

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		4-6
Management's Discussion and Analysis		7-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Position	G	24
Statement of Revenues, Expenses and Changes in Fund Net Position	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	27
Statement of Changes in Fiduciary Net Position	K	28
Notes to Financial Statements		29-45
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		48
Notes to Required Supplementary Information - Budgetary Reporting		49
Schedule of the District's Proportionate Share of the Net Pension Liability		50
Schedule of District Contributions		51
Notes to Required Supplementary Information - Pension Liability		52
Schedule of Funding Progress for the Retiree Health Plan		53
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	57
Capital Projects Accounts:		
Combining Balance Sheet	3	58
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	59
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	60-61
Private Purpose Trust - Scholarship Funds:		
Combining Schedule of Fiduciary Net Position	6	62-63
Combining Schedule of Changes in Fiduciary Net Position	7	64-65
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	8	66
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	9	67
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 <u>Government Auditing Standards</u>		68-69
Schedule of Findings		70-73

Missouri Valley Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Brenda Dooley	President	2015
Daniel Zaiser	Vice President	2017
Michele Wilson	Board Member	2015
Kelley Weihs	Board Member	2015
Jeff Janssen	Board Member	2017
School Officials		
Deidre Drees	Superintendent	2015
Rhonda Oliphant	District Secretary/Treasurer	2015
Rick Franck	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Missouri Valley Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of 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 Missouri Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2014 and another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2007 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2016, on our consideration of Missouri Valley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Missouri Valley Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$9,180,279 in fiscal year 2014 to \$9,089,159 in fiscal year 2015, while General Fund expenditures increased from \$8,209,978 in fiscal 2014 to \$8,317,463 in fiscal year 2015. This resulted in an increase in the District's General Fund balance from \$1,995,163 at June 30, 2014 to \$2,766,859 at June 30, 2015, a 38.68% increase from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in state source revenues. The increase in expenditures was due primarily to an increase in instructional expenditures.

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 Missouri Valley Community School District as a whole and present an overall view of the District's finances.

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

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

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

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.

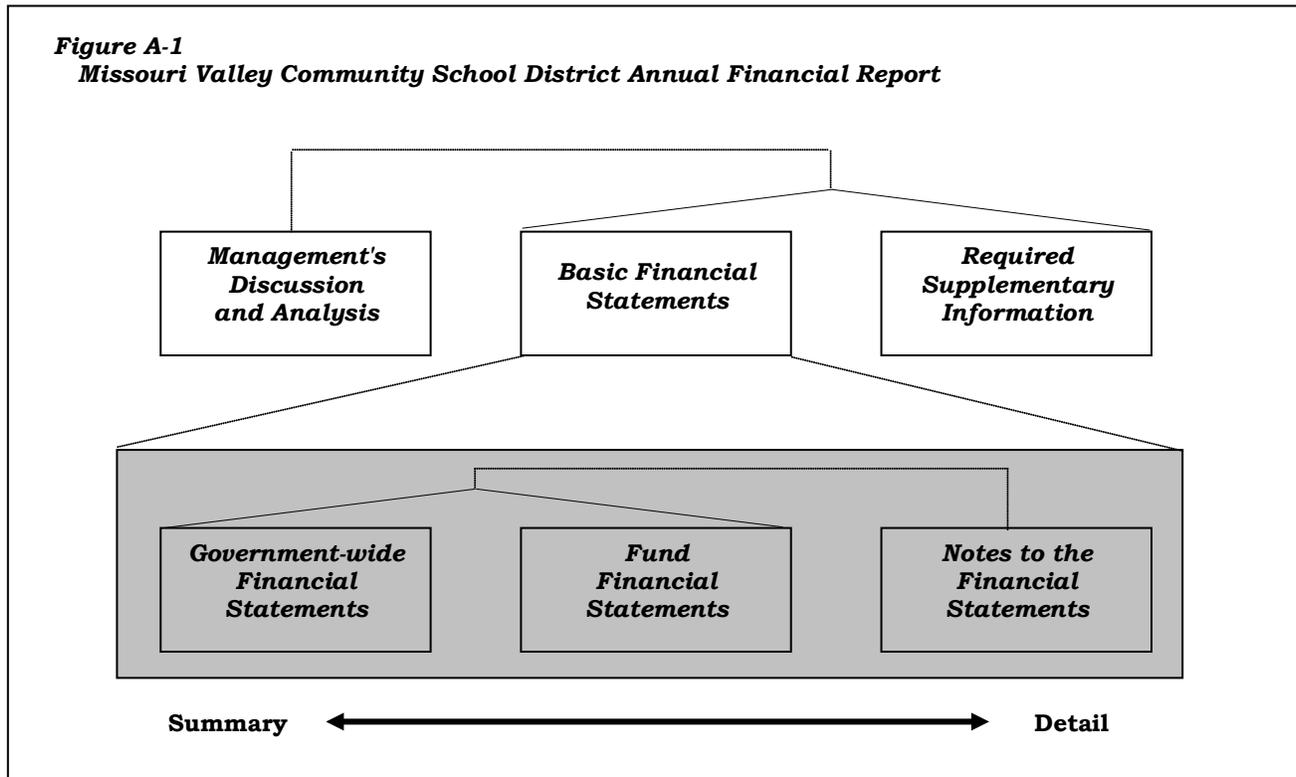


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program and High School Store 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, Capital Projects Fund and Debt Service 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 School Store 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.
 - Agency Fund - These are funds for which the District administers and accounts for the District's benevolence moneys.

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,	
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15	
Current and other assets	\$ 15,571,251	10,356,501	93,434	94,195	15,664,685	10,450,696	49.89%	
Capital assets	8,051,536	7,470,002	57,393	39,464	8,108,929	7,509,466	7.98%	
Total assets	23,622,787	17,826,503	150,827	133,659	23,773,614	17,960,162	32.37%	
Deferred outflows of resources	531,201	-	14,779	-	545,980	-	100.00%	
Long-term liabilities	7,937,964	631,283	76,850	-	8,014,814	631,283	1169.61%	
Other liabilities	1,214,182	859,076	6,358	4,097	1,220,540	863,173	41.40%	
Total liabilities	9,152,146	1,490,359	83,208	4,097	9,235,354	1,494,456	517.97%	
Deferred inflows of resources	4,566,318	4,134,494	32,471	-	4,598,789	4,134,494	11.23%	
Net position:								
Net investment in capital assets	7,456,626	6,880,002	57,393	39,464	7,514,019	6,919,466	8.59%	
Restricted	3,214,446	3,005,764	-	-	3,214,446	3,005,764	6.94%	
Unrestricted	(235,548)	2,315,884	(7,466)	90,098	(243,014)	2,405,982	-110.10%	
Total net position	\$ 10,435,524	12,201,650	49,927	129,562	10,485,451	12,331,212	-14.97%	

The District's combined net position decreased by 14.97%, or \$1,845,761 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$208,682, or 6.94% compared to the prior year. The increase in restricted net position is attributable to the increase in amounts restricted for debt service as compared to the prior 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 \$2,648,996, or 110.10%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,399,292 and \$100,082, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

	Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	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	\$ 467,765	441,883	181,271	198,563	649,036	640,446	1.34%	
Operating grants, contributions and restricted interest	885,970	720,589	214,613	232,869	1,100,583	953,458	15.43%	
Capital grants, contributions and restricted interest	-	17,250	-	-	-	17,250	-100.00%	
General revenues:								
Property tax	4,132,699	4,150,187	-	-	4,132,699	4,150,187	-0.42%	
Income surtax	260,998	298,038	-	-	260,998	298,038	-12.43%	
Statewide sales, services and use tax	805,723	767,122	-	-	805,723	767,122	5.03%	
Unrestricted state grants	4,371,676	4,596,133	-	-	4,371,676	4,596,133	-4.88%	
Nonspecific program federal grants	18,832	8,037	-	-	18,832	8,037	134.32%	
Unrestricted investment earnings	2,424	2,618	5	5	2,429	2,623	-7.40%	
Other	109,610	177,028	1,830	1,554	111,440	178,582	-37.60%	
Total revenues	<u>11,055,697</u>	<u>11,178,885</u>	<u>397,719</u>	<u>432,991</u>	<u>11,453,416</u>	<u>11,611,876</u>	<u>-1.36%</u>	
Program expenses:								
Instruction	5,886,149	6,043,114	3,040	3,792	5,889,189	6,046,906	-2.61%	
Support services	2,703,539	2,810,181	8,901	11,218	2,712,440	2,821,399	-3.86%	
Non-instructional programs	-	-	387,090	421,454	387,090	421,454	-8.15%	
Other expenses	811,084	766,814	-	-	811,084	766,814	5.77%	
Total expenses	<u>9,400,772</u>	<u>9,620,109</u>	<u>399,031</u>	<u>436,464</u>	<u>9,799,803</u>	<u>10,056,573</u>	<u>-2.55%</u>	
Excess(Deficiency) of revenues over(under) expenditures	1,654,925	1,558,776	(1,312)	(3,473)	1,653,613	1,555,303	6.32%	
Transfers	(21,759)	(3,600)	21,759	3,600	-	-	0.00%	
Change in net position	1,633,166	1,555,176	20,447	127	1,653,613	1,555,303	6.32%	
Net position beginning of year, as restated	<u>8,802,358</u>	<u>10,646,474</u>	<u>29,480</u>	<u>129,435</u>	<u>8,831,838</u>	<u>10,775,909</u>	<u>-18.04%</u>	
Net position end of year	<u>\$ 10,435,524</u>	<u>12,201,650</u>	<u>49,927</u>	<u>129,562</u>	<u>10,485,451</u>	<u>12,331,212</u>	<u>-14.97%</u>	

In fiscal year 2015, property tax and unrestricted state grants accounted for 76.92% of the revenue from governmental activities while charges for service and operating grants, contributions and restricted interest accounted for 99.54% of the revenue from business type activities.

The District's total revenues were approximately \$11.45 million, of which approximately \$11.05 million was for governmental activities and approximately \$0.40 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.36% decrease in revenues and a 2.55% decrease in expenses. The decrease in revenues can be attributed to the decrease in unrestricted state grants received during the year. The decrease in expenses can be attributed to the decrease in expenses incurred in the instruction functional area.

Governmental Activities

Revenues for governmental activities were \$11,055,697 and expenses were \$9,400,772 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	\$ 5,886,149	6,043,114	-2.60%	4,889,374	5,237,779	-6.65%
Support services	2,703,539	2,810,181	-3.79%	2,698,085	2,785,735	-3.15%
Other expenses	811,084	766,814	5.77%	459,578	416,873	10.24%
Totals	\$ 9,400,772	9,620,109	-2.28%	8,047,037	8,440,387	-4.66%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$467,765.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$885,970.
- The net cost of governmental activities was financed with \$4,132,699 in property tax, \$260,998 in income surtax, \$805,723 in statewide sales, services and use tax, \$4,371,676 in unrestricted state grants, \$18,832 in nonspecific program federal grants, \$2,424 in interest income and \$109,610 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$397,719 and expenses were \$399,031. The District's business type activities include the School Nutrition Fund and the School Store Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, interest income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$10,465,237, above last year's ending fund balance of \$4,830,083. The increase in combined fund balances is due mainly to the increase in fund balance of the Capital Projects Fund due to unexpended revenue bond proceeds.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. A decrease during the year in local and state source revenues resulted in a decrease in revenues. The District also saw an increase in expenditures due primarily to an increase in instruction expenditures. Revenues did exceed expenditures during the year by \$771,696 resulting in the District's General Fund balance increasing from \$1,995,163 at June 30, 2014 to \$2,766,859 at June 30, 2015.
- The Management Levy Fund balance increased from \$449,675 at June 30, 2014 to \$622,996 at June 30, 2015. The increase was due primarily to an increase in local tax revenues received as compared to the prior year.
- The Capital Projects Fund balance increased from \$1,999,441 at June 30, 2014 to \$6,625,962 at June 30, 2015. The increase was primarily due to unexpended revenue bond proceeds which will be used to finance construction projects. The District issued \$5,085,000 in revenue bonds during fiscal year 2015.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a restated \$27,841 at July 1, 2014 to \$47,824 at June 30, 2015, representing an increase of 71.78%.

The School Store Fund net position increased from \$1,639 at June 30, 2014 to \$2,103 at June 30, 2015, representing an increase of 28.31%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Missouri Valley Community School District amended its budget one time to reflect additional expenditures in the non-instructional programs and other expenditures functional areas.

The District's revenues were \$21,757 more than budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$8,108,929, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 7.98% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$575,161.

The original cost of the District's capital assets was \$17,533,402. Governmental funds account for \$17,296,873 with the remainder of \$236,529 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$477,312 at June 30, 2015, compared to \$32,006 reported at June 30, 2014. The increase is due to costs incurred as part of the Districts athletic and campus improvement projects that were incurred during the year.

Figure A-6							
Capital Assets, Net of Depreciation							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 61,250	61,250	-	-	61,250	61,250	0.00%
Construction in progress	477,312	32,006	-	-	477,312	32,006	1391.32%
Buildings	6,919,157	6,796,806	-	-	6,919,157	6,796,806	1.80%
Land improvements	83,916	91,207	-	-	83,916	91,207	-7.99%
Machinery and equipment	509,901	488,733	57,393	39,464	567,294	528,197	7.40%
Total	\$ 8,051,536	7,470,002	57,393	39,464	8,108,929	7,509,466	7.98%

Long-Term Debt

At June 30, 2015, the District had \$8,014,814 in general obligation and other long-term debt outstanding. This represents an increase of 1,169.61% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had outstanding revenue bonds of \$5,085,000 at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had outstanding capital loan notes payable from the Capital Projects: Physical Plant and Equipment Levy Fund of \$200,000 at June 30, 2015.

At June 30, 2015, the District had a net pension liability of \$2,687,064. \$2,610,214 was attributable to the governmental activities with the remaining \$76,850 attributable to the business type activities.

The District had outstanding compensated absences of \$42,750 at June 30, 2015, payable from the General Fund.

Figure A-7							
Outstanding Long-Term Obligations							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
		(Not restated)		(Not restated)		(Not restated)	
General obligation bonds	\$ -	290,000	-	-	-	290,000	-100.00%
Revenue bonds	5,085,000	-	-	-	5,085,000	-	100.00%
Capital loan notes	200,000	300,000	-	-	200,000	300,000	-33.33%
Net pension liability	2,610,214	-	76,850	-	2,687,064	-	100.00%
Compensated absences	42,750	41,283	-	-	42,750	41,283	3.55%
Totals	\$ 7,937,964	631,283	76,850	-	8,014,814	631,283	1169.61%

FACTORS BEARING ON THE DISTRICT'S FUTURE

- Continued budget concerns at the state level will affect future District projections. Low allowable growth (Supplemental State Aid) may impact the spending authority of the District. The State of Iowa has not set the supplemental state aid for Fiscal Year 2017 and 2018. This creates a challenge for the District to predict future revenues and will have an impact on future budget decisions.
- District enrollment increased by 28.66 students from Fiscal Year 2014 to Fiscal Year 2015.

-
- Certain costs will continue to increase, such as those associated with salaries and benefits. Health insurance premiums will continue to be a major issue for the District in the foreseeable future.
 - Open enrollment is a process allowed under Iowa Code that allows parents or guardians residing in an Iowa school district to enroll their children into another Iowa school district. In the fiscal year ending June 30, 2015, the Missouri Valley Community School District had seventy-seven students enrolled out of the district and thirty-four students enrolled into the district. Closing the gap between the numbers of open enrolled out students and open enrolled in students would benefit the health of the General Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rhonda Oliphant, District Secretary/Treasurer, Missouri Valley Community School District, 109 East Michigan Street, Missouri Valley, Iowa, 51555.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 11,359,271	75,000	11,434,271
Receivables:			
Property tax:			
Delinquent	52,130	-	52,130
Succeeding year	3,463,413	-	3,463,413
Income surtax	216,647	-	216,647
Accounts	47	-	47
Due from other governments	218,860	-	218,860
Inventories	-	15,905	15,905
Capital assets, net of accumulated depreciation	8,051,536	57,393	8,108,929
Net OPEB asset	260,883	2,529	263,412
TOTAL ASSETS	23,622,787	150,827	23,773,614
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	531,201	14,779	545,980
LIABILITIES			
Accounts payable	457,881	-	457,881
Salaries and benefits payable	707,190	-	707,190
Accrued interest payable	49,111	-	49,111
Unearned revenue	-	6,358	6,358
Long-term liabilities:			
Portion due within one year:			
Capital loan note payable	100,000	-	100,000
Compensated absences	42,750	-	42,750
Portion due after one year:			
Capital loan note payable	100,000	-	100,000
Revenue bonds payable	5,085,000	-	5,085,000
Net pension liability	2,610,214	76,850	2,687,064
TOTAL LIABILITIES	9,152,146	83,208	9,235,354
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	3,463,413	-	3,463,413
Pension related deferred inflows	1,102,905	32,471	1,135,376
TOTAL DEFERRED INFLOWS OF RESOURCES	4,566,318	32,471	4,598,789
NET POSITION			
Net investment in capital assets	7,456,626	57,393	7,514,019
Restricted for:			
Categorical funding	255,269	-	255,269
Debt service	754,316	-	754,316
School infrastructure	1,304,837	-	1,304,837
Physical plant and equipment	182,985	-	182,985
Management levy purposes	622,996	-	622,996
Student activities	94,043	-	94,043
Unrestricted	(235,548)	(7,466)	(243,014)
TOTAL NET POSITION	\$ 10,435,524	49,927	10,485,451

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 3,749,878	233,857	62,831	(3,453,190)	-	(3,453,190)
Special	1,037,507	23,887	115,386	(898,234)	-	(898,234)
Other	1,098,764	209,353	351,461	(537,950)	-	(537,950)
	5,886,149	467,097	529,678	(4,889,374)	-	(4,889,374)
Support services:						
Student	292,066	-	-	(292,066)	-	(292,066)
Instructional staff	161,699	-	4,095	(157,604)	-	(157,604)
Administration	885,817	-	-	(885,817)	-	(885,817)
Operation and maintenance of plant	1,020,667	-	-	(1,020,667)	-	(1,020,667)
Transportation	343,290	668	691	(341,931)	-	(341,931)
	2,703,539	668	4,786	(2,698,085)	-	(2,698,085)
Long-term debt interest	67,748	-	-	(67,748)	-	(67,748)
Other expenditures:						
AEA flowthrough	351,506	-	351,506	-	-	-
Depreciation(unallocated)*	391,830	-	-	(391,830)	-	(391,830)
	743,336	-	351,506	(391,830)	-	(391,830)
Total governmental activities	9,400,772	467,765	885,970	(8,047,037)	-	(8,047,037)
Business type activities:						
Instruction:						
Regular	15	-	-	-	(15)	(15)
Other	3,025	4,839	-	-	1,814	1,814
	3,040	4,839	-	-	1,799	1,799
Support services:						
Administration	2,746	-	-	-	(2,746)	(2,746)
Operation and maintenance of plant	6,155	-	-	-	(6,155)	(6,155)
	8,901	-	-	-	(8,901)	(8,901)
Non-instructional programs:						
Food service operations	387,090	176,432	214,613	-	3,955	3,955
Total business type activities	399,031	181,271	214,613	-	(3,147)	(3,147)
Total	\$ 9,799,803	649,036	1,100,583	(8,047,037)	(3,147)	(8,050,184)
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 3,579,322	-	3,579,322
Debt service				299,809	-	299,809
Capital outlay				253,568	-	253,568
Income surtax				260,998	-	260,998
Statewide sales, services and use tax				805,723	-	805,723
Unrestricted state grants				4,371,676	-	4,371,676
Nonspecific program federal grants				18,832	-	18,832
Unrestricted investment earnings				2,424	5	2,429
Other				109,610	1,830	111,440
Transfers				(21,759)	21,759	-
Total general revenues and transfers				9,680,203	23,594	9,703,797
Change in net position				1,633,166	20,447	1,653,613
Net position beginning of year, as restated				8,802,358	29,480	8,831,838
Net position end of year				\$ 10,435,524	49,927	10,485,451

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 3,468,909	618,891	6,825,807	445,664	11,359,271
Receivables:					
Property tax:					
Delinquent	41,078	4,105	3,191	3,756	52,130
Succeeding year	2,603,882	600,000	259,531	-	3,463,413
Income surtax	216,647	-	-	-	216,647
Accounts	47	-	-	-	47
Due from other governments	92,476	-	126,384	-	218,860
TOTAL ASSETS	\$ 6,423,039	1,222,996	7,214,913	449,420	15,310,368
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 128,461	-	329,420	-	457,881
Salaries and benefits payable	707,190	-	-	-	707,190
Total liabilities	835,651	-	329,420	-	1,165,071
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,603,882	600,000	259,531	-	3,463,413
Income surtax	216,647	-	-	-	216,647
Total deferred inflows of resources	2,820,529	600,000	259,531	-	3,680,060
Fund balances:					
Restricted for:					
Categorical funding	255,269	-	-	-	255,269
Debt service	-	-	448,050	355,377	803,427
School infrastructure	-	-	5,994,927	-	5,994,927
Physical plant and equipment	-	-	182,985	-	182,985
Management levy purposes	-	622,996	-	-	622,996
Student activities	-	-	-	94,043	94,043
Unassigned	2,511,590	-	-	-	2,511,590
Total fund balances	2,766,859	622,996	6,625,962	449,420	10,465,237
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,423,039	1,222,996	7,214,913	449,420	15,310,368

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 20)	\$	10,465,237
 <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.		8,051,536
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		216,647
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.		(49,111)
Other post employment benefits are not available to finance expenditures of the current fiscal period.		260,883
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	\$ 531,201	
Deferred inflows of resources	<u>(1,102,905)</u>	(571,704)
Long-term liabilities, including general obligation bonds payable, capital loan note payable, net pension liability and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(7,937,964)</u>
Net position of governmental activities(page 18)	\$	<u><u>10,435,524</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,562,338	324,909	253,568	299,809	4,440,624
Tuition	239,794	-	-	-	239,794
Other	43,613	93,227	973	225,468	363,281
State sources	4,919,653	2,152	807,396	1,970	5,731,171
Federal sources	323,761	1,483	1,153	1,357	327,754
TOTAL REVENUES	9,089,159	421,771	1,063,090	528,604	11,102,624
EXPENDITURES:					
Current:					
Instruction:					
Regular	3,681,588	130,793	-	-	3,812,381
Special	1,064,056	-	-	-	1,064,056
Other	918,807	-	-	223,215	1,142,022
	5,664,451	130,793	-	223,215	6,018,459
Support services:					
Student	297,441	-	-	-	297,441
Instructional staff	220,708	-	-	-	220,708
Administration	946,520	-	55,235	500	1,002,255
Operation and maintenance of plant	597,211	102,797	17,422	-	717,430
Transportation	239,626	14,860	50,167	-	304,653
	2,301,506	117,657	122,824	500	2,542,487
Capital outlay	-	-	1,281,738	-	1,281,738
Long-term debt:					
Principal	-	-	-	390,000	390,000
Interest and fiscal charges	-	-	-	21,329	21,329
	-	-	-	411,329	411,329
Other expenditures:					
AEA flowthrough	351,506	-	-	-	351,506
TOTAL EXPENDITURES	8,317,463	248,450	1,404,562	635,044	10,605,519
Excess(Deficiency) of revenues over(under) expenditures	771,696	173,321	(341,472)	(106,440)	497,105
Other financing sources(uses):					
Transfer in	-	-	-	170,056	170,056
Transfer out	-	-	(170,056)	-	(170,056)
Proceeds from revenue bonds issuance	-	-	5,085,000	-	5,085,000
Premium on revenue bond issuance	-	-	100,341	-	100,341
Discount on revenue bond issuance	-	-	(47,292)	-	(47,292)
Total other financing sources(uses)	-	-	4,967,993	170,056	5,138,049
Change in fund balances	771,696	173,321	4,626,521	63,616	5,635,154
Fund balances beginning of year	1,995,163	449,675	1,999,441	385,804	4,830,083
Fund balances end of year	\$ 2,766,859	622,996	6,625,962	449,420	10,465,237

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 22) \$ 5,635,154

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

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

Capital outlay	\$ 1,148,786	
Depreciation expense	<u>(567,252)</u>	581,534

Income surtax receivable is not available to finance expenditures of the current year period in the governmental funds. (46,927)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:

Issued	\$ (5,085,000)	
Repaid	<u>390,000</u>	(4,695,000)

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. (46,419)

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. 387,639

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

Compensated absences	\$ (1,467)	
Pension expense	(170,265)	
Other postemployment benefits	<u>(11,083)</u>	<u>(182,815)</u>

Change in net position of governmental activities(page 19) \$ 1,633,166

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise Funds		
	School Nutrition	School Store	Total
ASSETS			
Current assets:			
Cash and pooled investments	\$ 72,897	2,103	75,000
Inventories	15,905	-	15,905
Total current assets	<u>88,802</u>	<u>2,103</u>	<u>90,905</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	57,393	-	57,393
Net OPEB asset	2,529	-	2,529
Total noncurrent assets	<u>59,922</u>	<u>-</u>	<u>59,922</u>
TOTAL ASSETS	<u>148,724</u>	<u>2,103</u>	<u>150,827</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	14,779	-	14,779
LIABILITIES			
Current liabilities:			
Unearned revenue	6,358	-	6,358
Noncurrent liabilities:			
Net pension liability	76,850	-	76,850
TOTAL LIABILITIES	<u>83,208</u>	<u>-</u>	<u>83,208</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	32,471	-	32,471
NET POSITION			
Net investment in capital assets	57,393	-	57,393
Unrestricted	(9,569)	2,103	(7,466)
TOTAL NET POSITION	<u>\$ 47,824</u>	<u>2,103</u>	<u>49,927</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	School Store	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 176,432	4,839	181,271
Miscellaneous	1,830	-	1,830
Total operating revenues	<u>178,262</u>	<u>4,839</u>	<u>183,101</u>
Operating expenses:			
Instruction:			
Supplies	-	3,025	3,025
Other	-	15	15
Total instruction	<u>-</u>	<u>3,040</u>	<u>3,040</u>
Support services:			
Administration:			
Services	1,411	1,335	2,746
Operation and maintenance of plant:			
Services	6,155	-	6,155
Total support services	<u>7,566</u>	<u>1,335</u>	<u>8,901</u>
Non-instructional programs:			
Food service operations:			
Salaries	122,514	-	122,514
Benefits	23,043	-	23,043
Services	282	-	282
Supplies	231,265	-	231,265
Other	2,077	-	2,077
Depreciation	7,909	-	7,909
Total non-instructional programs	<u>387,090</u>	<u>-</u>	<u>387,090</u>
Total operating expenses	<u>394,656</u>	<u>4,375</u>	<u>399,031</u>
Operating income(loss)	(216,394)	464	(215,930)
Non-operating revenues:			
State sources	3,223	-	3,223
Federal sources	211,390	-	211,390
Interest income	5	-	5
Total non-operating revenues	<u>214,618</u>	<u>-</u>	<u>214,618</u>
Change in net position before other financing sources	(1,776)	464	(1,312)
Other financing sources:			
Contributed capital	21,759	-	21,759
Change in net position	19,983	464	20,447
Net position beginning of year, as restated	27,841	1,639	29,480
Net position end of year	<u>\$ 47,824</u>	<u>2,103</u>	<u>49,927</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise Funds		
	School Nutrition	School Store	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 178,693	-	178,693
Cash received from miscellaneous	1,830	-	1,830
Cash received from school store operating activities	-	4,839	4,839
Cash payments to employees for services	(150,990)	-	(150,990)
Cash payments to suppliers for goods or services	(216,334)	(4,375)	(220,709)
Net cash provided by (used in) operating activities	<u>(186,801)</u>	<u>464</u>	<u>(186,337)</u>
Cash flows from non-capital financing activities:			
State grants received	3,223	-	3,223
Federal grants received	186,086	-	186,086
Net cash provided by non-capital financing activities	<u>189,309</u>	<u>-</u>	<u>189,309</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(4,079)	-	(4,079)
Cash flows from investing activities:			
Interest on investments	5	-	5
Net increase(decrease) in cash and pooled investments	(1,566)	464	(1,102)
Cash and pooled investments at beginning of year	74,463	1,639	76,102
Cash and pooled investments at end of year	<u>\$ 72,897</u>	<u>2,103</u>	<u>75,000</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (216,394)	464	(215,930)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Commodities consumed	25,304	-	25,304
Depreciation	7,909	-	7,909
Increase in inventories	(448)	-	(448)
Decrease in net pension liability	(34,555)	-	(34,555)
Increase in deferred outflows of resources	(3,456)	-	(3,456)
Increase in deferred inflows of resources	32,471	-	32,471
Increase in unearned revenue	2,261	-	2,261
Decrease in other postemployment benefits	107	-	107
Net cash provided by (used in) operating activities	<u>\$ (186,801)</u>	<u>464</u>	<u>(186,337)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$25,304 of federal commodities.

During the year ended June 30, 2015, the District received contributed capital of \$21,759 from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	\$ 121,321	340
LIABILITIES		
Due to other groups	-	340
NET POSITION		
Held in trust for scholarships	<u>\$ 121,321</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 701
Contributions	7,430
Total additions	<u>8,131</u>
Deductions:	
Instruction:	
Other:	
Scholarships awarded	<u>6,000</u>
Change in net position	2,131
Net position beginning of year	<u>119,190</u>
Net position end of year	<u>\$ 121,321</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

(1) **Summary of Significant Accounting Policies**

The Missouri Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Missouri Valley, Iowa, and the predominately agricultural territory in Harrison and Pottawattamie Counties. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in jointly governed organizations that provide 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 Harrison County and Pottawattamie County Assessors' Conference Boards.

B. Basis of Presentation

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

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

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

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

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

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

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

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 of capital facilities and other capital assets.

The Management Levy Fund is used to account for property tax and other revenues to be used for unemployment benefits, insurance agreements and liability insurance.

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Enterprise, School Store Fund. The School Nutrition Fund is used to account for the food service operations of the District. The School Store Fund is used to account for the operations of the school store within the District.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 500
Buildings	500
Land improvements	500
Intangible assets	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangible assets	2 or more
Machinery and equipment	5-15 years

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

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

Unearned Revenue - Unearned revenues are monies collected for student fees and 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 balance sheet in the Enterprise, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits 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 \$8,391,244 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.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Physical Plant and Equipment Levy	\$ <u>170,056</u>

The transfer of \$111,179 from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was needed for principal and interest requirements on the District's capital loan note indebtedness. The remaining \$58,877 was transferred for the early call of the capital loan notes in fiscal year 2016.

(4) Capital Assets

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

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 61,250	-	-	61,250
Construction in progress	32,006	445,306	-	477,312
Total capital assets not being depreciated	<u>93,256</u>	<u>445,306</u>	<u>-</u>	<u>538,562</u>
Capital assets being depreciated:				
Buildings	12,855,872	506,890	-	13,362,762
Land improvements	770,441	-	-	770,441
Machinery and equipment	2,525,229	196,590	96,711	2,625,108
Total capital assets being depreciated	<u>16,151,542</u>	<u>703,480</u>	<u>96,711</u>	<u>16,758,311</u>
Less accumulated depreciation for:				
Buildings	6,059,066	384,539	-	6,443,605
Land improvements	679,234	7,291	-	686,525
Machinery and equipment	2,036,496	175,422	96,711	2,115,207
Total accumulated depreciation	<u>8,774,796</u>	<u>567,252</u>	<u>96,711</u>	<u>9,245,337</u>
Total capital assets being depreciated, net	<u>7,376,746</u>	<u>136,228</u>	<u>-</u>	<u>7,512,974</u>
Governmental activities capital assets, net	<u>\$ 7,470,002</u>	<u>581,534</u>	<u>-</u>	<u>8,051,536</u>
Business type activities:				
Machinery and equipment	\$ 210,691	25,838	-	236,529
Less accumulated depreciation	171,227	7,909	-	179,136
Business type activities capital assets, net	<u>\$ 39,464</u>	<u>17,929</u>	<u>-</u>	<u>57,393</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 22,388
Other	6,820
Support services:	
Student	114
Instructional staff	82,318
Administration	10,767
Operation and maintenance of plant	3,995
Transportation	49,020
	<u>175,422</u>
Unallocated depreciation	<u>391,830</u>
	<u>\$ 567,252</u>
Business type activities:	
Food service operations	<u>\$ 7,909</u>

(5) Long-Term Liabilities

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

	Balance			Balance End of Year	Due Within One Year
	Beginning of Year Restated	Additions	Reductions		
Governmental activities:					
General obligation bonds	\$ 290,000	-	290,000	-	-
Revenue bonds	-	5,085,000	-	5,085,000	-
Capital loan notes	300,000	-	100,000	200,000	100,000
Net pension liability	3,783,884	-	1,173,670	2,610,214	-
Compensated absences	41,283	42,750	41,283	42,750	42,750
Total	<u>\$ 4,415,167</u>	<u>5,127,750</u>	<u>1,604,953</u>	<u>7,937,964</u>	<u>142,750</u>
Business type activities:					
Net pension liability	<u>\$ 111,405</u>	<u>-</u>	<u>34,555</u>	<u>76,850</u>	<u>-</u>

Capital Loan Notes

During the year ended June 30, 2010, the District issued capital loan notes for the purchase of equipment. Principal and interest payments will be made from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's capital loan notes indebtedness at June 30, 2015 are as follows:

Year Ending June 30,	Capital Loan issue dated June 10, 2010			
	Interest Rates	Principal	Interest	Total
2016	4.00 %	\$ 100,000	6,000	106,000
2017	4.00	100,000	2,000	102,000
Total		<u>\$ 200,000</u>	<u>8,000</u>	<u>208,000</u>

Revenue Bonds

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

Year Ending June 30,	Bond issue dated February 10, 2015			
	Interest Rates	Principal	Interest	Total
2016	2.00 %	\$ -	109,497	109,497
2017	2.00	250,000	120,300	370,300
2018	2.00	330,000	114,500	444,500
2019	2.00	335,000	107,850	442,850
2020	2.00	335,000	101,150	436,150
2021-2025	2.00-2.50	1,790,000	395,106	2,185,106
2026-2030	2.50-3.00	2,045,000	152,119	2,197,119
Total		\$ 5,085,000	1,100,522	6,185,522

The District has pledged future statewide sales, services and use tax revenues to repay the \$5,085,000 of bonds issued February 10, 2015. The bonds were issued for the purpose of financing a portion of the costs for various construction projects. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 14% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$6,185,522. For the current year, principal of \$0 and interest of \$0 was paid on the bonds and total statewide sales, services and use tax revenues were \$805,723.

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

- a) \$448,050 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

(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 \$398,191.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,687,064 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 0.066395 percent, which was a decrease of 0.002402 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$175,277. 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	\$ 29,203	\$ -
Changes of assumptions	118,586	-
Net difference between projected and actual earnings on pension plan investments	-	1,024,769
Changes in proportion and differences between District contributions and proportionate share of contributions	-	110,607
District contributions subsequent to the measurement date	398,191	-
Total	<u>\$ 545,980</u>	<u>\$ 1,135,376</u>

\$398,191 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	\$ (247,505)
2017	(247,505)
2018	(247,505)
2019	(247,505)
2020	2,433
	<u>\$ (987,587)</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	\$ 5,077,133	\$ 2,687,064	\$ 669,599

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 \$46,187 for legally required employer contributions and \$30,774 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health plan which provides medical and prescription drug benefits for employees, retirees and their spouses under one of three fully insured Copay plans offered through Alliance Select. There are 99 active and 23 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 128,000
Interest on net OPEB obligation	(12,357)
Adjustment to annual required contribution	10,547
Annual OPEB cost	<u>126,190</u>
Contributions made	<u>(115,000)</u>
Increase in net OPEB obligation	11,190
Net OPEB obligation - beginning of year	<u>(274,602)</u>
Net OPEB obligation - end of year	<u><u>\$ (263,412)</u></u>

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

For the year ended June 30, 2015, the District contributed \$115,000 to the medical plan. Plan members eligible for benefits contributed \$172,000, or 59.93% of the premium costs.

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

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	127,245	131.24%	(243,000)
2014	126,398	125.00%	(274,602)
2015	126,190	91.13%	(263,412)

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 \$1,458,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,458,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,902,057 and the ratio of the UAAL to covered payroll was 37.36%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2012 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2012.

Projected claim costs of the medical plan are \$703 per month for retirees and \$1,055 per month for spouses less than 65. The salary increase rate was assumed to 3.5% per year. The implicit subsidy portion of UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Categorical Funding

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

<u>Program</u>	<u>Amount</u>
At-risk supplemental weighting	\$ 22,452
Returning dropouts and dropout prevention programs	63,089
Beginning teacher mentoring and induction program	870
Teacher salary supplement	74,902
Professional development for model core curriculum	12,311
Professional development	9,162
Successful progression for early readers	16,250
Four-year-old preschool state aid	51,503
Math and science education improvement	2,257
Teacher leadership grants	2,473
Total	<u>\$ 255,269</u>

(9) Risk Management

Missouri Valley 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.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$351,506 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Budget Overexpenditure

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

(12) Deficit Net Position

At June 30, 2015 the School Nutrition Fund had a deficit unrestricted net position of \$9,569, the business type activities had a deficit unrestricted net position of \$7,466 and the governmental activities had a deficit unrestricted net position of \$235,548.

(13) Construction Commitments

The District entered into contracts totaling \$7,364,816 for athletic and campus improvement projects. As of June 30, 2015, costs of \$477,312 had been incurred against these contracts. The remaining balance will be paid out as work on the project progresses.

(14) Detailed Reconciliation of Governmental Fund Balances to Net Position

The following is the detailed reconciliation of the governmental funds balance sheet to the Statement of Net Position:

	Net Investment in Capital Assets	Debt Service	School Infrastructure	Unassigned/ Unrestricted
Fund Balance (Exhibit C)	\$ -	803,427	5,994,927	2,511,590
Capital assets, net of accumulated depreciation	8,051,536	-	-	-
Revenue bond capitalized indebtedness	(394,910)	-	-	-
Capital loan note capitalized indebtedness	(200,000)	-	-	-
Income surtax	-	-	-	216,647
Unspent revenue bond proceeds	-	-	(4,690,090)	-
Accrued interest payable	-	(49,111)	-	-
Accrued compensated absences	-	-	-	(42,750)
Pension related deferred outflows	-	-	-	531,201
Net pension liability	-	-	-	(2,610,214)
Pension related deferred inflows	-	-	-	(1,102,905)
Net OPEB asset	-	-	-	260,883
Net position (Exhibit A)	<u>\$ 7,456,626</u>	<u>754,316</u>	<u>1,304,837</u>	<u>(235,548)</u>

(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
Net position June 30, 2014, as previously reported	\$ 12,201,650	\$ 129,562
Net pension liability at June 30, 2014	(3,783,884)	(111,405)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	384,592	11,323
Net position July 1, 2014, as restated	<u>\$ 8,802,358</u>	<u>\$ 29,480</u>

A breakout of the restated net position by fund for the District's business type activities is as follows:

	<u>School Nutrition</u>	<u>School Store</u>	<u>Total Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 127,923	\$ 1,639	\$ 129,562
Net pension liability at June 30, 2014	(111,405)	-	(111,405)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	11,323	-	11,323
Net position July 1, 2014, as restated	<u>\$ 27,841</u>	<u>\$ 1,639</u>	<u>\$ 29,480</u>

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 5,043,699	183,106	5,226,805	5,930,614	5,930,614	(703,809)
Intermediate sources	-	-	-	4,400	4,400	(4,400)
State sources	5,731,171	3,223	5,734,394	5,106,533	5,106,533	627,861
Federal sources	327,754	211,390	539,144	437,039	437,039	102,105
Total revenues	11,102,624	397,719	11,500,343	11,478,586	11,478,586	21,757
Expenditures/Expenses:						
Instruction	6,018,459	3,040	6,021,499	6,294,500	6,294,500	273,001
Support services	2,542,487	8,901	2,551,388	3,042,661	3,042,661	491,273
Non-instructional programs	-	387,090	387,090	446,250	500,000	112,910
Other expenditures	2,044,573	-	2,044,573	1,507,655	1,600,000	(444,573)
Total expenditures/expenses	10,605,519	399,031	11,004,550	11,291,066	11,437,161	432,611
Excess(Deficiency) of revenues over(under) expenditures/expenses	497,105	(1,312)	495,793	187,520	41,425	454,368
Other financing sources, net	5,138,049	21,759	5,159,808	-	-	5,159,808
Excess(Deficiency) of revenues and other net financing sources over(under) expenditures/expenses and other net financing sources	5,635,154	20,447	5,655,601	187,520	41,425	5,614,176
Balances beginning of year, as restated	4,830,083	29,480	4,859,563	5,941,131	5,941,131	(1,081,568)
Balances end of year	\$ 10,465,237	49,927	10,515,164	6,128,651	5,982,556	4,532,608

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$146,095.

During the year ended June 30, 2015, expenditures in the other expenditures function exceeded the amounts budgeted.

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

	2015
District's proportion of the net pension liability	0.066395%
District's proportionate share of the net pension liability	\$ 2,687
District's covered-employee payroll	\$ 4,459
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.26%
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.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 398	396	386	357	307	278	313	250	236	232
Contributions in relation to the statutorily required contribution	(398)	(396)	(386)	(357)	(307)	(278)	(313)	(250)	(236)	(232)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,459	4,434	4,452	4,424	4,417	4,000	4,929	4,132	4,104	4,035
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.

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

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

MISSOURI VALLEY 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	-	\$ 1,755,000	1,755,000	0.0%	\$ 4,283,923	40.97%
2011	July 1, 2009	-	1,755,000	1,755,000	0.0%	4,117,113	42.63%
2012	July 1, 2009	-	1,755,000	1,755,000	0.0%	4,419,984	39.71%
2013	July 1, 2012	-	1,458,000	1,458,000	0.0%	3,881,694	37.56%
2014	July 1, 2012	-	1,458,000	1,458,000	0.0%	3,901,070	37.37%
2015	July 1, 2012	-	1,458,000	1,458,000	0.0%	3,902,057	37.36%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

	Special Revenue		
	Student Activity	Debt Service	Total
ASSETS			
Cash and pooled investments	\$ 94,043	351,621	445,664
Receivables:			
Property tax:			
Delinquent	-	3,756	3,756
TOTAL ASSETS	\$ 94,043	355,377	449,420
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	-	-
Fund balances:			
Restricted for:			
Debt service	-	355,377	355,377
Student activities	94,043	-	94,043
Total fund balances	94,043	355,377	449,420
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 94,043	355,377	449,420

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		Total
	Student Activity	Debt Service	
REVENUES:			
Local sources:			
Local tax	\$ -	299,809	299,809
Other	225,359	109	225,468
State sources	-	1,970	1,970
Federal sources	-	1,357	1,357
TOTAL REVENUES	225,359	303,245	528,604
EXPENDITURES:			
Current:			
Instruction:			
Other	223,215	-	223,215
Support services:			
Administration	-	500	500
Long-term debt:			
Principal	-	390,000	390,000
Interest and fiscal charges	-	21,329	21,329
TOTAL EXPENDITURES	223,215	411,829	635,044
Excess(deficiency) of revenues over(under) expenditures	2,144	(108,584)	(106,440)
Other financing sources:			
Transfers in	-	170,056	170,056
Change in fund balances	2,144	61,472	63,616
Fund balances beginning of year	91,899	293,905	385,804
Fund balance end of year	\$ 94,043	355,377	449,420

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 6,644,861	180,946	6,825,807
Receivables:			
Property tax:			
Delinquent	-	3,191	3,191
Succeeding year	-	259,531	259,531
Due from other governments	126,384	-	126,384
TOTAL ASSETS	\$ 6,771,245	443,668	7,214,913
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 328,268	1,152	329,420
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	259,531	259,531
Fund balances:			
Restricted for:			
Debt service	448,050	-	448,050
School infrastructure	5,994,927	-	5,994,927
Physical plant and equipment	-	182,985	182,985
Total fund balances	6,442,977	182,985	6,625,962
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,771,245	443,668	7,214,913

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHNGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	253,568	253,568
Other	972	1	973
State sources	805,723	1,673	807,396
Federal sources	-	1,153	1,153
TOTAL REVENUES	806,695	256,395	1,063,090
EXPENDITURES:			
Current:			
Support services:			
Administration	55,235	-	55,235
Operation and maintenance of plant	2,650	14,772	17,422
Transportation	-	50,167	50,167
Capital outlay	1,280,488	1,250	1,281,738
TOTAL EXPENDITURES	1,338,373	66,189	1,404,562
Excess(Deficiency) of revenues over(under) expenditures	(531,678)	190,206	(341,472)
Other financing sources (uses):			
Transfer out	-	(170,056)	(170,056)
Proceeds from revenue bond issuance	5,085,000	-	5,085,000
Premium on revenue bond issuance	100,341	-	100,341
Discount on revenue bond issuance	(47,292)	-	(47,292)
Total other financing sources(uses)	5,138,049	(170,056)	4,967,993
Change in fund balances	4,606,371	20,150	4,626,521
Fund balances beginning of year	1,836,606	162,835	1,999,441
Fund balances end of year	\$ 6,442,977	182,985	6,625,962

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
HS Thespians	\$ 980	5,038	3,052	2,966
Speech	-	2,100	1,602	498
HS Vocal Music	3,301	52	1,386	1,967
MS Vocal Music	5,463	-	231	5,232
Elementary Vocal Music	4	-	4	-
HS Swing Choir	30	-	30	-
HS Band	2,339	182	903	1,618
MS Band	4,665	-	1,157	3,508
6th Grade Band	80	-	80	-
Boys Cross Country	324	417	691	50
Girls Cross Country	96	409	140	365
Drill Team	1,258	7,448	5,578	3,128
HS Boys Basketball	5,538	4,275	6,030	3,783
HS Football	5,101	8,269	10,687	2,683
G/B Soccer	300	2,481	2,720	61
HS Baseball	1,237	5,964	5,451	1,750
HS Boys Track	67	271	299	39
MS G/B Track	39	-	-	39
HS Wrestling	51	4,007	4,058	-
HS Girls Basketball	5,296	4,275	5,401	4,170
MS Girls Basketball	1	-	1	-
HS Volleyball	2,189	4,753	4,485	2,457
MS Volleyball	18	-	18	-
HS Softball	872	4,604	4,333	1,143
MS Softball	11	-	11	-
HS Girls Track	-	105	70	35
Athletics	2,206	12,201	9,523	4,884
Coaches Fund Reimbursement	664	-	664	-
HS Activity	927	-	555	372
MS Student Council	4,063	6,182	4,301	5,944
HS Student Council	1,896	2,719	2,913	1,702
Elementary Jump Rope for Heart	-	1,315	1,315	-
MS Jump Rope for Heart	2	-	-	2
Annual	2,447	5,709	2,036	6,120
5th Grade	22	-	22	-
Concessions	641	5,896	5,618	919
Kuhlmann Technology	321	-	-	321
Student Technology	8	-	-	8
Technology Projector	120	-	-	120
Friends of Rachel	56	133	-	189
Dream Program	12	-	-	12

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
National Honor Society	310	524	504	330
Art	491	-	-	491
Future Homemakers	4,168	11,247	13,875	1,540
Health Occupations	3,165	26,161	22,239	7,087
Key Club	1,548	3,589	4,363	774
MVHS Pep Club	626	943	908	661
Science Club	942	1,379	1,306	1,015
Spanish Club	1,274	-	-	1,274
Math Club	1,373	839	1,086	1,126
Class of 2014	148	-	80	68
Class of 2015	2,501	-	1,490	1,011
Class of 2016	1,427	15,970	15,272	2,125
Class of 2017	181	-	-	181
Social Studies Investments	5	6	-	11
Social Studies Students	2,465	-	1,179	1,286
Special Needs	766	-	200	566
Activity Fund Investments	166	1	166	1
Boys Basketball	1,375	6,932	6,607	1,700
Football	5,433	13,630	18,104	959
Girls Soccer	-	5,552	5,285	267
Boys Soccer	-	2,920	2,920	-
Baseball	3,227	10,247	10,308	3,166
Boys Track/Cross Country	639	2,946	3,137	448
Golf Club	245	3,753	3,568	430
Wrestling	-	8,758	3,466	5,292
Girls Basketball	1,246	4,344	3,724	1,866
Volleyball	1,559	2,114	1,902	1,771
Softball	1,655	3,153	3,849	959
Girls Cross Country	1,241	5,023	5,777	487
Elementary Activity	83	2,290	1,990	383
MS Student Activity	608	275	494	389
MS Cheerleaders	2	-	2	-
HS Cheerleaders	385	3,958	4,049	294
Total	\$ 91,899	225,359	223,215	94,043

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

	Private Purpose Trust - Scholarship Fund				
	Vocal Scholarship	Longview Scholarship	Key Club Scholarship	Rand Scholarship	Walsh Scholarship
ASSETS					
Cash and pooled investments	\$ 527	450	200	33,806	42,137
LIABILITIES					
	-	-	-	-	-
NET POSITION					
Held in trust for scholarships	\$ 527	450	200	33,806	42,137

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 6

Jensen Scholarship	McIntosh Scholarship	Thomas Scholarship	Brookhouser Scholarship	Faubel Scholarship	Land & Mineral Scholarship	Total
27,197	7,774	4,809	240	3,681	500	121,321
-	-	-	-	-	-	-
27,197	7,774	4,809	240	3,681	500	121,321

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

	Private Purpose Trust - Scholarship Fund				
	Vocal Scholarship	Longview Scholarship	Key Club Scholarship	Rand Scholarship	Walsh Scholarship
Additions:					
Local sources:					
Interest	\$ -	-	-	356	343
Contributions	-	-	-	-	-
Total additions	-	-	-	356	343
Deductions:					
Instruction:					
Other:					
Scholarships awarded	-	-	-	-	-
Change in net position	-	-	-	356	343
Net position beginning of year	527	450	200	33,450	41,794
Net position end of year	\$ 527	450	200	33,806	42,137

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 7

Jensen Scholarship	McIntosh Scholarship	Thomas Scholarship	Brookhouser Scholarship	Faubel Scholarship	Land & Mineral Scholarship	Total
2	-	-	-	-	-	701
-	7,000	-	-	430	-	7,430
2	7,000	-	-	430	-	8,131
1,000	3,000	-	-	2,000	-	6,000
(998)	4,000	-	-	(1,570)	-	2,131
28,195	3,774	4,809	240	5,251	500	119,190
27,197	7,774	4,809	240	3,681	500	121,321

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 AND LIABILITIES - AGENCY FUND
 YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Assets				
Cash and pooled investments	\$ 1,199	876	1,735	340
Liabilities				
Due to other groups	\$ 1,199	876	1,735	340

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 4,440,624	4,452,855	5,174,151	4,901,408	4,683,194	4,029,810	3,911,604	3,590,504	3,563,857	3,293,136
Tuition	239,794	259,410	240,179	257,228	271,975	231,738	169,642	180,746	187,568	170,217
Other	363,281	398,510	428,807	429,233	592,188	504,928	514,006	521,478	626,661	679,339
State sources	5,731,171	5,861,865	4,627,054	4,764,068	4,885,514	4,397,047	4,857,892	4,573,434	4,337,603	4,219,487
Federal sources	327,754	210,875	237,250	192,430	610,937	761,681	295,545	286,018	210,874	280,238
Total	\$ 11,102,624	11,183,515	10,707,441	10,544,367	11,043,808	9,925,204	9,748,689	9,152,180	8,926,563	8,642,417
Expenditures:										
Current:										
Instruction:										
Regular	\$ 3,812,381	3,666,539	3,582,784	3,428,719	3,554,400	3,526,034	3,666,662	3,451,845	3,066,054	2,919,893
Special	1,064,056	1,019,777	1,029,556	1,135,942	1,082,721	1,012,539	1,148,742	1,146,073	1,085,851	1,063,065
Other	1,142,022	1,142,776	1,149,488	1,189,617	1,224,357	1,300,515	969,973	886,236	1,048,621	1,098,824
Support services:										
Student	297,441	268,368	273,024	260,936	150,238	169,672	155,837	190,204	182,325	132,436
Instructional staff	220,708	205,070	214,827	171,694	369,364	417,530	315,230	271,626	271,163	337,026
Administration	1,002,255	951,537	1,044,550	1,074,533	1,122,685	1,095,628	1,022,919	985,912	906,653	870,944
Operation and maintenance of plant	717,430	858,705	759,377	698,584	782,484	774,021	986,220	903,724	791,257	822,026
Transportation	304,653	362,283	433,246	456,509	363,713	412,343	346,895	436,857	328,577	349,093
Capital outlay	1,281,738	312,382	189,766	88,320	796,568	456,881	204,021	274,905	1,717,443	847,757
Long-term debt:										
Principal	390,000	1,590,000	610,000	610,000	595,000	480,000	465,000	450,000	440,000	3,470,000
Interest and other charges	21,329	41,176	63,272	85,609	104,567	94,986	110,014	124,375	136,397	354,517
Other expenditures:										
AEA flow-through	351,506	349,941	329,939	332,204	373,579	373,644	333,778	301,546	290,839	275,773
Total	\$ 10,605,519	10,768,554	9,679,829	9,532,667	10,519,676	10,113,793	9,725,291	9,423,303	10,265,180	12,541,354

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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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 the Missouri Valley Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Missouri Valley Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Missouri Valley Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Missouri Valley Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Missouri Valley Community School District's internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Missouri Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However,

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

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

Missouri Valley Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2016
Newton, Iowa

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual may perform two or more functions in each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Inventories - ordering, receiving, issuing and storing.
- 4) Financial reporting - preparing, reconciling and approving.
- 5) Computer systems - performing all general accounting functions and controlling all data input and output.
- 6) School lunch program - 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.

Response - The District continues to evaluate and review internal control methods; segregating wherever possible with a limited support staff.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

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

Recommendation - The 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 recognizes that the budget was amended in May, 2015, and should have been amended sooner. In the future the District will amend its published budget before expenditures are allowed to exceed the budget, if necessary.

Conclusion - Response accepted.

II-B-15 Questionable Disbursements - We noted no disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Sara Guinan, Teacher Spouse owns Guinan Heating & Cooling	Supplies & services	\$ 1,239
Jean Dewaele, District Office Secretary Son owns Artisan Tile and Remodel, LLC	Services	\$ 3,882
Daughter owns The Depot	Supplies	\$ 2,450
Carol Rodewald, Director of Food Service Owns Carol's Cakes & Catering	Supplies	\$ 16
Christopher Jensen, Middle School Teacher Family owns Jensens Ace Hardware	Supplies	\$ 5,388

In accordance with the Attorney General’s opinion dated November 9, 1976, the above transactions with the family members of District employees do not appear to represent a conflict of interest.

In accordance with the Attorney General’s opinion dated July 2, 1990, the above transactions with the Director of Food Service, and the Middle School Teacher do not appear to represent a conflict of interest.

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

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

II-G-15 Certified Enrollment - We noted variances in the enrollment data certified to the Iowa Department of Education. The enrollment certified was overstated by -0.50 students.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this issue.

Response - The District’s auditors will contact the Iowa Department of Education and Iowa Department of Management on the District’s behalf.

Conclusion - Response accepted.

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

- II-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use 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		\$ 1,836,606
Revenues:		
Sales tax revenues	\$ 805,723	
Other local revenues	972	
Revenue bond proceeds	5,085,000	
Other	100,341	
	<u> </u>	<u>5,992,036</u>
		7,828,642
Expenditures/transfers out:		
School infrastructure	641,717	
Equipment	95,911	
Other	648,037	
	<u> </u>	<u>1,385,665</u>
Ending Balance		<u><u>\$ 6,442,977</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 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as part of the education program for students.

Inactive Accounts: We noted during our audit that the District appears to be maintaining accounts in the Student Activity Fund that have not had activity in the prior two fiscal years. Accounts with no activity include Art, Spanish Club, MS G/B Track, MS Jump Rope for Heart, Kuhlmann Technology, Student Technology and Dream Program

Recommendation - The District should review accounts in the Student Activity Fund to determine if the account is still active. If the accounts are determined to be inactive the remaining balances should be reallocated amongst the other student activity accounts at the discretion of the Board.

Response - The District has reviewed the accounts and reallocations were made and all of the named accounts have been closed.

Conclusion - Response accepted.

Administratively Maintained Accounts: We noted that the District maintains a Social Studies Investments, Social Studies Students and Friends of Rachel accounts within the Student Activity Fund. These accounts appear to be administratively maintained accounts and do not appear related to the extracurricular or cocurricular activities of the District.

Recommendation - The District should review these accounts and determine if the monies would be more appropriately accounted for in a different fund.

Response - The Social Studies accounts have moved to the General Fund. The “Friends of Rachel” account is now “Youth Empowered Schools” and under the auspices of a student leadership group and the District has determined it is appropriate to leave it in the Student Activity Fund.

Conclusion - Response accepted.

II-N-15 Financial Condition - The District had deficit unrestricted net position in the District’s Governmental Activities of \$235,548 and a deficit unrestricted net position of \$7,466 in the business type activities 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.

Response - The District will review the audit report annually with administration and the Board of Education to discuss the impact of GASB No. 68 and 71 on the District's financials for the current period and for future years.

Conclusion - Response accepted.