

GRISWOLD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Griswold Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Douglas Lembke	President	2015
Tom Moore	Vice President	2017
Scott Peterson	Board Member	2017
Clarion Campbell	Board Member	2015
Robert Peterson	Board Member	2017
Steve Baier	Board Member	2017
Scott Hansen	Board Member	2015
School Officials		
Dana Kunze	Superintendent	2015
Tim Blum	Business Manager (Resigned December 2014)	2015
Dan Rold	Business Manager (Appointed January 2015)	2015
Nancy Taylor	Board Secretary	2015
Rick Franck	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Griswold 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 Griswold Community School District, Griswold, 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 Griswold Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2016, on our consideration of Griswold 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 Griswold Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 29, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,088,548 in fiscal year 2014 to \$5,969,257 in fiscal year 2015 and General Fund expenditures decreased from \$6,805,251 in fiscal year 2014 to \$6,386,092 in fiscal year 2015. Expenditures outpaced revenues resulting in a decrease in the District's General Fund balance from \$1,476,674 at June 30, 2014 to \$1,059,839 at June 30, 2015, a 28.23% decrease from the prior year.
- The District's solvency ratio (unassigned plus assigned fund balance/general fund revenues less AEA flowthrough) decreased from 21.34% at June 30, 2014 to 14.00% at June 30, 2015.

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 Griswold 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 Griswold 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 Griswold Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the non-major governmental funds.

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

Figure A-1
Griswold Community School District Annual Financial Report

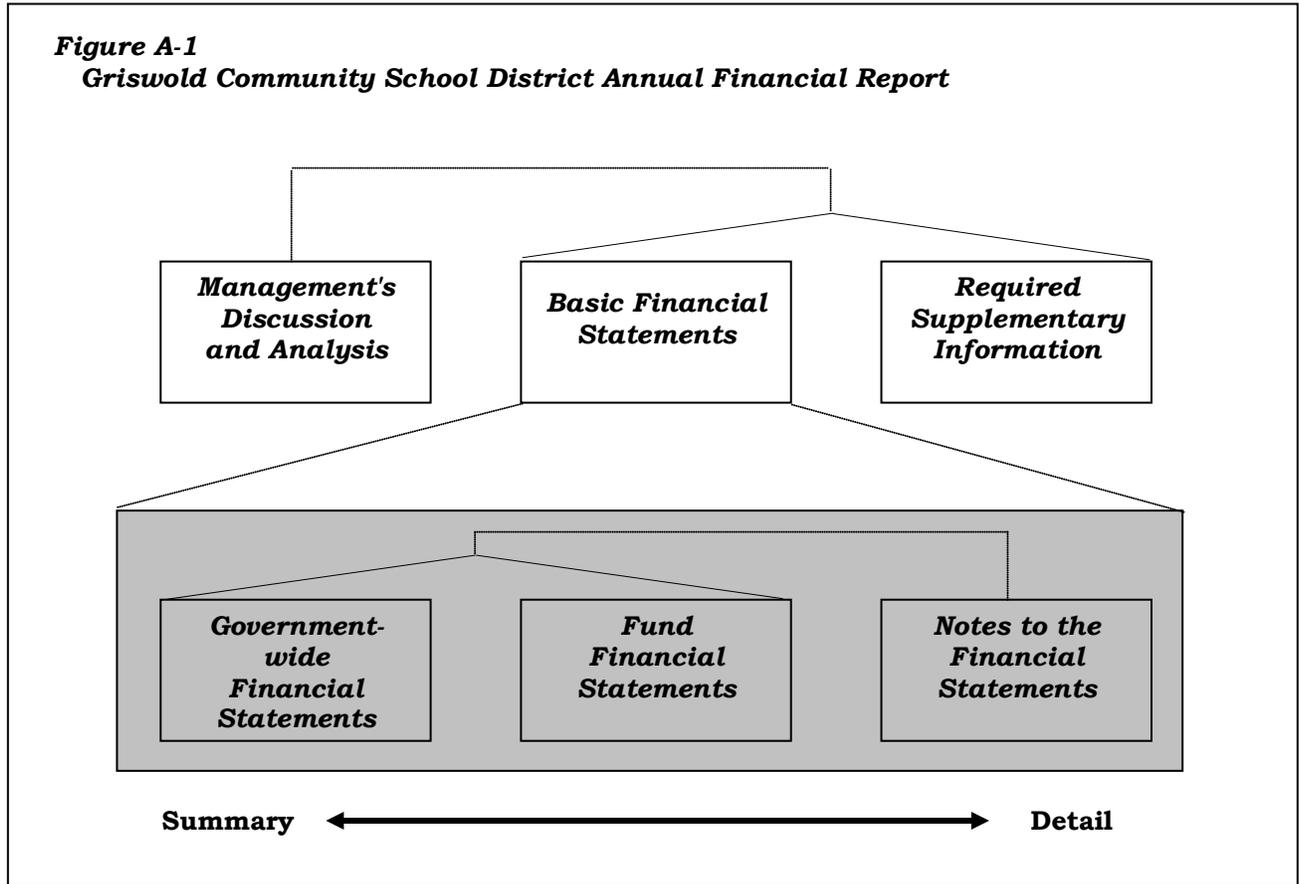


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 inflow/outflow 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 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 financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has 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, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

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

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

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include 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 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 includes 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 net position for the year ended 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		
	(Not restated)		(Not restated)		(Not restated)	2014-15	
	2015		2015		2015		
Current and other assets	\$ 6,180,954	6,991,511	42,174	32,610	6,223,128	7,024,121	-11.40%
Capital assets	7,011,149	6,955,969	28,934	33,097	7,040,083	6,989,066	0.73%
Total assets	13,192,103	13,947,480	71,108	65,707	13,263,211	14,013,187	-5.35%
Deferred inflows of resources	528,016	-	16,439	-	544,455	-	100.00%
Long-term liabilities	5,187,710	3,113,035	71,723	724	5,259,433	3,113,759	68.91%
Other liabilities	783,097	1,225,601	27,251	28,771	810,348	1,254,372	-35.40%
Total liabilities	5,970,807	4,338,636	98,974	29,495	6,069,781	4,368,131	38.96%
Deferred inflows of resources	3,766,455	2,595,930	27,018	-	3,793,473	2,595,930	46.13%
Net position:							
Net investment in capital assets	4,325,118	4,227,184	28,934	33,097	4,354,052	4,260,281	2.20%
Restricted	1,556,249	1,396,612	-	-	1,556,249	1,396,612	11.43%
Unrestricted	(1,898,510)	1,389,118	(67,379)	3,115	(1,965,889)	1,392,233	-241.20%
Total net position	\$ 3,982,857	7,012,914	(38,445)	36,212	3,944,412	7,049,126	-44.04%

The District's combined net position decreased by 44.04%, or \$3,104,714, over the prior year. The largest portion of the District's net position is the 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 resources other than capital assets.

Restricted net position represent 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 \$159,637 or 11.43% over the prior year. The increase in restricted fund balance can be attributed to the increase in fund balance of the Management Levy Fund and the Student Activity Fund as compared to the previous 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 \$3,358,122 or 241.20%. 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 \$2,788,542 and \$86,244, 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 June 30, 2014.

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 366,020	318,558	169,945	167,042	535,965	485,600	10.37%
Operating grants, contributions and restricted interest	561,038	583,873	172,280	173,435	733,318	757,308	-3.17%
General revenues:							
Property tax	2,600,739	2,420,310	-	-	2,600,739	2,420,310	7.45%
Income surtax	22,292	286,493	-	-	22,292	286,493	-92.22%
Statewide sales, services and use tax	546,080	516,866	-	-	546,080	516,866	5.65%
Unrestricted state grants	2,706,066	2,944,237	-	-	2,706,066	2,944,237	-8.09%
Unrestricted investment earnings	2,536	3,272	5	5	2,541	3,277	-22.46%
Other	80,177	104,085	1,631	100	81,808	104,185	-21.48%
Total revenues	<u>6,884,948</u>	<u>7,177,694</u>	<u>343,861</u>	<u>340,582</u>	<u>7,228,809</u>	<u>7,518,276</u>	<u>-3.85%</u>
Program expenses:							
Instructional	4,308,431	4,746,792	-	-	4,308,431	4,746,792	-9.23%
Support services	2,251,980	2,217,252	218	2,303	2,252,198	2,219,555	1.47%
Non-instructional programs	1,127	-	332,056	350,396	333,183	350,396	-4.91%
Other expenses	564,925	568,882	-	-	564,925	568,882	-0.70%
Total expenses	<u>7,126,463</u>	<u>7,532,926</u>	<u>332,274</u>	<u>352,699</u>	<u>7,458,737</u>	<u>7,885,625</u>	<u>-5.41%</u>
Change in net position	(241,515)	(355,232)	11,587	(12,117)	(229,928)	(367,349)	-37.41%
Net position beginning of year, as restated	<u>4,224,372</u>	<u>7,368,146</u>	<u>(50,032)</u>	<u>48,329</u>	<u>4,174,340</u>	<u>7,416,475</u>	<u>-43.72%</u>
Net position end of year	<u>\$ 3,982,857</u>	<u>7,012,914</u>	<u>(38,445)</u>	<u>36,212</u>	<u>3,944,412</u>	<u>7,049,126</u>	<u>-44.04%</u>

In fiscal year 2015, local tax and unrestricted state grants accounted for 77.40% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for nearly all of the revenue from business type activities.

The District's total revenues were approximately \$7.22 million, of which approximately \$6.88 million was for governmental activities and approximately \$0.34 million was for business type activities.

As shown in FigureA-4, the District as a whole experienced a 3.85% decrease in revenues and a 5.41% decrease in expenses. The decrease in revenues can be attributed to a decrease in income surtax revenues. The decrease in expenditures can be attributed to a decrease in instructional expenditures.

Governmental Activities

Revenues for governmental activities were \$6,884,948 and expenses were \$7,126,463.

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

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 4,308,431	4,746,792	-9.23%	3,616,080	4,078,655	-11.34%
Support services	2,251,980	2,217,252	1.57%	2,251,980	2,217,252	1.57%
Non-instructional	1,127	-	100.00%	1,127	-	100.00%
Other expenses	564,925	568,882	-0.70%	330,218	334,588	-1.31%
Totals	<u>\$ 7,126,463</u>	<u>7,532,926</u>	<u>-5.40%</u>	<u>6,199,405</u>	<u>6,630,495</u>	<u>-6.50%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$366,020.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$561,038.
- The net cost of governmental activities was financed with \$2,623,031 in local tax, \$546,080 in statewide sales, services and use tax, \$2,706,066 in unrestricted state grants, \$2,536 in unrestricted investment earnings and \$80,177 in other general revenues.

Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2015 were \$343,861 and expenses were \$332,274. 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 and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Griswold 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 \$2,507,196; down from last year's ending fund balances of \$2,981,894. The decline in combined fund balances at the end of fiscal year 2015 is due in part to a decrease in fund balance of the General Fund.

Governmental Fund Highlights

- The General Fund balance decreased from \$1,476,674 at June 30, 2014 to \$1,059,839 at June 30, 2015. This decrease was to expenditures exceeding revenues by \$416,835.
- The Management Levy Fund increased from \$433,005 at June 30, 2014 to \$509,900 at June 30, 2015. The increase was the result of decreased expenditures in the current year.
- The Capital Projects Accounts balance decreased from \$603,848 at June 30, 2014 to \$421,499 at June 30, 2015. The Capital Projects: Statewide Sales, Services and Use Tax Fund balance decreased from \$211,307 at June 30, 2014 to \$110,288 at June 30, 2015. The Capital Projects: Physical Plant and Equipment Levy Fund increased from \$271,326 June 30, 2014 to \$302,242 June 30, 2015. The Capital Projects: Revenue Bond Construction Fund balance decreased from \$121,215 at June 30, 2014 to \$8,969 at June 30, 2015, as work continued on the high school lockers, restrooms and HVAC project.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a restated deficit \$50,032 at July 1, 2014 to a deficit \$38,445 at June 30, 2015, representing an increase of 23.16%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$156,076 more than budgeted amounts, a variance of 2.15%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$7,040,083, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 0.73% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$357,501.

The original cost of the District's capital assets was \$12,018,819. Governmental funds account for \$11,893,819 with the remainder of \$125,000 in the Enterprise: School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$938,174 at June 30, 2014, compared to \$1,302,537 reported at June 30, 2015. The change was due to the District continue work on the high school lockers, restrooms and HVAC project.

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	\$ 80,747	80,747	-	-	80,747	80,747	0.00%
Construction in progress	1,302,537	938,174	-	-	1,302,537	938,174	38.84%
Buildings	2,855,689	2,975,603	-	-	2,855,689	2,975,603	-4.03%
Land improvements	2,524,705	2,667,970	-	-	2,524,705	2,667,970	-5.37%
Machinery and equipment	247,471	293,475	28,934	33,097	276,405	326,572	-15.36%
Total	<u>\$ 7,011,149</u>	<u>6,955,969</u>	<u>28,934</u>	<u>33,097</u>	<u>7,040,083</u>	<u>6,989,066</u>	<u>0.73%</u>

Long-Term Debt

At June 30, 2015, the District had \$5,259,433 in long-term debt outstanding. This represents an increase of 68.91% 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 outstanding revenue bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$2,695,000 at June 30, 2015.
- The District had an outstanding computer loan with a local bank payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$13,499 at June 30, 2015.
- The District had outstanding termination benefits payable from the Special Revenue, Management Levy Fund of \$92,939 at June 30, 2015.
- The District had net pension liability of \$2,361,513 at June 30, 2015, \$2,290,668 is attributable to governmental activities and the remaining \$70,845 is attributable to business type activities.
- The District had net OPEB liability of \$96,482 at June 30, 2015, \$95,604 is attributable to governmental activities and the remaining \$878 is attributable to 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
Revenue bonds	\$ 2,695,000	2,850,000	-	-	2,695,000	2,850,000	-5.44%
Computer loan	13,499	95,733	-	-	13,499	95,733	-85.90%
Termination benefits	92,939	88,440	-	-	92,939	88,440	5.09%
Net pension liability	2,290,668	-	70,845	-	2,361,513	-	100.00%
Net OPEB liability	95,604	78,862	878	724	96,482	79,586	21.23%
Total	<u>\$ 5,187,710</u>	<u>3,113,035</u>	<u>71,723</u>	<u>724</u>	<u>5,259,433</u>	<u>3,113,759</u>	<u>68.91%</u>

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:

- Potential continued underfunding and budget uncertainty at the state level will affect future projections. It is extremely difficult for the District to estimate and negotiate future ongoing expenditures when revenue is not determined in a timely manner at the state level.
- The District has faced declining enrollment on a consistent basis for the past 30 years.

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 Dan Rold, Business Manager, Griswold Community School District, 20 Madison Street, P.O. Box 280, Griswold, Iowa, 51535.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 2,989,987	21,273	3,011,260
Receivables:			
Property tax:			
Delinquent	34,810	-	34,810
Succeeding year	2,892,860	-	2,892,860
Income surtax	30,755	-	30,755
Due from other governments	232,542	-	232,542
Inventories	-	20,901	20,901
Capital assets, net of accumulated depreciation	7,011,149	28,934	7,040,083
Total assets	13,192,103	71,108	13,263,211
Deferred Outflows of Resources			
Pension related deferred outflows	528,016	16,439	544,455
Liabilities			
Accounts payable	77,085	-	77,085
Salaries and benefits payable	673,058	23,586	696,644
Accrued interest payable	32,954	-	32,954
Unearned revenue	-	3,665	3,665
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	155,000	-	155,000
Computer loan payable	13,499	-	13,499
Termination benefits payable	42,568	-	42,568
Portion due after one year:			
Revenue bonds payable	2,540,000	-	2,540,000
Termination benefits payable	50,371	-	50,371
Net pension liability	2,290,668	70,845	2,361,513
Net OPEB liability	95,604	878	96,482
Total liabilities	5,970,807	98,974	6,069,781
Deferred Inflows of Resources			
Unavailable property tax revenue	2,892,860	-	2,892,860
Pension related deferred inflows	873,595	27,018	900,613
Total deferred inflows of resources	3,766,455	27,018	3,793,473
Net Position			
Net investment in capital assets	4,325,118	28,934	4,354,052
Restricted for:			
Categorical funding	257,253	-	257,253
Debt service	380,535	-	380,535
Management levy purposes	416,961	-	416,961
Student activities	102,469	-	102,469
School infrastructure	96,789	-	96,789
Physical plant and equipment	302,242	-	302,242
Unrestricted	(1,898,510)	(67,379)	(1,965,889)
Total net position	\$ 3,982,857	(38,445)	3,944,412

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,586,254	71,638	37,072	(2,477,544)	-	(2,477,544)
Special	771,115	100,187	32,998	(637,930)	-	(637,930)
Other	951,062	194,195	256,261	(500,606)	-	(500,606)
	<u>4,308,431</u>	<u>366,020</u>	<u>326,331</u>	<u>(3,616,080)</u>	<u>-</u>	<u>(3,616,080)</u>
Support services:						
Student	167,033	-	-	(167,033)	-	(167,033)
Instructional staff	220,453	-	-	(220,453)	-	(220,453)
Administration	679,223	-	-	(679,223)	-	(679,223)
Operation and maintenance of plant	717,066	-	-	(717,066)	-	(717,066)
Transportation	468,205	-	-	(468,205)	-	(468,205)
	<u>2,251,980</u>	<u>-</u>	<u>-</u>	<u>(2,251,980)</u>	<u>-</u>	<u>(2,251,980)</u>
Non-instructional programs:						
Food service operations	1,127	-	-	(1,127)	-	(1,127)
Long-term debt interest						
	67,039	-	-	(67,039)	-	(67,039)
Other expenses:						
AEA flowthrough	234,707	-	234,707	-	-	-
Depreciation(unallocated)*	263,179	-	-	(263,179)	-	(263,179)
	<u>497,886</u>	<u>-</u>	<u>234,707</u>	<u>(263,179)</u>	<u>-</u>	<u>(263,179)</u>
Total governmental activities	<u>7,126,463</u>	<u>366,020</u>	<u>561,038</u>	<u>(6,199,405)</u>	<u>-</u>	<u>(6,199,405)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	218	-	-	-	(218)	(218)
Non-instructional programs:						
Food service operations	332,056	169,945	172,280	-	10,169	10,169
Total business type activities	<u>332,274</u>	<u>169,945</u>	<u>172,280</u>	<u>-</u>	<u>9,951</u>	<u>9,951</u>
Total	<u>\$ 7,458,737</u>	<u>535,965</u>	<u>733,318</u>	<u>(6,199,405)</u>	<u>9,951</u>	<u>(6,189,454)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,519,517	-	2,519,517
Capital outlay				81,222	-	81,222
Income surtax				22,292	-	22,292
Statewide sales, services and use tax				546,080	-	546,080
Unrestricted state grants				2,706,066	-	2,706,066
Unrestricted investment earnings				2,536	5	2,541
Other				80,177	1,631	81,808
Total general revenues				<u>5,957,890</u>	<u>1,636</u>	<u>5,959,526</u>
Change in net position				(241,515)	11,587	(229,928)
Net position beginning of year, as restated				<u>4,224,372</u>	<u>(50,032)</u>	<u>4,174,340</u>
Net position end of year				<u>\$ 3,982,857</u>	<u>(38,445)</u>	<u>3,944,412</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 1,630,437	507,188	335,998	516,364	2,989,987
Receivables:					
Property tax:					
Delinquent	31,000	2,712	1,098	-	34,810
Succeeding year	2,609,684	200,001	83,175	-	2,892,860
Income surtax	30,755	-	-	-	30,755
Due from other governments	148,139	-	84,403	-	232,542
Total assets	4,450,015	709,901	504,674	516,364	6,180,954
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	76,679	-	-	406	77,085
Salaries and benefits payable	673,058	-	-	-	673,058
Total liabilities	749,737	-	-	406	750,143
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,609,684	200,001	83,175	-	2,892,860
Income surtax	30,755	-	-	-	30,755
Total deferred inflows of resources	2,640,439	200,001	83,175	-	2,923,615
Fund balances:					
Restricted for:					
Categorical funding	257,253	-	-	-	257,253
Debt service	-	-	-	413,489	413,489
Management levy purposes	-	509,900	-	-	509,900
Student activities	-	-	-	102,469	102,469
School infrastructure	-	-	119,257	-	119,257
Physical plant and equipment	-	-	302,242	-	302,242
Unassigned:					
General	802,586	-	-	-	802,586
Total fund balances	1,059,839	509,900	421,499	515,958	2,507,196
Total liabilities, deferred inflows of resources and fund balances	\$ 4,450,015	709,901	504,674	516,364	6,180,954

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD 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)		\$ 2,507,196
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,011,149
Income surtax is not yet available to pay current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds.		30,755
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(32,954)
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	\$ 528,016	
Deferred inflows of resources	<u>(873,595)</u>	(345,579)
Long-term liabilities, including revenue bonds payable, computer loan payable, termination benefits payable, net pension liability and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(5,187,710)</u>
Net position of governmental activities(page 18)		<u><u>\$ 3,982,857</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 2,529,949	203,137	81,222	-	2,814,308
Tuition	171,400	-	-	-	171,400
Other	53,765	5,483	25,160	245,773	330,181
State sources	3,051,267	81	546,112	-	3,597,460
Federal sources	162,876	-	-	-	162,876
Total revenues	<u>5,969,257</u>	<u>208,701</u>	<u>652,494</u>	<u>245,773</u>	<u>7,076,225</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,615,151	20,811	-	-	2,635,962
Special	803,146	-	-	-	803,146
Other	786,998	-	-	197,182	984,180
	<u>4,205,295</u>	<u>20,811</u>	<u>-</u>	<u>197,182</u>	<u>4,423,288</u>
Support services:					
Student	160,418	13,875	-	-	174,293
Instructional staff	220,658	-	-	-	220,658
Administration	644,452	22,005	15,356	-	681,813
Operation and maintenance of plant	558,456	45,696	163,273	-	767,425
Transportation	362,106	28,292	27,586	-	417,984
	<u>1,946,090</u>	<u>109,868</u>	<u>206,215</u>	<u>-</u>	<u>2,262,173</u>
Non-instructional programs					
Food service operations	-	1,127	-	-	1,127
Capital outlay	-	-	324,363	-	324,363
Long-term debt:					
Principal	-	-	-	237,234	237,234
Interest and fiscal charges	-	-	-	68,031	68,031
	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,265</u>	<u>305,265</u>
Other expenditures:					
AEA flowthrough	234,707	-	-	-	234,707
Total expenditures	<u>6,386,092</u>	<u>131,806</u>	<u>530,578</u>	<u>502,447</u>	<u>7,550,923</u>
Excess(Deficiency) of revenues over(under) expenditures	(416,835)	76,895	121,916	(256,674)	(474,698)
Other financing sources(uses):					
Transfer in	-	-	-	304,265	304,265
Transfer out	-	-	(304,265)	-	(304,265)
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>(304,265)</u>	<u>304,265</u>	<u>-</u>
Change in fund balances	(416,835)	76,895	(182,349)	47,591	(474,698)
Fund balances beginning of year	<u>1,476,674</u>	<u>433,005</u>	<u>603,848</u>	<u>468,367</u>	<u>2,981,894</u>
Fund balances end of year	<u>\$ 1,059,839</u>	<u>509,900</u>	<u>421,499</u>	<u>515,958</u>	<u>2,507,196</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD 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) \$ (474,698)

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. Capital outlay expenditures exceeded depreciation expense in the current year as follows:

Capital outlay expenditures	\$ 408,518	
Depreciation expense	(353,338)	55,180

Income surtax accounts receivable is not available to finance expenditures of the current year period and is recognized as deferred inflows of resources in the governmental funds. (191,277)

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. 237,234

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 992

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. 338,575

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

Termination benefits	(4,499)	
Pension expense	(186,280)	
Other postemployment benefits	(16,742)	(207,521)

Change in net position of governmental activities(page 19) \$ (241,515)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise: School Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 21,273
Inventories	20,901
Total current assets	42,174
Noncurrent assets:	
Capital assets, net of accumulated depreciation	28,934
Total assets	71,108
 Deferred Outflows of Resources	
Pension related deferred outflows	16,439
 Liabilities	
Current liabilities:	
Salaries and benefits payable	23,586
Unearned revenue	3,665
Total current liabilities	27,251
Noncurrent liabilities:	
Net pension liability	70,845
Net OPEB liability	878
Total noncurrent liabilities	71,723
Total liabilities	98,974
 Deferred Inflows of Resources	
Pension related deferred inflows	27,018
 Net Position	
Net investment in capital assets	28,934
Unrestricted	(67,379)
Total net position	\$ (38,445)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise: School Nutrition
Operating revenue:	
Local sources:	
Charges for service	\$ 169,945
Miscellaneous	1,631
Total operating revenue	171,576
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Services	218
Non-instructional programs:	
Food service operations:	
Salaries	124,492
Benefits	17,687
Services	150
Supplies	184,644
Depreciation	4,163
Other	920
	332,056
Total operating expenses	332,274
Operating loss	(160,698)
Non-operating revenues:	
State sources	3,055
Federal sources	169,225
Interest on investments	5
Total non-operating revenues	172,285
Change in net position	11,587
Net position beginning of year, as restated	(50,032)
Net position end of year	\$ (38,445)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise: School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 174,698
Cash received from miscellaneous	1,631
Cash payments to employees for services	(146,094)
Cash payments to suppliers for goods or services	(167,106)
Net cash used in operating activities	(136,871)
Cash flows from non-capital financing activities:	
State grants received	3,055
Federal grants received	144,298
Net cash provided by non-capital financing activities	147,353
Cash flows from investing activities:	
Interest on investments	5
Net increase in cash and cash equivalents	10,487
Cash and cash equivalents at beginning of year	10,786
Cash and cash equivalents at end of year	\$ 21,273
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (160,698)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	24,927
Depreciation	4,163
Increase in inventories	(5,828)
Decrease in accounts receivable	6,751
Decrease in accounts payable	(273)
Increase in salaries and benefits payable	751
Decrease in unearned revenue	(1,998)
Decrease in net pension liability	(25,837)
Increase in deferred outflows of resources	(6,001)
Increase in deferred inflows of resources	27,018
Increase in other postemployment benefits	154
Net cash used in operating activities	\$ (136,871)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$24,927 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash and pooled investments	<u>\$ 204,551</u>
Liabilities	<u>-</u>
Net Position	
Held in trust for scholarships	<u><u>\$ 204,551</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources	
Contributions	<u>\$ 332</u>
Deductions	
Instruction:	
Other:	
Scholarships awarded	<u>10,100</u>
Change in net position	(9,768)
Net position beginning of year	<u>214,319</u>
Net position end of year	<u><u>\$ 204,551</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

Note 1. Summary of Significant Accounting Policies

The Griswold Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Griswold, Iowa, and the predominate agricultural territory in Montgomery, Adams, Cass, and Pottawattamie Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Griswold 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 Griswold 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 Montgomery, Adams, Cass, and Pottawattamie 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 services. The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary 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 Projects Fund accounts.

The District reports the following major governmental funds:

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

The Management Levy Fund is used to account for the cost of unemployment benefits, early retirement benefits and liability insurance agreements.

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

The District reports the following nonmajor proprietary fund:

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

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund is the Private Purpose Trust Fund.

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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, 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	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 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 corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

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 period or expected to be collected soon enough thereafter to be used to pay

liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of property tax receivable and income surtax receivable 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.

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.

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 of federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; 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 no investments.

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 304,265</u>

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

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 80,747	-	-	80,747
Construction in progress	938,174	364,363	-	1,302,537
Total capital assets not being depreciated	<u>1,018,921</u>	<u>364,363</u>	<u>-</u>	<u>1,383,284</u>
Capital assets being depreciated:				
Buildings	5,890,464	-	-	5,890,464
Land improvements	2,865,296	-	-	2,865,296
Machinery and equipment	1,710,620	44,155	-	1,754,775
Total capital assets being depreciated	<u>10,466,380</u>	<u>44,155</u>	<u>-</u>	<u>10,510,535</u>
Less accumulated depreciation for:				
Buildings	2,914,861	119,914	-	3,034,775
Land improvements	197,326	143,265	-	340,591
Machinery and equipment	1,417,145	90,159	-	1,507,304
Total accumulated depreciation	<u>4,529,332</u>	<u>353,338</u>	<u>-</u>	<u>4,882,670</u>
Total capital assets being depreciated, net	<u>5,937,048</u>	<u>(309,183)</u>	<u>-</u>	<u>5,627,865</u>
Governmental activities capital assets, net	<u>\$ 6,955,969</u>	<u>55,180</u>	<u>-</u>	<u>7,011,149</u>
Business type activities:				
Machinery and equipment	\$ 125,000	-	-	125,000
Less accumulated depreciation	91,903	4,163	-	96,066
Business type activities capital assets, net	<u>\$ 33,097</u>	<u>(4,163)</u>	<u>-</u>	<u>28,934</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 9,310
Other	3,986
Support services:	
Instructional staff	4,056
Operation and maintenance of plant	745
Transportation	<u>72,062</u>
Unallocated depreciation	<u>90,159</u>
	<u>263,179</u>
Total governmental activities depreciation expense	<u>\$ 353,338</u>
Business type activities:	
Food service operations	<u>\$ 4,163</u>

Note 5. Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 2,850,000	-	155,000	2,695,000	155,000
Computer loan	95,733	-	82,234	13,499	13,499
Termination benefits	88,440	32,206	27,707	92,939	42,568
Net pension liability	3,126,052	-	835,384	2,290,668	-
Net OPEB liability	78,862	16,742	-	95,604	-
Total	\$ 6,239,087	48,948	1,100,325	5,187,710	211,067
Business type activities:					
Net pension liability	\$ 96,682	-	25,837	70,845	-
Net OPEB liability	724	154	-	878	-
Total	\$ 97,406	154	25,837	71,723	-

Revenue Bonds

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

Year Ending June 30,	Bond issue dated June 1, 2012			
	Interest Rates	Principal	Interest	Total
2016	1.25%	\$ 155,000	64,931	219,931
2017	1.25	160,000	62,963	222,963
2018	1.25	160,000	60,962	220,962
2019	1.50	165,000	58,725	223,725
2020	1.80	165,000	56,003	221,003
2021-2025	2.00-2.75	880,000	222,538	1,102,538
2026-2030	3.00-3.40	1,010,000	86,510	1,096,510
Total		\$ 2,695,000	612,632	3,307,632

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,000,000 of bonds issued June 2012. The bonds were issued for the purpose of financing various construction projects including parking lot and roof projects. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 40% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$3,307,632. For the current year, \$155,000 of principal and \$66,869 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$546,080.

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

- a) \$225,522 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if

insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.

- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Moneys in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any moneys remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Computer Loan

During the year ended June 30, 2012, the District took out a loan with a local bank to provide funds for the purchase of computer equipment associated with the District’s 1:1 initiative. The loan is payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund. Details of the District’s indebtedness under the loan agreement at June 30, 2015 are as follows:

Year Ending June 30,	Computer Loan dated August 17, 2011			
	Interest Rates	Principal	Interest	Total
2016	2.00%	\$ 13,499	33	13,532

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees in fiscal years 2013, 2014 and 2015. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to years of service multiplied by the amounts from the early retirement schedule found in the District’s early retirement policy. These benefits are subject to a maximum of \$18,750 per individual. The District has an obligation to seven retirees for \$92,939 at June 30, 2015. Early retirement benefits of \$27,707 were paid during the year ended June 30, 2015.

Note 6. 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 \$349,154.

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 \$2,361,513 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 0.058351 percent, which was an increase of 0.00143 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$192,039. 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	\$ 25,665	\$ -
Changes of assumptions	104,219	-
Net difference between projected and actual earnings on pension plan investments	-	900,613
Changes in proportion and differences between District contributions and proportionate share of contributions	65,417	-
District contributions subsequent to the measurement date	349,154	-
Total	\$ 544,455	\$ 900,613

\$349,154 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	\$ (179,522)
2017	(179,522)
2018	(179,522)
2019	(179,522)
2020	12,776
	<u>\$ (705,312)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 4,462,013	\$ 2,361,513	\$ 588,474

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 \$48,621 for legally required employer contributions and \$32,396 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Other Postemployment Benefits

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 57 active and 0 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which result in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 18,829
Interest on net OPEB obligation	1,990
Adjustment to annual required contribution	(3,923)
Annual OPEB cost	<u>16,896</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	16,896
Net OPEB obligation beginning of year	79,586
Net OPEB obligation end of year	<u><u>\$ 96,482</u></u>

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

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 15,066	0.0	\$ 64,194
2014	15,392	0.0	79,586
2015	16,896	0.0	96,482

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 \$137,098, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$137,098. The covered payroll (annual payroll of active employees covered by the plan) was \$3,007,057, and the ratio of the UAAL to covered payroll was 4.6%. As of June 30, 2015, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation

and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the Entry Age Actuarial Cost Method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

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

Note 8. Risk Management

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$234,707 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Deficit Net Position

The School Nutrition Fund had deficit unrestricted net position of \$67,379 and a deficit total net position of \$38,445 at June 30, 2015. The governmental activities of the District had a deficit unrestricted net position of \$1,898,510 at June 30, 2015.

Note 11. Budget Overexpenditure

Per the code of Iowa, expenditures may not legally exceed budget appropriations at the functional area level. During the year ended June 30, 2015, expenditures in the non-instructional programs functional area exceeded the certified budgeted amounts.

Note 12. Construction Commitment

The District has entered into various contracts for a high school locker, restroom and HVAC system projects. As of June 30, 2015, costs of \$1,302,537 had been incurred against the various contracts and the balance remaining will be paid as work on the projects progress.

Note 13. 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:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 7,012,914	\$ 36,212
Net pension liability at June 30, 2014	(3,126,052)	(96,682)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	337,510	10,438
Net position July 1, 2014, as restated	<u>\$ 4,224,372</u>	<u>\$ (50,032)</u>

Note 14. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 18,781
Beginning teacher mentoring and induction program	380
Teacher salary supplement	106,386
Iowa early intervention block grant	31,616
Professional development for model core curriculum	59,688
Teacher development academies	1,662
Professional development	143
Successful progression for early readers	31,829
Teacher leadership grants	6,768
Total	<u>\$ 257,253</u>

Note 15. Reconciliation of Governmental Fund Balances to Net Position

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

	<u>Net Investment In Capital Assets</u>	<u>Debt Service</u>	<u>Management Levy</u>	<u>School Infrastructure</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	413,489	509,900	119,257	802,586
Capital assets, net of accumulated depreciation	7,011,149	-	-	-	-
Revenue bond capitalized indebtedness	(2,686,031)	-	-	-	-
Unspent revenue bond proceeds	-	-	-	(8,969)	-
Computer lease payable	-	-	-	(13,499)	-
Termination benefits	-	-	(92,939)	-	-
Accrued interest payable	-	(32,954)	-	-	-
Income surtax	-	-	-	-	30,755
Pension related deferred outflows	-	-	-	-	528,016
Net pension liability	-	-	-	-	(2,290,668)
Pension related deferred inflows	-	-	-	-	(873,595)
Net OPEB liability	-	-	-	-	(95,604)
Net position (Exhibit A)	<u>\$ 4,325,118</u>	<u>380,535</u>	<u>416,961</u>	<u>96,789</u>	<u>(1,898,510)</u>

REQUIRED SUPPLEMENTARY INFORMATION

GRISWOLD COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE 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 Actual	Fund Actual		Original	Final	
Revenues:						
Local sources	\$ 3,315,889	171,581	3,487,470	4,005,714	4,005,714	(518,244)
Intermediate sources	-	-	-	15,000	15,000	(15,000)
State sources	3,597,460	3,055	3,600,515	3,053,296	3,053,296	547,219
Federal sources	162,876	169,225	332,101	190,000	190,000	142,101
Total revenues	<u>7,076,225</u>	<u>343,861</u>	<u>7,420,086</u>	<u>7,264,010</u>	<u>7,264,010</u>	<u>156,076</u>
Expenditures/Expenses:						
Instruction	4,423,288	-	4,423,288	4,698,919	4,698,919	275,631
Support services	2,262,173	218	2,262,391	2,861,970	2,861,970	599,579
Non-instructional programs	1,127	332,056	333,183	310,000	310,000	(23,183)
Other expenditures	864,335	-	864,335	2,280,656	2,280,656	1,416,321
Total expenditures/expenses	<u>7,550,923</u>	<u>332,274</u>	<u>7,883,197</u>	<u>10,151,545</u>	<u>10,151,545</u>	<u>2,268,348</u>
Excess(Deficiency) of revenues over(under) expenditures	(474,698)	11,587	(463,111)	(2,887,535)	(2,887,535)	2,424,424
Balances beginning of year, as restated	<u>2,981,894</u>	<u>(50,032)</u>	<u>2,931,862</u>	<u>3,516,936</u>	<u>3,516,936</u>	<u>(585,074)</u>
Balances end of year	<u>\$ 2,507,196</u>	<u>(38,445)</u>	<u>2,468,751</u>	<u>629,401</u>	<u>629,401</u>	<u>1,839,350</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

During the year ended June 30, 2015, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

GRISWOLD 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	0.058351%
District's proportionate share of the net pension liability	\$ 2,362
District's covered-employee payroll	\$ 3,910
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.41%
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.

GRISWOLD 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	\$ 349	348	319	268	236	226	237	218	191	181
Contributions in relation to the statutorily required contribution	(349)	(348)	(319)	(268)	(236)	(226)	(237)	(218)	(191)	(181)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,910	3,897	3,679	3,321	3,396	3,252	3,732	3,603	3,322	3,148
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.

GRISWOLD 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.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 199,304	199,304	0.0%	\$ 2,695,812	7.4%
2011	July 1, 2009	-	199,381	199,381	0.0	2,899,093	6.9
2012	July 1, 2009	-	193,072	193,072	0.0	2,995,238	6.5
2013	July 1, 2012	-	144,206	144,206	0.0	3,042,421	4.7
2014	July 1, 2012	-	143,110	143,110	0.0	3,173,899	4.5
2015	July 1, 2012	-	137,098	137,098	0.0	3,007,057	4.6

See Note 7 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.

GRISWOLD COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

	<u>Special Revenue</u>		
	Student Activity	Debt Service	Total
Assets			
Cash and pooled investments	\$ 102,875	413,489	516,364
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ 406	-	406
Deferred inflows of resources:	-	-	-
Fund balances:			
Restricted for:			
Debt service	-	413,489	413,489
Student activities	102,469	-	102,469
Total fund balances	102,469	413,489	515,958
Total liabilities, deferred inflows of resources and fund balances	\$ 102,875	413,489	516,364

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:			
Local sources:			
Other	\$ 245,742	31	245,773
Expenditures:			
Current:			
Instruction:			
Other	197,182	-	197,182
Long-term debt:			
Principal	-	237,234	237,234
Interest and fiscal charges	-	68,031	68,031
Total expenditures	197,182	305,265	502,447
Excess(Deficiency) of revenues over(under) expenditures	48,560	(305,234)	(256,674)
Other financing sources:			
Transfer in	-	304,265	304,265
Change in fund balances	48,560	(969)	47,591
Fund balances beginning of year	53,909	414,458	468,367
Fund balances end of year	\$ 102,469	413,489	515,958

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Revenue Bond Construction	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 25,885	8,969	301,144	335,998
Receivables:				
Property tax:				
Delinquent	-	-	1,098	1,098
Succeeding year	-	-	83,175	83,175
Due from other governments	84,403	-	-	84,403
Total assets	\$ 110,288	8,969	385,417	504,674
Liabilities, deferred inflows of resources and fund balances				
Liabilities:	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	83,175	83,175
Fund balances:				
Restricted for:				
School infrastructure	110,288	8,969	-	119,257
Physical plant and equipment	-	-	302,242	302,242
Total fund balances	110,288	8,969	302,242	421,499
Total liabilities, deferred inflows of resources and fund balances	\$ 110,288	8,969	385,417	504,674

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Revenue Bond Construction	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	-	81,222	81,222
Other	24,905	230	25	25,160
State sources	546,080	-	32	546,112
Total revenues	570,985	230	81,279	652,494
Expenditures:				
Current:				
Support services:				
Administration	1,750	13,606	-	15,356
Operation and maintenance of plant	41,626	98,870	22,777	163,273
Transportation	-	-	27,586	27,586
Capital outlay	324,363	-	-	324,363
Total expenditures	367,739	112,476	50,363	530,578
Excess(Deficiency) of revenues over(under) expenditures	203,246	(112,246)	30,916	121,916
Other financing uses:				
Transfer out	(304,265)	-	-	(304,265)
Change in fund balances	(101,019)	(112,246)	30,916	(182,349)
Fund balances beginning year	211,307	121,215	271,326	603,848
Fund balances end of year	\$ 110,288	8,969	302,242	421,499

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD 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
Instrumental Music	995	1,510	1,555	-	950
Vocal Music	7,698	3,206	1,168	-	9,736
Athletics	(2,419)	118,806	100,409	23	16,001
Annuals	15,013	9,803	10,875	-	13,941
Class of 2019	-	-	119	352	233
Class of 2017	106	3,269	1,831	-	1,544
Class of 2016	2,501	-	1,324	-	1,177
Class of 2015	1,228	-	630	-	598
Class of 2013	352	-	352	-	-
FFA	13,921	72,783	47,420	-	39,284
FHA	(855)	12,159	10,124	-	1,180
Health Services	1,216	45	-	-	1,261
HOSA	909	-	-	-	909
MS Activity	365	4,733	3,662	-	1,436
General Activity	4,776	1,143	150	-	5,769
FBLA	460	-	75	-	385
N.H.S.	751	1,720	1,813	-	658
Now Interest	375	-	-	(375)	-
Spanish Club	167	-	167	-	-
Student Council	1,208	2,667	1,424	-	2,451
Washington Trip	-	760	-	-	760
5th Grade	1,176	5,876	5,767	-	1,285
Elementary Fundraiser	3,961	7,262	8,317	-	2,906
MS Book Fair	5	-	-	-	5
Total	\$ 53,909	245,742	197,182	-	102,469

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2015

	Jahnke Scholarship	FFA Scholarship	Total
ASSETS			
Cash and pooled investments	\$ 204,319	232	204,551
LIABILITIES	-	-	-
NET POSITION			
Held in trust for scholarships	\$ 204,319	232	204,551

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2015

	Jahnke Scholarship	FFA Scholarship	FCCLA Scholarship	Total
Additions:				
Local sources:				
Contributions	\$ -	232	100	332
Deductions:				
Instruction:				
Other:				
Scholarships awarded	10,000	-	100	10,100
Change in net position	(10,000)	232	-	(9,768)
Net position beginning of year	214,319	-	-	214,319
Net position end of year	\$ 204,319	232	-	204,551

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD 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	2015	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,814,308	2,728,036	3,121,169	3,178,087	3,515,193	3,154,939	2,885,622	2,388,717	2,126,459	2,616,166
Tuition	171,400	117,066	123,849	156,720	129,005	132,671	155,295	147,184	190,352	170,893
Other	330,181	363,672	288,075	345,521	407,708	372,109	461,046	287,520	324,300	315,734
State sources	3,597,460	3,796,289	3,031,110	3,247,733	3,042,061	2,781,860	3,104,919	3,190,512	3,030,523	2,763,327
Federal sources	162,876	193,864	173,527	234,894	256,016	657,493	119,731	146,427	155,058	158,878
Total	\$ 7,076,225	7,198,927	6,737,730	7,162,955	7,349,983	7,099,072	6,726,613	6,160,360	5,826,692	6,024,998
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,635,962	2,632,736	2,662,090	2,911,060	2,456,777	2,498,979	2,620,396	2,569,345	2,120,990	2,210,723
Special	803,146	1,059,647	710,353	782,790	726,834	624,716	647,639	731,015	571,774	544,821
Other	984,180	961,553	868,669	799,815	860,883	476,470	684,704	522,357	862,850	588,633
Support services:										
Student	174,293	152,545	168,866	170,424	113,897	146,286	184,846	183,364	58,264	37,068
Instructional staff	220,658	321,040	202,659	189,372	220,492	212,879	258,058	304,243	355,909	293,098
Administration	681,813	825,508	636,245	608,572	552,429	580,712	645,726	625,883	635,085	591,533
Operation and maintenance of plant	767,425	582,937	721,852	737,115	674,876	725,868	632,060	803,192	697,887	656,086
Transportation	417,984	464,585	522,214	507,884	512,928	379,167	441,440	555,498	390,723	301,266
Non-instructional programs	1,127	-	1,585	775	878	1,225	804	541	453	3,705
Capital outlay	324,363	1,267,173	1,547,226	728,576	36,142	113,295	399,302	24,967	77,691	227,282
Long-term debt:										
Principal	237,234	230,607	79,012	64,648	-	-	-	-	-	245,000
Interest and other charges	68,031	72,318	45,801	4,850	-	-	-	-	-	9,710
Other expenditures:										
AEA flow-through	234,707	234,294	224,362	224,939	254,208	248,265	213,339	206,748	192,460	186,413
Total	\$ 7,550,923	8,804,943	8,390,934	7,730,820	6,410,344	6,007,862	6,728,314	6,527,153	5,964,086	5,895,338

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Education of the Griswold 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 Griswold 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 March 29, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Griswold 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.

Griswold Community School District's Responses to Findings

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 29, 2016
Newton, Iowa

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - bank reconciliations, cash receipts and the disbursement function.
- 2) Inventory - receiving, issuing, accounting and storing responsibilities, handling and recording purchases.
- 3) Receipts - collecting, depositing, journalizing, posting and reconciling.
- 4) Disbursements - approval and payment functions.
- 5) Inventories - ordering, receiving, issuing and storing.
- 6) Capital assets - purchasing, recording and reconciling.
- 7) Long-term debt - maintaining bond records and cash function and payment of bonds.
- 8) Financial reporting - preparing, reconciling and approving.
- 9) School lunch program - deposit preparation, journalizing, posting and reconciling.
- 10) Journal entries - writing, approval and posting.

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

Response - The District realizes the importance of proper duty segregation, and will continue to review and reallocate responsibilities whenever/wherever possible

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - District expenditures for the year ended June 30, 2015, exceeded the amounts budgeted in the non-instructional programs functional area.

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

Response - The District will review budget calculations to reduce the likelihood of overages, and it will actively monitor expenditures to ensure that the budget is amended if necessary.

Conclusion - Response accepted.

II-B-15 Questionable Disbursements - We noted that the District purchased gift cards to be given as gifts for volunteer speakers. Giving cash or gift certificates/cards does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds only be spent for the public purpose. The District should refrain from purchasing gift cards to be given as gifts.

Response - The District will discontinue the practice of providing gift cards to show appreciation to volunteer speakers.

Conclusion - Response accepted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Diane Keiser, Technology Coordinator Owns Hano's Printing	Printing services	\$ 806
Bob Amos, Coach Owns Bob's Mowing	Services	33,197
Larry Perdue, Bus Driver Daughter owns Sandbothe Firestone	Supplies/Services	9,855
Travis Peterson, Custodian Owns Pererson Lock and Key	Services	891
Dick Milner, Substitute bus driver Rented bus storage	Services	1,000

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with District employees that own their own businesses do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the daughter of Larry Perdue do not appear to represent a conflict of interest.

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

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

II-G-15 Certified Enrollment - We noted no variances in the basic enrollment data certified to

the Department of Education.

- II-H-15 Supplementary Weighting - We noted no variances regarding the supplementary weighting certified to the Iowa Department of Education,
- 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, however, we noted the Certified Annual Report did not include the amounts recorded in the Private Purpose Trust - Scholarship Fund.

Recommendation - The District should ensure that the funds and amounts certified on the Certified Annual Report to the Department of Education are a complete and accurate listing of all funds included in the District's financial statements.

Response - The District will determine what has caused the fund to be excluded and correct any issues to ensure that all funds are included accurately on the Certified Annual Report

Conclusion - Response accepted.

- II-K-15 Categorical Funding - We noted no instances of categorical funding being used to supplant rather than supplement other funds.
- II-L-15 Financial Condition - We noted that the School Nutrition Fund had a deficit unrestricted net position of \$67,379 and a total deficit net position of \$38,445 at June 30, 2015. We also noted that the governmental activities had a deficit unrestricted net position of \$1,898,510 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 - The District will communicate as needed to ensure that the District's administration and Board of Education are well-informed of the effects of GASB Statements No. 68 and 71. The District will also strive to stay abreast of continued developments and interpretations as they relate to the District's financial statements and reporting.

Conclusion - Response accepted.

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

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

Beginning Balance		\$ 211,307
Revenues:		
Sales tax revenue	\$ 546,080	
Other local revenues	24,905	570,985
		<u>782,292</u>
Expenditures:		
School infrastructure construction	159,453	
Equipment	154,102	
Other	54,184	
Transfers to other funds		
Debt service	304,265	672,004
		<u>672,004</u>
Ending Balance		<u>\$ 110,288</u>

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

II-N-15 District and Regional Rents - We noted during our audit that the District received money for the use of facilities when hosting district and regional athletic events, but those revenues were recorded into the Student Activity Fund.

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

Response - The District will review procedures and communication to ensure that rental income is properly receipted into the General Fund in order to stay in compliance with Chapter 297.9 of the Code of Iowa.

Conclusion - Response accepted.

II-O-15 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the co-curricular and extracurricular activities offered as a part of the education program for students.

Inactive Accounts - We noted an account being maintained in the Student Activity Fund that appears to be inactive.

HOSA - We noted this account has not had expenditures since 2012.

Recommendation - The District should review this account with the Activities Director and determine if the account should be closed. The remaining funds should be reallocated amongst the other student activity fund accounts based on recommendations made by the Activities Director and approved by the District's Board of Directors.

Response - The District will review the account in question to determine if it should remain an open account. If it is determined that the account should be closed, it will be reallocated as required.

Conclusion - Response accepted.

II-P-15 Non-certified Time Sheets - We noted during our audit that the District does not maintain documentation of hours worked by coaches who are non-certified staff. This creates a situation where calculating wage per hour amounts is not possible

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for noncertified staff coaches. The District should then determine if wages paid comply with minimum wage and overtime requirements.

Response - The District will review procedures and adjust as necessary to comply with the Department of Labor requirements on wage per hour contracts and overtime requirements.

Conclusion - Response accepted.