

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Nodaway Valley Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Roger Jensen	President	2017
Amy DeVault	Vice President	2015
Danelle Cooney	Board Member	2015
Jamie Campbell	Board Member	2017
Tyson Sickles	Board Member	2017
School Officials		
Casey Berlau	Superintendent	2015
Sharon Cox	District Secretary/ Business Manager	2015
Rick Engel	Attorney	2015
Ahler's Law Firm	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Nodaway Valley Community School District:**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, Nodaway Valley Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, the Schedule of Funding Progress for the Retiree Health Plan and the Schedule of Funding Progress for the Supplemental Pension Plan on pages 7 through 16 and 48 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of 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 Nodaway Valley 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 four years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other auditors previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for five years ended June 30, 2010 (which are not presented herein) and expressed unmodified opinions on those financial statements. Supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2016 on our consideration of Nodaway Valley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Nodaway Valley Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

February 26, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,527,924 in fiscal year 2014 to \$7,597,479 in fiscal year 2015, while General Fund expenditures decreased from \$7,151,800 in fiscal year 2014 to \$6,944,115 in fiscal year 2015. This caused the General Fund balance to increase 48.18% from \$1,356,155 at June 30, 2014 to \$2,009,519 at June 30, 2015.
- The increase in General Fund revenues was attributable to an increase in other local revenues and state sources received compared to the prior year. The decrease in expenditures was due to decreases in the support services functional area compared to the prior year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Nodaway Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Nodaway Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Nodaway Valley Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Nodaway Valley Community School District Annual Financial Report

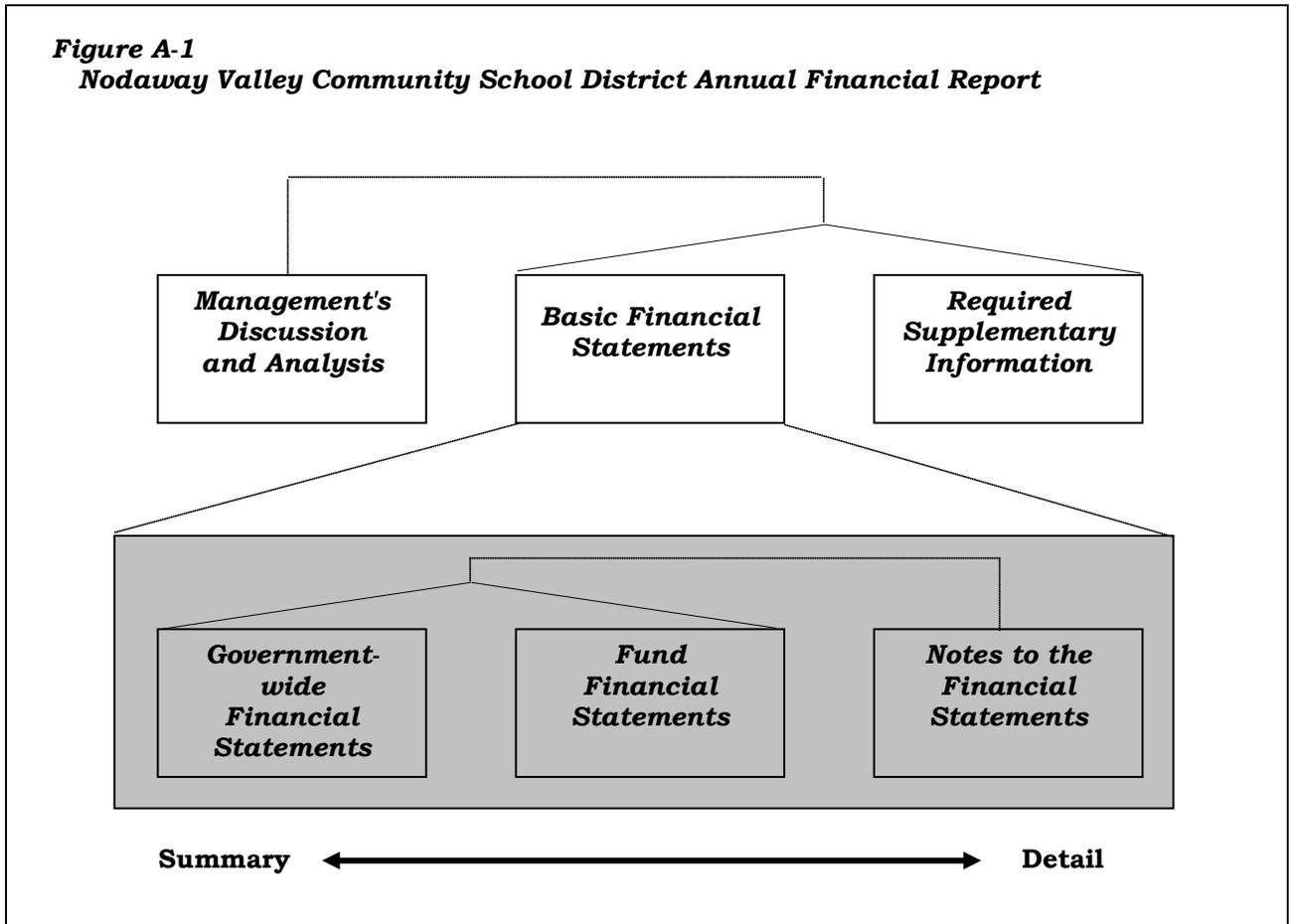


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary fund*: The District serves as the trustee, or fiduciary, for assets that belong to others. This fund includes the Private-Purpose Trust Fund.

Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2014		2014		2014		2014-15	
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	2014-15	
Current and other assets	\$ 7,642,581	6,998,386	67,976	54,484	7,710,557	7,052,870	9.33%	
Capital assets	6,325,843	6,588,154	23,610	28,091	6,349,453	6,616,245	-4.03%	
Total assets	13,968,424	13,586,540	91,586	82,575	14,060,010	13,669,115	2.86%	
Deferred outflows of resources	533,139	-	16,792	-	549,931	-	100.00%	
Long-term liabilities	3,768,945	1,278,011	89,542	1,719	3,858,487	1,279,730	201.51%	
Other liabilities	665,369	704,326	4,975	5,944	670,344	710,270	-5.62%	
Total liabilities	4,434,314	1,982,337	94,517	7,663	4,528,831	1,990,000	127.58%	
Deferred inflows of resources	4,536,791	3,496,967	38,242	-	4,575,033	3,496,967	30.83%	
Net position:								
Net investment in capital assets	5,555,843	5,563,154	23,610	28,091	5,579,453	5,591,245	-0.21%	
Restricted	1,527,108	1,407,565	-	-	1,527,108	1,407,565	8.49%	
Unrestricted	(1,552,493)	1,136,517	(47,991)	46,821	(1,600,484)	1,183,338	-235.25%	
Total net position	\$ 5,530,458	8,107,236	(24,381)	74,912	5,506,077	8,182,148	-32.71%	

The District's total net position decreased by 32.71%, or \$2,676,071 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased 8.49% or \$119,543 from the prior year. This increase in restricted net position is primarily the result of the increase in the Debt Service Fund balance during the year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately 235.25% or \$2,783,822. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,561,306 and \$115,450, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4								
Changes in Net Position								
	Governmental Activities		Business Type Activities		Total District		Total Change	2014-15
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)		
	Revenues:							
Program revenues:								
Charges for service	\$ 559,932	370,188	176,031	170,929	735,963	541,117		36.01%
Operating grants, contributions and restricted interest	586,961	589,985	210,376	223,645	797,337	813,630		-2.00%
General revenues:								
Property tax	3,521,641	3,467,059	-	-	3,521,641	3,467,059		1.57%
Income surtax	305,724	296,800	-	-	305,724	296,800		3.01%
Statewide sales, service and use tax	645,220	590,162	-	-	645,220	590,162		9.33%
Unrestricted state grants	3,381,732	3,350,625	-	-	3,381,732	3,350,625		0.93%
Unrestricted investment earnings	5,295	4,333	57	65	5,352	4,398		21.69%
Other	29,424	36,776	1,397	1,152	30,821	37,928		-18.74%
Total revenues	<u>9,035,929</u>	<u>8,705,928</u>	<u>387,861</u>	<u>395,791</u>	<u>9,423,790</u>	<u>9,101,719</u>		<u>3.54%</u>
Program expenses:								
Instruction	4,926,254	4,925,942	-	-	4,926,254	4,925,942		0.01%
Support services	2,559,905	2,478,937	927	1,439	2,560,832	2,480,376		3.24%
Non-instructional programs	12,104	1,401	370,777	402,439	382,881	403,840		-5.19%
Other expenses	553,138	568,436	-	-	553,138	568,436		-2.69%
Total expenses	<u>8,051,401</u>	<u>7,974,716</u>	<u>371,704</u>	<u>403,878</u>	<u>8,423,105</u>	<u>8,378,594</u>		<u>0.53%</u>
Excess(Deficiency) of revenues over(under) expenses	984,528	731,212	16,157	(8,087)	1,000,685	723,125		38.38%
Transfers	-	2,026	-	-	-	2,026		-100.00%
Change in net position	984,528	733,238	16,157	(8,087)	1,000,685	725,151		-38.00%
Net position beginning of year, as restated	<u>4,545,930</u>	<u>7,373,998</u>	<u>(40,538)</u>	<u>82,999</u>	<u>4,505,392</u>	<u>7,456,997</u>		<u>39.58%</u>
Net position end of year	<u>\$ 5,530,458</u>	<u>8,107,236</u>	<u>(24,381)</u>	<u>74,912</u>	<u>5,506,077</u>	<u>8,182,148</u>		<u>-32.71%</u>

In fiscal year 2015, local tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 86.92% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 99.63% of the revenue from business type activities.

The District's total revenues were approximately \$9.42 million, of which approximately \$9.03 million was for governmental activities and approximately \$0.39 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 3.54% in revenues and a 0.53% increase in expenses. The increase in revenues is primarily due to an increase in charges for service revenues compared to the previous year while the increase in expenditures is primarily due to an increase in expenditures incurred in the support services functional area.

Governmental Activities

Revenues for governmental activities were \$9,035,929 and expenses were \$8,051,401 for the year ended June 30, 2015.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 4,926,254	4,925,942	0.01%	4,217,151	4,272,340	-1.29%
Support services	2,559,905	2,478,937	3.27%	2,392,940	2,434,307	-1.70%
Non-instructional	12,104	1,401	763.95%	12,104	1,401	763.95%
Other expenses	553,138	568,436	-2.69%	282,313	306,495	-7.89%
Totals	\$ 8,051,401	7,974,716	0.96%	6,904,508	7,014,543	-1.57%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$559,932
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$586,961.
- The net cost of governmental activities was financed with \$3,521,641 in property tax, \$305,724 in income surtax, \$645,220 in statewide sales, services and use tax, \$3,381,732 in unrestricted state grants, \$5,295 in interest income and \$29,424 in other general revenues.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$387,861 representing a 2.00% decrease from the prior year, while expenses totaled \$371,704 a 7.97% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Nodaway Valley 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 \$3,340,782, above last year's ending fund balances of \$2,562,155. The primary reason for the increase in combined fund balances was an increase in the fund balance of the General Fund.

Governmental Fund Highlights

- The fluctuation in the District's General Fund financial position is the product of many factors. The District's General Fund balance increased from \$1,356,155 at June 30, 2014, to \$2,009,519 at June 30, 2015. Total revenues increased primarily due to an increase in state sources, tuition and other local sources received compared to the prior year. Total expenditures decreased during fiscal year 2015 primarily due to a decrease in support services expenditures.
- The Capital Projects Fund balance decreased from \$1,005,500 at June 30, 2014 to \$995,428 at June 30, 2015. Revenues did increase compared to the prior year, but were still exceeded by expenditures and transfers resulting in a decrease in fund balance of \$10,072.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a restated deficit net position of \$40,538 at July 1, 2014 to a deficit \$24,381 at June 30, 2015, representing an increase of 39.86%. The primary reason for this increase in ending net position was a decrease in expenses compared to the prior year.

BUDGETARY HIGHLIGHTS

The District's revenues were \$99,895 less than budgeted revenues, a variance of 1.05%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$6,349,453, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$338,567.

The original cost of the District's capital assets was \$11,742,834. Governmental funds accounted for \$11,541,067, with the remainder of \$201,767 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The amount reported for the District's machinery and equipment at June 30, 2014 was \$587,921 as compared to \$514,179 at June 30, 2015. This decrease is mostly attributable to annual depreciation expense incurred during the year.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 56,788	56,788	-	-	56,788	56,788	0.00%
Buildings	5,190,539	5,333,449	-	-	5,190,539	5,333,449	-2.68%
Land improvements	587,947	638,087	-	-	587,947	638,087	-7.86%
Machinery and equipment	490,569	559,830	23,610	28,091	514,179	587,921	-12.54%
Total	\$ 6,325,843	6,588,154	23,610	28,091	6,349,453	6,616,245	-4.03%

Long-Term Debt

At June 30, 2015, the District had \$3,858,487 in general obligation and other long-term debt outstanding. This represents an increase of 201.51% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding general obligation bonds of \$350,000 at June 30, 2015 payable from the Debt Service Fund.

The District had total outstanding revenue bonds of \$420,000 at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had a net pension liability - early retirement of \$112,738 at June 30, 2015.

The District had net pension liability - IPERS of \$2,783,811 at June 30, 2015. \$2,696,400 of this total is attributable to the District's governmental activities while the remaining \$87,411 is attributable to the District's business type activities.

The District had net OPEB liability of \$191,938 at June 30, 2015. \$189,807 of this total is attributable to the District's governmental activities while the remaining \$2,131 is attributable to the District's business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
General obligation bonds	\$ 350,000	480,000	-	-	350,000	480,000	-27.08%
Revenue bonds	420,000	545,000	-	-	420,000	545,000	-22.94%
Computer loan	-	99,876	-	-	-	99,876	-100.00%
Net pension liability - early retirement	112,738	-	-	-	112,738	-	100.00%
Net pension liability - IPERS	2,696,400	-	87,411	-	2,783,811	-	100.00%
Net OPEB liability	189,807	153,135	2,131	1,719	191,938	154,854	23.95%
Total	\$ 3,768,945	1,278,011	89,542	1,719	3,858,487	1,279,730	201.51%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- School financing is highly dependent upon student enrollment. The District's October 2013 enrollment increased by 5 students. The District's October 2014 enrollment decreased by 9 students.
- The District has been able to complete infrastructure repairs and replacement due to the Secure an Advanced Vision for Education (SAVE) fund.
- The District continued to offer early retirement to help with personnel reductions. Early retirement incentives are paid from the Management Fund.
- In order to update technology and make it more available to students, the District purchased 1:1 laptops for all grades 7-12 students from the SAVE fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sharon Cox, District Secretary/Business Manager, Nodaway Valley Community School District, 410 NW Second Street, Greenfield, Iowa, 50849. Phone 641-743-6127

BASIC FINANCIAL STATEMENTS

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 3,667,094	48,847	3,715,941
Receivables:			
Property tax:			
Delinquent	60,103	-	60,103
Succeeding year	3,357,123	-	3,357,123
Income surtax	289,421	-	289,421
Accounts	2,373	-	2,373
Due from other governments	266,467	-	266,467
Inventories	-	19,129	19,129
Capital assets, net of accumulated depreciation	6,325,843	23,610	6,349,453
TOTAL ASSETS	13,968,424	91,586	14,060,010
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	533,139	16,792	549,931
LIABILITIES			
Accounts payable	100,106	-	100,106
Salaries and benefits payable	555,149	161	555,310
Accrued interest payable	10,114	-	10,114
Unearned revenue	-	4,814	4,814
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	125,000	-	125,000
Revenue bonds payable	200,000	-	200,000
Portion due after one year:			
General obligation bonds payable	225,000	-	225,000
Revenue bonds payable	220,000	-	220,000
Net pension liability - early retirement	112,738	-	112,738
Net pension liability - IPERS	2,696,400	87,411	2,783,811
Net OPEB liability	189,807	2,131	191,938
TOTAL LIABILITIES	4,434,314	94,517	4,528,831
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	3,357,123	-	3,357,123
Pension related deferred inflows	1,179,668	38,242	1,217,910
TOTAL DEFERRED INFLOWS OF RESOURCES	4,536,791	38,242	4,575,033
NET POSITION			
Net investment in capital assets	5,555,843	23,610	5,579,453
Restricted for:			
Categorical funding	205,959	-	205,959
Debt service	108,527	-	108,527
Management levy purposes	132,435	-	132,435
Student activities	84,759	-	84,759
School infrastructure	896,812	-	896,812
Physical plant and equipment	98,616	-	98,616
Unrestricted	(1,552,493)	(47,991)	(1,600,484)
TOTAL NET POSITION	\$ 5,530,458	(24,381)	5,506,077

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,751,343	163,791	6,050	(2,581,502)	-	(2,581,502)
Special	857,560	21,599	71,089	(764,872)	-	(764,872)
Other	1,317,351	237,355	209,219	(870,777)	-	(870,777)
	<u>4,926,254</u>	<u>422,745</u>	<u>286,358</u>	<u>(4,217,151)</u>	<u>-</u>	<u>(4,217,151)</u>
Support services:						
Student	108,981	20,336	-	(88,645)	-	(88,645)
Instructional staff	572,146	-	27,790	(544,356)	-	(544,356)
Administration	683,964	100,556	-	(583,408)	-	(583,408)
Operation and maintenance of plant	764,362	16,005	-	(748,357)	-	(748,357)
Transportation	430,452	290	1,988	(428,174)	-	(428,174)
	<u>2,559,905</u>	<u>137,187</u>	<u>29,778</u>	<u>(2,392,940)</u>	<u>-</u>	<u>(2,392,940)</u>
Non-instructional programs:						
Food service operations	12,104	-	-	(12,104)	-	(12,104)
Long-term debt interest	34,038	-	-	(34,038)	-	(34,038)
Other expenses:						
AEA flowthrough	270,825	-	270,825	-	-	-
Depreciation(unallocated)*	248,275	-	-	(248,275)	-	(248,275)
	<u>519,100</u>	<u>-</u>	<u>270,825</u>	<u>(248,275)</u>	<u>-</u>	<u>(248,275)</u>
Total governmental activities	<u>8,051,401</u>	<u>559,932</u>	<u>586,961</u>	<u>(6,904,508)</u>	<u>-</u>	<u>(6,904,508)</u>
Business type activities:						
Support services:						
Instructional staff	231	-	-	-	(231)	(231)
Administration	170	-	-	-	(170)	(170)
Operation and maintenance of plant	526	-	-	-	(526)	(526)
Total support services	<u>927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(927)</u>	<u>(927)</u>
Non-instructional programs:						
Food service operations	370,777	176,031	210,376	-	15,630	15,630
Total business type activities	<u>371,704</u>	<u>176,031</u>	<u>210,376</u>	<u>-</u>	<u>14,703</u>	<u>14,703</u>
Total	<u>\$ 8,423,105</u>	<u>735,963</u>	<u>797,337</u>	<u>(6,904,508)</u>	<u>14,703</u>	<u>(6,889,805)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 3,185,001	-	3,185,001
Capital outlay				84,110	-	84,110
Debt service				252,530	-	252,530
Income surtax				305,724	-	305,724
Statewide sales, services and use tax				645,220	-	645,220
Unrestricted state grants				3,381,732	-	3,381,732
Unrestricted investment earnings				5,295	57	5,352
Other				29,424	1,397	30,821
Total general revenues				<u>7,889,036</u>	<u>1,454</u>	<u>7,890,490</u>
Change in net position				984,528	16,157	1,000,685
Net position beginning of year, as restated				<u>4,545,930</u>	<u>(40,538)</u>	<u>4,505,392</u>
Net position end of year				<u>\$ 5,530,458</u>	<u>(24,381)</u>	<u>5,506,077</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 2,445,525	894,430	327,139	3,667,094
Receivables:				
Property tax:				
Delinquent	50,733	1,371	7,999	60,103
Succeeding year	2,670,533	86,715	599,875	3,357,123
Income surtax	289,421	-	-	289,421
Accounts	1,676	-	697	2,373
Due from other governments	166,840	99,627	-	266,467
TOTAL ASSETS	\$ 5,624,728	1,082,143	935,710	7,642,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 100,106	-	-	100,106
Salaries and benefits payable	555,149	-	-	555,149
Total liabilities	655,255	-	-	655,255
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,670,533	86,715	599,875	3,357,123
Income surtax	289,421	-	-	289,421
Total deferred inflows of resources	2,959,954	86,715	599,875	3,646,544
Fund balances:				
Restricted for:				
Categorical funding	205,959	-	-	205,959
Debt service	-	-	118,641	118,641
Management levy purposes	-	-	132,435	132,435
Student activities	-	-	84,759	84,759
School infrastructure	-	896,812	-	896,812
Physical plant and equipment	-	98,616	-	98,616
Unassigned	1,803,560	-	-	1,803,560
Total fund balances	2,009,519	995,428	335,835	3,340,782
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,624,728	1,082,143	935,710	7,642,581

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)		\$	3,340,782
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			6,325,843
Accounts receivable income surtax, are not yet available to finance expenditures of the current year and, therefore, are recognized as a deferred inflows of resources in the governmental funds.			289,421
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.			(10,114)
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	\$	533,139	
Deferred inflows of resources		<u>(1,179,668)</u>	(646,529)
Long-term liabilities, including bonds payable, net pension liability -IPERS, net pension liability - early retirement and other postemployment benefits payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.			<u>(3,768,945)</u>
Net position of governmental activities (page 18)		\$	<u><u>5,530,458</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,248,166	84,110	453,929	3,786,205
Tuition	193,376	-	-	193,376
Other	194,572	1,530	222,245	418,347
State sources	3,773,298	645,257	179	4,418,734
Federal sources	178,107	-	-	178,107
Total revenues	7,587,519	730,897	676,353	8,994,769
Expenditures:				
Current:				
Instruction:				
Regular	2,649,449	5,394	3,932	2,658,775
Special	906,722	-	2,334	909,056
Other	1,127,455	-	214,431	1,341,886
	4,683,626	5,394	220,697	4,909,717
Support services:				
Student	111,233	-	2,418	113,651
Instructional staff	226,039	352,180	300	578,519
Administration	691,914	-	14,953	706,867
Operation and maintenance of plant	516,982	53,006	117,683	687,671
Transportation	340,988	71,635	29,961	442,584
	1,887,156	476,821	165,315	2,529,292
Non-instructional programs:				
Food service operations	-	-	12,104	12,104
Capital outlay	-	112,041	-	112,041
Long-term debt:				
Principal	-	-	354,876	354,876
Interest & fiscal charges	-	-	37,247	37,247
	-	-	392,123	392,123
Other expenditures:				
AEA flowthrough	270,825	-	-	270,825
Total expenditures	6,841,607	594,256	790,239	8,226,102
Excess(Deficiency) of revenues over(under) expenditures	745,912	136,641	(113,886)	768,667
Other financing sources(uses):				
Transfer in	-	-	249,221	249,221
Transfer out	(102,508)	(146,713)	-	(249,221)
Sale of equipment	4,600	-	-	4,600
Compensation for loss of capital assets	5,360	-	-	5,360
Total other financing sources(uses)	(92,548)	(146,713)	249,221	9,960
Change in fund balances	653,364	(10,072)	135,335	778,627
Fund balances beginning of year	1,356,155	1,005,500	200,500	2,562,155
Fund balances end of year	\$ 2,009,519	995,428	335,835	3,340,782

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds (page 22) \$ 778,627

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

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

Capital outlay	\$ 115,788	
Depreciation expense	(334,086)	
Loss on asset disposal	<u>(44,013)</u>	(262,311)

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. 3,209

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. 354,876

Income surtax accounts receivable is not available to finance expenditures of the current year and therefore, is recognized as a deferred inflow of resources in the governmental funds. 41,160

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. 384,836

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.

Other postemployment benefits	\$ (36,672)	
Net pension liability - IPERS	(166,459)	
Net pension liability - early retirement	<u>(112,738)</u>	<u>(315,869)</u>

Change in net position of governmental activities (page 19) \$ 984,528

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise, School Nutrition
ASSETS	
Current assets:	
Cash and pooled investments	\$ 48,847
Inventories	19,129
Total current assets	67,976
Noncurrent assets:	
Capital assets, net of accumulated depreciation	23,610
TOTAL ASSETS	91,586
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	16,792
LIABILITIES	
Current liabilities:	
Salaries and benefits payable	161
Unearned revenue	4,814
Total current liabilities	4,975
Noncurrent liabilities:	
Net pension liability - IPERS	87,411
Net OPEB liability	2,131
Total noncurrent liabilities	89,542
TOTAL LIABILITIES	94,517
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	38,242
NET POSITION	
Net investment in capital assets	23,610
Unrestricted	(47,991)
TOTAL NET POSITION	\$ (24,381)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 176,031
Miscellaneous	1,397
Total operating revenues	177,428
Operating expenses:	
Support services:	
Instructional staff:	
Services	231
Administration:	
Services	170
Operation and maintenance of plant:	
Services	508
Supplies	18
	927
Non-instructional programs:	
Food service operations:	
Salaries	138,184
Benefits	23,015
Services	200
Supplies	204,897
Depreciation	4,481
	370,777
Total operating expenses	371,704
Operating loss	(194,276)
Non-operating revenues:	
State sources	3,447
Federal sources	206,929
Interest income	57
Total non-operating revenues	210,433
Change in net position	16,157
Net position beginning of year, as restated	(40,538)
Net position end of year	\$ (24,381)

SEE NOTES TO FINANCIAL STATEMENTS.

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

		Enterprise, School Nutrition
Cash flows from operating activities:		
Cash received from charges for services	\$	174,901
Cash received from miscellaneous operating activities		1,397
Cash payments to employees for services		(167,215)
Cash payments to suppliers for goods or services		(179,895)
Net cash used in operating activities		(170,812)
Cash flows from non-capital financing activities:		
State grants received		3,447
Federal grants received		178,811
Net cash provided by non-capital financing activities		182,258
Cash flows from investing activities:		
Interest on investments		57
Net increase in cash and pooled investments		11,503
Cash and pooled investments beginning of year		37,344
Cash and pooled investments end of year	\$	48,847
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$	(194,276)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed		28,118
Depreciation		4,481
Increase in inventories		(1,989)
Increase in salaries and benefits payable		161
Decrease in unearned revenues		(1,130)
Decrease in net pension liability - IPERS		(40,918)
Increase in deferred outflows of resources		(3,913)
Increase in deferred inflows of resources		38,242
Increase in other postemployment benefits		412
Net cash used in operating activities	\$	(170,812)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$28,118.

SEE NOTES TO FINANCIAL STATEMENTS.

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Additions:	\$ -
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>1,500</u>
Change in net position	(1,500)
Net position beginning of year	<u>1,500</u>
Net position end of year	<u><u>\$ -</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

Nodaway Valley Community School District

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies

The Nodaway Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Greenfield, Bridgewater, and Fontanelle, Iowa and the predominately agricultural territory in a portion of Adair and Madison Counties. The District is governed by Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Nodaway Valley 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 Nodaway Valley 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 Adair and Madison 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position is often subject to constraints on resources that are imposed by management, but can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

The District also reports the following non-major proprietary fund:

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

The District also reported fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

The District maintains its financial records during the fiscal year on a cash basis. At the end of the fiscal year, for reporting purposes, the District prepares the financial statements on an accrual basis by making memorandum adjusting entries to the cash basis financial records.

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ -
Buildings	3,000
Land improvements	3,000
Intangibles	200,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	10-20 years
Intangibles	2 or more years
Machinery and equipment	5-15 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 expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July, have been accrued as liabilities.

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Government Obligations Portfolio which are valued at an amortized cost of \$507,056 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	General	\$ 102,508
	Capital Projects:	
Debt Service	Statewide Sales, Services and Use Tax	146,713
Total		<u>\$ 249,221</u>

The transfer from the General Fund to the Debt Service Fund was needed for payment of principal and interest on the District's computer loan indebtedness.

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 56,788	-	-	56,788
Total capital assets not being depreciated	56,788	-	-	56,788
Capital assets being depreciated:				
Buildings	8,952,417	84,000	147,624	8,888,793
Land improvements	1,157,703	-	16,872	1,140,831
Machinery and equipment	1,563,458	31,788	140,591	1,454,655
Total capital assets being depreciated	11,673,578	115,788	305,087	11,484,279
Less accumulated depreciation for:				
Buildings	3,618,968	199,360	120,074	3,698,254
Land improvements	519,616	48,915	15,647	552,884
Machinery and equipment	1,003,628	85,811	125,353	964,086
Total accumulated depreciation	5,142,212	334,086	261,074	5,215,224
Total capital assets being depreciated, net	6,531,366	(218,298)	44,013	6,269,055
Governmental activities capital assets, net	\$ 6,588,154	(218,298)	44,013	6,325,843

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 201,767	-	-	201,767
Less accumulated depreciation	173,676	4,481	-	178,157
Business type activities capital assets, net	<u>\$ 28,091</u>	<u>(4,481)</u>	<u>-</u>	<u>23,610</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 3,308
Other	7,312

Support services:

Instructional staff	2,964
Administration	12,148
Operation and maintenance of plant	27,352
Transportation	32,727

Unallocated depreciation

85,811
248,275

Total governmental activities depreciation expense

\$ 334,086

Business type activities:

Food service operations	\$ 4,481
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(5) Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 480,000	-	130,000	350,000	125,000
Revenue bonds	545,000	-	125,000	420,000	200,000
Computer loan	99,876	-	99,876	-	-
Net pension liability - early retirement	-	112,738	-	112,738	-
Net pension liability - IPERS	3,958,597	-	1,262,197	2,696,400	-
Net OPEB liability	153,135	36,672	-	189,807	-
Total	<u>\$ 5,236,608</u>	<u>149,410</u>	<u>1,617,073</u>	<u>3,768,945</u>	<u>325,000</u>
Business type activities:					
Net pension liability - IPERS	\$ 128,329	-	40,918	87,411	-
Net OPEB liability	1,719	412	-	2,131	-
Total	<u>\$ 130,048</u>	<u>412</u>	<u>40,918</u>	<u>89,542</u>	<u>-</u>

General Obligation Bonds Payable

On April 7, 2014, as part of the District’s budgeting process, the Board of Directors approved additional debt service levy tax to advance refund \$110,000 in principal of the April 1, 2011 general obligation bond issuance when they become callable June 1, 2016. The District levied at a rate of \$2.67203 per \$1,000 taxable valuation for fiscal year 2015. Total realized savings from the surplus levy are \$5,750. On April 13, 2015, as part of the District’s budgeting process, the Board of Directors approved additional debt service levy tax to advance refund \$115,000 in principal of the April 1, 2011 general obligation bond issuance when they become callable June 1, 2016. The District levied at a rate of \$2.46831 per \$1,000 taxable valuation for fiscal year 2016. Total realized savings from the surplus levy are \$2,875. Details of the District’s June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Dated April 1, 2011				
	Interest Rate		Principal	Interest	Total
2016	2.00	% \$	125,000	8,375	133,375
2017	2.50		125,000	5,875	130,875
2018	2.75		100,000	2,750	102,750
Total			<u>\$ 350,000</u>	<u>17,000</u>	<u>367,000</u>

Revenue Bonds Payable

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 2009 Series B				
	Interest Rate		Principal	Interest	Total
2016	4.50	% \$	200,000	14,400	214,400
2017	4.50		220,000	4,950	224,950
Total			<u>\$ 420,000</u>	<u>19,350</u>	<u>439,350</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,060,000 of bonds issued in fiscal year 2009. 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 2017. 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 are expected to require nearly 33% of the statewide sales, services and use tax revenues. Total principal and interest remaining to be paid on the bonds is \$439,350. For the current year \$125,000 in principal and \$21,713 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$645,220.

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

- a) An amount equal to accrued interest shall be deposited to a sinking fund for application to the first payment of interest on the bonds.
- 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.

(6) Supplemental Pension Plan

Plan Description - The District offers a supplemental pension (early retirement incentive) for all full-time employees who attain age 55, has completed fifteen years of service to the District, submits an application to the Superintendent receives Board approval and retires by June 30 of the same year.

There are 59 active members in the plan as of June 30, 2015. The plan benefit consists of 100% of the difference between the employees' current contracted salary as of the date of retirement excluding overtime pay, supplemental/coaching pay, or extended contract pay, and teacher salary supplement and the Step 4 BS salary, less applicable FICA taxes.

Funding Policy - Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The District makes the contributions from the Management Levy Fund.

Annual Pension Cost and Net Pension Obligation - The District's annual pension cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 27, as amended by GASB Statement No 50. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal costs 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 pension cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net pension obligation:

Annual required contribution	\$ 112,738
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual net pension obligation cost	<u>112,738</u>
Contributions made	-
Increase in net pension obligation	<u>112,738</u>
Net pension obligation beginning of year	<u>-</u>
Net pension obligation end of year	<u><u>\$ 112,738</u></u>

For calculation of the net pension obligation, the actuary has set the transition day as July 1, 2014. The end of year net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

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

Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
June 30, 2015	\$ 112,738	0.00%	\$ 112,738

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$160,406 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$160,406. The covered payroll (annual payroll of active employees covered by the plan) was \$1,079,172, and the ratio of the UAAL to the covered payroll was 14.86%. 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 employee retirement age. 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 Supplemental Pension Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present 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 that are 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, 2014 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The salary increase rate was assumed to be 3% per year. The actuarial assumptions used for mortality rates, employee termination by age and group, employee retirement by age and group and others are similar to or identical to the GASB Statement No. 45 assumptions used to determine the net OPEB obligation. The UAAL is being amortized as a level dollar cost using a closed group method over 30 years.

(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 \$396,820.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,783,811 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 0.068786 percent, which was a decrease of 0.003396 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$171,854. 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	\$ 30,255	\$ -
Changes of assumptions	122,856	-
Net difference between projected and actual earnings on pension plan investments	-	1,061,665
Changes in proportion and differences between District contributions and proportionate share of contributions	-	156,245
District contributions subsequent to the measurement date	396,820	-
Total	\$ 549,931	\$ 1,217,910

\$396,820 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	\$ (266,149)
2017	(266,149)
2018	(266,149)
2019	(266,149)
2020	(203)
	<u>\$ (1,064,799)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 5,259,932	\$ 2,783,811	\$ 693,708

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 \$38,550 for legally required employer contributions and \$25,685 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health plan which provides medical, prescription drug, and dental benefits for employees, retirees, and their spouses. There are 77 active and 3 retired members in the plan.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Principal. 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 of the District (ARC), 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	\$	67,000
Interest on net OPEB obligation		6,968
Adjustment to annual required contribution		<u>(5,884)</u>
Annual OPEB cost		68,084
Contributions made		<u>(31,000)</u>
Increase in net OPEB obligation		37,084
Net OPEB obligation beginning of year		<u>154,854</u>
Net OPEB obligation end of year	\$	<u>191,938</u>

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

For the year ended June 30, 2015, the District contributed \$31,000 to the medical plan. Plan members eligible for benefits contributed \$39,000, or 55.71% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
June 30,			
2013	\$ 68,289	46.86%	\$ 122,000
2014	67,854	51.58%	154,854
2015	68,084	45.53%	191,938

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 \$500,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$500,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,932,776, and the ratio of the UAAL to the covered payroll was 12.71%. 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 healthcare 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 that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the alternative measurement method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed from the information provided by the Nodaway Valley Community School District based on the average retirement age of pension eligible retirees over the past five years.

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

(9) Risk Management

The District is a member in 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 in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental, vision.

The District's contributions, which include 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 \$550,828.

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

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

(10) Area Education Agency

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

for this purpose totaled \$270,825 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

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

Program	Amount
Gifted and talented programs	\$ 48,651
Returning dropouts and dropout prevention programs	34,795
Beginning teacher mentoring and induction programs	306
Teacher salary supplement	32,110
Four-year-old preschool state aid	2,123
Successful progression for early readers	26,229
Professional development for model core curriculum	35,785
Professional development	24,176
Teacher leadership grants	1,784
Total	<u>\$ 205,959</u>

(12) Operating Leases

The District has entered into various lease agreements for the use of digital copy machines. As of June 30, 2015, the District was obligated to make payments totaling \$1,138 per month payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

On September 15, 2013, the District entered a four year lease agreement for two Blue Bird school buses. On August 1, 2014, the District entered a four year lease agreement for two school buses. Remaining payments on the bus leases payable from the Capital Projects: Physical Plant and Equipment Levy Fund are as follows:

Year Ending June 30,	Bus Lease Dated		Total
	September 15, 2013 Lease payment	August 1, 2014 Lease payment	
2016	\$ 23,170	25,277	48,447
2017	92,200	25,277	117,477
2018	-	99,200	99,200
Total	<u>\$ 115,370</u>	<u>149,754</u>	<u>265,124</u>

(13) Construction Commitment

The District has entered into contracts for the completion of a new parking lot totaling \$139,352. As of June 30, 2015 no costs have been incurred against these contracts. The balance will be paid as work on the project progresses.

(14) Reconciliation of Governmental Fund Balances to Net Position

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	Net Investment in Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	118,641	1,803,560
Capital assets, net of accumulated depreciation	6,325,843	-	-
General obligation bond capitalized indebtedness	(350,000)	-	-
Revenue bond capitalized indebtedness	(420,000)	-	-
Computer loan indebtedness	-	-	-
Accrued interest payable	-	(10,114)	-
Income surtax	-	-	289,421
Pension related deferred outflows	-	-	533,139
Net pension liability - early retirement	-	-	(112,738)
Net pension liability - IPERS	-	-	(2,696,400)
Pension related deferred inflows	-	-	(1,179,668)
Net OPEB liability	-	-	(189,807)
Net position (Exhibit A)	<u>\$ 5,555,843</u>	<u>108,527</u>	<u>(1,552,493)</u>

(15) Accounting Change/Restatement Note

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

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 8,107,236	\$ 74,912
Net pension liability at June 30, 2014	(3,958,597)	(128,329)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	397,291	12,879
Net position July 1, 2014, as restated	<u>\$ 4,545,930</u>	<u>\$ (40,538)</u>

(16) Deficit Net Position

At June 30, 2015, the Enterprise, School Nutrition fund had a deficit unrestricted net position of \$47,991 and a deficit total net position of \$24,381. The governmental activities of the District had a deficit unrestricted net position of \$1,552,493.

Nodaway Valley Community School District

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 4,397,928	177,485	4,575,413	5,268,288	5,268,288	(692,875)
State sources	4,418,734	3,447	4,422,181	3,834,237	3,834,237	587,944
Federal sources	178,107	206,929	385,036	380,000	380,000	5,036
Total revenues	8,994,769	387,861	9,382,630	9,482,525	9,482,525	(99,895)
Expenditures/Expenses:						
Instruction	4,909,717	-	4,909,717	6,177,655	6,177,655	1,267,938
Support services	2,529,292	927	2,530,219	3,028,862	3,028,862	498,643
Non-instructional programs	12,104	370,777	382,881	435,000	435,000	52,119
Other expenditures	774,989	-	774,989	1,033,390	1,033,390	258,401
Total expenditures/expenses	8,226,102	371,704	8,597,806	10,674,907	10,674,907	2,077,101
Excess(Deficiency) of revenues over(under) expenditures/expenses	768,667	16,157	784,824	(1,192,382)	(1,192,382)	1,977,206
Other financing sources, net	9,960	-	9,960	-	-	-
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	778,627	16,157	794,784	(1,192,382)	(1,192,382)	1,977,206
Balances beginning of year, as restated	2,562,155	(40,538)	2,521,617	1,707,652	1,707,652	813,965
Balances end of year	\$ 3,340,782	(24,381)	3,316,401	515,270	515,270	2,791,171

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional 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.

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*
 (IN THOUSANDS)
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.068786%
District's proportionate share of the net pension liability	\$ 2,784
District's covered-employee payroll	\$ 4,444
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.65%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS
 (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 397	411	405	353	295	298	268	251	219	209
Contributions in relation to the statutorily required contribution	<u>(397)</u>	<u>(411)</u>	<u>(405)</u>	<u>(353)</u>	<u>(295)</u>	<u>(298)</u>	<u>(268)</u>	<u>(251)</u>	<u>(219)</u>	<u>(209)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 4,444	4,602	4,671	4,374	4,245	4,288	4,220	4,149	3,809	3,635
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.

NODAWAY VALLEY 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.

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

For Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 353,000	353,000	0.0%	\$ 3,590,000	9.83%
2011	July 1, 2009	-	353,000	353,000	0.0%	3,659,442	9.65%
2012	July 1, 2009	-	353,000	353,000	0.0%	3,751,923	9.41%
2013	July 1, 2012	-	500,000	500,000	0.0%	3,846,195	13.00%
2014	July 1, 2012	-	500,000	500,000	0.0%	3,946,911	12.67%
2015	July 1, 2012	-	500,000	500,000	0.0%	3,932,776	12.71%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 SUPPLEMENTAL PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION

For 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)
2015	July 1, 2014	\$ -	\$ 160,406	160,406	0.0%	\$ 1,079,172	14.86%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

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

	Special Revenue				
	Manage- ment Levy	Student Activity	Total Special Revenue	Debt Service	Total
ASSETS					
Cash and pooled investments	\$ 129,008	84,062	213,070	114,069	327,139
Receivables:					
Property tax:					
Delinquent	3,427	-	3,427	4,572	7,999
Succeeding year	350,000	-	350,000	249,875	599,875
Accounts	-	697	697	-	697
TOTAL ASSETS	\$ 482,435	84,759	567,194	368,516	935,710
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:	\$ -	-	-	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	350,000	-	350,000	249,875	599,875
Fund balances:					
Restricted for:					
Debt service	-	-	-	118,641	118,641
Management levy purposes	132,435	-	132,435	-	132,435
Student activities	-	84,759	84,759	-	84,759
Total fund balances	132,435	84,759	217,194	118,641	335,835
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 482,435	84,759	567,194	368,516	935,710

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue				Total
	Manage- ment Levy	Student Activity	Total Special Revenue	Debt Service	
Revenues:					
Local sources:					
Local tax	\$ 201,399	-	201,399	252,530	453,929
Other	8,154	214,017	222,171	74	222,245
State sources	93	-	93	86	179
Total revenues	209,646	214,017	423,663	252,690	676,353
Expenditures:					
Current:					
Instruction:					
Regular	3,932	-	3,932	-	3,932
Special	2,334	-	2,334	-	2,334
Other	562	213,869	214,431	-	214,431
Support services:					
Student	2,418	-	2,418	-	2,418
Instructional staff	300	-	300	-	300
Administration	14,953	-	14,953	-	14,953
Operation and maintenance of plant	117,683	-	117,683	-	117,683
Transportation	29,961	-	29,961	-	29,961
Non-instructional programs:					
Food service operations	12,104	-	12,104	-	12,104
Long-term debt:					
Principal	-	-	-	354,876	354,876
Interest and fiscal charges	-	-	-	37,247	37,247
Total expenditures	184,247	213,869	398,116	392,123	790,239
Excess(Deficiency) of revenues over(under) expenditures	25,399	148	25,547	(139,433)	(113,886)
Other financing sources:					
Transfer in	-	-	-	249,221	249,221
Change in fund balances	25,399	148	25,547	109,788	135,335
Fund balances beginning of year	107,036	84,611	191,647	8,853	200,500
Fund balances end of year	\$ 132,435	84,759	217,194	118,641	335,835

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 797,185	97,245	894,430
Receivables:			
Property tax:			
Delinquent	-	1,371	1,371
Succeeding year	-	86,715	86,715
Due from other governments	99,627	-	99,627
TOTAL ASSETS	\$ 896,812	185,331	1,082,143
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	86,715	86,715
Fund balances:			
Restricted for:			
School infrastructure	896,812	-	896,812
Physical plant and equipment	-	98,616	98,616
Total fund balances	896,812	98,616	995,428
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 896,812	185,331	1,082,143

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	84,110	84,110
Other	1,472	58	1,530
State sources	645,220	37	645,257
Total revenues	<u>646,692</u>	<u>84,205</u>	<u>730,897</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,394	-	5,394
Support services:			
Instructional staff	352,180	-	352,180
Operation and maintenance of plant	52,016	990	53,006
Transportation	23,188	48,447	71,635
Capital outlay	108,523	3,518	112,041
Total expenditures	<u>541,301</u>	<u>52,955</u>	<u>594,256</u>
Excess of revenues over expenditures	105,391	31,250	136,641
Other financing uses:			
Transfer out	<u>(146,713)</u>	-	<u>(146,713)</u>
Change in fund balances	(41,322)	31,250	(10,072)
Fund balances beginning of year	<u>938,134</u>	<u>67,366</u>	<u>1,005,500</u>
Fund balances end of year	<u>\$ 896,812</u>	<u>98,616</u>	<u>995,428</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NODAWAY VALLEY 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
Drama	\$ 866	2,225	971	-	2,120
Vocal music	1,170	5,653	6,823	-	-
Band	4,576	5,212	9,000	-	788
Scoreboard fund	8,071	8,817	16,888	-	-
Basketball	16,029	28,976	26,377	-	18,628
Baseball-softball	195	15,040	14,650	-	585
Track	63	12,394	12,457	-	-
Golf	-	743	743	-	-
Bowling	414	1	-	-	415
Archery	2,287	2	1,561	-	728
Football	5,185	11,493	15,709	-	969
Soccer	-	12,151	9,615	-	2,536
Wrestling	673	8,921	7,527	-	2,067
Volleyball	8,030	5,928	3,809	-	10,149
Dance team	1,338	1,653	2,019	-	972
FFA	6,073	25,747	25,038	-	6,782
Greenhouse	2,432	-	2,432	-	-
FFA vending	-	2,355	1,277	-	1,078
Student council	450	2,681	2,042	-	1,089
Activity ticket	3,707	32,293	12,448	(2,699)	20,853
Strength training	688	1,959	2,129	-	518
Yearbook middle school	2,806	383	206	-	2,983
Yearbook	2,773	6,851	9,619	-	5
MS student council	6,845	1,918	2,638	-	6,125
Class of 2014	645	40	685	-	-
Class of 2015	8,392	-	3,691	-	4,701
Class of 2016	693	17,494	20,844	2,699	42
Class of 2017	155	433	106	-	482
Class of 2018	-	108	-	-	108
Cheerleading	-	2,461	2,461	-	-
Honor society	55	85	104	-	36
Total	\$ 84,611	214,017	213,869	-	84,759

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NODAWAY VALLEY 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	\$ 3,786,205	3,756,451	4,223,316	3,974,373	3,720,981	3,263,173	3,171,353	3,039,974	3,025,752	2,927,106
Tuition	193,376	140,360	198,853	220,479	202,175	161,170	157,308	137,680	157,706	125,053
Other	418,347	327,841	479,630	389,374	378,703	397,834	331,650	347,326	353,245	495,234
Intermediate sources	-	-	-	-	-	-	-	-	-	103
State sources	4,418,734	4,291,957	3,719,342	3,685,524	3,601,208	3,227,689	3,846,166	3,791,546	3,446,890	3,426,585
Federal sources	178,107	181,911	187,647	335,159	615,010	325,166	249,685	183,982	186,358	191,085
Total	\$ 8,994,769	8,698,520	8,808,788	8,604,909	8,518,077	7,375,032	7,756,162	7,500,508	7,169,951	7,165,166
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,658,775	2,595,832	2,655,682	2,661,607	3,016,779	2,653,950	2,901,054	2,769,469	2,303,741	2,153,852
Special	909,056	1,028,692	1,032,277	931,726	911,347	940,099	857,693	792,189	818,833	729,609
Other	1,341,886	1,295,831	1,343,594	1,175,608	1,160,709	1,192,273	1,266,548	1,053,215	943,112	1,038,156
Support services:										
Student	113,651	130,169	115,337	131,948	121,302	176,161	52,152	79,660	75,520	85,252
Instructional staff	578,519	313,896	248,629	257,407	215,127	179,222	271,782	219,251	247,715	201,143
Administration	706,867	804,053	781,953	746,297	746,755	800,821	820,304	818,182	807,012	731,596
Operation and maintenance of plant	687,671	743,690	681,987	650,801	643,346	650,440	730,112	689,551	668,638	630,562
Transportation	442,584	452,560	459,449	429,662	438,890	444,562	371,172	403,514	483,665	344,023
Non-instructional programs	12,104	1,401	4,173	12,842	4,133	-	3,257	3,047	2,764	2,492
Capital outlay	112,041	57,156	94,657	342,992	155,211	931,734	1,079,557	394,867	114,925	511,367
Long-term debt:										
Principal	354,876	721,470	518,181	513,228	412,755	275,000	330,000	365,000	1,650,000	335,000
Interest & fiscal charges	37,247	57,768	73,642	90,873	115,669	71,491	66,665	59,306	128,612	146,001
Other expenditures:										
AEA flow-through	270,825	261,941	253,363	251,017	288,384	287,118	261,611	252,005	242,400	237,121
Total	\$ 8,226,102	8,464,459	8,262,924	8,196,008	8,230,407	8,602,871	9,011,907	7,899,256	8,486,937	7,146,174

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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(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 Nodaway Valley Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Nodaway Valley Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 26, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nodaway Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

Nodaway Valley Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 26, 2016
Newton, Iowa

NODAWAY VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of Duties - One important aspect of the internal control structure 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, handling and recording cash.
- 2) Receipts - posting and reconciling.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures and investigate methods to increase monitoring activities to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible. Office staff is reviewing the "Segregation of Financial Duties in the Smaller Public School to Improve Financial Internal Controls" that was published by Iowa Association of School Business Officials and will implement additional controls.

Conclusion - Response accepted.

I-B-15 Purchase Orders - We noted during our audit an instance of a purchase order submitted for a teacher to attend a conference for professional development. It was noted that the conference was also attended by a second teacher. Attendance of the second teacher was not approved via the purchase order process and no documentation of approval was noted.

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

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

Response - We will continue to use the electronic purchase order system and require requisitions be submitted and approved prior to orders being placed or purchases made. The District will continue to require purchase orders in advance of making purchases.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-15 Certified Budget - District disbursements for the year ended June 30, 2015 did not exceed the amounts budgeted.
- II-B-15 Questionable Disbursements - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 2979.
- II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted. However, we noted during our audit instances of purchases on the District credit card for meals which were not supported by detailed receipts as required by board policy.

Recommendation - The District should review procedures in place for usage of District credit cards while on District travel. Detailed receipts should be turned into the District central office as a proof of purchase allowing the District to determine if the meal expense meets public purpose requirements. The District should require a receipt to support all purchases made while traveling for District business.

Response - The District will require a receipt on all credit card purchases to support all purchases made while traveling for District business. Employees will be reminded of this procedure prior to being given the credit card.

Conclusion - Response accepted.

- II-D-15 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rose Grantham, Teacher Spouse owns Grantham Sanitation	Purchased Services	\$ 12,545

In accordance with the Attorney General’s Opinion dated November 9, 1976, the above transaction with the teacher’s spouse does not appear to represent a conflict of interest.

- II-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-15 Supplementary Weighting - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the

District's investment policy.

- II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-15 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the 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		\$	938,134
Revenues/transfers in:			
Sales tax revenues	\$	645,220	
Other local revenues		1,472	646,692
			<u>1,584,826</u>
Expenditures:			
School infrastructure construction		18,450	
Equipment		408,495	
Other		114,356	
Transfers to other funds:			
Debt service fund		146,713	688,014
			<u>688,014</u>
Ending balance		\$	<u>896,812</u>

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

- II-M-15 Student Activity Fund - During our audit concerns arose about the propriety of certain accounts and expenditures within the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8).

Questioned Expenses: We noted during our audit that the District paid for field trips taken during the year from the MS student council account with the Student Activity Fund. Field trips would appear to be instructional in nature and more appropriately paid for from the General Fund.

Recommendation - The District should review its coding procedures to ensure expenditures

are coded to the correct fund.

Response - The District will correct coding of field trips if they are instructional in nature to be paid from the General Fund.

Conclusion -Response accepted.

IV-N-15 Financial Condition - The School Nutrition Fund had deficit unrestricted net position of \$47,991 and a deficit total net position of \$24,381 at June 30, 2015. The District's governmental activities had deficit unrestricted net position of \$1,552,493 at June 30, 2015. 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 - District administration and the Board of Education will be made aware of how GASB Statements No. 68 and 71 affect the financials when pension benefits are reported as a liability.

Conclusion - Response accepted.