjustment to annual required contribution	<u>(10,250)</u>
Annual OPEB cost	43,010
Contributions made	<u>(5,851)</u>
Increase in net OPEB obligation	37,159
Net OPEB obligation beginning of year	<u>130,106</u>
Net OPEB obligation end of year	<u><u>\$ 167,265</u></u>

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

For the year ended June 30, 2015, the District contributed \$5,851 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	48,495	31.19%	96,663
2014	41,248	18.92%	130,106
2015	43,010	13.60%	167,265

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$245,456, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$245,456. The covered payroll (annual payroll of active employees covered by the plan) was \$5,384,414, and the ratio of the UAAL to covered payroll was 4.56%. 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 event 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 unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) 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.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$526,962 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.

(11) Deficit Balances

At June 30, 2015 the District had a deficit unrestricted net position of \$178,110 in the Enterprise, School Nutrition Fund and a deficit unrestricted net position of \$5,773,770 in its governmental activities.

(12) Reconciliation of Governmental Fund Balances to Net Position

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

	Net Investment in Capital Assets	Management Levy	Debt Service	Unassigned/ Unrestricted Balances
Fund balance (Exhibit C)	\$ -	370,290	1,876,588	193,312
Capital assets, net of accumulated depreciation	44,627,857	-	-	-
General obligation bond capitalized indebtedness	(19,875,000)	-	-	-
Revenue bond capitalized indebtedness	(11,770,000)	-	-	-
Termination benefits	-	(153,691)	-	-
Accrued interest payable	-	-	(194,285)	-
Net pension liability	-	-	-	(5,034,841)
Pension related deferred outflows	-	-	-	1,147,189
Pension related deferred inflows	-	-	-	(1,920,143)
Net OPEB liability	-	-	-	(159,287)
Net position (Exhibit A)	\$ 12,982,857	216,599	1,682,303	(5,773,770)

(13) Accounting Change/Restatement

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

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 16,556,839	\$ 306,268
Net pension liability at June 30, 2014	(6,718,628)	(167,329)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	741,839	18,476
Net position July 1, 2014, as restated	<u>\$ 10,580,050</u>	<u>\$ 157,415</u>

GILBERT COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 9,259,551	466,565	9,726,116	10,599,405	10,599,405	(873,289)
State sources	8,775,107	4,935	8,780,042	7,623,378	7,623,378	1,156,664
Federal sources	424,416	150,963	575,379	530,000	530,000	45,379
Total revenues	18,459,074	622,463	19,081,537	18,752,783	18,752,783	328,754
Expenditures/expenses:						
Instruction	10,129,643	-	10,129,643	12,514,147	12,514,147	2,384,504
Support services	4,671,838	2,241	4,674,079	4,760,001	4,760,001	85,922
Non-instructional programs	368	681,192	681,560	857,788	857,788	176,228
Other expenditures	3,874,541	-	3,874,541	7,732,423	7,732,423	3,857,882
Total expenditures/expenses	18,676,390	683,433	19,359,823	25,864,359	25,864,359	6,504,536
Excess(Deficiency) of revenues over(under) expenditures/expenses	(217,316)	(60,970)	(278,286)	(7,111,576)	(7,111,576)	6,833,290
Other financing sources, net	109,351	-	109,351	-	-	109,351
Excess(Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(107,965)	(60,970)	(168,935)	(7,111,576)	(7,111,576)	6,942,641
Balances beginning of year, as restated	4,760,016	157,415	4,917,431	7,111,576	7,111,576	(2,194,145)
Balances end of year	\$ 4,652,051	96,445	4,748,496	-	-	4,748,496

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

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

	2015
District's proportion of the net pension liability	0.127505%
District's proportionate share of the net pension liability	\$ 5,160,235
District's covered-employee payroll	\$ 8,966,294
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.55%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 800,690	760,315	681,962	581,166	472,334	439,866	405,920	349,774	308,073	281,368
Contributions in relation to the statutorily required contribution	(800,690)	(760,315)	(681,962)	(581,166)	(472,334)	(439,866)	(405,920)	(349,774)	(308,073)	(281,368)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 8,966,294	8,514,166	7,865,767	7,201,561	6,796,173	6,329,007	6,392,441	5,781,388	5,357,791	4,893,357
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 290,530	\$ 290,530	0.00%	\$ 6,318,704	4.60%
2011	July 1, 2009	-	276,858	276,858	0.00%	4,169,329	6.64%
2012	July 1, 2009	-	256,467	256,467	0.00%	4,452,792	5.76%
2013	July 1, 2012	-	273,248	273,248	0.00%	4,882,498	5.60%
2014	July 1, 2012	-	253,983	253,983	0.00%	4,974,343	5.11%
2015	July 1, 2012	-	245,456	245,456	0.00%	5,384,414	4.56%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GILBERT COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
ASSETS			
Cash and pooled investments	\$ 149,482	370,289	519,771
Receivables:			
Property tax:			
Delinquent	-	1	1
Succeeding year	-	300,002	300,002
TOTAL ASSETS	\$ 149,482	670,292	819,774
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	-	300,002	300,002
Fund balances:			
Restricted for:			
Management levy purposes	-	370,290	370,290
Student activities	149,482	-	149,482
Total fund balances	149,482	370,290	519,772
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 149,482	670,292	819,774

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2015

	Special Revenue		
	Student Activity	Management Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	168	168
Other	550,586	17,705	568,291
State sources	-	56	56
TOTAL REVENUES	550,586	17,929	568,515
EXPENDITURES:			
Current:			
Instruction:			
Regular	-	153,401	153,401
Other	523,840	-	523,840
Support services:			
Administration	-	20,124	20,124
Operation and maintenance of plant	-	104,953	104,953
Transportation	-	20,865	20,865
Non-instructional programs:			
Food service operations	-	368	368
TOTAL EXPENDITURES	523,840	299,711	823,551
Change in fund balances	26,746	(281,782)	(255,036)
Fund balances beginning of year	122,736	652,072	774,808
Fund balances end of year	\$ 149,482	370,290	519,772

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 1,049,976	619,321	1,669,297
Receivables:			
Property tax:			
Delinquent	-	978	978
Succeeding year	-	719,047	719,047
Due from other governments	194,341	-	194,341
TOTAL ASSETS	\$ 1,244,317	1,339,346	2,583,663
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	-	719,047	719,047
Fund balances:			
Restricted for:			
School infrastructure	1,244,317	-	1,244,317
Physical plant and equipment	-	620,299	620,299
Total fund balances	1,244,317	620,299	1,864,616
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,244,317	1,339,346	2,583,663

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction Fund	
REVENUES:				
Local sources:				
Local tax	\$ -	669,425	-	669,425
Other	600	6,775	30,451	37,826
State sources	1,252,348	1,380	-	1,253,728
Federal sources	-	824	-	824
TOTAL REVENUES	1,252,948	678,404	30,451	1,961,803
EXPENDITURES:				
Current:				
Instruction:				
Regular	-	34,362	-	34,362
Support services:				
Transportation	-	106,064	-	106,064
Capital outlay	-	392,252	362,349	754,601
TOTAL EXPENDITURES	-	532,678	362,349	895,027
Excess(Deficiency) of revenues over(under) expenditures	1,252,948	145,726	(331,898)	1,066,776
Other financing sources(uses):				
Transfer in	-	-	331,898	331,898
Transfer out	(1,315,629)	-	-	(1,315,629)
Sale of equipment	-	109,351	-	109,351
Total other financing sources(uses)	(1,315,629)	109,351	331,898	(874,380)
Change in fund balances	(62,681)	255,077	-	192,396
Fund balances beginning of year	1,306,998	365,222	-	1,672,220
Fund balances end of year	\$ 1,244,317	620,299	-	1,864,616

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 DEBT SERVICE ACCOUNTS
 JUNE 30, 2015

	Debt Service		
	Debt Service	Debt Sinking	Total
ASSETS			
Cash and pooled investments	\$ 19,796	1,854,467	1,874,263
Receivables:			
Property tax:			
Delinquent	2,325	-	2,325
Succeeding year	1,601,619	-	1,601,619
TOTAL ASSETS	\$ 1,623,740	1,854,467	3,478,207
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	1,601,619	-	1,601,619
Fund balances:			
Restricted for:			
Debt service	22,121	1,854,467	1,876,588
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,623,740	1,854,467	3,478,207

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GILBERT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DEBT SERVICE ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Debt Service		
	Debt Service	Debt Sinking	Total
REVENUES:			
Local sources:			
Local tax	\$ 1,612,691	-	1,612,691
Other	5,159	708	5,867
State sources	2,996	-	2,996
Federal sources	2,000	-	2,000
TOTAL REVENUES	1,622,846	708	1,623,554
EXPENDITURES:			
Current:			
Support services:			
Administration	46,728	-	46,728
Long-term debt:			
Principal	1,005,000	680,000	1,685,000
Interest and fiscal charges	600,985	306,993	907,978
TOTAL EXPENDITURES	1,652,713	986,993	2,639,706
Deficiency of revenues under expenditures	(29,867)	(986,285)	(1,016,152)
Other financing sources:			
Transfer in	42,128	941,603	983,731
Change in fund balances	12,261	(44,682)	(32,421)
Fund balances beginning of year	9,860	1,899,149	1,909,009
Fund balances end of year	\$ 22,121	1,854,467	1,876,588

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>Elementary</u>				
GESS	\$ 16,319	57,597	48,725	25,191
Elementary Health Club	882	106	221	767
Elementary Student Activity	564	4,414	4,414	564
Student Script	2,560	91,756	90,401	3,915
	<u>20,325</u>	<u>153,873</u>	<u>143,761</u>	<u>30,437</u>
<u>Music</u>				
Instrumental Music	6,838	25,353	26,548	5,643
Band/Vocal Travel	1,097	9	-	1,106
MS Band	-	316	255	61
Vocal Music	4,711	4,529	6,166	3,074
	<u>12,646</u>	<u>30,207</u>	<u>32,969</u>	<u>9,884</u>
<u>Miscellaneous</u>				
Adult Education	839	7	-	846
General Activity	8,039	69	294	7,814
	<u>8,878</u>	<u>76</u>	<u>294</u>	<u>8,660</u>
<u>Athletics</u>				
General Athletics	7	31,308	31,257	58
Boys Basketball	-	16,103	16,103	-
Girls Basketball	-	13,422	13,422	-
Football	-	26,784	26,784	-
Boy's Soccer	-	11,758	11,758	-
Girl's Soccer	-	7,899	7,899	-
Baseball	-	18,398	18,398	-
Softball	-	5,862	5,862	-
Boys' Track	-	15,360	15,360	-
Boys/Girls Cross Country	-	15,308	15,308	-
Girls' Track	-	15,388	15,388	-
Boys' Golf	-	1,735	1,735	-
Girls' Golf	-	1,127	1,127	-
Football Camp	3,629	4,397	3,915	4,111
Wrestling	-	6,608	6,608	-
Wrestling Camp	-	813	435	378
Cross Country Camp	394	4,769	4,415	748
Volleyball	-	9,630	9,630	-
Boys Basketball Camp	540	4,138	1,030	3,648
Volleyball Camp	-	3,388	1,013	2,375
Cheer Camp	513	4,666	4,567	612
	<u>5,083</u>	<u>218,861</u>	<u>212,014</u>	<u>11,930</u>
<u>Classes</u>				
Alumni	1,979	34	-	2,013
Class of 2014	134	-	134	-
Class of 2015	2,707	2,832	5,539	-
Class of 2016	693	9,567	5,754	4,506
	<u>5,513</u>	<u>12,433</u>	<u>11,427</u>	<u>6,519</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Account	Balance End of Year	Revenues	Expendi- tures	Balance End of Year
<u>Athletic support</u>				
Cheerleading MS I	13	216	216	13
Cheerleading HS II	1,754	2,590	2,251	2,093
Fitness Club	177	1	24	154
Cheer-HS Basketball	20	1,834	905	949
Cheer-HS Football	32	2,430	1,181	1,281
Cheer-HS Wrestling	-	1,010	1,010	-
	<u>1,996</u>	<u>8,081</u>	<u>5,587</u>	<u>4,490</u>
<u>HS clubs/organizations</u>				
Yearbook	4,320	20,228	17,663	6,885
Business Club	569	1,591	1,376	784
Drama	1,755	4,058	2,514	3,299
After Prom	3,383	10,310	6,912	6,781
FCCLA	7,283	15,913	15,317	7,879
History Club	356	3	-	359
HS Student Council	2,050	10,729	11,116	1,663
MOC	49	1	-	50
Spanish Club	3,762	-	912	2,850
Art Club	570	2,021	2,078	513
Secondary Student Pop	3,319	1,181	3,413	1,087
National Honor Society	-	558	558	-
Industrial Education Projects	138	1,367	1,466	39
Agriculture Education	1,276	2,442	1,876	1,842
Science Club	9	-	-	9
FFA	30,627	26,563	23,789	33,401
Biology Trip	-	8,895	8,895	-
Fight Club	-	151	-	151
Student Activity	595	204	220	579
	<u>60,061</u>	<u>106,215</u>	<u>98,105</u>	<u>68,171</u>
<u>Middle school</u>				
MS 6th Grade Carnival	840	7	-	847
MS Special Olympics	60	-	-	60
MS Musical	-	2,536	700	1,836
MS GLADD	106	-	106	-
MS 5th Grade Activity	10	-	-	10
MS Student Activity	1,666	4,232	4,425	1,473
MS Guidance	80	1	-	81
MS FCCLA	2	255	257	-
MS Yearbook	1,964	3,747	2,562	3,149
MS Student Pop	402	70	366	106
MS Student Council	2,096	6,316	6,713	1,699
MS Drama	453	51	504	-
MS Art Club	264	-	264	-
	<u>7,943</u>	<u>17,215</u>	<u>15,897</u>	<u>9,261</u>
<u>Intermediate school</u>				
Student Activity	291	3,625	3,786	130
Totals	<u>\$ 122,736</u>	<u>550,586</u>	<u>523,840</u>	<u>149,482</u>

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 7,069,952	6,741,390	7,912,239	8,026,253	7,422,490	6,852,662	6,296,974	5,978,989	5,752,840	4,902,630
Tuition	1,325,907	1,334,353	1,256,164	1,276,564	1,308,836	1,212,944	1,117,011	1,069,366	833,141	781,055
Other	863,692	1,229,704	865,195	868,275	790,325	895,485	1,120,873	1,096,214	903,823	815,712
State sources	8,775,107	7,868,719	6,349,315	5,922,163	5,371,584	4,712,487	5,290,618	5,045,511	4,830,135	4,249,279
Federal sources	424,416	235,610	780,272	346,652	624,365	934,307	379,014	181,856	192,299	191,698
Total	\$ 18,459,074	17,409,776	17,163,185	16,439,907	15,517,600	14,607,885	14,204,490	13,371,936	12,512,238	10,940,374
Expenditures:										
Instruction:										
Regular	\$ 6,711,513	6,781,612	6,371,385	6,027,763	5,580,872	5,183,859	5,236,232	4,874,038	4,689,576	3,883,576
Special	1,225,019	1,387,866	1,297,830	1,241,428	1,377,017	1,301,969	1,329,561	1,189,439	1,197,259	1,384,622
Other	2,193,111	2,213,468	2,022,284	2,041,010	1,919,858	1,898,309	1,705,012	1,409,132	852,669	1,119,677
Support services:										
Student	443,744	431,759	326,177	229,282	155,810	155,266	146,556	133,394	127,416	92,712
Instructional staff	884,626	475,453	465,600	403,903	376,610	383,309	363,677	352,823	396,916	345,799
Administration	1,491,807	1,501,623	1,377,253	1,228,173	1,052,647	1,034,447	1,047,041	1,021,126	913,903	803,992
Operation and maintenance of plant	1,212,276	1,227,890	889,921	823,255	828,007	837,633	826,804	796,851	696,035	545,010
Transportation	639,385	668,288	701,188	576,238	560,077	485,482	482,829	542,904	477,046	408,024
Non-instructional programs:										
Food service operations	368	1,000	1,277	-	11,327	11,258	10,212	-	-	-
Community service operations	-	50	33	-	41	692	4,194	4,420	5,501	6,169
Capital outlay	754,601	10,205,067	16,526,076	6,294,207	1,442,205	451,456	314,137	360,156	2,171,839	8,485,959
Long term debt:										
Principal	1,685,000	6,870,000	825,000	2,405,000	920,000	890,000	850,000	973,356	896,924	490,565
Interest and fiscal charges	907,978	1,010,286	847,170	615,876	403,756	435,329	467,584	501,990	534,019	535,999
Other expenditures:										
AEA flow-through	526,962	493,400	460,602	426,301	445,562	432,541	380,378	351,079	332,307	286,885
Total	\$ 18,676,390	33,267,762	32,111,796	22,312,436	15,073,789	13,501,550	13,164,217	12,510,708	13,291,410	18,388,989

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

To the Board of Education of the Gilbert Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gilbert 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 February 3, 2016.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-D-15 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gilbert Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

Gilbert Community School District's Responses to Findings

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 3, 2016
Newton, Iowa

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULED OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Payroll - recordkeeping, preparation.
- 2) Computer systems - performing all general accounting functions and controlling all data input and output.

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

Response - The District will continue to look at best practices for internal controls to be used for the District. We will utilize all office employees when possible to achieve this.

Conclusion - Response accepted.

I-B-15 Bank Reconciliations - We noted during our audit that the District does not reconcile the bank statements of all funds to the general ledger on a timely basis. We noted bank reconciliations for all months were completed at year end instead of at the beginning of each month.

We also noted the District did not reconcile its Bankers Trust Statements in the Debt Service Fund for its revenue, sinking and reserve accounts on the District's revenue bonded indebtedness monthly or in a timely manner.

Recommendation - Better internal controls would be achieved if the Business Manager or designated individual would perform bank reconciliations of the District's bank statements to the District's general ledger in a timely manner each month. Bank reconciliation when performed timely, and reconciling items adjusted would provide support for the cash position. This would allow the user of the monthly financial statements a higher confidence in the amount of cash reflected on the balance sheet. District should also reconcile its Bankers Trust Statements on a monthly basis.

If the accounting staff is not comfortable using the accounting software to perform bank reconciliations, the District should consider sending their accounting staff to additional software training on bank reconciliations.

Response - Currently all the bank statements for all funds have been reconciled to the general ledger on a timely basis and will continue. The Bankers Trust Statements will be reconciled by year-end and will be reconciled on a monthly basis.

Conclusion - Response accepted.

I-C-15 Financial Reporting - During our audit we identified material amounts adjustments were required to District cash balances, receivables and payables reported in the General, Capital Projects: Statewide Sales Services and Use Tax, and Enterprise, School Nutrition Funds. These changes have been reflected on the audit report and adjusting entries were subsequently made to the District's to its uniform financial records.

Recommendation - District should take steps to ensure all balances reported on the District's Certified Annual Report are complete and accurate representations of the District's financial position at June 30, 2015.

Response - The District will take steps to ensure all balances are complete and accurate for the District's Certified Annual Report.

Conclusion - Response accepted.

I-D-15 Purchase Orders - We noted during our audit several instances of purchase orders dated after the ordering of goods/services had already taken place and also noted purchase lacking purchase orders

Recommendation - The advantage of using a purchase order system is that approvals of the items being purchased are noted prior to ordering of the items. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation against the budget. When monitoring actual expenses, it can be helpful to know the outstanding orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Although districts are not required to use a purchase order system, the benefits to financial management make the system desirable. The District's current purchase order system should be reviewed and necessary changes made so that all disbursements are approved by the appropriate administrator before ordering of supplies takes place.

Response - The District will continue to educate employees on the proper use of a purchase order system which requires a purchase order before a purchase is made.

Conclusion - Response accepted.

GILBERT COMMUNITY SCHOOL DISTRICT
SCHEDULED OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-15 Certified Budget - District expenditures for the year ended June 30, 2015, did not exceed the amounts budgeted.
- II-B-15 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-15 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.
- Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.
- Response - The District will make sure minutes are published according to Iowa Code 279.35.
- Conclusion - Response accepted.
- II-G-15 Certified Enrollment - We noted variances in the basic enrollment data certified to the Department of Education. The number certified to the Iowa Department of Education was overstated by 0.60 students for the fall 2014 count date.
- Recommendation - The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.
- Response - The District’s auditor will contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.
- Conclusion - Response accepted.
- II-H-15 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

- II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in amounts reports.
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$ 1,306,998
Revenues/transfer in:		
Sales tax revenues	\$ 1,252,348	
Other local revenues	600	1,252,948
		2,559,946
Transfer to other funds:		
Bond construction	\$ 331,898	
Debt service fund	983,731	1,315,629
		1,315,629
Ending Balance		<u><u>\$ 1,244,317</u></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.

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service	<u><u>\$ 1.28920</u></u>	<u><u>\$ 42,128</u></u>

- II-M-15 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. However, we noted expenditures which do not appear to be related to cocurricular or extracurricular activities.

Instructional Items Purchased: We noted an Elementary Student Activity account in the Student Activity Fund. In this account we noted expenditures related to fieldtrips as part of the elementary class course curriculum. These expenditures for class field trips appear to be for instructional purposes.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. The expenditures for grade or classroom field trips appear to be instructional in nature and would be more appropriately accounted for in the General Fund.

Response - The District will continue to review all revenues and expenditures that are approved in the Student Activity Fund to ensure they are appropriate for the fund.

Conclusion - Response accepted.

- II-N-15 Checks Outstanding - We noted during our audit that the District had checks included in the General, Student Activity and School Nutrition Funds bank reconciliations which have been outstanding for over a year.

Recommendation - The District should research the outstanding checks to determine if they should be re-issued. Once checks have been outstanding for two years, the checks should be submitted to the Treasurer of Iowa as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The District will take proper actions for all outstanding checks in all funds.

Conclusion - Response Accepted.

- II-O-15 Student Activity Fundraising Procedures - We noted during the audit that the District conducts fundraisers to help defray the costs to students for activity club trips. However, individual students appear to be given accounts tracking how much each student has raised individually. Each student appears to be required to pay the difference between the cost of the trip and the money raised by the student. This does not appear to ensure equitable participation in fundraising benefits for the students of activity groups as defined in Chapter 9 of the Uniform Accounting Procedure Manual.

Recommendation - According to Chapter 9 of the Uniform Procedure Manual, all members of a student activity group must have equitable opportunity to participate in the benefits offered by the group. Suggested criterion (in addition to fundraising) that may be used by the District for the distribution of fundraised dollars includes the following:

- a. Years of membership in the group;
- b. Positions of leadership or responsibility held in the group;
- c. Attendance at meetings or functions of the group;
- d. General conduct (or misconduct).

All criteria for participation in a benefit offered to some, but not all, members of the group must be approved by the local school board. These benefits may be defined locally, but must include attendance at any state-level or national-level conferences, as well as all other activities that are not available to all student members of the group because of cost restrictions.

Notice of all criteria for participation in a benefit offered to some, but not all, members of the group must be provided to the members at the start of each school year.

If fundraising is used by an activity group, a community service alternative must be offered to members who cannot or will not undertake the fundraising activity. The alternative project must be safe, available to any member, and must earn the student as much "credit" as would the fundraising. (For instance, if the alternative activity is picking up trash on school grounds, the students must be informed that "X" hours of the activity is the equivalent of selling "X" dollars' worth of the goods or services being sold.) Make sure that the alternative is not punitive in nature.

The District should also give thoughtful consideration to allocation of a percentage of all funds raised to a common pot. Again, the amount credited may not be given to the student, but is used to fund participation of that student in an approved event.

The District should follow the suggested criteria from Chapter 9 of the Uniform Procedure Manual for fundraising in the Student Activity Fund and include all fundraised money in a common pot to defray costs of the trip for each student.

Response - The District will continue to educate staff on the appropriate fundraising procedures according to Chapter 9 of the Uniform Procedure Manual for fundraising. We will work to make the appropriate changes needed.

Conclusion - Response accepted.

II-P-15 Financial Condition - The District had deficit unrestricted net position of \$178,110 in the Enterprise, School Nutrition Fund and deficit unrestricted net position of \$5,773,770 in its governmental activities at June 30, 2015. The primary reason for these deficit balances is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

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

Response - The District will take steps to ensure the administration and BOE understands the accounting changes due to GASB Statements 68 and 71 by providing educational materials presented by auditors and financial departments.

Conclusion - Response accepted.