

GLENWOOD COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

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Glenwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Theresa Romens	President	2015
Dave Blum	Vice President	2017
Ann Staiert	Board Member	2017
Michelle Bahr	Board Member	2017
Craig Patzer	Board Member	2015

School Officials

Devin Embray	Superintendent	2015
Shirley Lundgren	District Secretary/Treasurer (Resigned November 2014)	2015
Kristi Buman	District Secretary/Treasurer (Appointed December 2014)	2015
Lynch Dallas, P.C.	Attorney	2015

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Glenwood Community School District, Glenwood, 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, business type activities, each major fund, and the aggregate remaining fund information of the Glenwood Community School District at June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

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

Other Matters

Required Supplementary Information.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Glenwood 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 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2016 on our consideration of the Glenwood Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Glenwood Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 9, 2016
Newton, Iowa

GLENWOOD COMMUNITY SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

The discussion and analysis of Glenwood Community School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

- General Fund revenues decreased from \$20,272,439 in fiscal year 2014 to \$19,631,528 in fiscal year 2015, while General Fund expenditures increased from \$19,923,864 in fiscal year 2014 to \$20,822,682 in fiscal year 2015. The District's General Fund balance decreased from \$6,301,938 at June 30, 2014 to \$5,110,784 at June 30, 2015.
- The District's unspent authorized budget balance decreased from \$7,213,808 at June 30, 2014 to an estimated \$6,151,266 at June 30, 2015.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different view of the district:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long term financial information about the activities the District operates like businesses, such as food service and day care.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that 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 wells as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

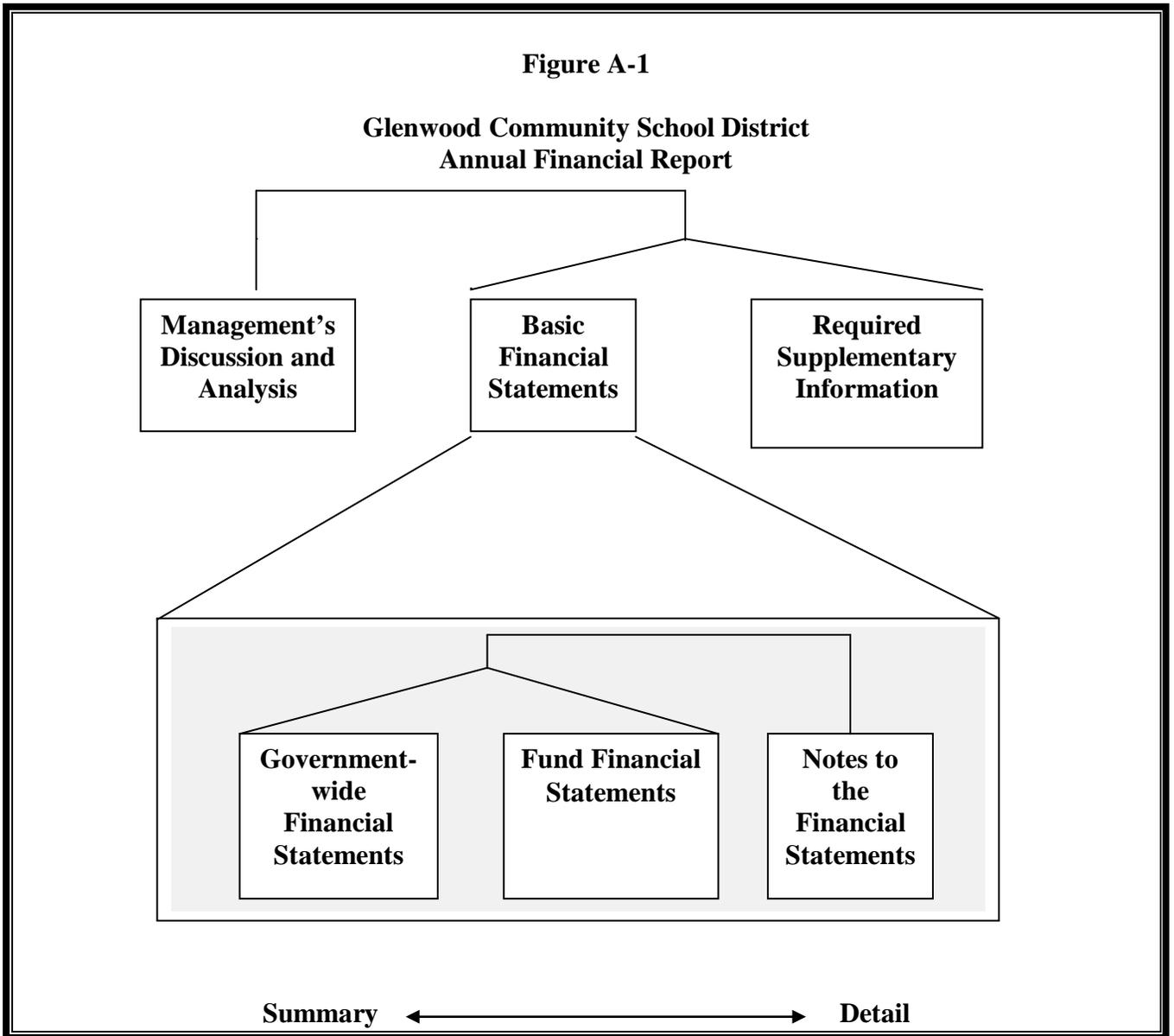


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents of each of the statements.

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 services and adult education
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 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
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The Government-wide statements report information about the district as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 Government-wide 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 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, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these areas.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service, day care, marketing and culinary class programs would be 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

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

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

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

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash

flows. The District's enterprise funds are the School Nutrition Fund, Day Care Fund, Culinary Class Fund and Marketing Class Fund.

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

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

Government-Wide Financial Analysis

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

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Current and other assets	\$ 28,469,649	32,584,604	545,915	439,799	29,015,564	33,024,403	-12.14%
Capital assets	35,333,323	33,234,151	248,836	281,047	35,582,159	33,515,198	6.17%
Total assets	63,802,972	65,818,755	794,751	720,846	64,597,723	66,539,601	-2.92%
Deferred outflows of resources	1,454,957	-	89,619	-	1,544,576	-	100.00%
Long-term obligations	34,294,505	29,328,244	508,486	20,289	34,802,991	29,348,533	18.59%
Other liabilities	2,348,330	2,221,162	26,922	58,823	2,375,252	2,279,985	4.18%
Total liabilities	36,642,835	31,549,406	535,408	79,112	37,178,243	31,628,518	17.55%
Deferred inflows of resources	10,169,622	7,513,852	192,475	-	10,362,097	7,513,852	37.91%
Net position:							
Net investment in capital assets	15,992,323	13,156,151	248,836	281,047	16,241,159	13,437,198	20.87%
Restricted	5,775,786	7,636,675	-	-	5,775,786	7,636,675	-24.37%
Unrestricted	(3,322,637)	5,962,671	(92,349)	360,687	(3,414,986)	6,323,358	-154.01%
Total net position	\$ 18,445,472	26,755,497	156,487	641,734	18,601,959	27,397,231	-32.10%

The District's total net position decreased by \$8,795,272, or 32.10% from the prior year. The largest portion of the District's net position is invested in capital assets (e.g. land, infrastructure, intangible, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$1,860,889 or 24.37% from the prior year. This decrease was primarily the result of a decrease in fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund from construction projects that were ongoing at year end.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$9,738,344, or 154.01%. The decrease in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$8,926,877 and \$614,462, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4
Changes in Net Position

	Governmental Activities		Business Type Activities		Total School District		Total Change 2014-15
	2014		2014		2014		
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	
Revenues:							
Program revenues:							
Charges for service	\$ 1,494,868	1,895,160	998,081	1,058,410	2,492,949	2,953,570	-15.60%
Operating grants, contributions and restricted interest	1,750,571	2,035,979	728,573	754,016	2,479,144	2,789,995	-11.14%
Capital grants, contributions and restricted interest	45,000	-	-	-	45,000	-	100.00%
General revenues:							
Property tax	7,656,128	7,605,411	-	-	7,656,128	7,605,411	0.67%
Income surtax	802,569	763,747	-	-	802,569	763,747	5.08%
Statewide sales, services and use tax	1,839,526	1,768,182	-	-	1,839,526	1,768,182	4.03%
Unrestricted state grants	10,474,107	10,709,478	-	-	10,474,107	10,709,478	-2.20%
Unrestricted investment earnings	49,950	40,907	202	178	50,152	41,085	22.07%
Other	63,967	264,186	5,223	4,393	69,190	268,579	-74.24%
Total revenues	24,176,686	25,083,050	1,732,079	1,816,997	25,908,765	26,900,047	-3.69%
Program expenses:							
Instructional	14,595,626	14,744,384	-	-	14,595,626	14,744,384	-1.01%
Support services	6,322,068	6,968,683	32,331	44,351	6,354,399	7,013,034	-9.39%
Non-instructional programs	19,582	-	1,570,533	1,774,551	1,590,115	1,774,551	-10.39%
Other expenses	2,622,558	2,562,546	-	-	2,622,558	2,562,546	2.34%
Total expenses	23,559,834	24,275,613	1,602,864	1,818,902	25,162,698	26,094,515	-3.57%
Change in net position	616,852	807,437	129,215	(1,905)	746,067	805,532	-7.38%
Net position beginning of year, as restated	17,828,620	25,948,060	27,272	643,639	17,855,892	26,591,699	-32.85%
Net position end of year	\$ 18,445,472	26,755,497	156,487	641,734	18,601,959	27,397,231	-32.10%

In fiscal year 2015, property tax and unrestricted state grants account for 74.99% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.69% of the revenue from business type activities.

The District's total revenues were approximately \$25.9 million of which approximately \$24.2 million was for governmental activities and approximately \$1.7 million was for business type activities.

As shown in **Figure A-4**, the District as a whole experienced a 3.69% decrease in revenues and a 3.57% decrease in expenses. The decrease in expenses was primarily a result of cost saving measures implemented by the District.

Figure A-5

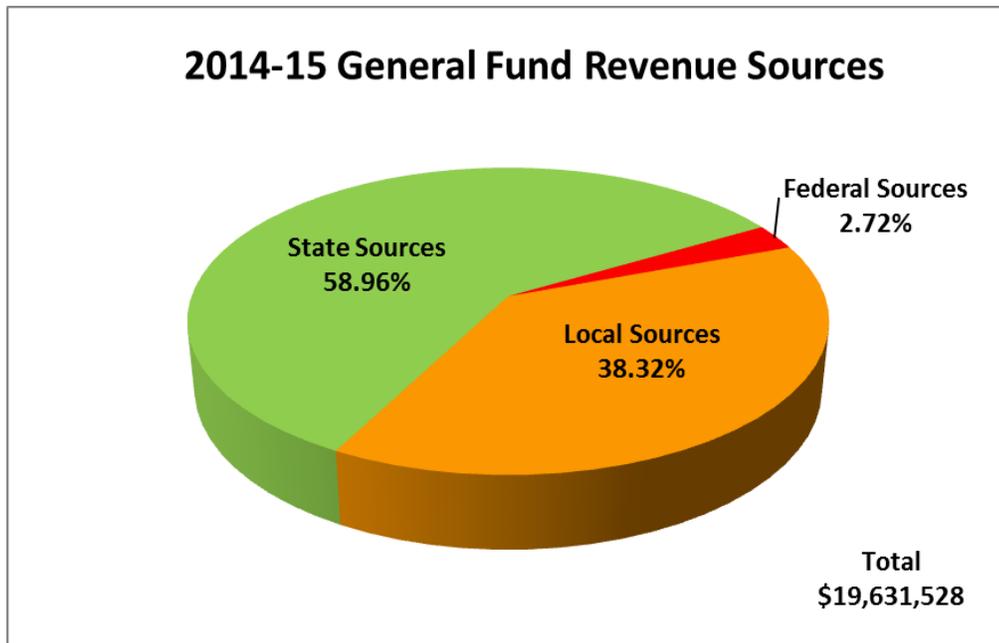
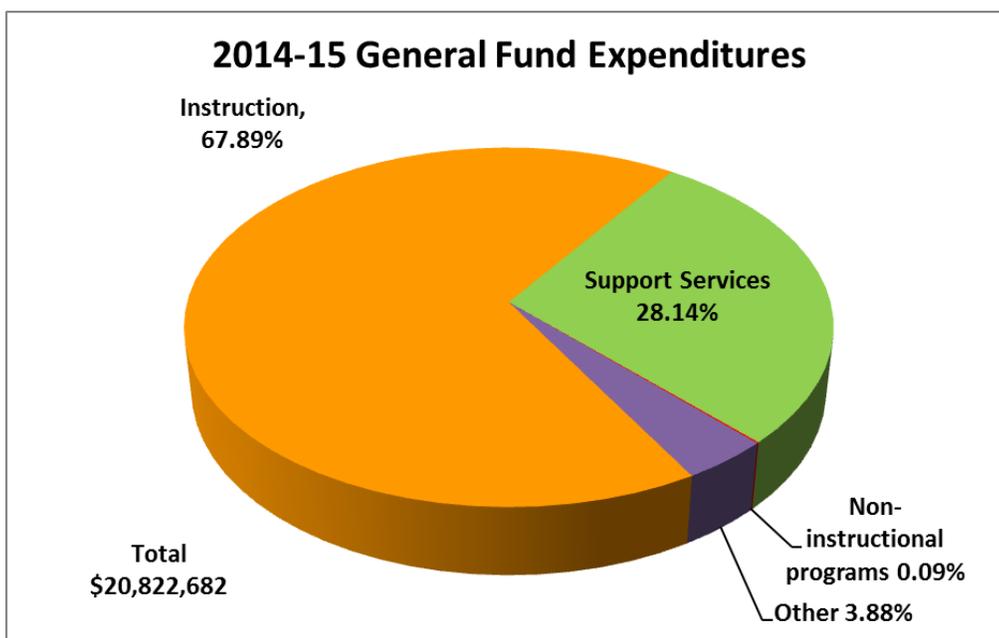


Figure A-6



Governmental Activities

Revenues for governmental activities were \$24,176,686 while expenses were \$23,559,834 for the year ended June 30, 2015.

Figure A-7 presents the total cost and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014 (not restated)	Change 2014-15	2015	2014 (not restated)	Change 2014-15
Instruction	\$ 14,595,626	14,744,384	-1.01%	12,170,527	11,710,334	3.93%
Support services	6,322,068	6,968,683	-9.28%	6,263,712	6,876,794	-8.92%
Non-instructional programs	19,582	-	100.00%	19,582	-	100.00%
Other expenses	2,622,558	2,562,546	2.34%	1,815,574	1,757,346	3.31%
Totals	\$ 23,559,834	24,275,613	-2.95%	20,269,395	20,344,474	-0.37%

The cost financed by users of the District programs was \$1,494,868.

Federal, state governments and local donations subsidized certain programs with grants and contributions totaling \$1,795,571.

The net cost of governmental activities was financed with \$7,656,128 in property tax, \$802,569 in income surtax, \$1,839,526 in statewide sales, services and use tax, \$10,474,107 in unrestricted state grants, \$49,950 in interest income and \$63,967 in other general revenues.

Business Type Activities

Revenues of the District's business type activities decreased from \$1,816,997 for the year ended June 30, 2014 to \$1,732,079 for the year ended June 30, 2015 while expenses decreased from \$1,818,902 for the year ended June 30, 2014 to \$1,602,864 for the year ended June 30, 2015. The District's business type activities include the School Nutrition Fund, Day Care Fund, Marketing Class and Culinary Class Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income, and other general revenues.

Financial Analysis of the District's Funds

As previously noted, the Glenwood 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 \$17,162,865 a decrease of \$4,512,403 below last year's ending fund balances of \$21,675,268.

The primary reason for the decrease in combined fund balances in fiscal year 2015 was due to the decrease in the fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund due to construction projects ongoing at year end.

Governmental Fund Highlights

- The General Fund balance decreased from \$6,301,938 at June 30, 2014 to \$5,110,784 at June 30, 2015 due primarily to an increase in negotiated salaries and benefits.
- The Capital Projects Fund balance decreased from \$5,545,989 at June 30, 2014 to \$3,274,804 at June 30, 2015 due to construction costs incurred on projects around the District that were ongoing at the end of the fiscal year.
- The Debt Service Fund balance decreased from \$8,499,717 to \$7,349,950 due to the calling of \$8,695,000 in principal of the June 2006 general obligation bonds with the funds in escrow during the year.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a restated \$264,947 at July 1, 2014 to \$314,667 at June 30, 2015, representing an increase of approximately 18.77 percent. The District belongs to the Iowa Consortium for purchasing food supplies which helps lower the cost of supplies.

Kids Place Day Care program continues to be a challenge to operate as a self-sufficient program. The net position increased from a restated deficit balance of \$261,389 at July 1, 2014 to a deficit \$182,191 at June 30, 2015, representing an increase of approximately 30.30 percent.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis. The District did exceed its adopted budget do to the District calling bonds for early payment during the year in the other expenditures functional area and the budget was exceeded in total.

General Fund Budgetary Highlights

- The District's General Fund actual revenues and related instruction expenditures vary from the adopted budget because the District uses the procedure of adopting the maximum authorized budget and pertains to the General Fund of the district. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash." It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unassigned General Fund balance) of the District.
- The School District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

- General Fund revenues and other financing uses were less than expenditures and other financing sources by \$1,191,154. The solvency ratio position of the School District is 21.81% which is over the targeted solvency position recommended by the Iowa Association of School Boards of 5% to 10%.

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal year 2015, the District had invested \$35,582,159, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, equipment and transportation equipment. This amount represents an increase from last year of 6.17 percent(See Figure A-8). Depreciation expense for the year was \$1,130,947. More detailed information about the District’s capital assets activity is available in Note 5 in the financial statements.

The original cost of the District’s capital assets was approximately \$49.19 million. Governmental funds account for approximately \$48.50 million with the remainder of approximately \$0.69 million in the Proprietary, School Nutrition Fund and Day Care Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District’s construction in progress totaled \$3,057,389 at June 30, 2015 compared to \$529,726 at June 30, 2014. This increase was the result of work on construction projects around the District.

**Figure A-8
Capital Assets, Net of Depreciation**

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 701,474	635,849	-	-	701,474	635,849	10.32%
Construction in progress	3,057,389	529,726	-	-	3,057,389	529,726	477.16%
Buildings	30,509,303	30,892,694	-	-	30,509,303	30,892,694	-1.24%
Land improvements	633,118	657,700	-	-	633,118	657,700	-3.74%
Machinery and equipment	432,039	518,182	248,836	281,047	680,875	799,229	-14.81%
Total	\$ 35,333,323	33,234,151	248,836	281,047	35,582,159	33,515,198	6.17%

Long-Term Debt

At year end, the District had \$34,802,991 in general obligation bonds, revenue bonds and other long-term debt outstanding. This represents an increase of 18.59% percent from last year (See Figure A-9). More detailed information about the District’s long-term liabilities is available in Note 4 in the financial statements.

- The District had total outstanding general obligation bond indebtedness at June 30, 2015 of \$22,895,000 payable from the Debt Service Fund.
- The District had total outstanding revenue bond indebtedness at June 30, 2015 of \$3,371,000 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

- The District had total outstanding compensated absences payable of \$63,594 at June 30, 2015. Governmental activities accounted for \$56,012 of this total while business type activities accounted for \$7,582.
- The District had outstanding termination benefits payable at June 30, 2015 of \$288,690 payable from the Management Levy Fund.
- The District had a net pension liability of \$7,495,460 at June 30, 2015. Governmental activities accounted for \$7,012,752 and business type activities accounted for \$482,708 of the total.
- The District had outstanding Net OPEB liability at June 30, 2015 of \$689,247. The Governmental activities accounted for \$671,051 of this total while business type activities accounted for \$18,196.

**Figure A-9
Outstanding Long-Term Obligations**

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
General obligation bonds	\$ 22,895,000	25,090,000	-	-	22,895,000	25,090,000	-8.75%
Revenue bonds	3,371,000	3,558,000	-	-	3,371,000	3,558,000	-5.26%
Compensated absences	56,012	59,676	7,582	5,795	63,594	65,471	-2.87%
Termination benefits	288,690	-	-	-	288,690	-	100.00%
Net pension liability - retirement	-	86,030	-	-	-	86,030	-100.00%
Net pension liability - IPERS	7,012,752	-	482,708	-	7,495,460	-	100.00%
Net OPEB liability	671,051	534,538	18,196	14,494	689,247	549,032	25.54%
Totals	\$ 34,294,505	29,328,244	508,486	20,289	34,802,991	29,348,533	18.59%

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.

- Union negotiated agreements for salaries and benefits cost continue to exceed the District's new money.
- The requirements of the ACA have increased benefit costs and will potentially continue to impact the Districts benefits.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 Kristi Buman, District Secretary/Treasurer and Business Manager, Glenwood Community School District, 103 Central, Suite 300, Glenwood, Iowa 51534.

Glenwood Community School District

Basic Financial Statements

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

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments:			
U.S. Treasury Securities on deposit with escrow agent	\$ 7,053,523	-	7,053,523
Other	12,460,326	497,150	12,957,476
Receivables:			
Property tax:			
Delinquent	63,632	-	63,632
Succeeding year	7,373,365	-	7,373,365
Income surtax	743,294	-	743,294
Accounts	10,735	756	11,491
Due from other governments	758,632	22,156	780,788
Inventories	-	25,853	25,853
Due from other funds	6,142	-	6,142
Capital assets, net of accumulated depreciation	35,333,323	248,836	35,582,159
TOTAL ASSETS	63,802,972	794,751	64,597,723
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,454,957	89,619	1,544,576
LIABILITIES			
Due to other funds	-	6,142	6,142
Accounts payable	486,343	3,614	489,957
Salaries and benefits payable	1,791,463	-	1,791,463
Advances from grantors	2,399	-	2,399
Accrued interest payable	68,125	-	68,125
Unearned revenue	-	17,166	17,166
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	1,160,000	-	1,160,000
Revenue bonds payable	193,000	-	193,000
Termination benefits	288,690	-	288,690
Compensated absences payable	56,012	7,582	63,594
Portion due after one year:			
General obligation bonds payable	21,735,000	-	21,735,000
Revenue bonds payable	3,178,000	-	3,178,000
Net OPEB liability	671,051	18,196	689,247
Net pension liability	7,012,752	482,708	7,495,460
TOTAL LIABILITIES	36,642,835	535,408	37,178,243
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	7,373,365	-	7,373,365
Pension related deferred inflows	2,796,257	192,475	2,988,732
TOTAL DEFERRED INFLOWS OF RESOURCES	10,169,622	192,475	10,362,097
NET POSITION			
Net investment in capital assets	15,992,323	248,836	16,241,159
Restricted for:			
Categorical funding	1,005,520	-	1,005,520
Debt service	356,825	-	356,825
School infrastructure	3,027,061	-	3,027,061
Physical plant and equipment	247,743	-	247,743
Management levy purposes	1,030,017	-	1,030,017
Student activities	108,620	-	108,620
Unrestricted	(3,322,637)	(92,349)	(3,414,986)
TOTAL NET POSITION	\$ 18,445,472	156,487	18,601,959

SEE NOTES TO FINANCIAL STATEMENTS.

**GLENWOOD 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	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 8,993,091	500,090	131,774	-	(8,361,227)	-	(8,361,227)
Special	3,308,352	668,679	191,933	-	(2,447,740)	-	(2,447,740)
Other	2,294,183	325,655	606,968	-	(1,361,560)	-	(1,361,560)
	<u>14,595,626</u>	<u>1,494,424</u>	<u>930,675</u>	<u>-</u>	<u>(12,170,527)</u>	<u>-</u>	<u>(12,170,527)</u>
Support services:							
Student	654,877	-	-	-	(654,877)	-	(654,877)
Instructional staff	843,803	-	9,902	-	(833,901)	-	(833,901)
Administration	2,249,114	-	-	-	(2,249,114)	-	(2,249,114)
Operation and maintenance of plant	1,686,246	-	-	45,000	(1,641,246)	-	(1,641,246)
Transportation	888,028	444	3,010	-	(884,574)	-	(884,574)
	<u>6,322,068</u>	<u>444</u>	<u>12,912</u>	<u>45,000</u>	<u>(6,263,712)</u>	<u>-</u>	<u>(6,263,712)</u>
Non-instructional programs:							
Community service operations	19,582	-	-	-	(19,582)	-	(19,582)
Long-term debt interest	948,196	-	-	-	(948,196)	-	(948,196)
Other expenditures:							
AEA flowthrough	806,984	-	806,984	-	-	-	-
Depreciation(unallocated)*	867,378	-	-	-	(867,378)	-	(867,378)
	<u>1,674,362</u>	<u>-</u>	<u>806,984</u>	<u>-</u>	<u>(867,378)</u>	<u>-</u>	<u>(867,378)</u>
Total governmental activities	<u>23,559,834</u>	<u>1,494,868</u>	<u>1,750,571</u>	<u>45,000</u>	<u>(20,269,395)</u>	<u>-</u>	<u>(20,269,395)</u>
Business type activities:							
Support services:							
Administration	8,692	-	-	-	-	(8,692)	(8,692)
Operation and maintenance of plant	23,639	-	-	-	-	(23,639)	(23,639)
Total support services	<u>32,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,331)</u>	<u>(32,331)</u>
Non-instructional programs:							
Nutrition services	1,151,493	636,128	574,600	-	-	59,235	59,235
Daycare services	412,032	354,648	153,973	-	-	96,589	96,589
Marketing class	4,457	4,567	-	-	-	110	110
Culinary class	2,551	2,738	-	-	-	187	187
Total non-instructional programs	<u>1,570,533</u>	<u>998,081</u>	<u>728,573</u>	<u>-</u>	<u>-</u>	<u>156,121</u>	<u>156,121</u>
Total business type activities	<u>1,602,864</u>	<u>998,081</u>	<u>728,573</u>	<u>-</u>	<u>-</u>	<u>123,790</u>	<u>123,790</u>
Total	<u>\$ 25,162,698</u>	<u>2,492,949</u>	<u>2,479,144</u>	<u>45,000</u>	<u>(20,269,395)</u>	<u>123,790</u>	<u>(20,145,605)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 6,079,870	-		6,079,870
Debt service				1,397,124	-		1,397,124
Capital outlay				179,134	-		179,134
Income surtax				802,569	-		802,569
Statewide sales, services and use tax				1,839,526	-		1,839,526
Unrestricted state grants				10,474,107	-		10,474,107
Unrestricted investment earnings				49,950	202		50,152
Other				63,967	5,223		69,190
Total general revenues				<u>20,886,247</u>	<u>5,425</u>		<u>20,891,672</u>
Change in net position				616,852	129,215		746,067
Net position beginning of year, as restated				17,828,620	27,272		17,855,892
Net position end of year				<u>\$ 18,445,472</u>	<u>156,487</u>		<u>18,601,959</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments:					
U.S. Treasury Securities on deposit with escrow agent	\$ -	-	7,053,523	-	7,053,523
Other	6,784,450	3,043,479	285,140	1,437,337	11,550,406
Receivables:					
Property tax:					
Delinquent	45,332	1,447	11,287	5,566	63,632
Succeeding year	5,227,485	181,828	1,314,051	650,001	7,373,365
Income surtax	743,294	-	-	-	743,294
Accounts	8,881	1,000	-	854	10,735
Due from other funds	6,142	-	-	-	6,142
Due from other governments	470,255	288,377	-	-	758,632
TOTAL ASSETS	\$ 13,285,839	3,516,131	8,664,001	2,093,758	27,559,729
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 410,414	59,499	-	16,430	486,343
Salaries and benefits payable	1,791,463	-	-	-	1,791,463
Advances from grantors	2,399	-	-	-	2,399
Total liabilities	2,204,276	59,499	-	16,430	2,280,205
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	5,227,485	181,828	1,314,051	650,001	7,373,365
Income surtax	743,294	-	-	-	743,294
Total deferred inflows of resources	5,970,779	181,828	1,314,051	650,001	8,116,659
Fund balances:					
Restricted for:					
Categorical funding	1,005,520	-	-	-	1,005,520
Debt service	-	-	7,349,950	-	7,349,950
School infrastructure	-	3,027,061	-	-	3,027,061
Physical plant and equipment	-	247,743	-	-	247,743
Management levy purposes	-	-	-	1,318,707	1,318,707
Student activities	-	-	-	108,620	108,620
Unassigned	4,105,264	-	-	-	4,105,264
Total fund balances	5,110,784	3,274,804	7,349,950	1,427,327	17,162,865
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,285,839	3,516,131	8,664,001	2,093,758	27,559,729

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD 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 22)		\$ 17,162,865
<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 report as assets in the governmental funds.		35,333,323
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		909,920
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(68,125)
Income surtax is not yet available to pay current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds.		743,294
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,454,957	
Deferred inflows of resources	<u>(2,796,257)</u>	(1,341,300)
Long-term liabilities, including bonds payable, compensated absenses payable, other postemployment benefits payable, termination benefits and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(34,294,505)</u>
Net position of governmental activities(page 20)		<u><u>\$ 18,445,472</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD 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	\$ 6,177,875	179,134	1,397,124	664,643	8,418,776
Tuition	1,203,001	-	-	-	1,203,001
Other	141,921	49,689	37,909	336,510	566,029
State sources	11,573,479	1,839,625	775	378	13,414,257
Federal sources	534,702	-	-	-	534,702
TOTAL REVENUES	19,630,978	2,068,448	1,435,808	1,001,531	24,136,765
EXPENDITURES:					
Current:					
Instruction:					
Regular	8,664,727	107,421	-	267,484	9,039,632
Special	3,436,470	-	-	-	3,436,470
Other	2,035,264	-	-	375,365	2,410,629
	14,136,461	107,421	-	642,849	14,886,731
Support services:					
Student	689,691	-	-	-	689,691
Instructional staff	733,744	85,722	-	-	819,466
Administration	2,114,341	382,748	34,097	26,362	2,557,548
Operation and maintenance of plant	1,494,714	1,225	-	185,421	1,681,360
Transportation	827,165	109,602	-	46,646	983,413
	5,859,655	579,297	34,097	258,429	6,731,478
Non-instructional programs:					
Community service operations	19,582	-	-	-	19,582
Capital outlay	-	3,039,369	-	-	3,039,369
Long-term debt:					
Principal	-	-	9,307,000	-	9,307,000
Interest and fiscal charges	-	-	1,028,771	-	1,028,771
	-	-	10,335,771	-	10,335,771
Other expenditures:					
AEA flowthrough	806,984	-	-	-	806,984
TOTAL EXPENDITURES	20,822,682	3,726,087	10,369,868	901,278	35,819,915
Excess(Deficiency) of revenues over(under) expenditures	(1,191,704)	(1,657,639)	(8,934,060)	100,253	(11,683,150)
OTHER FINANCING SOURCES(USES):					
Transfer in	550	-	613,546	-	614,096
Transfer out	-	(613,546)	-	(550)	(614,096)
General obligation bond issuance proceeds	-	-	6,925,000	-	6,925,000
Premium on general obligation bond issuance	-	-	287,326	-	287,326
Discount on general obligation bond issuance	-	-	(41,579)	-	(41,579)
TOTAL OTHER FINANCING SOURCES(USES)	550	(613,546)	7,784,293	(550)	7,170,747
Change in fund balances	(1,191,154)	(2,271,185)	(1,149,767)	99,703	(4,512,403)
Fund balances beginning of year	6,301,938	5,545,989	8,499,717	1,327,624	21,675,268
Fund balances end of year	\$ 5,110,784	3,274,804	7,349,950	1,427,327	17,162,865

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD 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 24) \$ (4,512,403)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year as follows:

Capital outlay	\$ 3,188,362	
Depreciation expense	<u>(1,089,190)</u>	2,099,172

Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 39,921

Net change in Internal Service Funds charged back against expenditures made for the flex benefit program on an entity-wide basis. 290,271

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. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:

Issued	(6,925,000)	
Repaid	<u>9,307,000</u>	2,382,000

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. 80,575

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. 1,069,253

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.

Compensated absences	3,664	
Termination benefits	(288,690)	
Other postemployment benefits	(136,513)	
Pension expense - IPERS	(496,428)	
Pension expense - early retirement	<u>86,030</u>	<u>(831,937)</u>

Change in net position of governmental activities(page 21) \$ 616,852

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	School Nutrition	Day Care	Marketing Class	Culinary Class		
ASSETS						
Current assets:						
Cash and pooled investments	\$ 360,441	112,698	20,787	3,224	497,150	909,920
Accounts receivable	756	-	-	-	756	-
Due from other governments	20,916	1,240	-	-	22,156	-
Inventories	25,853	-	-	-	25,853	-
Total current assets	407,966	113,938	20,787	3,224	545,915	909,920
Non-current assets:						
Capital assets, net of accumulated depreciation	245,420	3,416	-	-	248,836	-
TOTAL ASSETS	653,386	117,354	20,787	3,224	794,751	909,920
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	51,517	38,102	-	-	89,619	-
LIABILITIES						
Current liabilities:						
Due to other funds	6,142	-	-	-	6,142	-
Accounts payable	1,641	1,973	-	-	3,614	-
Unearned revenue	17,166	-	-	-	17,166	-
Total current liabilities	24,949	1,973	-	-	26,922	-
Long-term liabilities:						
Compensated absences	3,452	4,130	-	-	7,582	-
Net OPEB liability	10,614	7,582	-	-	18,196	-
Net pension liability	251,098	231,610	-	-	482,708	-
Total long-term liabilities	265,164	243,322	-	-	508,486	-
TOTAL LIABILITIES	290,113	245,295	-	-	535,408	-
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	100,123	92,352	-	-	192,475	-
NET POSITION						
Net investment in capital assets	245,420	3,416	-	-	248,836	-
Unrestricted	69,247	(185,607)	20,787	3,224	(92,349)	909,920
TOTAL NET POSITION	\$ 314,667	(182,191)	20,787	3,224	156,487	909,920

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities - Enterprise Funds					Governmental
	School Nutrition	Day Care	Marketing Class	Culinary Class	Total	Activities - Internal Service Funds
OPERATING REVENUES:						
Local sources:						
Charges for service	\$ 636,128	354,648	4,567	2,738	998,081	-
Donations	-	2,000	-	-	2,000	-
Miscellaneous	3,883	1,340	-	-	5,223	1,778,511
TOTAL OPERATING REVENUES	640,011	357,988	4,567	2,738	1,005,304	1,778,511
OPERATING EXPENSES:						
Support services:						
Administration:						
Services	8,132	560	-	-	8,692	1,461,093
Operations and maintenance of plant:						
Services	841	-	-	-	841	-
Supplies	4,584	18,214	-	-	22,798	-
	5,425	18,214	-	-	23,639	-
Total support services	13,557	18,774	-	-	32,331	1,461,093
Non-instructional programs:						
Food service operations:						
Salaries	435,724	-	-	-	435,724	-
Benefits	85,643	-	-	-	85,643	-
Services	970	-	-	-	970	-
Supplies	586,290	39,795	-	-	626,085	-
Other	1,737	-	-	-	1,737	-
Depreciation	41,129	-	-	-	41,129	-
	1,151,493	39,795	-	-	1,191,288	-
Other enterprise operations:						
Benefits	-	-	-	-	-	27,659
Supplies	-	-	4,457	2,551	7,008	-
	-	-	4,457	2,551	7,008	27,659
Community service operations:						
Salaries	-	315,631	-	-	315,631	-
Benefits	-	48,923	-	-	48,923	-
Supplies	-	7,055	-	-	7,055	-
Depreciation	-	628	-	-	628	-
	-	372,237	-	-	372,237	-
Total non-instructional programs	1,151,493	412,032	4,457	2,551	1,570,533	27,659
TOTAL OPERATING EXPENSES	1,165,050	430,806	4,457	2,551	1,602,864	1,488,752
OPERATING INCOME(LOSS)	(525,039)	(72,818)	110	187	(597,560)	289,759
NON-OPERATING REVENUES:						
State sources	8,943	-	-	-	8,943	-
Federal sources	565,657	151,973	-	-	717,630	-
Interest on investments	159	43	-	-	202	512
TOTAL NON-OPERATING REVENUES	574,759	152,016	-	-	726,775	512
Change in net position	49,720	79,198	110	187	129,215	290,271
Net position beginning of year, as restated	264,947	(261,389)	20,677	3,037	27,272	619,649
Net position end of year	\$ 314,667	(182,191)	20,787	3,224	156,487	909,920

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	School Nutrition	Day Care	Marketing Class	Culinary Class		
Cash flows from operating activities:						
Cash received from operating activities	\$ 642,345	352,638	-	-	994,983	-
Cash received from donations	-	2,000	-	-	2,000	-
Cash received from miscellaneous operating activities	3,883	1,340	4,567	2,738	12,528	1,778,511
Cash payments to employees for services	(544,596)	(390,326)	-	-	(934,922)	(27,659)
Cash payments to suppliers for goods or services	(514,248)	(76,661)	(4,457)	(2,551)	(597,917)	(1,461,093)
Net cash provided by(used in) operating activities	(412,616)	(111,009)	110	187	(523,328)	289,759
Cash flows from non-capital financing activities:						
Interfund borrowings	6,142	-	-	-	6,142	-
State grants received	8,943	-	-	-	8,943	-
Federal grants received	474,110	160,398	-	-	634,508	-
Net cash provided by non-capital financing activities	489,195	160,398	-	-	649,593	-
Cash flows from capital and related financing activities:						
Purchase of capital assets	(6,975)	(2,571)	-	-	(9,546)	-
Cash flows from investing activities:						
Interest on investments	159	43	-	-	202	512
Net increase in cash and cash equivalents	69,763	46,861	110	187	116,921	290,271
Cash and cash equivalents at beginning of year	290,678	65,837	20,677	3,037	380,229	619,649
Cash and cash equivalents at end of year	\$ 360,441	112,698	20,787	3,224	497,150	909,920
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:						
Operating income(loss)	\$ (525,039)	(72,818)	110	187	(597,560)	289,759
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:						
Commodities consumed	86,734	-	-	-	86,734	-
Depreciation	41,129	628	-	-	41,757	-
Decrease in inventories	607	-	-	-	607	-
Decrease in accounts receivable	1,475	5,111	-	-	6,586	-
Increase(Decrease) in accounts payable	965	(11,037)	-	-	(10,072)	-
Decrease in salary and benefits payable	(7,138)	(18,454)	-	-	(25,592)	-
Increase in compensated absences	1,681	106	-	-	1,787	-
Increase in other postemployment benefits	2,159	1,543	-	-	3,702	-
Increase(Decrease) in unearned revenue	4,742	(7,121)	-	-	(2,379)	-
Decrease in net pension liability	(105,534)	(97,343)	-	-	(202,877)	-
Increase in deferred outflows of resources	(14,520)	(3,976)	-	-	(18,496)	-
Increase in deferred inflows of resources	100,123	92,352	-	-	192,475	-
Net cash provided by(used in) operating activities	\$ (412,616)	(111,009)	110	187	(523,328)	289,759

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$86,734.

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

The Glenwood 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 Glenwood, Iowa, and the predominate agricultural territory in Pottawattamie and Mills counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Glenwood Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Glenwood 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 Pottawattamie and Mills 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 activities of the District, with omission of the fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

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

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

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 used to account for property tax and other revenues to be use for the payment of interest and principal on the District's general long-term debt.

The District also reports the following nonmajor proprietary funds:

The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for child care services provided by the District. The Marketing and Culinary class funds are used to account for the items sold from these classes. The Internal Service Fund is used to account for the District's flex benefit and partially self-funded insurance programs.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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, Pooled Investments and Cash Equivalents - The cash balance of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education. Delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recorded as revenue until the year for which it is levied.

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

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

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangibles	150,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	5-12 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.

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

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

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

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

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

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

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

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

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 preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the other expenditures functional area and the District exceeded the budget in total.

Note 2. Cash and Pooled Investments

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

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

Securities are stated at fair value. Securities traded on a national or international exchange are valued the last reported sales price at current exchange rates. At June 30, 2015, the District had investments in U.S. Treasury Securities of \$7,053,523.

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 613,546
General	Management Levy	<u>550</u>
Total		<u>\$ 614,096</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's revenue bond indebtedness as well as \$286,000 for debt relief on the District's general obligation bond indebtedness.

The transfer from the Management Levy Fund to the General Fund was to reimburse the General Fund for insurance premiums paid from the General Fund.

Note 4. Long-Term Debt

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 25,090,000	6,925,000	9,120,000	22,895,000	1,160,000
Revenue bonds	3,558,000	-	187,000	3,371,000	193,000
Compensated absences	59,676	56,012	59,676	56,012	56,012
Termination benefits	-	288,690	-	288,690	288,690
Net pension liability - retirement	86,030	-	86,030	-	-
Net pension liability - IPERS	9,960,143	-	2,947,391	7,012,752	-
Net OPEB liability	534,538	136,513	-	671,051	-
Total	<u>\$ 39,288,387</u>	<u>7,406,215</u>	<u>12,400,097</u>	<u>34,294,505</u>	<u>1,697,702</u>
Business type activities:					
Compensated absences	\$ 5,795	7,582	5,795	7,582	7,582
Net pension liability - IPERS	685,585	-	202,877	482,708	-
Net OPEB liability	14,494	3,702	-	18,196	-
Total	<u>\$ 705,874</u>	<u>11,284</u>	<u>208,672</u>	<u>508,486</u>	<u>7,582</u>

General Obligation

On January 5, 2015 the District issued \$6,925,000 of general obligation refunding bonds, with interest rates ranging from 2.00% to 3.00%, for a crossover refunding of a portion of the general obligation bonds issued June 1, 2007 and March 16, 2009. The District entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These

securities were placed into an escrow account for the express purpose of paying the principal of the two general obligation bonds when they become callable. The escrow account will refund the \$5,980,000 in principal of the refunded general obligation bonds dated June 1, 2007, when they become callable on June 1, 2016 and interest from January 5, 2015 to and including June 1, 2016 on the refunding bonds. The escrow account will refund the \$905,000 principal of the refunded general obligation bonds dated March 16, 2009, when they become callable on May 1, 2017 and interest from January 5, 2015 to and including May 1, 2017 on the refunding bonds. After the principal and interest on all the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished. The present value of the savings from the crossover refunding of the two bond issuances is \$444,303.

Details of the Districts June 30, 2015 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Bond Issue of June 1, 2007			Bond Issue of March 16, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	4.00 %	\$ 370,000	254,000	4.40 %	\$ 70,000	48,393
2017	4.00	380,000	239,200	4.40	75,000	45,312
2018	4.00	400,000	224,000	4.40	75,000	42,013
2019	4.00	415,000	208,000	4.40	80,000	38,712
2020	4.00	435,000	191,400	4.40	80,000	35,193
2021-2025	4.00	2,345,000	686,600	4.50-4.80	545,000	113,645
2026-2027	4.00	2,005,000	139,000	4.90	125,000	6,125
Total		\$ 6,350,000	1,942,200		\$ 1,050,000	329,393

Year Ending June 30,	Crossover Refunding Bond Issue of March 1, 2012			Crossover Refunding Bond Issue of January 5, 2015			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	0.60-0.70 %	\$ 720,000	136,158	2.00 %	\$ -	192,300	\$ 1,160,000	630,851	1,790,851
2017	0.80-0.90	735,000	131,078	2.00	425,000	192,300	1,615,000	607,890	2,222,890
2018	1.00-1.10	740,000	124,412	2.00	555,000	183,800	1,770,000	574,225	2,344,225
2019	1.20-1.30	755,000	116,242	2.00	565,000	172,700	1,815,000	535,654	2,350,654
2020	1.40-1.50	765,000	106,393	1.20-1.30	580,000	161,400	1,860,000	494,386	2,354,386
2021-2025	1.60-2.20	4,005,000	325,489	1.40-2.10	3,140,000	536,850	10,035,000	1,662,584	11,697,584
2026-2027	2.25-2.30	850,000	14,556	2.15-2.30	1,660,000	78,750	4,640,000	238,431	4,878,431
Total		\$ 8,570,000	954,328		\$ 6,925,000	1,518,100	\$ 22,895,000	4,744,021	27,639,021

Revenue Bonds

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

Year Ending June 30,	Bond Issue of February 24, 2014			
	Interest Rates	Principal	Interest	Total
2016	2.92 %	\$ 193,000	98,433	291,433
2017	2.92	198,000	92,798	290,798
2018	2.92	204,000	87,016	291,016
2019	2.92	210,000	81,059	291,059
2020	2.92	216,000	74,928	290,928
2021-2025	2.92	1,177,000	276,320	1,453,320
2026-2030	2.92	1,173,000	92,592	1,265,592
		<u>\$ 3,371,000</u>	<u>803,146</u>	<u>4,174,146</u>

The District pledged future statewide sales, services and use tax revenues to repay the \$3,558,000 of bonds dated February 24, 2014. The bonds were issued for the purpose of construction of a new high school auxiliary gymnasium and locker room. 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 limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 16% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,174,146. For the current year, \$187,000 of principal and \$140,545 of interest were paid on the bonds and total statewide sales, services and use tax revenues were \$1,839,526.

- a) The District makes monthly transfers to a debt sinking account held by the District's bond paying agent.
- b) Monies 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.
- c) 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 the year ended June 30, 2015, the District offered a voluntary early retirement plan to full time employees of the District. Employees must have been age 55 on or before June 30 of the year in which the employee was retiring. Employees wanting to retire must have completed an early retirement application to be approved by the District's Board of Directors.

Classified staff employees were eligible for a retirement benefit of 38% of salary in the year of retirement. Certified staff employees were eligible for a retirement benefit of 80% of the difference between current salary and a first year employee on the salary schedule, with the full benefit only available to employees with 15 years of employment with the District.

At June 30, 2015, the District has obligations to seventeen participants with a total liability of \$288,690.

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 635,849	65,625	-	701,474
Construction in progress	529,726	2,888,246	360,583	3,057,389
Total capital assets not being depreciated	<u>1,165,575</u>	<u>2,953,871</u>	<u>360,583</u>	<u>3,758,863</u>
Capital assets being depreciated:				
Buildings	39,279,779	398,943	-	39,678,722
Land improvements	991,801	14,561	-	1,006,362
Machinery and equipment	3,878,764	181,570	-	4,060,334
Total capital assets being depreciated	<u>44,150,344</u>	<u>595,074</u>	<u>-</u>	<u>44,745,418</u>
Less accumulated depreciation for:				
Buildings	8,387,085	782,334	-	9,169,419
Land improvements	334,101	39,143	-	373,244
Machinery and equipment	3,360,582	267,713	-	3,628,295
Total accumulated depreciation	<u>12,081,768</u>	<u>1,089,190</u>	<u>-</u>	<u>13,170,958</u>
Total capital assets being depreciated, net	<u>32,068,576</u>	<u>(494,116)</u>	<u>-</u>	<u>31,574,460</u>
Governmental activities capital assets, net	<u>\$ 33,234,151</u>	<u>2,459,755</u>	<u>360,583</u>	<u>35,333,323</u>
Business type activities:				
Machinery and equipment	\$ 685,960	9,546	10,236	685,270
Less accumulated depreciation	404,913	41,757	10,236	436,434
Business type activities capital assets, net	<u>\$ 281,047</u>	<u>(32,211)</u>	<u>-</u>	<u>248,836</u>
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular				\$ 73,948
Support services:				
Instructional staff				48,943
Administration				2,470
Operation and maintenance of plant				29,380
Transportation				67,071
				<u>221,812</u>
Unallocated depreciation				<u>867,378</u>
Total governmental activities depreciation expense				<u>\$ 1,089,190</u>
Business type activities:				
Food service operations				\$ 41,129
Community service operations				628
Total business type activities depreciation expense				<u>\$ 41,757</u>

Note 6. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 147 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark by ISEBA. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 174,927
Interest on net OPEB obligation	13,726
Adjustment to annual required contribution	<u>(33,755)</u>
Annual OPEB cost	154,898
Contributions made	<u>(14,683)</u>
Increase in net OPEB obligation	140,215
Net OPEB obligation beginning of year	<u>549,032</u>
Net OPEB obligation end of year	<u><u>\$ 689,247</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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 \$14,683 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 as of June 30, 2015 is summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	142,498	9.9 %	\$ 420,762
2014	144,104	11.0	549,032
2015	154,898	9.5	689,247

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 \$985,887 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$985,887. The covered payroll (annual payroll of active employees covered by the plan) was \$10,326,262 and the ratio of the UAAL to covered payroll was 9.5%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

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

Current claim costs of the medical plan are as follows: Single plans for \$500, \$1,000 and \$2,000 deductibles at \$733, \$668 and \$613 respectively. Family plans for \$500, \$1,000 and \$2,000 deductible per month are \$1,832, \$1,669, and \$1,533 per month respectively. Post age 65 expected claims cost are assumed to equal retiree contributions. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 7. Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$1,132,323.

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 \$7,495,460 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 0.185206 percent, which was a decrease of 0.002814 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$530,600. 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	\$ 81,461	\$ -
Changes of assumptions	330,792	-
Net difference between projected and actual earnings on pension plan investments	-	2,858,553
Changes in proportion and differences between District contributions and proportionate share of contributions	-	130,179
District contributions subsequent to the measurement date	1,132,323	-
Total	\$ 1,544,576	\$ 2,988,732

\$1,132,323 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	\$ (648,733)
2017	(648,733)
2018	(648,733)
2019	(648,733)
2020	18,453
	<u>\$ (2,576,479)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 14,162,461	\$ 7,495,460	\$ 1,867,820

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$120,002 for legally required employer contributions and \$79,956 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Risk Management

The District is a member of the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E Organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental, and vision.

The District’s contributions, which included deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$1,545,170.

Members agree to continue membership in the pool for a period of not less than one full year. After such a period, a member who has given 30 days prior written notice may withdraw.

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

Note 9. 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 \$806,984 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Construction Commitments

The District has entered into contracts for various projects within the District totaling \$4,033,609 as of June 30, 2015; costs of \$3,057,389 have been incurred against the contracts. The balances remaining at June 30, 2015 will be paid as work on the projects progresses.

Note 11. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Supplemental at-risk programs	\$ 55,753
Talented and gifted	192,244
Dropout and dropout prevention	303,476
Teacher salary supplement	137,353
Four-year-old preschool state aid	110,808
Beginning teacher mentoring and induction	957
Professional development, model core curriculum	60,256
Professional development	97,653
Market factor incentive	11,920
Successful progression for early readers	35,100
Total	<u>\$ 1,005,520</u>

Note 12. Accounting Change/Restatement

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 26,755,497	\$ 641,734
Net pension liability at June 30, 2014	(9,960,143)	(685,585)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	<u>1,033,266</u>	<u>71,123</u>
Net position July 1, 2014, as restated	<u>\$ 17,828,620</u>	<u>\$ 27,272</u>

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Marketing Class</u>	<u>Culinary Class</u>	<u>Business Type Activities Total</u>
Net position June 30, 2014, as previously reported	\$ 584,582	33,438	20,677	3,037	\$ 641,734
Net pension liability at June 30, 2014	(356,632)	(328,953)	-	-	(685,585)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	<u>36,997</u>	<u>34,126</u>	<u>-</u>	<u>-</u>	<u>71,123</u>
Net position July 1, 2014, as restated	<u>\$ 264,947</u>	<u>(261,389)</u>	<u>\$ 20,677</u>	<u>3,037</u>	<u>\$ 27,272</u>

Note 13. Deficit Balances

At June 30, 2015, the Day Care Fund had deficit unrestricted net position of \$185,607 and a deficit total net position of \$182,191. This resulted in total deficit unrestricted net position of \$92,349 for the District’s business type activities. The District also had deficit unrestricted net position of \$3,322,637 in its governmental activities.

Note 14. 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
Fund balance (Exhibit C)	\$ -	1,318,707	7,349,950	4,105,264
Capital assets, net of accumulated depreciation	35,333,323	-	-	-
General obligation bond capitalized indebtedness	(15,970,000)	-	-	-
Revenue bond capitalized indebtedness	(3,371,000)	-	-	-
Crossover refunding bonds held in escrow	-	-	(6,925,000)	-
Income surtax	-	-	-	743,294
Internal service fund	-	-	-	909,920
Compensated absences	-	-	-	(56,012)
Accrued interest payable	-	-	(68,125)	-
Net OPEB liability	-	-	-	(671,051)
Termination benefits	-	(288,690)	-	-
Pension related deferred outflows	-	-	-	1,454,957
Pension related deferred inflows	-	-	-	(2,796,257)
Net pension liability	-	-	-	(7,012,752)
Net position (Exhibit A)	\$ 15,992,323	1,030,017	356,825	(3,322,637)

Note 15. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2015, expenditures in the other expenditures functional area exceeded the amounts budgeted. The District also exceeded its budget in total.

Glenwood Community School District

Required Supplementary Information

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 10,187,806	1,005,506	11,193,312	11,042,291	11,042,291	151,021
State sources	13,414,257	8,943	13,423,200	14,281,053	14,281,053	(857,853)
Federal sources	534,702	717,630	1,252,332	1,251,000	1,251,000	1,332
Total revenues	<u>24,136,765</u>	<u>1,732,079</u>	<u>25,868,844</u>	<u>26,574,344</u>	<u>26,574,344</u>	<u>(705,500)</u>
Expenditures/Expenses:						
Instruction	14,886,731	-	14,886,731	16,825,000	16,825,000	1,938,269
Support services	6,731,478	32,331	6,763,809	7,687,000	7,687,000	923,191
Non-instructional programs	19,582	1,570,533	1,590,115	1,948,692	1,948,692	358,577
Other expenditures	14,182,124	-	14,182,124	7,221,436	7,221,436	(6,960,688)
Total expenditures/expenses	<u>35,819,915</u>	<u>1,602,864</u>	<u>37,422,779</u>	<u>33,682,128</u>	<u>33,682,128</u>	<u>(3,740,651)</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(11,683,150)	129,215	(11,553,935)	(7,107,784)	(7,107,784)	(4,446,151)
Other financing sources, net	<u>7,170,747</u>	<u>-</u>	<u>7,170,747</u>	<u>-</u>	<u>-</u>	<u>7,170,747</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	(4,512,403)	129,215	(4,383,188)	(7,107,784)	(7,107,784)	2,724,596
Balance beginning of year, as restated	<u>21,675,268</u>	<u>27,272</u>	<u>21,702,540</u>	<u>19,810,328</u>	<u>19,810,328</u>	<u>1,892,212</u>
Balance end of year	<u>\$ 17,162,865</u>	<u>156,487</u>	<u>17,319,352</u>	<u>12,702,544</u>	<u>12,702,544</u>	<u>4,616,808</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

During the year ended June 30, 2015, expenditures in the other expenditures functional area exceeded the amounts budgeted and the District exceeded its budget in total.

GLENWOOD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>
District's proportion of the net pension liability	0.185206%
District's proportionate share of the net pension liability	\$ 7,495
District's covered-employee payroll	\$ 12,680
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.11%
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: Only the current year fiscal is being presented using a June 30, 2014 measurement date because 10-year data is not year available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS
 (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contribution	\$ 1,132	1,106	1,055	983	829	783	752	709	621	591
Contributions in relation to the statutorily required contribution	<u>(1,132)</u>	<u>(1,106)</u>	<u>(1,055)</u>	<u>(983)</u>	<u>(829)</u>	<u>(783)</u>	<u>(752)</u>	<u>(709)</u>	<u>(621)</u>	<u>(591)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 12,680	12,385	12,168	12,181	11,928	11,266	11,843	11,719	10,800	10,278
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.

GLENWOOD 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.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 1,297,000	\$ 1,297,000	0.00	% \$ 7,440,833	17.4%
2010	July 1, 2008	-	1,297,000	1,297,000	0.00	9,429,183	13.8
2011	July 1, 2010	-	724,000	724,000	0.00	10,207,265	7.1
2012	July 1, 2010	-	724,000	724,000	0.00	9,245,446	7.8
2013	July 1, 2012	-	1,116,213	1,116,213	0.00	7,463,356	15.0
2014	July 1, 2012	-	1,063,405	1,063,405	0.00	7,321,534	14.5
2015	July 1, 2012	-	985,887	985,887	0.00	10,326,262	9.5

See Note 6 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Glenwood Community School District

Supplementary Information

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

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 1,313,141	124,196	1,437,337
Receivables:			
Property tax:			
Delinquent	5,566	-	5,566
Succeeding year	650,001	-	650,001
Accounts	-	854	854
TOTAL ASSETS	\$ 1,968,708	125,050	2,093,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	16,430	16,430
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	650,001	-	650,001
Fund balances:			
Restricted for:			
Management levy purposes	1,318,707	-	1,318,707
Student activities	-	108,620	108,620
Total fund balances	1,318,707	108,620	1,427,327
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,968,708	125,050	2,093,758

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Management Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 664,643	-	664,643
Other	28,958	307,552	336,510
State sources	378	-	378
Total revenues	693,979	307,552	1,001,531
EXPENDITURES:			
Current:			
Instruction:			
Regular	267,484	-	267,484
Other	-	375,365	375,365
Support services:			
Administration	26,362	-	26,362
Operation and maintenance of plant	174,301	11,120	185,421
Transportation	46,646	-	46,646
Total expenditures	514,793	386,485	901,278
Excess(Deficiency) of revenues over(under) expenditures	179,186	(78,933)	100,253
OTHER FINANCING USES:			
Transfer out	(550)	-	(550)
Change in fund balances	178,636	(78,933)	99,703
Fund balances beginning of year	1,140,071	187,553	1,327,624
Fund balances end of year	\$ 1,318,707	108,620	1,427,327

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects Fund		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 2,797,183	246,296	3,043,479
Receivables:			
Delinquent	-	1,447	1,447
Succeeding year	-	181,828	181,828
Due from other governments	288,377	-	288,377
Accounts	1,000	-	1,000
TOTAL ASSETS	\$ 3,086,560	429,571	3,516,131
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 59,499	-	59,499
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	181,828	181,828
Fund balances:			
Restricted for:			
School infrastructure	3,027,061	-	3,027,061
Physical plant and equipment	-	247,743	247,743
Total fund balances	3,027,061	247,743	3,274,804
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,086,560	429,571	3,516,131

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Project Fund		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	179,134	179,134
Other	49,411	278	49,689
State sources	1,839,526	99	1,839,625
TOTAL REVENUES	1,888,937	179,511	2,068,448
EXPENDITURES:			
Current:			
Instruction:			
Regular	107,421	-	107,421
Support services:			
Instructional staff	85,722	-	85,722
Adminstration	382,748	-	382,748
Operation and maintenance of plant	-	1,225	1,225
Transportation	3,239	106,363	109,602
Capital outlay	2,710,724	328,645	3,039,369
TOTAL EXPENDITURES	3,289,854	436,233	3,726,087
Deficiency of revenues under expenditures	(1,400,917)	(256,722)	(1,657,639)
OTHER FINANCING USES:			
Transfers out	(613,546)	-	(613,546)
Change in fund balances	(2,014,463)	(256,722)	(2,271,185)
Fund balances beginning of year	5,041,524	504,465	5,545,989
Fund balances end of year	\$ 3,027,061	247,743	3,274,804

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Talent Show MS	\$ 3,035	939	-	-	3,974
Theatre HS	2,165	1,021	812	-	2,374
Drama Club MS	2,569	709	1,085	-	2,193
Speech HS	2,345	-	1,038	-	1,307
Music MS	2,044	-	-	-	2,044
Vocal Music HS	3,001	2,090	4,976	-	115
Show Choir	880	3,340	4,212	-	8
Band Trip	581	-	295	-	286
SW Iowa Honor Band	188	21,987	22,140	124	159
Band HS	5,306	13,693	16,329	(124)	2,546
Athletics	15,676	5,160	5,160	(15,676)	-
MS Athletics	61,353	-	-	(61,353)	-
Cross County - Boys	344	240	1,107	523	-
Cross County - Girls	-	240	649	409	-
Bowling	112	-	-	(112)	-
Cheerleading	-	9,997	13,374	7,400	4,023
Dance Team	-	3,531	4,964	1,504	71
Basketball - Boys	591	15,045	16,079	613	170
Football	690	24,751	23,925	(1,516)	-
Soccer - Boys	989	2,109	7,106	4,123	115
Baseball	2	3,873	11,925	8,050	-
Track - Boys	1,185	5,280	13,038	6,573	-
Tennis - Boys	558	-	252	286	592
Golf - Boys	-	-	1,656	1,656	-
Wrestling	2,438	19,578	10,714	(2,179)	9,123
Basketball - Girls	207	8,552	9,102	343	-
Volleyball	1,253	5,548	5,957	(660)	184
Soccer - Girls	282	2,302	4,803	2,327	108
Softball	2,621	2,491	7,890	2,778	-
Softball Complex	1,045	-	-	(1,045)	-
Track - Girls	1,913	7,557	11,976	2,563	57
Tennis - Girls	-	-	2,175	2,175	-
Golf - Girls	-	590	1,989	1,399	-
Athletics	-	26,285	45,247	36,817	17,855
Annual HS	10,656	4,533	7,100	-	8,089
Annual MS	5,009	5,171	4,999	-	5,181
Art Club HS	460	-	210	-	250
HS Newspaper	3,128	2,241	1,956	-	3,413
Debate Team	73	-	-	-	73
Black and Gold	9,483	8,077	7,344	-	10,216
Cheerleaders HS	7,801	-	385	(7,416)	-
HS Gamers Club	349	-	-	-	349
Class of 2016	140	10,330	8,994	2,093	3,569
Class of 2015	3,312	-	1,219	(2,093)	-
Dance Team	1,504	-	-	(1,504)	-
FFA	7,148	7,660	10,047	-	4,761

Account	Balance End of Year	Revenues	Expendi- tures	Balance Change	Balance End of Year
Flag Corps	270	-	270	-	-
Winter Guard	-	345	345	-	-
Spanish Club	919	-	-	-	919
FCCLA	9,588	16,551	17,160	-	8,979
SADD	697	780	672	-	805
Builders Club	1,719	3,198	3,925	-	992
HS Vocal Fundraiser	-	17,217	17,217	-	-
HS Band Fundraiser	-	400	331	-	69
Student Council MS	2,222	2,442	3,009	-	1,655
Media Book Club	89	220	-	-	309
Key Club	80	538	538	-	80
Student Council HS	3,432	4,821	7,658	-	595
Trap Club	4,169	12,825	16,331	-	663
Cross County Boys Fundraiser	-	5,577	4,597	344	1,324
Bowling Fundraiser	-	-	-	112	112
Cheerleading Fundraiser	-	5,706	4,046	-	1,660
Dance Team Fundraiser	-	2,950	1,225	-	1,725
Basketball Boys Fundraiser	-	119	235	591	475
Football Fundraiser	-	4,247	3,305	690	1,632
Soccer Boys Fundraiser	-	440	635	195	-
Track Boys Fundraiser	-	-	475	1,185	710
Wrestling Fundraiser	-	-	1,542	2,437	895
Basketball Girls Fundraiser	-	119	135	207	191
Volleyball Fundraiser	-	-	109	1,253	1,144
Softball Fundraiser	-	2,595	5,951	3,666	310
Track Girls Fundraiser	-	-	1,742	1,913	171
Special 21	671	-	-	(671)	-
HS Peer Helpers	664	513	1,177	-	-
MS Peer Helpers	60	4	64	-	-
HS Leadership Club	537	1,025	1,562	-	-
Total	\$ 187,553	307,552	386,485	-	108,620

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2015

	Governmental Activities - Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
ASSETS			
Cash and pooled investments	\$ 903,357	6,563	909,920
LIABILITIES	-	-	-
NET POSITION			
Unrestricted	\$ 903,357	6,563	909,920

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
OPERATING REVENUES:			
Local sources:			
Miscellaneous	\$ 1,753,372	25,139	1,778,511
OPERATING EXPENSES:			
Support services:			
Administration:			
Services	1,461,093	-	1,461,093
Non-instructional programs:			
Other enterprise operations:			
Benefits	-	27,659	27,659
TOTAL OPERATING EXPENSES	<u>1,461,093</u>	<u>27,659</u>	<u>1,488,752</u>
OPERATING INCOME(LOSS)	292,279	(2,520)	289,759
NON-OPERATING REVENUES:			
Interest on investments	512	-	512
Change in net position	292,791	(2,520)	290,271
Net position beginning of year	610,566	9,083	619,649
Net position end of year	<u>\$ 903,357</u>	<u>6,563</u>	<u>909,920</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

	Governmental Activities - Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 1,753,372	25,139	1,778,511
Cash payments to employees for services	-	(27,659)	(27,659)
Cash payments to suppliers for goods or services	(1,461,093)	-	(1,461,093)
Net cash provided by(used in) operating activities	<u>292,279</u>	<u>(2,520)</u>	<u>289,759</u>
Cash flows from investing activities:			
Interest on investments	512	-	512
Net increase(decrease) in cash and cash equivalents	292,791	(2,520)	290,271
Cash and pooled investments at beginning of year	610,566	9,083	619,649
Cash and pooled investments at end of year	<u>\$ 903,357</u>	<u>6,563</u>	<u>909,920</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:			
Operating income(loss)	\$ 292,279	(2,520)	289,759
Net cash provided by(used in) operating activities	<u>\$ 292,279</u>	<u>(2,520)</u>	<u>289,759</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD 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	\$ 8,418,776	8,348,356	9,688,508	8,546,977	8,611,157	7,944,706	7,649,838	7,513,581	7,006,981	6,362,743
Tuition	1,203,001	1,475,584	1,164,015	1,249,364	1,257,704	1,220,846	1,449,357	1,562,124	1,390,963	1,241,834
Other	566,029	927,101	700,256	840,434	885,810	1,300,061	1,113,740	1,511,760	1,219,101	738,487
Intermediate sources	-	-	-	-	-	-	800	3,730	907	-
State sources	13,414,257	13,776,184	12,366,256	12,850,707	12,057,887	10,661,819	11,763,418	11,060,116	10,662,945	9,365,348
Federal sources	534,702	535,023	660,334	722,896	848,964	1,611,897	643,223	395,323	402,579	508,779
Total	\$ 24,136,765	25,062,248	24,579,369	24,210,378	23,661,522	22,739,329	22,620,376	22,046,634	20,683,476	18,217,191
Expenditures:										
Instruction:										
Regular	\$ 9,039,632	9,041,308	8,594,088	7,906,550	7,860,307	8,977,240	8,423,213	7,249,940	6,547,023	6,331,639
Special	3,436,470	3,219,688	3,085,550	3,054,927	3,161,016	2,415,897	2,336,725	3,362,616	3,018,858	2,753,613
Other	2,410,629	2,474,102	2,352,269	2,097,379	2,033,966	2,128,820	2,046,901	1,725,849	1,662,938	1,763,825
Support services:										
Student	689,691	662,303	638,268	643,567	598,761	547,965	519,312	471,484	456,478	427,469
Instructional staff	819,466	689,309	604,242	818,477	1,203,002	715,612	395,714	408,062	442,057	377,647
Administration	2,557,548	2,534,067	2,335,896	2,266,390	2,090,402	2,088,276	2,082,389	2,161,814	2,124,577	1,814,010
Operation and maintenance of plant	1,681,360	1,691,498	1,670,800	1,552,396	1,550,565	1,533,033	1,385,545	1,472,334	1,542,272	1,347,271
Transportation	983,413	968,875	1,160,136	1,134,770	1,012,038	872,975	875,816	868,971	995,306	932,399
Non-instructional programs	19,582	-	-	-	-	-	15,783	-	-	-
Capital outlay	3,039,369	1,437,305	625,326	759,783	1,506,734	3,769,408	9,183,106	8,798,874	2,102,068	825,452
Long-term debt:										
Principal	9,307,000	960,000	920,000	890,000	860,000	830,000	745,000	1,091,140	848,978	806,900
Interest and fiscal charges	1,028,771	848,877	884,436	806,132	818,129	857,701	817,501	860,050	532,392	327,949
Other expenditures:										
AEA flow-through	806,984	805,200	781,351	785,838	849,426	833,393	739,912	684,987	621,697	580,112
Total	\$ 35,819,915	25,332,532	23,652,362	22,716,209	23,544,346	25,570,320	29,566,917	29,156,121	20,894,644	18,288,286

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 15	\$ 82,517
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 15	448,350 *
SUMMER FOOD PROGRAM FOR CHILDREN	10.559	FY 15	34,790
			<u>565,657</u>
 CHILD AND ADULT CARE FOOD PROGRAM	 10.558	 FY 15	 <u>22,575</u>
 DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	2511-G	254,209
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	2511-GC	22,730
			<u>276,939</u>
 IMPROVING TEACHER QUALITY STATE GRANTS	 84.367	 FY 15	 <u>49,335</u>
 GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	 84.369	 FY 15	 <u>9,825</u>
 ADVANCED PLACEMENT PROGRAM	 84.330	 FY 15	 <u>77</u>
 IOWA WESTERN COMMUNITY COLLEGE:			
CAREER AND TECHNICAL - BASIC GRANTS TO STATES	84.048	FY 15	<u>10,707</u>
 GREEN HILLS AEA 13:			
SPECIAL EDUCATION - GRANTS TO STATE(PART B)	84.027	FY 15	<u>90,823</u>
 DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	FY 15	<u>26,691</u>
CHILD CARE AND DEVELOPMENT BLOCK GRANT - WRAP AROUND GRANT	93.575	FY 15	<u>12,969</u>
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND	93.596	FY 15	<u>89,738</u>
TOTAL			<u>\$ 1,155,336</u>

* - Includes \$86,734 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Glenwood Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Glenwood Community School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 9, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Glenwood Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 9, 2016
Newton, Iowa

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

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

To the Board of Education of Glenwood Community School District:

Report on Compliance for Each Major Federal Program

We have audited Glenwood Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Glenwood Community School District's major federal programs for the year ended June 30, 2015. Glenwood Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Glenwood Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Glenwood Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal program. However, our audit does not provide a legal determination on Glenwood Community School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of Glenwood Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Glenwood Community School District's internal control over compliance with requirements with the type of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of Glenwood Community School District's internal control over compliance.

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

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

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

Glenwood Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Glenwood Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 9, 2016
Newton, Iowa

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

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses and a significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Program:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
 - Individual Program:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Glenwood Community School District did not qualify as a low-risk auditee.

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

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

II-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) Cash - initiating cash receipt and disbursement transactions and handling and recording cash, and bank reconciliations.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Disbursements - purchase order processing, check preparation, mailing and recording.
- 5) Wire transfers - processing and approving.
- 6) Computer systems - performing all general accounting functions and controlling all data input and output.
- 7) School lunch program - collecting, depositing and recording money received.
- 8) Journal entries - writing, posting and approving.

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 - We will continue to investigate alternatives to achieve adequate segregation of duties.

Conclusion - Response accepted.

II-B-15 Financial Reporting - Iowa School Districts are required to record the financial records on a GAAP Basis of Accounting. The financial records are normally converted at year end, after a year of cash based records. Material adjustments were required to record current year receivables on the District's Uniform Financial Accounting System. These adjustments are reflected in this report as well as the District's Certified Annual Report filed with the Iowa Department of Education.

Recommendation - The maintenance of reliable accounting records as and continues to be important in every district. The necessity of the material adjustments for the

financial statements may indicate that additional training is necessary for the accounting personnel. The District should consider sending their accounting staff to end-of-year training in an effort to provide more reliable financial statements.

Response - All staff will look for and attend available training.

Conclusion - Response accepted.

II-C-15 Grant Coding -We noted during our audit that significant adjustments were required at year end to adjust expenses coded in several grants. The reclassifying of expenses gives the appears that these grants may not be monitored throughout the year.

Recommendation - The District should determine who and what costs are appropriate prior to payment and operation of the grant. The individual in charge of the grants should be communicating with the accounting department and consistently monitoring financial reports to ensure that the grant is spent for appropriate items as well as in the correct time period.

Response - Grant allocation review will be documented throughout the year.

Conclusion - Response accepted.

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

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

CFDA Number 84.010 - Title I Grants to Local Educational Agencies
Federal Award Year: 2015
U.S. Department of Education
Passed through the Iowa Department of Education

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

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash, and bank reconciliations.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Disbursements - purchase order processing, check preparation, mailing and recording.
- 5) Wire transfers - processing and approving.
- 6) Computer systems - performing all general accounting functions and controlling all data input and output.
- 7) School lunch program - collecting, depositing and recording money received.
- 8) Journal entries - writing, posting and approving.

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 and Corrective Action Plan - We will continue to investigate alternatives to achieve adequate segregation of duties to include a new receipt process.

Conclusion - Response accepted.

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

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - Expenditures for the year ended June 30, 2015 exceeded the certified budget amounts in the other expenditures functional area and the District exceeded the budget in total.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Adjustments will be made to documentation around upcoming bond payments to better prepare for possible amendments needed.

Conclusion - Response accepted.

IV-B-15 Questionable Disbursements - We noted during our audit that an outside booster club is donating money to the District which the District then uses the money to purchase clothing for coaches. When money is donated to the District it becomes public funds. Article III, Section 31 of the Constitution of Iowa requires that public funds only be spent for the public benefit. The District should establish a policy to preclude the purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

A better alternative would be to ask the booster club to provide the clothing directly instead of donating funds to the District for the purchase of clothing.

Recommendation - The District should refrain from purchasing personal clothing for students, coaches, or staff, since it would not meet the requirement of public purpose. In addition the District should review procedures in place for documenting purchases of apparel.

Response - Conversations will be held with booster representatives and the athletic director to address donation issues.

Conclusion - Response accepted.

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

IV-D-15 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Aaron Aistrope, Bus Driver Father owns Aistrope Agency Inc.	Property Insurance	\$ 406,932

In accordance with the Attorney General's opinion dated November 9, 1976, the above Transactions with the parent of the employee do not appear to represent a conflict of interest.

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

IV-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. We did note that the District was unable to locate proof of publication for the budget for the year ended June 30, 2015 which does not appear to be in compliance with Chapter 291.6(1) of the Code of Iowa which states the Board Secretary is required to “file and preserve copies of all reports made and all papers pertaining to the business of the District”.

Recommendation - The Board Secretary should be required by the Board of Directors of the District to preserve all pertinent paperwork to be in compliance with Chapter 291.6(1) of the Code of Iowa.

Response - Missing publication was under the previous business manager, steps will be taken to ensure publication is easily located in the future.

Conclusion - Response accepted.

IV-G-15 Certified Enrollment - No variances regarding the enrollment data certified to the Iowa Department of Education were noted.

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

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

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

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

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

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

Beginning balance		\$ 5,041,524
Revenues:		
Sales tax revenues	\$ 1,839,526	
Other local revenues	49,411	1,888,937
		<u>6,930,461</u>
Expenditures/transfer out:		
School infrastructure construction	2,382,342	
Land purchased	64,430	
Equipment	191,327	
Other	651,755	
Transfer to other funds:		
Debt service fund	613,546	3,903,400
		<u>3,903,400</u>
Ending balance		<u>\$ 3,027,061</u>

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

	<u>Per \$1,000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt service levy	<u>\$ 0.56000</u>	<u>\$ 286,000</u>

IV-M-15 Financial Condition - We noted during our audit that the District had a deficit unrestricted net position in the Day Care Fund of \$185,607 and a deficit total net position of \$182,191, which resulted in a deficit unrestricted net position of \$92,349 in its business type activities and a deficit unrestricted net position of \$3,322,637 in the governmental activities. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

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

Response - Further information regarding GASB 68 will be obtained and discussed.

Conclusion - Response accepted.