

IOWA FALLS COMMUNITY SCHOOL DISTRICT
IOWA FALLS, IOWA

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

JUNE 30, 2015

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IOWA FALLS COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Todd Bicknese	President	2017
Deanna Krause	Vice President	2017
T.J. Norman	Board Member	2015
Elaine Loring	Board Member	2015
David Gimer	Board Member	2017
<u>School Officials</u>		
Dr. John Robbins	Superintendent	2015
Trish Lee	District Secretary/Treasurer	2015
Rick Engel	Attorney	2015

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. 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 Iowa Falls 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, Iowa Falls Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other*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 8 through 17 and 62 through 70 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 Iowa Falls 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 two years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the seven years ended June 30, 2012 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report, who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financials 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2015 on our consideration of Iowa Falls 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. 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 Iowa Falls Community School District's internal control over financial reporting and compliance.

Hunt & Associates, P.C.

Oskaloosa, Iowa
November 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iowa Falls 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 and other financing sources increased from \$12,092,705 in fiscal year 2014 to \$12,462,625 in fiscal year 2015, while General Fund expenditures decreased from \$12,371,803 in fiscal year 2014 to \$12,238,901 in fiscal year 2015. The District's General Fund balance increased from \$1,982,976 at the end of fiscal year 2014 to \$2,206,700 at the end of fiscal year 2015, an 11.3% increase.
- The fiscal year 2015 General Fund revenue increase was mainly attributable to increases in state and federal sources of revenue. The decrease in expenditures was due primarily to a decrease in instructional costs.

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 Iowa Falls 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 Iowa Falls Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Iowa Falls 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 nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

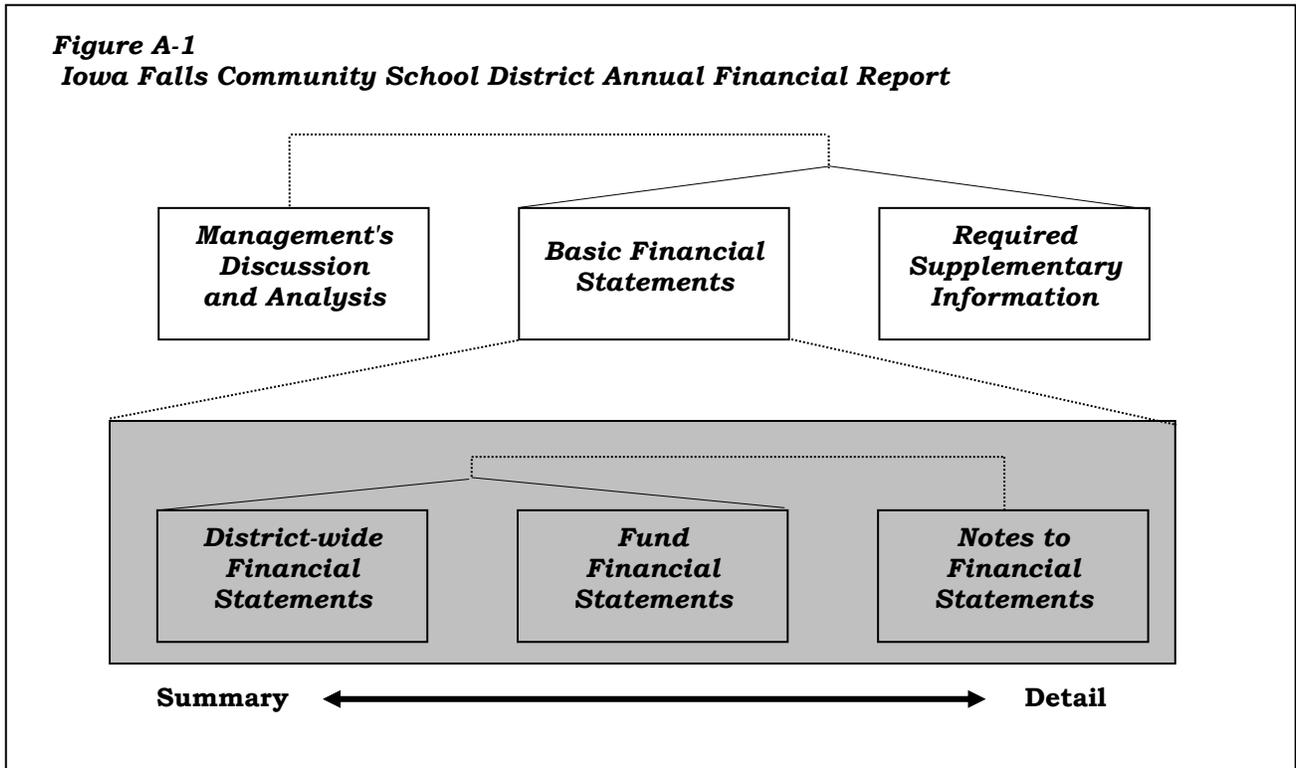


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	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: food services and adult education	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, 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	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 are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show 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 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 Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Day Care Fund.

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.
 - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

- Agency Funds – These are funds through which the District administers and accounts for certain monies on behalf of other entities.

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 include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3							
Condensed Statement of Net Position							
(Expressed in Thousands)							
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014 (not restated)	2014-2015
Current and other assets	9,535,093	8,785,288	53,254	53,000	9,588,347	8,838,288	8.49%
Capital assets	8,551,927	7,761,347	32,523	28,733	8,584,450	7,790,080	10.20%
Total Assets	18,087,020	16,546,635	85,777	81,733	18,172,797	16,628,368	9.29%
Deferred outflows of resources	897,840	-	27,060	-	924,900	-	100.00%
Long-term liabilities	4,939,827	833,968	132,296	3,772	5,072,123	837,740	505.45%
Other liabilities	1,770,671	1,533,783	13,678	16,803	1,784,349	1,550,586	15.08%
Total liabilities	6,710,498	2,367,751	145,974	20,575	6,856,472	2,388,326	187.08%
Deferred inflows of resources	5,891,073	3,727,778	49,015	-	5,940,088	3,727,778	59.35%
Net position:							
Net investment in							
capital assets	8,395,677	7,448,847	32,523	28,733	8,428,200	7,477,580	12.71%
Restricted	1,056,067	1,147,343	-	-	1,056,067	1,147,343	-7.96%
Unrestricted	(3,068,455)	1,854,916	(114,675)	32,425	(3,183,130)	1,887,341	(268.66)%
Total net position	6,383,289	10,451,106	(82,152)	61,158	6,301,137	10,512,264	-40.06%

The District's total net position decreased 40.06%, or approximately \$4,211,127 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$91,276 or 8%, from the prior year. The decrease was primarily a result of a decrease in the Capital Projects restriction.

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 \$5,070,471, or 268.66%. 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 \$5,149,584 and \$157,206, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense, which is more reflective of the amounts employees earned during the year.

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

Figure A-4

	Changes In Net Position							Total Change 2014- 2015
	Governmental Activities		Business Type Activities		Total District			
	6/30/15	6/30/14 (not restated)	6/30/15	6/30/14 (not restated)	6/30/15	6/30/14 (not restated)		
Revenues:								
Program revenues:								
Charges for service	1,746,693	1,632,772	287,650	283,922	2,034,343	1,916,694	6.14%	
Operating grants, contributions and restricted interest	1,653,945	1,575,889	359,410	358,636	2,013,355	1,934,525	4.07%	
Capital grants, contributions and restricted interest	75,800	150,835	4,405	-	80,205	150,835	-46.83%	
General revenues:								
Property tax	3,799,991	4,016,167	-	-	3,799,991	4,016,167	-5.38%	
Income Surtax	465,812	543,930	-	-	465,812	543,930	-14.36%	
Statewide sales, services and use tax	1,032,687	953,043	-	-	1,032,687	953,043	8.36%	
Unrestricted state and federal grants	5,705,755	5,212,606	-	-	5,705,755	5,212,606	9.46%	
Unrestricted investment earnings	14,593	14,619	109	109	14,702	14,728	-0.18%	
Other	150,215	123,482	-	-	150,215	123,482	21.65%	
Total revenues	14,645,491	14,223,343	651,574	642,667	15,297,065	14,866,010	2.90%	

Program expenses:							
Instructional	8,824,902	9,244,363	-	-	8,824,902	9,244,363	-4.54%
Support services	3,720,021	3,818,599	16,561	27,587	3,736,582	3,846,186	-2.85%
Non-instructional programs	5,355	1,533	621,117	619,444	626,472	620,977	0.88%
Other expenses	1,013,446	869,151	-	-	1,013,446	869,151	16.60%
Total expenses	13,563,724	13,933,646	637,678	647,031	14,201,402	14,580,677	-2.60%
Increase (decrease) in net position	1,081,767	289,697	13,896	(4,364)	1,095,663	285,333	283.99%
Net position beginning of year	5,301,522	10,161,409	(96,048)	65,522	5,205,474	10,226,931	-49.10%
Net position end of year	6,383,289	10,451,106	(82,152)	61,158	6,301,137	10,512,264	-40.06%

In fiscal year 2015, property tax and unrestricted state grants accounted for 64.9% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.3% of business type activities revenue. The District's total revenues were approximately \$15.3 million, of which approximately \$14.65 million was for governmental activities and \$.65 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.90% increase in revenues and a 2.60% decrease in expenses. The decrease in expenses is related to a decrease in instructional staff.

Governmental Activities

Revenues for governmental activities were \$14,645,491 and expenses were \$13,563,724 for the year ended June 30, 2015.

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

	Total Cost of Services			Net Cost of Services		
	2015	2014	Change 2014-2015	2015	2014	Change 2014-2015
		(not restated)			(not restated)	
Instruction	8,824,902	9,244,363	-4.54%	6,109,709	6,652,908	-8.16%
Support Services	3,720,021	3,818,599	-2.58%	3,506,661	3,653,847	-4.03%
Non-Instructional Programs	5,355	1,533	249.32%	5,355	1,533	249.32%
Other Expenses	1,013,446	869,151	16.60%	465,561	265,862	75.11%
Totals	13,563,724	13,933,646	-2.65%	10,087,286	10,574,150	-4.60%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,746,693.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,729,745.

- The net cost of governmental activities was financed with \$4,265,803 in property and other taxes, \$1,032,687 in statewide sales, services and use tax, \$5,705,755 in unrestricted state and federal grants, \$14,593 in interest income and \$150,215 in other revenues.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$651,574, representing a 1.4% increase over the prior year, while expenses totaled \$637,678, a 1.4% decrease from the prior year. The District's business type activities include the School Nutrition Fund and the Day Care 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 Iowa Falls Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,104,478, a slight amount more than last year's ending fund balances of \$3,079,043. The increase is primarily attributable to an increase in the General Fund balance, which was offset by a decrease in the Capital Projects Fund.

Governmental Fund Highlights

The District's General Fund balance increased from \$1,982,976 on June 30, 2014 to \$2,206,700 on June 30, 2015. The change in the District's financial position is the result of many factors. Growth during the year in state and federal sources resulted in an increase in revenues. General Fund expenditures decreased, and were less than the revenues, producing an increase in the District's General Fund financial position.

The Capital Projects Fund balance decreased \$310,568 during the current year, from a balance of \$815,493 to \$504,925.

Proprietary Fund Highlights

School Nutrition Fund net position increased from a restated amount of \$(108,517) at June 30, 2014 to \$(95,733) at June 30, 2015, representing an increase of approximately 11.8%.

The Day Care Fund net position increased \$1,112 from a restated amount of \$12,469 at June 30, 2014 to \$13,581 at June 30, 2015.

Budgetary Highlights

The District's total revenues were \$221,354 more than total budgeted revenues, a variance of 1.46%. Even though state revenue decreased in fiscal year 2015, an increase in local resources caused the total amount received to be more than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures using realistic projections for the following year. The District then manages or controls actual spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. However, the District did exceed the amount budgeted in the other expenditures function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$8,584,450, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, and transportation equipment. (See Figure A-6) This represents a net increase of 10.2% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$417,147.

The original cost of the District's capital assets was \$18,416,839. Governmental funds account for \$118,244,417, with the remainder of \$172,422 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The cost of the District's buildings totaled \$11,285,935 at June 30, 2015, compared to \$10,623,064 reported at June 30, 2014. This significant increase resulted from renovations at the Riverbend Middle School.

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	2014-2015
Land	\$128,358	\$128,358			128,358	128,358	0.00%
Construction in progress	620,836	837,989			620,836	837,989	-25.91%
Buildings	6,053,638	5,592,584			6,053,638	5,592,584	8.24%
Improvements other than buildings	888,114	374,050			888,114	374,050	137.43%
Machinery and equipment	860,981	828,366	\$32,523	\$28,733	893,504	857,099	4.25%
Total	8,551,927	7,761,347	32,523	28,733	8,584,450	7,790,080	10.20%

Long-Term Debt

At June 30, 2015, the District had \$5,072,123 in bonds payable and other long-term debt outstanding. This represents a decrease of 25.32% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had outstanding Revenue Bonds payable of \$156,250 at June 30, 2015. The District had total outstanding early retirement benefits payable from the Special Revenue, Management Levy Fund of \$124,210 at June 30, 2015. The District had a net OPEB liability of \$399,000 at June 30, 2015. The District's net pension liability was \$4,392,663 at June 30, 2015.

Figure A-7

	Outstanding Long-Term Obligations								
	Governmental		Business Type				Total		Total
	Activities		Activities				District		Change
	June 30,		June 30,				June 30,		June 30,
2015	2014, as restated	2015	2014, as restated	2015	2014, as restated	2015	2014, as restated	2014-2015	
Revenue bonds	156,250	312,500			156,250	312,500		-50.00%	
Early Retirement	124,210	196,240			124,210	196,240		-36.71%	
Net pension liability	4,264,139	5,777,631	128,524	176,379	4,392,663	5,954,010		-26.22%	
Net OPEB liability	395,228	325,228	3,772	3,772	399,000	329,000		21.28%	
	4,939,827	6,611,599	132,296	180,151	5,072,123	6,791,750		-25.32%	

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that would significantly affect its financial health in the future.

The District does continue a two-way sharing agreement with Alden Community School District. The school boards modified and extended the agreement which will continue through the 2017-18 school year. Continuation of this agreement will continue to benefit the District.

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 Trish Lee, District Secretary/Treasurer, Iowa Falls Community School District, 710 North Street, Iowa Falls, Iowa, 50126.

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Basic Financial Statements

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 4,381,527	\$ 36,497	\$ 4,418,024
Receivables:			
Property tax:			
Current year	45,253	-	45,253
Succeeding year	4,264,853	-	4,264,853
Income surtax	396,364	-	396,364
Accrued interest	1,615	-	1,615
Accounts	133,114	1,902	135,016
Due from other governments	291,256	-	291,256
Inventories	-	14,855	14,855
Prepaid expenses	21,111	-	21,111
Capital assets, net of accumulated depreciation (note 4)	8,551,927	32,523	8,584,450
Total assets	18,087,020	85,777	18,172,797
Deferred Outflows of Resources			
Pension related deferred outflows	897,840	27,060	924,900
Liabilities			
Accounts payable	522,025	1,426	523,451
Salaries and benefits payable	1,223,122	6,816	1,229,938
Deposits payable	24,251	-	24,251
Unearned revenue	-	5,436	5,436
Accrued interest payable	1,273	-	1,273
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	62,105	-	62,105
Bonds payable	156,250	-	156,250
Portion due after one year:			
Early retirement	62,105	-	62,105
Net pension liability	4,264,139	128,524	4,392,663
Net OPEB liability	395,228	3,772	399,000
Total liabilities	6,710,498	145,974	6,856,472

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 4,264,853	\$ -	\$ 4,264,853
Pension related deferred inflows	1,626,220	49,015	1,675,235
Total deferred inflows of resources	<u>5,891,073</u>	<u>49,015</u>	<u>5,940,088</u>
Net Position			
Net investment in capital assets	8,395,677	32,523	8,428,200
Restricted for:			
Categorical funding	283,772	-	283,772
Capital projects	383,978	-	383,978
Physical plant and equipment levy purposes	119,674	-	119,674
Management levy purposes	100,324	-	100,324
Student activities	168,319	-	168,319
Unrestricted	<u>(3,068,455)</u>	<u>(114,675)</u>	<u>(3,183,130)</u>
Total net position	<u>\$ 6,383,289</u>	<u>\$ (82,152)</u>	<u>\$ 6,301,137</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	5,172,406	996,756	752,894	-
Special	1,641,812	350,605	183,697	-
Other	2,010,684	385,163	46,078	-
	<u>\$ 8,824,902</u>	<u>\$ 1,732,524</u>	<u>\$ 982,669</u>	<u>\$ -</u>
Support services:				
Student	388,053	-	117,988	-
Instructional staff	440,108	-	79,928	-
Administration	1,307,117	-	-	-
Operation and maintenance of plant	1,094,286	12,746	-	-
Transportation	490,457	1,423	1,275	-
	<u>3,720,021</u>	<u>14,169</u>	<u>199,191</u>	<u>-</u>
Non-instructional programs	<u>5,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	283,942	-	-	75,800
Long-term debt interest and fiscal charges	2,546	-	-	-
AEA flowthrough	472,085	-	472,085	-
Depreciation (unallocated) *	254,873	-	-	-
	<u>1,013,446</u>	<u>-</u>	<u>472,085</u>	<u>75,800</u>
Total governmental activities	<u>13,563,724</u>	<u>1,746,693</u>	<u>1,653,945</u>	<u>75,800</u>

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(3,422,756)	-	(3,422,756)
(1,107,510)	-	(1,107,510)
(1,579,443)	-	(1,579,443)
<u>\$ (6,109,709)</u>	<u>\$ -</u>	<u>\$ (6,109,709)</u>
(270,065)	-	(270,065)
(360,180)	-	(360,180)
(1,307,117)	-	(1,307,117)
(1,081,540)	-	(1,081,540)
(487,759)	-	(487,759)
<u>(3,506,661)</u>	<u>-</u>	<u>(3,506,661)</u>
<u>(5,355)</u>	<u>-</u>	<u>(5,355)</u>
(208,142)	-	(208,142)
(2,546)	-	(2,546)
-	-	-
<u>(254,873)</u>	<u>-</u>	<u>(254,873)</u>
<u>(465,561)</u>	<u>-</u>	<u>(465,561)</u>
<u>(10,087,286)</u>	<u>-</u>	<u>(10,087,286)</u>

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Food service operations	\$ 16,561	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	601,216	266,737	359,410	4,405
Other enterprise operations	19,901	20,913	-	-
	<u>621,117</u>	<u>287,650</u>	<u>359,410</u>	<u>4,405</u>
Total business-type activities	<u>637,678</u>	<u>287,650</u>	<u>359,410</u>	<u>4,405</u>
Total	<u>\$ 14,201,402</u>	<u>\$ 2,034,343</u>	<u>\$ 2,013,355</u>	<u>\$ 80,205</u>

General revenues:

Property tax levied for:
 General purposes
 Capital outlay
Income surtax
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total general revenues

Change in net position

Net position beginning of year, as restated (note 13)

Net position end of year

* = This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (16,561)	\$ (16,561)
-	29,336	29,336
-	1,012	1,012
-	30,348	30,348
-	13,787	13,787
(10,087,286)	13,787	(10,073,499)
\$ 3,463,048	\$ -	\$ 3,463,048
336,943	-	336,943
465,812	-	465,812
1,032,687	-	1,032,687
5,705,755	-	5,705,755
14,593	109	14,702
150,215	-	150,215
11,169,053	109	11,169,162
1,081,767	13,896	1,095,663
5,301,522	(96,048)	5,205,474
\$ 6,383,289	\$ (82,152)	\$ 6,301,137

IOWA FALLS COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 3,326,703	\$ 680,864	\$ 373,960	\$ 4,381,527
Receivables:				
Property tax:				
Current year	36,816	3,320	5,117	45,253
Succeeding year	3,570,800	344,052	350,001	4,264,853
Income surtax	396,364	-	-	396,364
Accrued interest	1,330	244	41	1,615
Accounts	96,902	15,178	21,034	133,114
Due from other governments	131,258	159,977	21	291,256
Prepaid expenses	21,111	-	-	21,111
	<hr/>			
Total assets	<u>\$ 7,581,284</u>	<u>\$ 1,203,635</u>	<u>\$ 750,174</u>	<u>\$ 9,535,093</u>

IOWA FALLS COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 160,047	\$ 354,658	\$ 7,320	\$ 522,025
Salaries and benefits payable	1,223,122	-	-	1,223,122
Deposits payable	24,251	-	-	24,251
Total liabilities	<u>1,407,420</u>	<u>354,658</u>	<u>7,320</u>	<u>1,769,398</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,570,800	344,052	350,001	4,264,853
Other	396,364	-	-	396,364
Total deferred inflows of resources	<u>3,967,164</u>	<u>344,052</u>	<u>350,001</u>	<u>4,661,217</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	21,111	-	-	21,111
Restricted for:				
Categorical funding (note 10)	283,772	-	-	283,772
School infrastructure	-	385,251	-	385,251
Physical plant and equipment	-	119,674	-	119,674
Management levy purposes	-	-	224,534	224,534
Student activities	-	-	168,319	168,319
Unassigned	1,901,817	-	-	1,901,817
Total fund balances	<u>2,206,700</u>	<u>504,925</u>	<u>392,853</u>	<u>3,104,478</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,581,284</u>	<u>\$ 1,203,635</u>	<u>\$ 750,174</u>	<u>\$ 9,535,093</u>

See notes to financial statements.

IOWA FALLS 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	\$	3,104,478
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		8,551,927
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		396,364
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.		(1,273)
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	\$ 897,840	
Deferred inflows of resources	<u>(1,626,220)</u>	(728,380)
Long-term liabilities, including early retirement, bonds payable, compensated absences, net pension liability and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(4,939,827)</u>
Net position of governmental activities	\$	<u><u>6,383,289</u></u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,520,453	\$ 331,482	\$ 407,787	\$ 4,259,722
Tuition	1,145,569	-	-	1,145,569
Other	325,238	98,347	351,825	775,410
State sources	7,090,465	1,038,149	6,143	8,134,757
Federal sources	376,965	-	-	376,965
Total revenues	<u>12,458,690</u>	<u>1,467,978</u>	<u>765,755</u>	<u>14,692,423</u>
Expenditures:				
Current:				
Instruction	8,359,065	129,636	401,894	8,890,595
Support services:				
Student	394,080	-	-	394,080
Instructional staff	413,389	39,040	-	452,429
Administration	1,313,038	1,306	15,793	1,330,137
Operation and maintenance of plant	875,870	19,020	199,388	1,094,278
Transportation	410,593	95,635	31,823	538,051
	<u>3,406,970</u>	<u>155,001</u>	<u>247,004</u>	<u>3,808,975</u>
Non-instructional programs	781	-	4,578	5,359
Other expenditures:				
Facilities acquisition	-	1,333,839	-	1,333,839
Long term debt:				
Principal	-	-	156,250	156,250
Interest and fiscal charges	-	-	3,820	3,820
AEA flowthrough	472,085	-	-	472,085
	<u>472,085</u>	<u>1,333,839</u>	<u>160,070</u>	<u>1,965,994</u>
Total expenditures	<u>12,238,901</u>	<u>1,618,476</u>	<u>813,546</u>	<u>14,670,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>219,789</u>	<u>(150,498)</u>	<u>(47,791)</u>	<u>21,500</u>

IOWA FALLS COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):				
Sale of equipment	\$ 3,935	\$ -	\$ -	\$ 3,935
Interfund transfers in (note 3)	-	-	160,070	160,070
Interfund transfers out (note 3)	-	(160,070)	-	(160,070)
Total other financing sources (uses)	<u>3,935</u>	<u>(160,070)</u>	<u>160,070</u>	<u>3,935</u>
Net change in fund balances	223,724	(310,568)	112,279	25,435
Fund balances beginning of year	<u>1,982,976</u>	<u>815,493</u>	<u>280,574</u>	<u>3,079,043</u>
Fund balances end of year	<u>\$ 2,206,700</u>	<u>\$ 504,925</u>	<u>\$ 392,853</u>	<u>\$ 3,104,478</u>

See notes to financial statements.

IOWA FALLS 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

Net change in fund balances - total governmental funds \$ 25,435

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

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

Capital outlays	\$ 1,202,707	
Depreciation expense	<u>(412,127)</u>	790,580

Income surtax revenue not received until several months after the District's
fiscal year end is not considered available revenue and is recognized as
deferred inflows of resources in the governmental funds. (50,867)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but it reduces long-term liabilities in the Statement of Net Position. 156,250

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, however, interest expense is recognized as the interest accrues,
regardless of when it is due. 1,274

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. 196

IOWA FALLS 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

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:

	Early retirement	72,030	
	Pension expense	156,869	
	Net OPEB liability	<u>(70,000)</u>	<u>158,899</u>
Change in net position of governmental activities			<u>\$ 1,081,767</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

June 30, 2015

	Enterprise Funds		
	School Nutrition	Nonmajor Enterprise fund	Total
Assets			
Cash and cash equivalents	\$ 11,627	\$ 24,870	\$ 36,497
Receivables:			
Accounts	1,902	-	1,902
Inventories	14,855	-	14,855
Capital assets, net of accumulated depreciation (note 4)	32,523	-	32,523
Total assets	<u>60,907</u>	<u>24,870</u>	<u>85,777</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>25,329</u>	<u>1,731</u>	<u>27,060</u>
Liabilities			
Accounts payable	1,351	75	1,426
Salaries and benefits payable	5,227	1,589	6,816
Unearned revenue	5,436	-	5,436
Net OPEB liability (note 5)	3,772	-	3,772
Net pension liability (note 5)	120,303	8,221	128,524
Total liabilities	<u>136,089</u>	<u>9,885</u>	<u>145,974</u>
Deferred Inflows of Resources			
Pension related deferred inflows	<u>45,880</u>	<u>3,135</u>	<u>49,015</u>
Fund Net Position			
Net investment in capital assets	32,523	-	32,523
Unrestricted	<u>(128,256)</u>	<u>13,581</u>	<u>(114,675)</u>
Total fund net position	<u>\$ (95,733)</u>	<u>\$ 13,581</u>	<u>\$ (82,152)</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		
	School Nutrition	Nonmajor Enterprise Fund	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 266,737	\$ 20,913	\$ 287,650
Operating expenses:			
Support services:			
Salaries	6,461	-	6,461
Benefits	1,054	-	1,054
Services	7,833	-	7,833
Supplies	272	-	272
Other	941	-	941
	<u>16,561</u>	<u>-</u>	<u>16,561</u>
Non-instructional programs:			
Food service operations:			
Salaries	196,797	-	196,797
Benefits	61,165	-	61,165
Services	170	-	170
Supplies	338,064	-	338,064
Depreciation	5,020	-	5,020
	<u>601,216</u>	<u>-</u>	<u>601,216</u>
Daycare operations:			
Salaries	-	16,135	16,135
Benefits	-	2,620	2,620
Supplies	-	1,146	1,146
	<u>-</u>	<u>19,901</u>	<u>19,901</u>
Total operating expenses	<u>617,777</u>	<u>19,901</u>	<u>637,678</u>
Operating income (loss)	\$ (351,040)	\$ 1,012	\$ (350,028)

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 Year Ended June 30, 2015

	Enterprise Funds		
	School Nutrition	Nonmajor Enterprise Fund	Total
Non-operating revenues:			
Interest income	\$ 9	\$ 100	\$ 109
State sources	5,310	-	5,310
Federal sources	354,100	-	354,100
Capital contributions	4,405	-	4,405
Total non-operating revenues	<u>363,824</u>	<u>100</u>	<u>363,924</u>
Change in fund net position	12,784	1,112	13,896
Fund net position beginning of year, as restated (note 13)	<u>(108,517)</u>	<u>12,469</u>	<u>(96,048)</u>
Fund net position end of year	<u>\$ (95,733)</u>	<u>\$ 13,581</u>	<u>\$ (82,152)</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		
	School Nutrition	Nonmajor Enterprise Fund	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 258,149	\$ -	\$ 258,149
Cash received from miscellaneous operating activities	6,235	20,913	27,148
Cash paid to employees for services	(273,860)	(18,193)	(292,053)
Cash paid to suppliers for goods or services	(298,882)	(1,133)	(300,015)
Net cash provided by (used by) operating activities	<u>(308,358)</u>	<u>1,587</u>	<u>(306,771)</u>
Cash flows from non-capital financing activities:			
State grants received	5,310	-	5,310
Federal grants received	307,322	-	307,322
Net cash provided by non-capital financing activities	<u>312,632</u>	<u>-</u>	<u>312,632</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(4,405)</u>	<u>-</u>	<u>(4,405)</u>
Cash flows from investing activities:			
Interest on investments	<u>9</u>	<u>100</u>	<u>109</u>
Net increase (decrease) in cash and cash equivalents	(122)	1,687	1,565
Cash and cash equivalents beginning of year	<u>11,749</u>	<u>23,183</u>	<u>34,932</u>
Cash and cash equivalents end of year	<u>\$ 11,627</u>	<u>\$ 24,870</u>	<u>\$ 36,497</u>

IOWA FALLS COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds		
	School Nutrition	Nonmajor Enterprise Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ (351,040)	\$ 1,012	\$ (350,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Commodities used	52,524	-	52,524
Depreciation	5,020	-	5,020
(Increase) in inventories	(3,450)	-	(3,450)
(Increase) in accounts receivable	(985)	-	(985)
Increase (decrease) in accounts payable	(676)	13	(663)
Increase (decrease) in salaries and benefits payable	(1,493)	399	(1,094)
(Decrease) in unearned revenue	(1,368)	-	(1,368)
(Increase) in deferred outflows of resources	(7,310)	(577)	(7,887)
Increase in deferred inflows of resources	45,880	3,135	49,015
(Decrease) in net pension liability	(45,460)	(2,395)	(47,855)
Net cash provided by (used by) operating activities	\$ <u>(308,358)</u>	\$ <u>1,587</u>	\$ <u>(306,771)</u>

Non-cash financing activities:

During the year ended June 30, 2015, the District received \$52,524 of federal commodities. In addition, the Enterprise Fund, School Nutrition received a contribution of \$4,405 in equipment from the Capital Projects Fund during the year ended June 30, 2015.

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2015

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Cash and pooled investments	\$ 167,353	\$ 23,363
Liabilities:		
Due to other groups	-	23,363
Fiduciary Net Position:		
Restricted for scholarships	\$ 167,353	\$ -

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2015

		<u>Private Purpose Trust</u>
		<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$	9,121
Interest		<u>198</u>
Total additions		<u>9,319</u>
Deductions:		
Support services:		
Scholarships awarded		<u>10,251</u>
Change in fiduciary net position		(932)
Fiduciary net position beginning of year		<u>168,285</u>
Fiduciary net position end of year	\$	<u><u>167,353</u></u>
See notes to financial statements.		

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies

Iowa Falls 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 Iowa Falls, Iowa, and agricultural territory in Hardin and Franklin 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, Iowa Falls 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. Iowa Falls 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 does 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 Hardin County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

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

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

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

The District reports the nonmajor Enterprise, Day Care Fund as an additional Enterprise Fund.

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District 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 position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

Property Tax Receivable – Property tax receivable is recognized in the governmental funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the 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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% 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.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements on the consumption method.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and 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 one year.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Intangibles	125,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Intangibles	2 or more years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

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

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

Unearned Revenue – Meal program proceeds which have been received by the District but will be earned in a succeeding fiscal year have been accrued as liabilities.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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/expenses exceeded the amount budgeted in the other expenditures function.

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 ensure there will be no loss of public funds.

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ <u>380</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>160,070</u>

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

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 128,358	\$ -	\$ -	\$ 128,358
Construction in progress	837,989	620,836	837,989	620,836
Total capital assets not being depreciated	<u>966,347</u>	<u>620,836</u>	<u>837,989</u>	<u>749,194</u>
Capital assets being depreciated:				
Buildings	10,623,064	662,871	-	11,285,935
Improvements other than buildings	1,077,904	570,647	-	1,648,551
Furniture and equipment	4,438,694	186,342	64,299	4,560,737
Total capital assets being depreciated	<u>16,139,662</u>	<u>1,419,860</u>	<u>64,299</u>	<u>17,495,223</u>
Less accumulated depreciation for:				
Buildings	5,030,480	201,817	-	5,232,297
Improvements other than buildings	703,854	56,583	-	760,437
Furniture and equipment	3,610,328	153,727	64,299	3,699,756
Total accumulated depreciation	<u>9,344,662</u>	<u>412,127</u>	<u>64,299</u>	<u>9,692,490</u>
Total capital assets being depreciated, net	<u>6,795,000</u>	<u>1,007,733</u>	<u>-</u>	<u>7,802,733</u>
Governmental activities capital assets, net	<u>\$ 7,761,347</u>	<u>\$ 1,628,569</u>	<u>\$ 837,989</u>	<u>\$ 8,551,927</u>
Business-type activities:				
Furniture and equipment	\$ 163,612	\$ 8,810	\$ -	\$ 172,422
Less accumulated depreciation	134,879	5,020	-	139,899
Business-type activities capital assets, net	<u>\$ 28,733</u>	<u>\$ 3,790</u>	<u>\$ -</u>	<u>\$ 32,523</u>

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular

\$ 104,169

Support services:

Transportation

53,085

157,254

Unallocated depreciation

254,873

Total depreciation expense - governmental activities

\$ 412,127

Business-type activities:

Food service operations

\$ 5,020

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities

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

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 196,240	\$ -	\$ 72,030	\$ 124,210	\$ 62,105
Revenue bonds	312,500	-	156,250	156,250	156,250
Net pension liability	5,777,631	-	1,513,492	4,264,139	-
Net OPEB liability	325,228	70,000	-	395,228	-
Total	<u>\$ 6,611,599</u>	<u>\$ 70,000</u>	<u>\$ 1,741,772</u>	<u>\$ 4,939,827</u>	<u>\$ 218,355</u>
Business-type activities:					
Net pension liability	\$ 176,379	\$ -	\$ 47,855	\$ 128,524	-
Net OPEB liability	3,772	-	-	3,772	-
Total	<u>\$ 180,151</u>	<u>\$ -</u>	<u>\$ 47,855</u>	<u>\$ 132,296</u>	<u>\$ -</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified and full-time support employees. Eligible employees must be at least age fifty-five and employees must have completed twelve 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 benefit for each eligible employee is equal to 50% of the employee's base salary calculated by using the current year regular salary schedule, less any supplemental pay, extended contract pay and teacher quality pay. Early retirement benefits will be paid over a three-year period. The employee may also participate in the District's health insurance program at the employee's own expense until the employee reaches age 65 or otherwise becomes eligible for other insurance.

At June 30, 2015, the District had obligations to seven participants with a total liability of \$124,210. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$72,030. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities (continued)

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,	Interest Rates	Principal	Interest	Total
2016	1.63 %	\$ <u>156,250</u>	\$ <u>1,274</u>	\$ <u>157,524</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$625,000 of bonds issued in September 2011. 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 2016. The bonds are not a general obligation of the District and are not subject to the constitutional debt limitation of the District. The bonds were purchased by Green Belt Bank and Trust, bear an interest rate of 1.63 percent, and do not require reserve or sinking funds. Annual principal and interest payments on the bonds are expected to require approximately 15.5 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$157,524. For the current year, \$156,250 of principal and \$3,820 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,032,687.

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 informational purposes only. Refer to the plan documents for more information.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

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 \$647,178.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

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 \$4,392,663 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s proportion was 0.1107606 percent, which was an increase of 0.007063 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$364,904. 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
Difference between expected and actual experience	\$ 47,740	\$ -
Changes of assumptions	193,858	-
Net difference between projected and actual earnings on pension plan investments	-	1,675,235
Changes in proportion and differences between District contributions and proportionate share of contributions	36,124	-
District contributions subsequent to the measurement date	<u>647,178</u>	<u>-</u>
Total	<u>\$ 924,900</u>	<u>\$ 1,675,235</u>

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

\$647,178 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 ending 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 Ending June 30,		
2016	\$	(326,237)
2017		(326,237)
2018		(326,237)
2019		(326,237)
2020		<u>25,920</u>
Total	\$	<u><u>(1,279,028)</u></u>

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

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

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

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

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

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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, 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	\$ 8,299,813	\$ 4,392,663	\$ 1,094,623

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.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 110 active and one retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 106,279
Interest on net OPEB obligation	8,225
Adjustment to annual required contribution	<u>25,874</u>
Annual OPEB cost	88,630
Contributions made	<u>18,630</u>
Increase in net OPEB obligation	70,000
Net OPEB obligation beginning of year	<u>329,000</u>
Net OPEB obligation end of year	<u><u>\$ 399,000</u></u>

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

For the year ended June 30, 2015, the District contributed \$18,630 to the medical plan.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Other Postemployment Benefits (OPEB) (continued)

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 113,352	24.2%	\$ 238,000
2014	118,386	23.1%	329,000
2015	88,630	21.0%	399,000

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$594,757, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$594,757. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,912,955, and the ratio of the UAAL to covered payroll was 20.4%. As of June 30, 2015, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis.

Projected claim costs of the medical plan are \$541 per month. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 8. Risk Management

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

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 \$472,085 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. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 92,984
Returning dropouts and dropout prevention programs	57,827
Teacher salary supplement	18,969
Successful progression for early readers	32,590
Professional development for model core curriculum	68,980
Professional development	<u>12,422</u>
Total	<u>\$ 283,772</u>

Note 11. Construction Commitments

The District has entered into contracts totaling \$729,956 for various projects. As of June 30, 2015, costs of \$574,694 had been incurred against the contracts. The balance of \$155,262 remaining at June 30, 2015 will be paid as work on the project progresses.

Note 12. Subsequent Event

On July 8, 2015, the District issued \$550,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds. The bonds have an interest rate of 1.0% and are payable through the year ending June 30, 2019.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 13. Accounting Change/Restatement

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

	Governmental Activities	Business-type Activities	Proprietary Funds	
			School Nutrition	Day Care
Net position June 30, 2014, as previously reported	\$ 10,451,106	\$ 61,158	\$ 39,227	\$ 21,931
Net pension liability at June 30, 2014	(5,777,631)	(176,379)	(165,763)	(10,616)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>628,047</u>	<u>19,173</u>	<u>18,019</u>	<u>1,154</u>
Net position July 1, 2014, as restated	<u>\$ 5,301,522</u>	<u>\$ (96,048)</u>	<u>\$ (108,517)</u>	<u>\$ 12,469</u>

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Required Supplementary Information

IOWA FALLS 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 Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 6,180,701	\$ 292,164	\$ 6,472,865	\$ 6,276,297	\$ 196,568
Intermediate sources	-	-	-	-	-
State sources	8,134,757	5,310	8,140,067	8,201,346	(61,279)
Federal sources	376,965	354,100	731,065	645,000	86,065
Total revenues	14,692,423	651,574	15,343,997	15,122,643	221,354
EXPENDITURES/EXPENSES:					
Instruction	8,890,595	-	8,890,595	9,360,339	469,744
Support services	3,808,975	16,561	3,825,536	4,216,000	390,464
Non-instructional programs	5,359	621,117	626,476	646,674	20,198
Other expenditures	1,965,994	-	1,965,994	1,840,512	(125,482)
Total expenditures/expenses	14,670,923	637,678	15,308,601	16,063,525	754,924
Excess (deficiency) of revenues over (under) expenditures/ expenses	21,500	13,896	35,396	(940,882)	976,278
Other financing sources, net	3,935	-	3,935	-	3,935
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	25,435	13,896	39,331	(940,882)	980,213
Balance beginning of year, as restated	3,079,043	(96,048)	2,982,995	2,618,070	364,925
Balance end of year	\$ <u>3,104,478</u>	\$ <u>(82,152)</u>	\$ <u>3,022,326</u>	\$ <u>1,677,188</u>	\$ <u>1,345,138</u>

See accompanying independent auditor's report.

IOWA FALLS 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 comparisons for the General Fund and each major Special Revenue Fund.

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

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

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
 Last Fiscal Year*
 (In Thousands)

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.1107606
District's proportionate share of the net pension liability	\$ 4,393
District's covered-employee payroll	\$ 7,240
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.68%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

See accompanying independent auditor's report.

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.

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IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of the District's Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 647	\$ 647	\$ 590	\$ 525
Contributions in relation to the statutorily required contribution	<u>(647)</u>	<u>(647)</u>	<u>(590)</u>	<u>(525)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,240	\$ 7,247	\$ 6,801	\$ 6,502
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 431	\$ 424	\$ 402	\$ 360	\$ 328	\$ 307
(431)	(424)	(402)	(360)	(328)	(307)
<u>\$ -</u>					
\$ 6,203	\$ 6,377	\$ 6,336	\$ 5,945	\$ 5,701	\$ 5,335
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

IOWA FALLS 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.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2015

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

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

IOWA FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

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)
2009	July 1, 2008	\$ -	\$ 1,676	\$ 1,676	0.0%	\$ 6,262	26.8%
2010	July 1, 2008	-	1,676	1,676	0.0%	6,472	25.9%
2011	July 1, 2008	-	1,676	1,676	0.0%	6,334	26.5%
2012	July 1, 2011	-	681	681	0.0%	6,193	11.0%
2013	July 1, 2011	-	600	600	0.0%	2,572	23.3%
2014	July 1, 2011	-	600	600	0.0%	3,032	19.8%
2015	July 1, 2014	-	595	595	0.0%	2,913	20.4%

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.

Supplementary Information

IOWA FALLS COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 202,940	\$ 171,020	\$ 373,960
Receivables:			
Property tax:			
Current year	5,117	-	5,117
Succeeding year	350,001	-	350,001
Accrued interest	-	41	41
Accounts	21,034	-	21,034
Due from other governments	21	-	21
 Total assets	 \$ 579,113	 \$ 171,061	 \$ 750,174
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	4,578	2,742	7,320
 Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	350,001	-	350,001
 Fund balances:			
Restricted for:			
Management levy purposes	224,534	-	224,534
Student activities	-	168,319	168,319
Total fund balances	224,534	168,319	392,853
 Total liabilities, deferred inflows of resources and fund balances	 \$ 579,113	 \$ 171,061	 \$ 750,174

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Special Revenue		Debt Service	Total
	Management Levy	Student Activity		
Revenues:				
Local sources:				
Local tax	\$ 407,787	\$ -	\$ -	\$ 407,787
Other	26,688	325,137	-	351,825
State sources	6,143	-	-	6,143
Total revenues	<u>440,618</u>	<u>325,137</u>	<u>-</u>	<u>765,755</u>
Expenditures:				
Current:				
Instruction	91,971	309,923	-	401,894
Support services:				
Administration	15,793	-	-	15,793
Operation and maintenance of plant	199,388	-	-	199,388
Transportation	31,823	-	-	31,823
Non-instructional programs	4,578	-	-	4,578
Other expenditures:				
Long term debt:				
Principal	-	-	156,250	156,250
Interest and fiscal charges	-	-	3,820	3,820
Total expenditures	<u>343,553</u>	<u>309,923</u>	<u>160,070</u>	<u>813,546</u>
Excess (deficiency) of revenues over (under) expenditures	97,065	15,214	(160,070)	(47,791)
Other financing sources:				
Interfund transfers in	-	-	160,070	160,070
Net change in fund balances	97,065	15,214	-	112,279
Fund balances beginning of year	<u>127,469</u>	<u>153,105</u>	<u>-</u>	<u>280,574</u>
Fund balances end of year	<u>\$ 224,534</u>	<u>\$ 168,319</u>	<u>\$ -</u>	<u>\$ 392,853</u>

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 471,557	\$ 209,307	\$ 680,864
Receivables:			
Property tax:			
Current year	-	3,320	3,320
Succeeding year	-	344,052	344,052
Accrued interest	227	17	244
Accounts	8,958	6,220	15,178
Due from other governments	159,964	13	159,977
 Total assets	 \$ 640,706	 \$ 562,929	 \$ 1,203,635
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 255,455	\$ 99,203	\$ 354,658
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	344,052	344,052
Fund balances:			
Restricted for:			
School infrastructure	385,251	-	385,251
Physical plant and equipment	-	119,674	119,674
Total fund balances	385,251	119,674	504,925
 Total liabilities, deferred inflows of resources and fund balances	 \$ 640,706	 \$ 562,929	 \$ 1,203,635

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 331,482	\$ 331,482
Other	16,127	82,220	98,347
State sources	1,032,687	5,462	1,038,149
Total revenues	<u>1,048,814</u>	<u>419,164</u>	<u>1,467,978</u>
Expenditures:			
Current:			
Instruction	129,636	-	129,636
Support services:			
Instructional staff	39,040	-	39,040
Administration	-	1,306	1,306
Operation and maintenance of plant	-	19,020	19,020
Transportation	-	95,635	95,635
Other expenditures:			
Facilities acquisition	916,687	417,152	1,333,839
Total expenditures	<u>1,085,363</u>	<u>533,113</u>	<u>1,618,476</u>
Deficiency of revenues under expenditures	(36,549)	(113,949)	(150,498)
Other financing uses:			
Interfund transfers out	<u>(160,070)</u>	-	<u>(160,070)</u>
Net change in fund balances	(196,619)	(113,949)	(310,568)
Fund balances beginning of year	<u>581,870</u>	<u>233,623</u>	<u>815,493</u>
Fund balances end of year	<u>\$ 385,251</u>	<u>\$ 119,674</u>	<u>\$ 504,925</u>

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS Activity Tickets	\$ 578	\$ 12,930	\$ 13,508	\$ -
HS Musical Theater	10,743	2,425	596	12,572
HS Speech	-	607	607	-
HS Vocal	1,670	137	17	1,790
HS Band	5,768	1,926	1,594	6,100
HS Athletics Misc	2,309	21,384	23,221	472
HS Athletics Supplies	(720)	4,273	3,553	-
MS Cross Country	32	692	692	32
Boys Basketball	-	10,735	10,329	406
Football	1,523	17,349	17,747	1,125
Soccer	4,519	8,851	5,994	7,376
Baseball	(926)	7,129	6,998	(795)
Boys Track	(7)	5,354	5,347	-
Boys Cross Country	-	1,756	1,756	-
Boys Tennis	-	1,098	1,098	-
Boys Golf	-	1,206	1,206	-
Wrestling	1,405	9,071	9,207	1,269
HS Cheerleaders	2,202	6,243	7,008	1,437
HS Drill Team	1,500	5,219	729	5,990
Girls Basketball	-	7,217	7,217	-
Volleyball	1,100	15,825	16,925	-
Girls Softball	(66)	5,830	6,549	(785)
Girls Track	(7)	2,426	2,419	-
Girls Cross Country	-	2,499	2,499	-
Girls Tennis	-	1,055	1,055	-
Girls Golf	-	242	242	-
Resale - HS Band	420	373	159	634
HS Band Uniform Maintenance	782	425	11	1,196
Resale - Elementary Band	2,002	359	555	1,806
Resale - MS Band	1,589	785	377	1,997
RR - Lion's Lead Dog Account	3,963	6,367	5,800	4,530
Elementary Vocal Account	2,353	2,087	2,811	1,629
Pineview School	11,737	17,457	21,156	8,038
Rock Run School	16,025	20,020	17,841	18,204
HS - SAAD Account	119	6	125	-
MS - LIFE Girls Group	2,243	2,200	2,432	2,011
MS - Science Club	17	26	46	(3)
MS - Student Council	1,335	6,902	9,312	(1,075)
MS - Rachel's Challenge	38	700	195	543

IOWA FALLS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS Best Buddies	\$ -	\$ 3,097	\$ 1,248	\$ 1,849
HS - SCI	3,142	663	2,880	925
HS - Tshirt Account	2,553	8,888	10,371	1,070
HS - Marketing Club	490	-	-	490
HS FCCLA	6,145	15,841	16,537	5,449
HS Future Nurses	125	-	-	125
HS National Honor Society	549	2,149	2,504	194
HS Art Club	306	250	251	305
HS Future Farmers of America	2,219	36,883	29,420	9,682
HS Student Council	2,551	2,655	2,432	2,774
HS International Club	1,025	500	559	966
HS HEARTS Class	4,814	4,548	3,642	5,720
HS Speech Club Invitational	7,046	-	689	6,357
HS Math Club	879	782	481	1,180
HS Class of 2015	6,168	983	1,161	5,990
HS Class of 2016	4,384	427	5,135	(324)
HS Class of 2017	799	7,381	4,011	4,169
HS Class of 2018	594	3,404	3,717	281
HS Student Center	-	3,763	389	3,374
HS Popcorn Fund	1,709	16,259	15,533	2,435
HS Yearbook	31,369	23,965	19,010	36,324
Local Revenue - Interest	1,992	493	-	2,485
Less: Intrafund transfers	-	(18,980)	(18,980)	-
Total	\$ 153,105	\$ 325,137	\$ 309,923	\$ 168,319

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2015

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash and pooled investments	\$ 24,121	\$ 16,996	\$ 17,754	\$ 23,363
Liabilities				
Due to other groups	\$ 24,121	\$ 16,996	\$ 17,754	\$ 23,363

See accompanying independent auditor's report.

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

	Modified Accrual Basis Years Ended June 30,			
	2015	2014	2013	2012
Revenues:				
Local sources:				
Local tax	\$ 4,259,722	\$ 4,542,270	\$ 5,098,683	\$ 5,219,362
Tuition	1,145,569	1,111,584	1,029,728	980,481
Other	775,410	809,181	940,120	708,088
State sources	8,134,757	7,462,445	6,437,685	5,888,903
Federal sources	376,965	281,120	317,741	314,464
Total revenues	\$ 14,692,423	\$ 14,206,600	\$ 13,823,957	\$ 13,111,298
Expenditures:				
Instruction	\$ 8,890,595	\$ 8,935,616	\$ 8,433,743	\$ 8,911,753
Support services:				
Student	394,080	373,009	390,577	296,619
Instructional staff	452,429	528,082	475,442	537,731
Administration	1,330,137	1,290,691	1,226,207	1,144,795
Operation and maintenance of plant	1,094,278	1,126,839	904,468	851,615
Transportation	538,051	461,778	442,699	499,643
Non-instructional programs	5,359	1,533	812	1,467
Other expenditures:				
Facilities acquisition	1,333,839	1,206,581	549,997	470,684
Long-term debt:				
Principal	156,250	156,250	156,250	275,000
Interest and fiscal charges	3,820	6,367	8,914	12,012
AEA flowthrough	472,085	452,454	433,050	416,003
Total expenditures	\$ 14,670,923	\$ 14,539,200	\$ 13,022,159	\$ 13,417,322

See accompanying independent auditor's report.

	2011	2010	2009	2008	2007	2006
\$	5,245,243	\$ 4,863,060	\$ 4,425,507	\$ 4,205,049	\$ 4,131,910	\$ 3,797,258
	1,011,234	882,724	941,463	909,851	920,235	778,711
	728,073	604,529	650,422	658,951	857,693	845,315
	5,530,276	4,926,308	5,763,655	5,490,019	5,298,716	4,908,993
	535,643	927,357	407,506	225,053	271,055	272,801
\$	<u>13,050,469</u>	<u>12,203,978</u>	<u>12,188,553</u>	<u>11,488,923</u>	<u>11,479,609</u>	<u>10,603,078</u>
\$	7,658,517	\$ 7,467,313	\$ 7,377,668	\$ 7,191,448	\$ 6,913,178	\$ 6,485,458
	345,037	380,930	373,982	304,984	278,966	266,983
	636,241	397,460	497,609	395,379	305,138	305,943
	1,156,241	1,122,720	1,116,906	1,082,225	1,074,310	1,014,899
	913,169	929,912	899,916	783,178	789,718	713,783
	385,843	397,400	310,987	394,148	306,386	347,992
	977	1,305	1,428	2,215	22,825	21,368
	489,818	477,005	1,324,071	874,342	1,040,110	424,184
	610,000	590,000	580,000	305,000	300,000	245,000
	27,873	45,203	50,213	42,305	47,867	106,977
	455,726	448,336	380,255	361,604	354,443	321,953
\$	<u>12,679,442</u>	<u>12,257,584</u>	<u>12,913,035</u>	<u>11,736,828</u>	<u>11,432,941</u>	<u>10,254,540</u>

IOWA FALLS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2015

Grantor / Program	CFDA Number	Pass-through Grantor Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	3150-15	\$ 56,517
National School Lunch Program	10.555	3150-15	291,061 *
Summer Food Service Program for Children	10.559	3150-15	<u>6,523</u>
			<u>354,101</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3150-G-15	148,972
Title I Grants to Local Educational Agencies	84.010	3150-GC-15	<u>26,409</u>
			<u>175,381</u>
Improving Teacher Quality State Grants	84.367	3150-15	<u>28,632</u>
Grants for State Assessments and Related Activities	84.369	3150-15	<u>5,695</u>
Area Education Agency 267:			
Special Education - Grants to States	84.027	3150-15	<u>50,970</u>
Career and Technical Education - Basic Grants to States	84.048	3150-15	<u>11,416</u>
University of Northern Iowa:			
State Fiscal Stabilization Fund (SFSF) - Investing in Innovation i3 Fund, Recovery Act	84.396	3150-15	<u>1,430</u>
Total			<u>\$ 627,625</u>

* = Includes \$52,524 of non-cash awards.

Basis of Presentation –

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

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Iowa Falls Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Iowa Falls 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 November 23, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether Iowa Falls 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 that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Iowa Falls Community School District's Responses to the Findings

Iowa Falls Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Iowa Falls 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 results 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 report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Falls 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.

Hunt & Associates, P.C.

Oskaloosa, Iowa
November 23, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education of
Iowa Falls Community School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

In planning and performing our audit of compliance, we considered Iowa Falls Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Falls Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Hunt + Associates, P.C.

Oskaloosa, Iowa
November 23, 2015

IOWA FALLS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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

- (a) Unmodified opinions were issued on all opinion units.
- (b) No material weaknesses in internal control over financial reporting were reported.
- (c) The audit did not report any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.559 – Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa Falls Community School District did not qualify as a low-risk auditee.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part IV: Other Findings Related to Statutory Reporting:

IV-A-15 Certified Budget – Expenditures/expenses for the year ended June 30, 2015, exceeded the amount budgeted in the other expenditures function.

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 – We will amend our budget in sufficient amounts before expenditures exceed the budget in the future.

Conclusion – Response accepted.

IV-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Todd Bicknese, Board Vice President, Spouse owns Bel Floral	School supplies	\$1,465

In accordance with Chapter 279.7A of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the cumulative amount did not exceed \$2,500 for the fiscal year.

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

IV-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

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

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

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

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

IOWA FALLS COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-K-15 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-L-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 District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance	\$	581,870	
Revenues:			
Interest	\$	831	
Other local revenues		15,296	
Statewide sales, services and use tax		<u>1,032,687</u>	1,048,814
Expenditures/transfers out:			
School infrastructure construction		889,737	
Equipment		195,626	
Transfers to other funds:			
Debt Service Fund		<u>160,070</u>	<u>1,245,433</u>
Ending balance	\$		<u><u>385,251</u></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.

IOWA FALLS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-M-15 Financial Condition – The District’s Governmental Activities had a deficit unrestricted net position of \$3,068,455 at June 30, 2015. The District’s Business-Type Activities had a deficit unrestricted net position of \$114,675 at June 30, 2015. In addition, the Enterprise Fund, School Nutrition had a deficit unrestricted net position of \$128,256 at June 30, 2015. These deficit balances arose due to the implementation of Governmental Accounting Standards Board Statement Number 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB 27 which required the inclusion of the District’s proportionate share of the IPERS pension liability and related deferred inflows and outflows in the District’s financial statements.

Recommendation – Even though the deficits arose due to the inclusion of the proportionate share of the IPERS net pension liability in the financial statements, the District should investigate ways to return the governmental and business-type activities and the Nutrition Fund to sound financial conditions.

Response – We are unsure of what steps can be taken at this time to alleviate the strain of the District’s proportionate share of the IPERS liability. However, we will look into this situation and investigate ways to return the associated activities and funds to sound financial conditions.

Conclusion – Response accepted.