

LAMONI COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Lamoni Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Chip Millslagle	President	2017
Bob Bell	Vice President	2017
Michelle Dickey-Kotz	Board Member	2015
Larry Heltenberg	Board Member	2015
Cody Shields	Board Member	2015
<u>School Officials</u>		
Chris Coffelt	Superintendent	2015
Lisa Jones	District Secretary/Treasurer	2015
Ahlers & Cooney, P.C.	Attorney	2015
Pat Greenwood	Attorney	2015

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Independent Auditor's Report

To the Board of Education of Lamoni Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Lamoni Community School District, Lamoni, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lamoni 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 four years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2010 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2016, on our consideration of the Lamoni Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lamoni Community School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

March 28, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,755,337 in fiscal year 2014 to \$3,738,558 in fiscal year 2015, while General Fund expenditures increased from \$3,999,189 in fiscal year 2014 to \$4,211,195 in fiscal year 2015. The District's General Fund balance decreased from \$1,112,758 at June 30, 2014 to \$640,121 at June 30, 2015, a 42.47% decrease from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in tuition revenue received in fiscal year 2015 as compared to the prior year. The increase in expenditures was due primarily to increases in negotiated salaries and benefits for District employees.

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

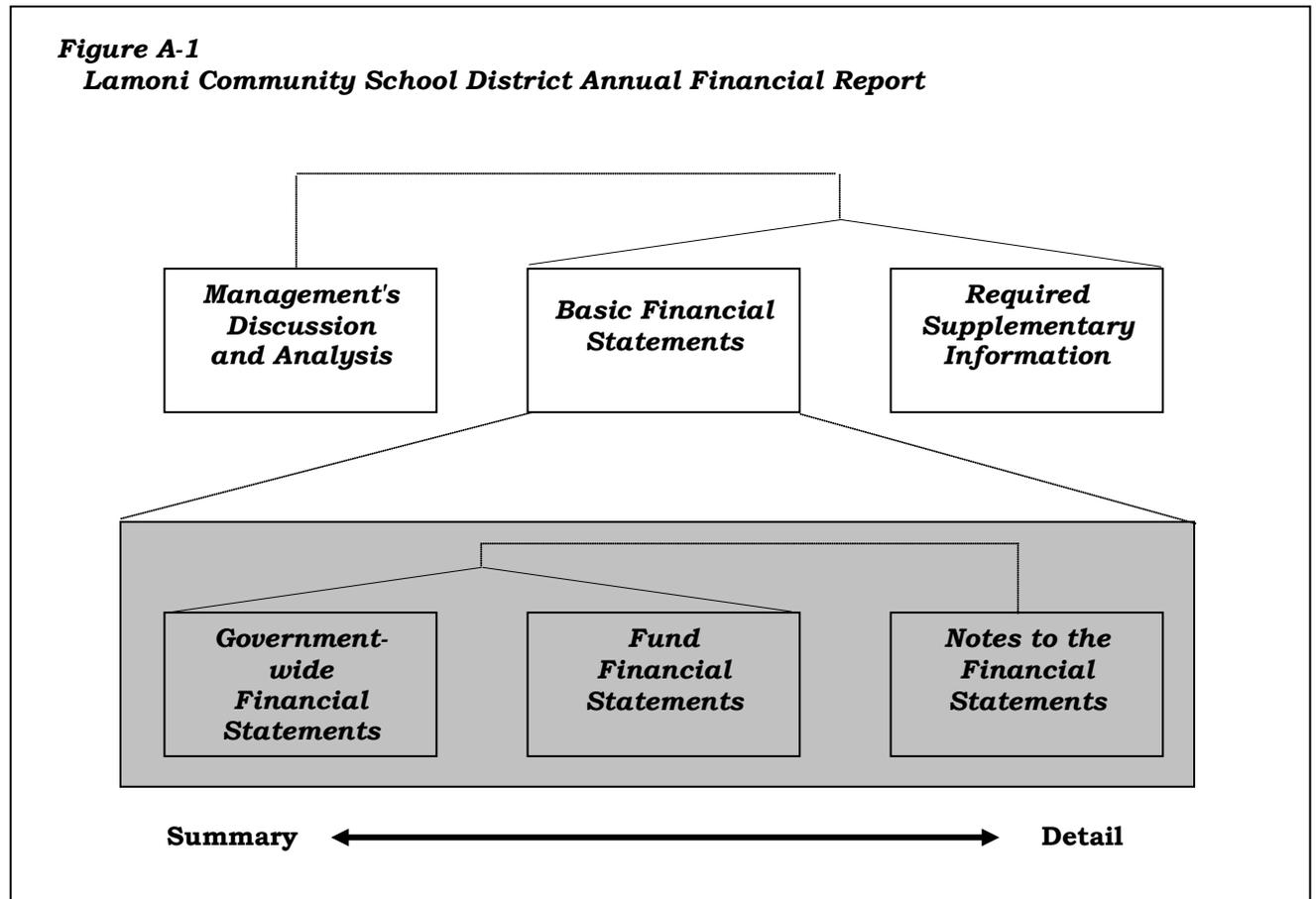


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private Purpose Trust and Agency funds.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	June 30,		June 30,		June 30,	June 30,	
	2014		2014		2014		
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	2014-15
Current and other assets	\$ 4,248,375	4,189,864	75,318	142,241	4,323,693	4,332,105	-0.19%
Capital assets	6,982,942	7,177,608	41,717	28,891	7,024,659	7,206,499	-2.52%
Total assets	11,231,317	11,367,472	117,035	171,132	11,348,352	11,538,604	-1.65%
Deferred inflows of resources	310,571	-	11,219	-	321,790	-	100.00%
Long-term liabilities	3,438,845	2,230,535	48,860	2,881	3,487,705	2,233,416	56.16%
Other liabilities	656,733	425,268	9,465	2,347	666,198	427,615	55.79%
Total liabilities	4,095,578	2,655,803	58,325	5,228	4,153,903	2,661,031	56.10%
Deferred inflows of resources	1,893,383	1,325,595	17,535	-	1,910,918	1,325,595	44.16%
Net position:							
Net investment in capital assets	5,007,942	4,992,608	41,717	28,891	5,049,659	5,021,499	0.56%
Restricted	1,692,025	1,311,392	-	-	1,692,025	1,311,392	29.03%
Unrestricted	(1,147,040)	1,082,074	10,677	137,013	(1,136,363)	1,219,087	-193.21%
Total net position	\$ 5,552,927	7,386,074	52,394	165,904	5,605,321	7,551,978	-25.78%

The District's combined net position decreased by 25.78%, or \$1,946,657, 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 sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$380,633 or 29.03%, from the prior year. The increase is primarily due to the increase in the amount restricted for school infrastructure as compared to the previous year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$2,355,450, or 193.21%. The decrease in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,753,107 and \$56,832, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

	Figure A-4 Changes of Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 370,336	475,570	57,387	58,449	427,723	534,019	-19.90%
Operating grants, contributions and restricted interest	403,946	570,392	135,212	149,768	539,158	720,160	-25.13%
Capital grants, contributions and restricted interest	-	339,385	-	-	-	339,385	-100.00%
General revenues:							
Property tax	1,339,071	1,343,283	-	-	1,339,071	1,343,283	-0.31%
Income surtax	56,905	115,163	-	-	56,905	115,163	-50.59%
Statewide sales, services and use tax	301,276	272,757	-	-	301,276	272,757	10.46%
Unrestricted state grants	2,027,005	1,827,947	-	-	2,027,005	1,827,947	10.89%
Unrestricted investment earnings	9,013	16,284	643	1,458	9,656	17,742	-45.58%
Other	66,168	40,526	-	-	66,168	40,526	63.27%
Total revenues	4,573,720	5,001,307	193,242	209,675	4,766,962	5,210,982	-8.52%
Program expenses:							
Instruction	2,929,876	2,840,958	5,414	5,384	2,935,290	2,846,342	3.12%
Support services	1,318,100	1,323,951	-	-	1,318,100	1,323,951	-0.44%
Non-instructional programs	-	-	244,506	222,639	244,506	222,639	9.82%
Other expenses	405,784	419,989	-	-	405,784	419,989	-3.38%
Total expenses	4,653,760	4,584,898	249,920	228,023	4,903,680	4,812,921	1.89%
Excess(Deficiency) of revenues over(under) expenses	(80,040)	416,409	(56,678)	(18,348)	(136,718)	398,061	-134.35%
Transfers	-	(776)	-	776	-	-	0.00%
Change in net position	(80,040)	415,633	(56,678)	(17,572)	(136,718)	398,061	-134.35%
Net position beginning of year, as restated	5,632,967	6,970,441	109,072	183,476	5,742,039	7,153,917	-19.74%
Net position end of year	\$ 5,552,927	7,386,074	52,394	165,904	5,605,321	7,551,978	-25.78%

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 81.43% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.67% of the revenue from business type activities.

The District's total revenues were approximately \$4.77 million of which approximately \$4.58 million was for governmental activities and approximately \$0.19 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 8.52% decrease in revenues and a 1.89% increase in expenses. The decrease in revenues was primarily due to a decrease in capital contributions received during fiscal year 2015 as compared to the previous year due to the District completing their safe room project during fiscal year 2014. The increase in expenses was primarily a result of an increase in instruction expenses incurred as compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$4,573,720 and expenses were \$4,653,760 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, and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Change 2014-15	2015	2014 (Not Restated)	Change 2014-15
Instruction	\$ 2,929,876	2,840,958	3.13%	2,292,216	1,943,510	17.94%
Support services	1,318,100	1,323,951	-0.44%	1,318,100	969,839	35.91%
Other expenses	405,784	419,989	-3.38%	269,162	286,202	-5.95%
Totals	\$ 4,653,760	4,584,898	1.50%	3,879,478	3,199,551	21.25%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$370,336.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$403,946.
- The net cost of governmental activities was financed with \$1,339,071 in property tax, \$56,905 in income surtax, \$301,276 in statewide sales, services and use tax, \$2,027,005 in unrestricted state grants, \$9,013 in interest income and \$66,168 in other general revenues.

Business Type Activities

Revenues of the District's business type activity were \$193,242 and expenses were \$249,920 for the year ended June 30, 2015. The District's business type activity includes the School Nutrition Fund and the Entrepreneurs Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements and interest income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,219,793 below last year's ending combined fund balances of \$2,345,301. The primary reason for the decrease in combined fund balances is due to the decrease in fund balance of the General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The fund balance decreased from \$1,112,758 at June 30, 2014 to \$640,121 at June 30, 2015. Total revenues decreased primarily due to a decrease in tuition revenue received as compared to the prior year. Expenditures increased primarily due to an increase in negotiated salaries and benefits paid to District employees. Total expenditures outpaced total revenues ensuring a decrease in fund balance for fiscal year 2015.
- The Capital Project Fund balance increased from \$1,011,741 at June 30, 2014 to \$1,328,130 at June 30, 2015. This increase is primarily due to a decrease in the amount of expenditures required for capital outlay purposes as compared to the prior fiscal year.
- The Debt Service Fund balance increased from \$36,592 at June 30, 2014 to \$39,012 at June 30, 2015. This increase in ending fund balance is primarily due to an increase in local tax revenues received as compared to the previous year.

Proprietary Fund Highlights

The School Nutrition Fund's net position decreased from a restated net position of \$107,908 at July 1, 2014 to \$51,432 at June 30, 2015. This represents a decrease of 52.34%. This decrease in net position is primarily due to an increase in salary and benefit expenses incurred as compared to the previous year.

The net position of the Entrepreneurs Fund decreased from \$1,164 at June 30, 2014 to \$962 at June 30, 2015, representing a decrease of 17.35%. This decrease in net position is primarily due to an increase in expenses incurred as compared to the previous year.

BUDGETARY HIGHLIGHTS

The District's revenues were \$7,507 more than budgeted revenues, a variance of 0.16%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs and other expenditures functional areas during fiscal year 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$7,024,659 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a decrease of 2.52% from last year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$199,709.

The original cost of the District's capital assets was \$9,768,518. Governmental funds accounted for \$9,675,489 with the remainder of \$93,029 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$6,756,369 at June 30, 2015 compared to \$6,930,578 at June 30, 2014. The primary reason for the decrease was due to annual depreciation expense incurred during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 73,183	73,183	-	-	73,183	73,183	0.00%
Buildings	6,756,369	6,930,578	-	-	6,756,369	6,930,578	-2.51%
Land improvements	38,102	40,846	-	-	38,102	40,846	-6.72%
Machinery and equipment	115,288	133,001	41,717	28,891	157,005	161,892	-3.02%
Total	\$ 6,982,942	7,177,608	41,717	28,891	7,024,659	7,206,499	-2.52%

Long-Term Debt

At June 30, 2015, the District had \$3,487,705 in general obligation bonds payable, and other long-term debt outstanding. (See Figure A-7) This represents an increase of 56.16% from the prior year. More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding general obligation bonds of \$1,975,000 at June 30, 2015 payable from the Debt Service Fund.

The District had a total net pension liability of \$1,464,289 at June 30, 2015. Governmental activities accounted for \$1,418,310 of this total and business type activities accounted for \$45,979.

The District had a total net OPEB liability of \$48,416 at June 30, 2015. Governmental activities accounted for \$45,535 of this total and business type activities accounted for \$2,881.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
General obligation bonds	\$ 1,975,000	2,185,000	-	-	1,975,000	2,185,000	-9.61%
Net pension liability	1,418,310	-	45,979	-	1,464,289	-	100.00%
Net OPEB liability	45,535	45,535	2,881	2,881	48,416	48,416	0.00%
Total	\$ 3,438,845	2,230,535	48,860	2,881	3,487,705	2,233,416	56.16%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- District student enrollment is a primary consideration in the development of the budget on an annual basis. Historically, the District has experienced a relatively stable student enrollment. Recently, the District has experienced significant declines in student enrollment, which negatively impact school funding. The District will continue to monitor enrollment and adjust staffing ratios accordingly in order to maintain appropriate spending authority.
- The Iowa Legislature set the state supplementary aid rate for Fiscal Year 2016 after the budget was established and did not set the rate for Fiscal Year 2017. This uncertainty negatively impacts district decision-making in preparing for the annual budget.
- District health insurance renewal rates through ISEBA are a cost the district has no control over and continue to increase on an annual basis. As such, a larger percentage of new money is allotted to health insurance benefits, leaving less for staff salaries. These increases in health care costs and rates will continue to impact district finances and staffing. Long-term impact and associated costs of the Affordable Care Act on the District continue to be evaluated.
- The District continues to be impacted by diminishing state and federal funding revenues and increasing District expenses. The District will evaluate how best to meet its' core mission of providing a quality educational experience for all students, supporting priorities, while evaluating efficiencies in all areas of the budget. District salaries and benefits continue to increase at a rate that exceeds annual state supplemental aid amounts, eroding District reserves and authority.

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 Lisa Jones, District Secretary/Treasurer, Lamoni Community School District, 202 N. Walnut, Lamoni, Iowa 50140.

Basic Financial Statements

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

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 2,648,091	71,486	2,719,577
Receivables:			
Property tax:			
Delinquent	20,552	-	20,552
Succeeding year	1,352,480	-	1,352,480
Income surtax	33,555	-	33,555
Accounts	90	-	90
Due from other governments	193,607	-	193,607
Inventories	-	3,832	3,832
Capital assets, net of accumulated depreciation	6,982,942	41,717	7,024,659
TOTAL ASSETS	11,231,317	117,035	11,348,352
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	310,571	11,219	321,790
LIABILITIES			
Accounts payable	163,704	731	164,435
Salaries and benefits payable	478,843	6,334	485,177
Accrued interest payable	14,186	-	14,186
Unearned revenue	-	2,400	2,400
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	150,000	-	150,000
Portion due after one year:			
General obligation bonds payable	1,825,000	-	1,825,000
Net pension liability	1,418,310	45,979	1,464,289
Net OPEB liability	45,535	2,881	48,416
TOTAL LIABILITIES	4,095,578	58,325	4,153,903
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	1,352,480	-	1,352,480
Pension related deferred inflows	540,903	17,535	558,438
TOTAL DEFERRED INFLOWS OF RESOURCES	1,893,383	17,535	1,910,918
NET POSITION			
Net investment in capital assets	5,007,942	41,717	5,049,659
Restricted for:			
Categorical funding	119,200	-	119,200
Debt service	24,826	-	24,826
School infrastructure	902,156	-	902,156
Physical plant and equipment	425,974	-	425,974
Management levy purposes	190,194	-	190,194
Student activities	29,675	-	29,675
Unrestricted	(1,147,040)	10,677	(1,136,363)
TOTAL NET POSITION	\$ 5,552,927	52,394	5,605,321

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,658,995	209,275	43,382	(1,406,338)	-	(1,406,338)
Special	626,553	61,898	27,762	(536,893)	-	(536,893)
Other	644,328	99,163	196,180	(348,985)	-	(348,985)
	<u>2,929,876</u>	<u>370,336</u>	<u>267,324</u>	<u>(2,292,216)</u>	<u>-</u>	<u>(2,292,216)</u>
Support services:						
Student	70,943	-	-	(70,943)	-	(70,943)
Instructional staff	27,084	-	-	(27,084)	-	(27,084)
Administration	499,684	-	-	(499,684)	-	(499,684)
Operation and maintenance of plant	497,100	-	-	(497,100)	-	(497,100)
Transportation	223,289	-	-	(223,289)	-	(223,289)
	<u>1,318,100</u>	<u>-</u>	<u>-</u>	<u>(1,318,100)</u>	<u>-</u>	<u>(1,318,100)</u>
Long-term debt interest	92,209	-	-	(92,209)	-	(92,209)
Other expenses:						
AEA flowthrough	136,622	-	136,622	-	-	-
Depreciation (unallocated)*	176,953	-	-	(176,953)	-	(176,953)
	<u>313,575</u>	<u>-</u>	<u>136,622</u>	<u>(176,953)</u>	<u>-</u>	<u>(176,953)</u>
Total governmental activities	<u>4,653,760</u>	<u>370,336</u>	<u>403,946</u>	<u>(3,879,478)</u>	<u>-</u>	<u>(3,879,478)</u>
Business type activities:						
Instruction:						
Other	5,414	5,212	-	-	(202)	(202)
Non-instructional programs:						
Food service operations	244,506	52,175	135,212	-	(57,119)	(57,119)
Total business type activities	<u>249,920</u>	<u>57,387</u>	<u>135,212</u>	<u>-</u>	<u>(57,321)</u>	<u>(57,321)</u>
Total	<u>\$ 4,903,680</u>	<u>427,723</u>	<u>539,158</u>	<u>(3,879,478)</u>	<u>(57,321)</u>	<u>(3,936,799)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 930,252	-	930,252
Debt service				305,381	-	305,381
Capital outlay				103,438	-	103,438
Income surtax				56,905	-	56,905
Statewide sales, services and use tax				301,276	-	301,276
Unrestricted state grants				2,027,005	-	2,027,005
Unrestricted investment earnings				9,013	643	9,656
Other				66,168	-	66,168
Total general revenues				<u>3,799,438</u>	<u>643</u>	<u>3,800,081</u>
Change in net position				(80,040)	(56,678)	(136,718)
Net position beginning of year, as restated				<u>5,632,967</u>	<u>109,072</u>	<u>5,742,039</u>
Net position end of year				<u>\$ 5,552,927</u>	<u>52,394</u>	<u>5,605,321</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 1,023,762	1,378,312	34,325	211,692	2,648,091
Receivables:					
Property tax					
Delinquent	13,037	1,588	4,687	1,240	20,552
Succeeding year	940,515	104,112	232,853	75,000	1,352,480
Income surtax	11,185	22,370	-	-	33,555
Due from other funds	99,222	-	-	-	99,222
Accounts	-	-	-	90	90
Due from other governments	146,022	47,452	-	133	193,607
TOTAL ASSETS	\$ 2,233,743	1,553,834	271,865	288,155	4,347,597
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	99,222	-	-	99,222
Accounts payable	163,079	-	-	625	163,704
Salaries and benefits payable	478,843	-	-	-	478,843
Total liabilities	641,922	99,222	-	625	741,769
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	940,515	104,112	232,853	75,000	1,352,480
Income surtax	11,185	22,370	-	-	33,555
Total liabilities	951,700	126,482	232,853	75,000	1,386,035
Fund balances:					
Restricted for:					
Categorical funding	119,200	-	-	-	119,200
Debt service	-	-	39,012	-	39,012
School infrastructure	-	902,156	-	-	902,156
Physical plant and equipment levy	-	425,974	-	-	425,974
Management levy purposes	-	-	-	190,194	190,194
Student activities	-	-	-	29,675	29,675
Unassigned:					
General	520,921	-	-	-	520,921
Student activities	-	-	-	(7,339)	(7,339)
Total fund balances	640,121	1,328,130	39,012	212,530	2,219,793
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,233,743	1,553,834	271,865	288,155	4,347,597

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)	\$	2,219,793
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,982,942
Accounts receivable income surtax, is not available to finance expenditures of the current period.		33,555
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(14,186)
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	\$ 310,571	
Deferred inflows of resources	<u>(540,903)</u>	(230,332)
Long-term liabilities, including general obligation bonds payable, the net pension liability and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(3,438,845)</u>
Net position of governmental activities (page 18)	\$	<u>5,552,927</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 959,802	125,510	305,381	80,813	1,471,506
Tuition	271,535	-	-	-	271,535
Other	78,310	3,762	306	93,419	175,797
State sources	2,227,894	301,323	141	37	2,529,395
Federal sources	201,017	-	-	-	201,017
Total revenues	<u>3,738,558</u>	<u>430,595</u>	<u>305,828</u>	<u>174,269</u>	<u>4,649,250</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	1,680,112	-	-	-	1,680,112
Special	636,215	-	-	-	636,215
Other	570,176	-	-	84,639	654,815
	<u>2,886,503</u>	<u>-</u>	<u>-</u>	<u>84,639</u>	<u>2,971,142</u>
Support services:					
Student	60,320	-	-	-	60,320
Instructional staff	14,559	-	-	-	14,559
Administration	488,485	-	-	9,094	497,579
Operation and maintenance of plant	422,346	10,898	-	52,216	485,460
Transportation	202,360	-	-	-	202,360
	<u>1,188,070</u>	<u>10,898</u>	<u>-</u>	<u>61,310</u>	<u>1,260,278</u>
Capital outlay	-	103,308	-	-	103,308
Long-term debt:					
Principal	-	-	210,000	-	210,000
Interest and fiscal charges	-	-	93,408	-	93,408
	<u>-</u>	<u>-</u>	<u>303,408</u>	<u>-</u>	<u>303,408</u>
Other expenditures:					
AEA flowthrough	136,622	-	-	-	136,622
TOTAL EXPENDITURES	<u>4,211,195</u>	<u>114,206</u>	<u>303,408</u>	<u>145,949</u>	<u>4,774,758</u>
Change in fund balances	(472,637)	316,389	2,420	28,320	(125,508)
Fund balances beginning of year	1,112,758	1,011,741	36,592	184,210	2,345,301
Fund balances end of year	<u>\$ 640,121</u>	<u>1,328,130</u>	<u>39,012</u>	<u>212,530</u>	<u>2,219,793</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds (page 22) \$ (125,508)

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. There were not capital outlays by the District during the year. However, depreciation expense in the current year is as follows:

Depreciation expense (194,666)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 210,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,199

Income surtax account receivable is not available to finance expenditures of the current year period and is recognized as deferred inflows of resources in the governmental funds. (75,530)

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. 214,778

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.

Pension expense (110,313)

Change in net position of governmental activities (page 19) \$ (80,040)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	Entrepreneurs	Total
ASSETS			
Current assets:			
Cash and pooled investments	\$ 70,524	962	71,486
Inventories	3,832	-	3,832
Total current assets	74,356	962	75,318
Non-current assets:			
Capital assets, net of accumulated depreciation	41,717	-	41,717
TOTAL ASSETS	116,073	962	117,035
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	11,219	-	11,219
LIABILITIES			
Current liabilities:			
Accounts payable	731	-	731
Salaries and benefits payable	6,334	-	6,334
Unearned revenue	2,400	-	2,400
Total current liabilities	9,465	-	9,465
Noncurrent liabilities			
Net pension liability	45,979	-	45,979
Net OPEB liability	2,881	-	2,881
Total noncurrent liabilities	48,860	-	48,860
TOTAL LIABILITIES	58,325	-	58,325
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	17,535	-	17,535
NET POSITION			
Net investment in capital assets	41,717	-	41,717
Unrestricted	9,715	962	10,677
TOTAL NET POSITION	\$ 51,432	962	52,394

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	Entrepreneurs	Total
OPERATING REVENUE:			
Local sources:			
Charges for service	\$ 52,175	5,212	57,387
OPERATING EXPENSES:			
Current:			
Instruction:			
Other:			
Supplies	-	5,414	5,414
Non-instructional programs:			
Food service operations:			
Salaries	87,792	-	87,792
Benefits	40,537	-	40,537
Services	6,129	-	6,129
Supplies	104,159	-	104,159
Depreciation	5,043	-	5,043
Other	846	-	846
	244,506	-	244,506
TOTAL OPERATING EXPENSES	244,506	5,414	249,920
OPERATING LOSS	(192,331)	(202)	(192,533)
NON-OPERATING REVENUES:			
State sources	1,766	-	1,766
Federal sources	133,446	-	133,446
Interest income	643	-	643
TOTAL NON-OPERATING REVENUES	135,855	-	135,855
Change in net position	(56,476)	(202)	(56,678)
Net position beginning of year, as restated	107,908	1,164	109,072
Net position end of year	\$ 51,432	962	52,394

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	Entrepreneurs	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 52,228	5,212	57,440
Cash payments to employees for services	(126,532)	-	(126,532)
Cash payments to suppliers for goods or services	(93,307)	(5,414)	(98,721)
Net cash used in operating activities	<u>(167,611)</u>	<u>(202)</u>	<u>(167,813)</u>
Cash flows from non-capital financing activities:			
State grants received	1,766	-	1,766
Federal grants received	124,329	-	124,329
Net cash provided by non-capital financing activities	<u>126,095</u>	<u>-</u>	<u>126,095</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	<u>(17,869)</u>	<u>-</u>	<u>(17,869)</u>
Cash flows from investing activities:			
Interest on investments	<u>643</u>	<u>-</u>	<u>643</u>
Net decrease in cash and pooled investments	(58,742)	(202)	(58,944)
Cash and pooled investments beginning of year	<u>129,266</u>	<u>1,164</u>	<u>130,430</u>
Cash and pooled investments end of year	<u>\$ 70,524</u>	<u>962</u>	<u>71,486</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (192,331)	(202)	(192,533)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	13,268	-	13,268
Depreciation	5,043	-	5,043
Decrease in inventories	3,828	-	3,828
Increase in accounts payable	731	-	731
Increase in salaries and benefits payable	6,334	-	6,334
Decrease in net pension liability	(17,628)	-	(17,628)
Increase in deferred outflows of resources	(4,444)	-	(4,444)
Increase in deferred inflows of resources	17,535	-	17,535
Increase in unearned revenue	53	-	53
Net cash used in operating activities	<u>\$ (167,611)</u>	<u>(202)</u>	<u>(167,813)</u>

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$13,268.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 9,797
LIABILITIES	<u>-</u>
NET POSITION	
Held in trust for scholarships	<u>\$ 9,797</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>8</u>
Deductions	
Instruction:	
Other:	
Scholarships awarded	<u>-</u>
Change in net position	8
Net position beginning of year	<u>9,789</u>
Net position end of year	<u>\$ 9,797</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Note 1. Summary of Significant Accounting Policies

The Lamoni Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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 Lamoni, Iowa, and the predominate agricultural territory of Decatur and Ringgold Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Lamoni Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board Criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District also reports the following non-major proprietary funds.

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

The Enterprise, Entrepreneurs Fund is used to account for the food classes and entrepreneurship classes which provide a baking and catering service for the community.

The District also reports a fiduciary fund which focus on net position and changes in net position. The District's fiduciary fund includes the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangible assets	30,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$10 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor's Financial Services.

Note 3. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 73,183	-	-	73,183
Total capital assets not being depreciated	<u>73,183</u>	<u>-</u>	<u>-</u>	<u>73,183</u>
Capital assets being depreciated:				
Buildings	8,939,973	-	-	8,939,973
Land improvements	205,889	-	-	205,889
Machinery and equipment	456,444	-	-	456,444
Total capital assets being depreciated	<u>9,602,306</u>	<u>-</u>	<u>-</u>	<u>9,602,306</u>
Less accumulated depreciation for:				
Buildings	2,009,395	174,209	-	2,183,604
Land improvements	165,043	2,744	-	167,787
Machinery and equipment	323,443	17,713	-	341,156
Total accumulated depreciation	<u>2,497,881</u>	<u>194,666</u>	<u>-</u>	<u>2,692,547</u>
Total capital assets being depreciated, net	<u>7,104,425</u>	<u>(194,666)</u>	<u>-</u>	<u>6,909,759</u>
Governmental activities capital assets, net	<u>\$ 7,177,608</u>	<u>(194,666)</u>	<u>-</u>	<u>6,982,942</u>
Business type activities:				
Machinery and equipment	\$ 75,160	17,869	-	93,029
Less accumulated depreciation	46,269	5,043	-	51,312
Business type activities capital assets, net	<u>\$ 28,891</u>	<u>12,826</u>	<u>-</u>	<u>41,717</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 5,881
Support services:		
Administration		3,269
Transportation		<u>8,563</u>
		17,713
Unallocated depreciation		<u>176,953</u>
Total governmental activities depreciation expense		<u>\$ 194,666</u>
Business type activities:		
Food service operations		<u>\$ 5,043</u>

Note 4. Due From and Due to Other Funds

The detail interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects: Physical Plant & Equipment	<u>\$ 99,222</u>

The Capital Projects: Physical Plant and Equipment Levy Fund is repaying the General Fund for income surtax revenues received into the incorrect fund and not repaid by year end.

Note 5. Long-Term Debt

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

	Balance Beginning of Year, Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 2,185,000	-	210,000	1,975,000	150,000
Net pension liability	1,962,082	-	543,772	1,418,310	-
Net OPEB liability	45,535	-	-	45,535	-
Total	<u>\$ 4,192,617</u>	<u>-</u>	<u>753,772</u>	<u>3,438,845</u>	<u>150,000</u>
Business type activities:					
Net pension liability	\$ 63,607	-	17,628	45,979	-
Net OPEB liability	2,881	-	-	2,881	-
Total	<u>\$ 66,488</u>	<u>-</u>	<u>17,628</u>	<u>48,860</u>	<u>-</u>

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of January 1, 2006			Bond Issue of May 1, 2006			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	3.85 %	\$ 110,000	52,473	4.20 %	\$ 40,000	33,110	\$ 150,000	85,583	235,583
2017	3.88	110,000	48,238	4.25	45,000	31,430	155,000	79,668	234,668
2018	3.90	120,000	43,975	4.30	45,000	29,518	165,000	73,493	238,493
2019	3.95	120,000	39,295	4.35	50,000	27,582	170,000	66,877	236,877
2020	4.00	125,000	34,555	4.40	50,000	25,408	175,000	59,963	234,963
2021-2025	4.00-4.20	655,000	89,520	4.45-4.65	280,000	91,288	935,000	180,808	1,115,808
2026				4.65	225,000	10,462	225,000	10,462	235,462
Total		<u>\$ 1,240,000</u>	<u>308,056</u>		<u>\$ 735,000</u>	<u>248,798</u>	<u>\$ 1,975,000</u>	<u>556,854</u>	<u>2,531,854</u>

Note 6. Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$222,891.

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 \$1,464,289 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.036181 percent, which was an increase of 0.000404 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$113,889. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,914	\$ -
Changes of assumptions	64,622	-
Net difference between projected and actual earnings on pension plan investments	-	558,438
Changes in proportion and differences between District contributions and proportionate share of contributions	18,363	-
District contributions subsequent to the measurement date	222,891	-
Total	\$ 321,790	\$ 558,438

\$222,891 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (116,502)
2017	(116,502)
2018	(116,502)
2019	(116,502)
2020	6,469
	<u>\$ (459,539)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 2,766,732	\$ 1,464,289	\$ 364,891

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$32,551 for legally required employer contributions and \$21,688 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

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. Lamoni Community School District has 50 active and 1 retired member in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

GASB Statement No. 45 allows Districts with fewer than 100 employees included on the District's health plan to use the Alternative Measurement Method to determine the net OPEB liability. Those Districts with fewer than 100 members are required to get new actuarial valuations every three years barring a substantial change in the plan. Under the Alternative Measurement Method, the net OPEB liability remains the same until the District is required to renew their actuarial valuation. The net OPEB liability as of the most recent valuation is \$48,416. The District is scheduled to need a new valuation for fiscal year 2016.

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

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 21,938	0.0%	\$ 48,416
2014	-	0.0%	48,416
2015	-	0.0%	48,416

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$164,682 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$164,682. The covered payroll (annual payroll of active employees covered by the plan) was \$2,041,796 and the ratio of the UAAL to covered payroll was 8.1%. As of June 30, 2015, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions includes a 4.0% discount rate based on the District's funding policy. The projected annual medical trend rate is expected to increase at 3% a year, and the assumed retirement age was 62.

Mortality rates are from the Life Expectancy Table from the National Center of Health Statistics updated in 2008, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Risk Management

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$310,929.

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

Lamoni Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

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 \$136,622 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Deficit Balances

At June 30, 2015 the District had two deficit accounts in the Student Activity Fund with an unassigned fund balance totaling \$7,339. The District also had deficit unrestricted net position of \$1,147,040 in its governmental activities at June 30, 2015.

Note 11. Budget Overexpenditures

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2015, expenditures in the non-instructional programs and other expenditures functions exceeded the amount budgeted.

Note 12. Categorical Funding

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

Program	Amount
Returning dropout and dropout prevention	\$ 16,063
Teacher salary supplement	64,804
Four-year old preschool state aid	2,944
Successful progression for early readers	22,722
Professional development for model core curriculum	8,593
Teacher leadership grants	4,074
Total	\$ 119,200

Note 13. Operating Leases

The District leases three school buses through Durham School Services L.P. This lease is approved on an annual basis by the District’s Board of Education. During fiscal year 2015 the District leased two buses with Durham for a total expense of \$7,419 for nine months or \$66,774 for the year. The expected monthly expense for fiscal year 2016 is \$7,586 for nine months or \$68,276.

Note 14. Reconciliation of Governmental Fund Balances to Net Position

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

	Net investment in Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	39,012	520,921
Capital assets, net of accumulated depreciation	6,982,942	-	-
General obligation bond capitalized indebtedness	(1,975,000)	-	-
Accrued interest payable	-	(14,186)	-
Income surtax receivable	-	-	33,555
Net OPEB liability	-	-	(45,535)
Pension related deferred outflows	-	-	310,571
Net pension liability	-	-	(1,418,310)
Pension related deferred inflows	-	-	(540,903)
Unassigned for student activities	-	-	(7,339)
Net position (Exhibit A)	<u>\$ 5,007,942</u>	<u>24,826</u>	<u>(1,147,040)</u>

Note 15. Accounting Change/Restatement

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

	Governmental Activities	Business Type Activities		
		School Nutrition	Entrepreneurs	Total
Net position June 30, 2014, as previously reported	\$ 7,386,074	\$ 164,740	1,164	165,904
Net pension liability at June 30, 2014	(1,962,082)	(63,607)	-	(63,607)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	208,975	6,775	-	6,775
Net position July 1, 2014, as restated	<u>\$ 5,632,967</u>	<u>\$ 107,908</u>	<u>1,164</u>	<u>109,072</u>

Required Supplementary Information

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

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 1,918,838	58,030	1,976,868	1,835,324	1,835,324	141,544
State sources	2,529,395	1,766	2,531,161	2,669,661	2,669,661	(138,500)
Federal sources	201,017	133,446	334,463	330,000	330,000	4,463
Total revenues	<u>4,649,250</u>	<u>193,242</u>	<u>4,842,492</u>	<u>4,834,985</u>	<u>4,834,985</u>	<u>7,507</u>
Expenditures/Expenses:						
Instruction	2,971,142	5,414	2,976,556	3,561,936	3,561,936	585,380
Support services	1,260,278	-	1,260,278	1,507,800	1,507,800	247,522
Non-instructional programs	-	244,506	244,506	220,000	220,000	(24,506)
Other expenditures	543,338	-	543,338	157,375	157,375	(385,963)
Total expenditures/expenses	<u>4,774,758</u>	<u>249,920</u>	<u>5,024,678</u>	<u>5,447,111</u>	<u>5,447,111</u>	<u>422,433</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(125,508)	(56,678)	(182,186)	(612,126)	(612,126)	429,940
Balances beginning of year, as restated	<u>2,345,301</u>	<u>109,072</u>	<u>2,454,373</u>	<u>2,269,096</u>	<u>2,269,096</u>	<u>185,277</u>
Balances end of year	<u>\$ 2,219,793</u>	<u>52,394</u>	<u>2,272,187</u>	<u>1,656,970</u>	<u>1,656,970</u>	<u>615,217</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

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

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

	2015
District's proportion of the net pension liability	0.036181%
District's proportionate share of the net pension liability	\$ 1,464,289
District's covered-employee payroll	\$ 2,495,984
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.67%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 222,891	215,750	200,617	178,136	155,244	146,613	134,199	132,192	115,437	104,982
Contributions in relation to the statutorily required contribution	(222,891)	(215,750)	(200,617)	(178,136)	(155,244)	(146,613)	(134,199)	(132,192)	(115,437)	(104,982)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 2,495,984	2,416,013	2,313,922	2,207,385	2,233,727	2,109,540	2,113,370	2,184,992	2,007,600	1,825,774
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 303,000	303,000	0.00%	\$ 1,687,382	18.0%
2011	July 1, 2009	-	303,000	303,000	0.00%	1,874,269	16.2%
2012	July 1, 2009	-	303,000	303,000	0.00%	1,949,336	15.5%
2013	July 1, 2012	-	164,682	164,682	0.00%	2,031,616	8.1%
2014	July 1, 2012	-	164,682	164,682	0.00%	1,810,483	9.1%
2015	July 1, 2012	-	164,682	164,682	0.00%	2,041,796	8.1%

See Note 7 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Lamoni Community School District

Supplementary Information

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

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 188,954	22,738	211,692
Receivables:			
Property tax:			
Delinquent	1,240	-	1,240
Succeeding year	75,000	-	75,000
Accounts	-	90	90
Due from other governments	-	133	133
TOTAL ASSETS	\$ 265,194	22,961	288,155
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	625	625
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	75,000	-	75,000
Fund balances:			
Restricted for:			
Management levy purposes	190,194	-	190,194
Student activities	-	29,675	29,675
Unassigned:			
Student activities	-	(7,339)	(7,339)
Total fund balances	190,194	22,336	212,530
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 265,194	22,961	288,155

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 80,813	-	80,813
Other	4,088	89,331	93,419
State sources	37	-	37
TOTAL REVENUES	84,938	89,331	174,269
EXPENDITURES:			
Instruction:			
Other	-	84,639	84,639
Support services:			
Administration	9,094	-	9,094
Operation and maintenance of plant	52,216	-	52,216
TOTAL EXPENDITURES	61,310	84,639	145,949
Change in fund balances	23,628	4,692	28,320
Fund balances beginning of year	166,566	17,644	184,210
Fund balances end of year	\$ 190,194	22,336	212,530

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Bond Construction	Physical Plant and Equipment Levy	
ASSETS				
Cash and pooled investments	\$ 853,126	1,578	523,608	1,378,312
Receivables:				
Property tax:				
Delinquent	-	-	1,588	1,588
Succeeding year	-	-	104,112	104,112
Income surtax	-	-	22,370	22,370
Due from other governments	47,452	-	-	47,452
TOTAL ASSETS	\$ 900,578	1,578	651,678	1,553,834
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	-	99,222	99,222
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	104,112	104,112
Income surtax	-	-	22,370	22,370
Total deferred inflows of resources	-	-	126,482	126,482
Fund balances:				
Restricted for:				
School infrastructure	900,578	1,578	-	902,156
Physical plant and equipment levy	-	-	425,974	425,974
Total fund balances	900,578	1,578	425,974	1,328,130
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 900,578	1,578	651,678	1,553,834

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Bond Construction	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ -	-	125,510	125,510
Other	2,368	1	1,393	3,762
State sources	301,276	-	47	301,323
TOTAL REVENUES	303,644	1	126,950	430,595
EXPENDITURES:				
Current:				
Support services:				
Operation and maintenance of plant	-	-	10,898	10,898
Capital outlay	42,954	-	60,354	103,308
TOTAL EXPENDITURES	42,954	-	71,252	114,206
Change in fund balances	260,690	1	55,698	316,389
Fund balances beginning of year	639,888	1,577	370,276	1,011,741
Fund balances end of year	\$ 900,578	1,578	425,974	1,328,130

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LAMONI COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST ACCOUNTS
JUNE 30, 2015

	Private Purpose Trust - Scholarship			
	Land Agri	Myers Scholarship	Miscellaneous Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 8,365	993	439	9,797
LIABILITIES	-	-	-	-
NET POSITION				
Held in trust for scholarships	\$ 8,365	993	439	9,797

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LAMONI COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust - Scholarship			
	Land Agri	Myers Scholarship	Miscellaneous Scholarship	Total
Additions:				
Local sources:				
Interest income	\$ 6	1	1	8
Deductions:				
Instruction:				
Other:				
Scholarships awarded	-	-	-	-
Change in net position	6	1	1	8
Net position beginning of year	8,359	992	438	9,789
Net position end of year	\$ 8,365	993	439	9,797

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Vocal	\$ 4,796	10	-	(1,806)	3,000
Band	3,214	235	1,276	(223)	1,950
Orchestra	4,083	110	-	(1,193)	3,000
Co-Ed Athletics	-	269	2,214	2,045	100
Activity Ticket	-	4,512	-	(4,512)	-
Bowling	215	1,855	2,007	(3)	60
Track	(8,659)	3,156	3,462	1,665	(7,300)
Golf	(3,909)	552	1,477	4,834	-
Cheerleading	725	420	347	(8)	790
Boys Basketball	2,910	5,325	4,016	(1,219)	3,000
Football	716	13,547	12,186	(237)	1,840
Baseball	-	7,235	8,324	1,050	(39)
Girls Basketball	754	4,793	3,208	(339)	2,000
Volleyball	-	2,476	2,148	(28)	300
Softball	-	1,903	2,138	235	-
Seniors	3,053	8,393	11,370	51	127
Juniors	1,648	6,268	7,021	-	895
Sophomore	398	801	334	-	865
Freshman	-	3,170	1,955	-	1,215
Middle School	-	333	158	-	175
Yearbook	4,643	3,755	1,914	-	6,484
Interest Fund	193	14	-	(207)	-
Future Farmers of America	207	16,780	15,483	-	1,504
Student Council	2,474	3,419	3,516	(7)	2,370
Academic Team	61	-	-	(61)	-
National Honor Society	-	-	85	85	-
Spanish Club	17	-	-	(17)	-
Drill Team	105	-	-	(105)	-
Total	\$ 17,644	89,331	84,639	-	22,336

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 1,471,506	1,376,868	1,675,080	1,825,282	1,745,040	1,527,516	1,486,853	1,400,831	1,343,711	1,094,509
Tuition	271,535	348,993	311,027	269,550	223,976	165,977	109,062	182,636	166,688	163,176
Other	175,797	183,387	227,246	182,428	252,077	222,197	228,891	405,402	814,671	341,020
Intermediate sources	-	-	-	-	-	-	-	-	81,143	35,072
State sources	2,529,395	2,521,753	2,312,267	2,219,195	2,173,123	1,959,470	2,110,251	2,187,738	1,936,737	1,801,625
Federal sources	201,017	488,728	371,964	248,148	400,000	514,965	297,232	293,236	691,708	189,640
Total	\$ 4,649,250	4,919,729	4,897,584	4,744,603	4,794,216	4,390,125	4,232,289	4,469,843	5,034,658	3,625,042
Expenditures:										
Instruction	\$ 2,971,142	2,840,944	2,732,613	2,640,982	2,702,078	2,648,832	2,432,176	2,553,230	2,322,347	2,158,080
Support services:										
Student	60,320	62,282	43,173	69,622	58,115	66,997	111,482	111,751	91,795	198,909
Instructional staff	14,559	13,794	10,940	16,605	11,837	19,962	12,619	6,986	113,810	36,026
Administration	497,579	473,299	434,188	427,089	383,377	403,122	383,228	407,009	367,800	376,468
Operation and maintenance of plant	485,460	428,145	362,729	345,392	353,145	359,797	346,131	337,996	304,003	322,263
Transportation	202,360	210,325	220,378	214,311	195,175	198,654	174,151	184,310	191,282	165,740
Non-instructional programs	-	-	-	-	-	-	-	-	-	5,517
Capital outlay	103,308	846,760	321,623	82,584	134,912	92,095	125,547	1,892,192	3,166,820	331,254
Long-term debt:										
Principal	210,000	230,000	215,000	235,000	335,000	245,000	230,000	155,000	120,000	50,000
Interest and fiscal charges	93,408	103,822	112,680	124,775	138,179	149,700	160,015	155,703	180,601	13,680
Other expenditures:										
AEA flow-through	136,622	133,787	133,348	133,362	146,001	143,966	125,770	121,610	114,388	105,631
Total	\$ 4,774,758	5,343,158	4,586,672	4,289,722	4,457,819	4,328,125	4,101,119	5,925,787	6,972,846	3,763,568

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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Telephone (641) 792-1910

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

To the Board of Education of Lamoni Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Lamoni Community School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 28, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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

Lamoni Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 28, 2016
Newton, Iowa

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

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

- 1) Cash - handling, recording and reconciling.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - journalizing, posting and reconciling.
- 4) Disbursements - purchase order processing, check preparation, and recording.
- 5) Capital assets - recording and reconciling.
- 6) Payroll - recordkeeping, preparation, posting and distribution.
- 7) Financial reporting - preparing, reconciling and approving.
- 8) School lunch program - recording, journalizing, posting, reconciling, purchase order processing, and check preparation.

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

Response - The District has enacted changes to begin to address internal segregation of duties. The District will continue to review its control procedures in order to move toward the maximum internal control possible with available staffing.

Conclusion - Response accepted.

I-B-15 Reliable Financial Statements - Iowa School Districts are required to record the financial records on a GAAP Basis of Accounting. The financial records are normally converted at year end, after a year of cash based records. The recognition of receivables, payables, inventory, long-term debt recognition and depreciation of capital assets are all pieces which the accounting personnel is expected to be completing. The individuals performing the accounting function needs to be well trained in all areas to be effective in completing the Certified Annual Report. The Iowa Association of School Business Officials provides training to its members as does the Department of Education and Software Unlimited Inc. This training helps in providing instruction as well as promotes networking of other accounting personnel.

During our audit necessary and material adjustments were required to be made for proper recognition of amounts of receivables, payables, nutrition inventory and student balance accounts, governmental and nutrition fund capital assets, and succeeding year property tax and income surtax entries which were not completed or completed accurately. These adjusting entries were performed by the client and are reflected on the District's certified annual report.

We also noted the District did not properly accrue the July and August payroll as salaries and benefits payable. As a result the District reflected only ten months of salaries and benefits on its 2015 financial statements. This creates several problems which include proper expense recognition as well as makes it more difficult for the client to reconcile the expenses which should be coded to state and federal grants for the year. Through the assistance of the auditors the client performed adjusting entries to record the July and August expenses on the District's books. These adjusting entries now properly show twelve months of salaries and benefits on the District's 2015 financial statements and are reflected on the District's certified annual report.

Recommendation - The maintenance of reliable accounting records has and continues to be important in every District. The necessity of the numerous adjustments listed in the preceding paragraphs for the financial statements may indicate that additional training is necessary for the District's accounting personnel. The District should consider sending their accounting staff to end-of-year training in an effort to provide more reliable financial statements either through continuing education or through tutorials provided by Software Unlimited.

Response - The District Business Manager has recently completed her Iowa Association of School Business Officials certification and will continue to attend trainings through IASBO, Software Unlimited and other relevant agencies as necessary. The District Business Manager and Superintendent will formalize an internal process to ensure a better and more effective process for support throughout the year.

Conclusion - Response accepted.

I-C-15 Grant Coding - We noted the District has several state and federal grants including but not limited to (Part B, Title I, Medicaid, Title IIA, Title VIA, At Risk Supplemental Weighting, Gifted and Talented Programs, Beginning Teacher Mentoring and Induction) that did not have expenses coded to these grants or required substantial adjustments to revenues and expenses of the grant. The District then made subsequent journal entries to adjust and reclassify expenses to these grants. The reclassifying of expenses gives the appearance that these grants may not be monitored throughout the year and the District is finding already existing purchases that might qualify for the grant at year end.

Recommendation - The District should determine who and what costs are appropriate prior to payment and operation of the grant. The individual in charge of the grants should be communicating with the accounting department and consistently monitoring financial reports to ensure that the grant is spent for appropriate items as well as in the correct time period. Expenses for grants should be coded and recorded to each grant as they are incurred throughout the fiscal year. The District should also review their accounting structure to ensure revenue and expense codes of each grant post to the proper account.

Response - The District Business Manager and District Superintendent will develop internal controls that facilitate communication in order to more effectively determine who and what costs are appropriate prior to payment and operation of the grant in order to ensure revenue and expense codes of each grant post to the proper account.

Conclusion - Response accepted.

I-D-15 Supporting Documents for Credit Card Payments - During our audit we noted several instances of purchases on the District credit card which lacked an invoice or detailed receipt to be used as supporting documentation beyond the credit card statement. The District's own credit card policy, 401.10, requires a detailed receipt to be turned in to support all purchases made with District credit cards.

Recommendation - The District should review their credit card policy with all District employees to ensure credit card procedures are being followed. The District should also take time to review its credit card procedures in place to ensure that all bills are supported, approved, and paid from an appropriate receipt or invoice. The District should adopt processes and procedures for the use of a District credit card when an invoice may not be available, such as requiring additional approval or supporting documentation other than the invoice. This additional approval should be noted in written form as part of the purchase made.

Response - The District will follow the recommendation provided and more closely monitor to ensure this policy is appropriately administered and adhered to by district staff.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - Expenditures for the year ended June 30, 2015 exceeded the certified budget amounts in the non-instructional programs and other expenditures functional areas.

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

Response - The District will more closely monitor the certified budget and amend, as necessary, in accordance with Chapter 24.9 of the Code of Iowa before expenditures exceed the published budget.

Conclusion - Response accepted.

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

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

II-D-15 Business Transactions - No business transactions between the District and District officials or employees were noted.

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

II-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the District did not record board approval of official depositories, distinctly name each depository approved, and specify the maximum amounts to be held in each depository in the board minutes.

Recommendation - Chapter 12C.2 of the Code of Iowa states, "The approval of a financial institution as a depository of public funds for a public body shall be by written resolution or order that shall be entered of record in the minutes of the approving board, and that shall distinctly name each depository approved, and specify the maximum amount that may be kept on deposit in each depository." The District should review procedures to comply with Chapter 12C.2 of the Code of Iowa.

Response - The District will ensure board minutes reflect and record board approval of official depositories, distinctly name each depository approved, and specify the maximum amounts to be held in each depository in the board minutes.

Conclusion - Response accepted.

- II-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-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.
- II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and no significant deficiencies in amounts reported were noted.
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds. However, we noted during our audit that the District coded PBIS expenditures to the Model Core Curriculum categorical funding project code. PBIS expenditures made up nearly 79% of the total expenses coded to model core curriculum. Expenditures to be given to students under the District's PBIS program would not appear to be an allowable expense from model core curriculum funding. According to Chapter 98.26(1) of the Code of Iowa expenditures coded to model core curriculum should be as follows

Appropriate uses of the educator quality professional development funding are limited to providing professional development for model core curriculum to teachers, including additional salaries for time beyond the normal negotiated agreement; pay for substitute teachers, professional development materials, speakers, and professional development related to model core curriculum content and costs associated with implementing the model core curriculum professional development plans.

Since PBIS expenditures were noted related to the District's model core curriculum we questioned the expenses as presented. The District subsequently made adjusting entries to move questioned expenses of the PBIS program out of the model core curriculum program prior to certifying its certified annual report.

Recommendation - The District should review their procedures to ensure expenditures coded to model core curriculum programs are allowable per Chapter 281-98.26(1) of the Code of Iowa. The District should also review their accounting software posting accounts for categorical funding to ensure the proper expenditures are coded as they are incurred throughout the year.

Response - The District will review and develop procedures to ensure expenditures are allowable per Iowa Code. The District will review accounting software posting accounts for categorical funding to ensure the proper expenditures are coded as they are incurred throughout the year.

Conclusion - Response accepted.

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

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

Beginning balance		\$	639,888
Revenues:			
Sales tax revenues	\$	301,276	
Other local revenues		2,368	303,644
Total revenues			<u>943,532</u>
Expenditures:			
School infrastructure construction			42,954
Ending balance		\$	<u><u>900,578</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.

II-M-15 Financial Condition - At June 30, 2015 the District had two deficit accounts within the Student Activity Fund with a total deficit unassigned balance of \$7,339. At June 30, 2015 the District also deficit unrestricted net position in the District's governmental activities of \$1,147,040 at June 30, 2015. The primary reason for this deficit net position is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

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

The District should continue to monitor these accounts within the Student Activity Fund funds and investigate alternatives to eliminate the deficits. The District should also review the controls in place for the Student Activity Fund. Additional controls for approving purchases may be needed. In addition, the District should create a workout plan to address the deficit Student Activity Fund account balances.

Response - The District will review the GASB Statements 68 and 71 in order to better understand the accounting changes. The District will monitor the noted accounts within the Student Activity Fund, investigate alternatives to eliminate the deficits, and review controls in place and develop plans for the deficit account balances.

Conclusion - Response accepted.