

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2015

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-10
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 11
Statement of Activities	B 12-15
Governmental Fund Financial Statements:	
Balance Sheet	C 16
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position	D 17
Statement of Revenues, Expenditures and Changes in Fund Balances	E 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities	F 19
Proprietary Fund Financial Statements:	
Statement of Net Position	G 20
Statement of Revenues, Expenditures and Changes in Fund Net Position	H 21
Statement of Cash Flows	I 22
Notes to Financial Statements	23-34
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures Expenses and Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Fund	36
Notes to Required Supplementary Information-Budgetary Reporting	37
Schedule of the District's Proportionate Share of the Net Pension Liability	38
Schedule of District Contributions	39-40
Notes to Required Supplementary Information - Pension Liability	41-42
Schedule of Funding Progress for the Retiree Health Plan	43
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 44
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 45
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3 46
Capital Project Accounts:	
Combining Balance Sheet	4 47
Combining Schedule of Revenues, Expenditures and Changes in Balances	5 48
Schedule of Revenues by Source and Expenditures by Function- All Governmental Funds	6 49-50
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>	51-52
Schedule of Findings and Questioned Costs	53-56

Mormon Trail Community School District

MORMON TRAIL COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jan Lundahl	President	2017
Brad Funk	Board Member	2015
Pat Evans	Board Member	2015
Jason Peasley	Board Member	2015
Marc Smiarowski	Board Member	2017
School Officials		
Alan Miller	Superintendent	Resigned 6/30/2015
Peggy Rash	District Secretary/Treasurer and Business Manager	Indefinite

Mormon Trail Community School District

STEPHANIE MENDENHALL, CPA P.C.
217 Broad Street
Humeston, Iowa 50123
641/877-6021

Independent Auditor's Report

To the Board of Education of
Mormon Trail Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mormon Trail Community School District, Humeston, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my 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 Mormon Trail 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 14 to the financial statements, Mormon Trail Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. My opinion is 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 4 through 10 and 36 through 43 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. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mormon Trail Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my 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, I have also issued my report dated October 29, 2015 on my consideration of Mormon Trail Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements other matters. The purpose of that report is to describe the scope of my 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 Mormon Trail Community School District's internal control over financial reporting and compliance.

Mormon Trail Community School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mormon Trail 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. I encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,764,540 in fiscal year 2014 to \$2,864,547 in fiscal year 2015, while General Fund expenditures decreased from \$3,013,001 in fiscal year 2014 to \$2,929,242 in fiscal year 2015. The District's General Fund balance decreased from \$315,107 at the end of its fiscal year 2014 to \$250,412 at the end of fiscal year 2015, a 21% decrease.
- General Fund revenues increased primarily because of increased state aid and tuition. The decrease in expenditures was due primarily to the elimination of the technology services position.
- Continued very low interest rates resulted in interest earnings in the General Fund of only \$412 and \$768 for fiscal year 2015 and 2014.

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

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

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

Supplementary information provides detailed information about the nonmajor governmental funds.

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 Statements of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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-1 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014. The June 30, 2014 amounts are not restated.

Figure A-1							
Condensed Statement of Net Position							
(Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Current and other assets	\$ 2,709	\$ 2,557	60	78	2,769	2,635	5.09%
Capital assets	1,819	1,836	43	21	1,862	1,857	0.27%
Total assets	4,528	4,393	103	99	4,631	4,492	3.09%
Deferred outflows of resources	223	-	9	-	232	-	100.00%
Long-term liabilities	1,042	95	36	-	1,078	95	1034.74%
Other liabilities	307	360	-	-	307	360	-14.72%
Total liabilities	1,349	455	36	-	1,385	455	204.40%
Deferred inflows of resources	1,647	1,082	16	2	1,663	1,084	53.41%
Net Position:							
Invested in capital assets, net of related debt	1,819	1,836	43	21	1,862	1,857	0.27%
Restricted	976	901	-	-	976	901	8.32%
Unrestricted	(1,040)	119	16	76	(1,024)	195	-625.13%
Total net position	1,755	2,856	59	97	1,814	2,953	-38.57%

The District's total net position decreased by nearly 39%, or approximately \$1.14 million, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment).

Restricted net position represents resources subject to external, restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$75,000 over the prior year. The increase was primarily a result of additional revenue in the Capital Projects Fund.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$1.219 million. This reduction in unrestricted net position was primarily a result of the District's net pension liability recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,141,189 and \$17,377, respectively, to retroactively report the net pension liability of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-2 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014. The June 30, 2014 amounts are nte restated.

Figure A-2							
Changes in Net Position							
(Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014	2015	2014	2015	2014	2014-2015
Revenues:							
Program revenues:							
Charges for service	\$ 272	114	57	56	329	170	93.53%
Operating grants, contributions and restricted interest	555	764	110	115	665	879	-24.35%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	1,059	1,164	-	-	1,059	1,164	-9.02%
Income surtax	18	117	-	-	18	117	-84.62%
Local option sales and service tax	233	210	-	-	233	210	10.95%
Unrestricted intermediate grants	-	-	-	-	-	-	-
Unrestricted state grants	1,202	1,020	-	-	1,202	1,020	17.84%
Unrestricted investment earnings	1	2	-	-	1	2	-50.00%
Other	10	-	-	-	10	-	7.25%
Total revenues	<u>3,350</u>	<u>3,391</u>	<u>167</u>	<u>171</u>	<u>3,517</u>	<u>3,562</u>	<u>-1.26%</u>
Program expenses:							
Instruction	2,205	2,225	-	-	2,205	2,225	-0.90%
Support services	859	991	-	-	859	991	-13.32%
Non-instructional programs	-	-	187	155	187	155	20.65%
Other expenses	274	176	-	-	274	176	55.68%
Total expenses	<u>3,338</u>	<u>3,392</u>	<u>187</u>	<u>155</u>	<u>3,525</u>	<u>3,547</u>	<u>-0.62%</u>
Increase (decrease) in net position	12	(1)	(20)	16	(8)	15	-153.33%
Net position beginning of year, as restated	<u>1,743</u>	<u>2,857</u>	<u>79</u>	<u>81</u>	<u>1,822</u>	<u>2,656</u>	<u>-31.40%</u>
Net position end of year	<u><u>1,755</u></u>	<u><u>2,856</u></u>	<u><u>59</u></u>	<u><u>97</u></u>	<u><u>1,814</u></u>	<u><u>2,671</u></u>	<u><u>-32.09%</u></u>

In fiscal year 2015, property tax and unrestricted state grants accounted for 68% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue. The District's total revenues were approximately \$3.517 million, of which approximately \$3.351 million was for governmental activities and \$167,000 was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 1% decrease in revenues and a 1% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$3,350,087 and expenses were \$3,338,488 for the year ended June 30, 2015. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014. The June 30, 2014 amounts are not restated.

Figure A-3
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2015	2014	Change 2014-2015	2015	2014	Change 2014-2015
Instruction	\$ 2,205	2,225	-0.90%	1,484	1,482	0.13%
Support services	859	991	-13.32%	860	991	-13.22%
Non-instruction	-	-	-	-	-	-
Other expenses	274	176	55.68%	168	41	309.76%
Total	3,338	3,392	-1.59%	2,512	2,514	-0.08%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$271,803.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$554,727.
- The net cost of governmental activities was financed with \$1,310,496 in property and other taxes and \$1,201,960 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$167,180 representing a 3% decrease over the prior year, while expenses totaled \$187,170, a 21% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenue of this activity is comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2015 there was a decline in the number of meals served due to decreased enrollment.

INDIVIDUAL FUND ANALYSIS

As previously noted, Mormon Trail 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 \$1,107,117 slightly below last year's ending fund balances of \$1,114,905.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. There was a decrease in property tax levy resulting in less property tax collections. There was an increase in salaries and benefits requiring the district to use carryover funds of \$65,000 to meet its financial obligations.
- The Capital Projects Fund balance increased from \$592,253 in fiscal year 2014 to \$630,089 in fiscal year 2015. In fiscal year 2015, there was an increase in revenue while expenditures continued to be less than the revenue collected.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$79,375 at June 30, 2014 to \$58,829 at June 30, 2015, representing an increase of approximately 26%. The District reported the related expenses for the net OPEB liability, which caused an overall reduction of net position.

BUDGETARY HIGHLIGHTS

Total expenditures were less than budgeted. 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 instruction and non-instruction functional areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$1.862 million, 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-4) This represents a net increase of .27% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$97,048.

The original cost of the District's capital assets was approximately \$3.836 million. Governmental funds account for approximately \$3.768 million, with the remainder of approximately \$68,000 accounted for in the Proprietary, School Nutrition Fund.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 16	16	-	-	16	16	0.00%
Buildings	1,521	1,577	-	-	1,521	1,577	-3.55%
Furniture and equipment	282	243	43	21	325	264	23.11%
Total	1,819	1,836	43	21	1,862	1,857	0.27%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Certified Enrollment increased significantly in October 2015, and the Department of Education trends indicate that over time the district's certified enrollment will be stable.
- Even with increased enrollment in FY 16, the Open Enrollment Out increased by 17.7 students and the Open Enrollment In declined by 1 student.
- The district has issues with technology infrastructure at the Humeston building that will need to be addressed.
- Identification and hiring of technology support personnel for the district will create additional cost for the district.
- The district has identified some concerns with the roof at both district buildings requiring repairs.
- The Mormon Trail Education Association has negotiated the past year with no increase in salary. Settlements for the next contract above new money or in excess of supplemental state aid will have an adverse effect on the district's general fund balance.

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 Peggy Rash, District Secretary/Treasurer and Business Manager, Mormon Trail Community School District, Humeston, Iowa 50123.

Basic Financial Statements

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Year ended June 30, 2015

	Governmental Activities	Business type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,264,302	51,220	1,315,522
Receivables:			
Property tax:			
Delinquent	22,395	-	22,395
Succeeding year	1,275,043	-	1,275,043
Income tax succeeding year	19,573	-	19,573
Due from other governments	127,772	3,489	131,261
Inventories	-	4,902	4,902
Capital assets, net of accumulated depreciation	1,818,977	42,959	1,861,936
Total assets	4,528,062	102,570	4,630,632
Deferred Outflows of Resources			
Pension related deferred outflows	223,263	8,784	232,047
Liabilities			
Accounts payable	51,536	235	51,771
Salaries and benefits payable	255,816	-	255,816
Net pension liability	925,015	36,391	961,406
Net OPEB liability	116,772	-	116,772
Total liabilities	1,349,139	36,626	1,385,765
Deferred Inflows of Resources			
Succeeding year property tax	1,275,043	-	1,275,043
Succeeding year income surtax	19,573	-	19,573
Other	-	2,020	-
Pension related deferred inflows	352,774	13,879	366,653
Total Deferred Inflows of Resources	1,647,390	15,899	1,661,269
Net Position			
Invested in capital assets, net of related debt	1,818,977	42,959	1,861,936
Restricted for:			
Categorical funding	119,530	-	119,530
Debt service	2,208	-	2,208
Management levy	169,559	-	169,559
Student activities	54,849	-	54,849
School infrastructure	623,216	-	623,216
Physical plant and equipment	6,873	-	6,873
Unrestricted	(1,040,416)	15,870	(1,024,546)
Total net position	1,754,796	58,829	1,813,625

See notes to financial statements.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,109,406	124,857	365,133	-
Special instruction	-	55,350	83,477	-
Other instruction	95,409	91,596	-	-
	2,204,815	271,803	448,610	-
Support Service:				
Student	20,323	-	-	-
Instructional staff	102,841	-	-	-
Administration	286,289	-	-	-
Operation and maintenance of plant	258,925	-	-	-
Transportation	191,185	-	-	-
	859,563	-	-	-
Non-instructional programs				
	-	-	-	-
Other expenditures:				
Facilities acquisition	167,993	-	-	-
Long-term debt interest	-	-	-	-
AEA flowthrough	106,117	-	106,117	-
	274,110	-	106,117	-
Total governmental activities	3,338,488	271,803	554,727	-
Business type activities:				
Non-instructional programs:				
Food service operations	187,770	57,264	109,916	-
	187,770	57,264	109,916	-
Total	\$ 3,526,258	329,067	664,643	-

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
(1,090,275)	-	(1,090,275)
(235,267)	-	(235,267)
(158,860)	-	(158,860)
<u>(1,484,402)</u>	-	<u>(1,484,402)</u>
(20,323)	-	(20,323)
(102,841)	-	(102,841)
(286,289)	-	(286,289)
(258,925)	-	(258,925)
(191,185)	-	(191,185)
<u>(859,563)</u>	-	<u>(859,563)</u>
-	-	-
(167,993)	-	(167,993)
-	-	-
<u>(167,993)</u>	-	<u>(167,993)</u>
(2,511,958)	-	(2,511,958)
-	(20,590)	(20,590)
-	<u>(20,590)</u>	<u>(20,590)</u>
<u>(2,511,958)</u>	<u>(20,590)</u>	<u>(2,532,548)</u>

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
 Statement of Activities
 Year ended June 30, 2015

Continued from previous page

General Revenues:

- Property tax levied for:
 - General purposes
 - Debt service
- Income surtax
- Local option sales and services tax
- Unrestricted intermediate grants
- Unrestricted state grants
- Unrestricted investment earnings
- Other

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

	Program Revenues		
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
1,059,602	-	1,059,602
-	-	-
17,687	-	17,687
233,237	-	233,237
-	-	-
1,201,960		1,201,960
1,291	44	1,335
9,780	-	9,780
<u>2,523,557</u>	<u>44</u>	<u>2,523,601</u>
11,599	(20,546)	(8,947)
<u>1,743,197</u>	<u>79,375</u>	<u>1,822,572</u>
<u>1,754,796</u>	<u>58,829</u>	<u>1,813,625</u>

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 443,346	595,406	225,550	1,264,302
Receivables:				
Property tax:				
Current year delinquent	19,204	1,615	1,576	22,395
Succeeding year	1,165,593	78,958	50,000	1,294,551
Income tax succeeding year	19,573	-	-	19,573
Due from other governments	91,131	36,641	-	127,772
Total assets	1,738,847	712,620	277,126	2,728,593
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	47,453	3,573	510	51,536
Salaries and benefits payable	255,816	-	-	255,816
Total liabilities	303,269	3,573	510	307,352
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,165,593	78,958	50,000	1,294,551
Succeeding year income surtax	19,573	-	-	19,573
Total deferred inflows of resources	1,185,166	78,958	50,000	1,314,124
Fund balances:				
Restricted for:				
Categorical funding	119,780	-	-	119,780
Debt service	-	-	2,208	2,208
Management levy	-	-	169,559	169,559
Student activities	-	-	54,849	54,849
School infrastructure	-	623,216	-	623,216
PPEL	-	6,873	-	6,873
Unassigned	130,632	-	-	130,632
Total fund balances	250,412	630,089	226,616	1,107,117
Total liabilities, deferred inflows of resources and fund balances	1,738,847	712,620	277,126	2,728,593

See notes to financial statements.

MORMON TRAIL 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 (pg. 16) \$1,107,117

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 1,818,977

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

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	223,263	
Deferred inflows of resources	<u>(352,774)</u>	(129,511)

Long-term liabilities, including bonds and notes payable, compensated absences payable, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (1,041,787)

Net position of governmental activities (pg. 11) \$ 1,754,796

See notes to financial statements.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 926,318	309,652	74,556	1,310,526
Tuition	155,315	-	-	155,315
Other	71,944	2,290	99,042	173,276
Intermediate	11,471	-	-	11,471
State sources	1,560,159	-	-	1,560,159
Federal sources	139,340	-	-	139,340
Total revenues	<u>2,864,547</u>	<u>311,942</u>	<u>173,598</u>	<u>3,350,087</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	1,579,591	674	-	1,580,265
Special instruction	374,094	-	-	374,094
Other instruction	155,047	-	113,659	268,706
	<u>2,108,732</u>	<u>674</u>	<u>113,659</u>	<u>2,223,065</u>
Support services:				
Student	20,323	-	-	20,323
Instructional staff	78,281	24,560	-	102,841
Administration	298,782	8,095	16,164	323,041
Operation and maintenance of plant	204,449	2,218	22,149	228,816
Transportation	112,558	70,566	2,556	185,680
	<u>714,393</u>	<u>105,439</u>	<u>40,869</u>	<u>860,701</u>
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	-	167,993	-	167,993
AEA flowthrough	106,117	-	-	106,117
	<u>106,117</u>	<u>167,993</u>	<u>-</u>	<u>274,110</u>
Total expenditures	<u>2,929,242</u>	<u>274,106</u>	<u>154,528</u>	<u>3,357,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(64,695)</u>	<u>37,836</u>	<u>19,070</u>	<u>(7,789)</u>
Other financing sources:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(64,695)	37,836	19,070	(7,789)
Fund balances beginning of year	<u>315,107</u>	<u>592,253</u>	<u>207,546</u>	<u>1,114,906</u>
Fund balances end of year	<u>\$ 250,412</u>	<u>630,089</u>	<u>226,616</u>	<u>1,107,117</u>

See notes to financial statements.

MORMON TRAIL 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 (pg. 18) \$ (7,789)

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

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

Capital outlays	73,710	
Depreciation expense	<u>(91,074)</u>	(17,364)

The current year District employer share of IPERS reported as contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

137,539

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:

Pension expense	(79,216)	
Other postemployment benefits	<u>(21,571)</u>	<u>(100,787)</u>

Change in net position of governmental activities (pg. 12-15) \$ 11,599

See notes to financial statements.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Schedule of Net Position
Proprietary Fund
June 30, 2015

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and cash equivalents	\$ 51,220
Due from other governments	3,489
Inventories	4,902
Total current assets	59,611
Noncurrent assets:	
Capital assets, net of accumulated depreciation	42,959
Total assets	102,570
Deferred Outflows of Resources	
Pension related deferred outflows	8,784
Liabilities	
Current liabilities:	
Accounts payable	235
Deferred revenue	2,020
Total current liabilities	2,255
Noncurrent liabilities:	
Net pension liability	36,391
Total liabilities	38,646
Deferred Inflows of Resources	
Pension related deferred inflows	13,879
Net Position	
Net investment in related debt	42,959
Unrestricted	15,870
Total net position	\$ 58,829

See notes to financial statements.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
 Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Fund
 Year ended June 30, 2015

	Enterprise, School Nutrition
Operating revenues:	
Local sources	
Charges for service	\$ 57,264
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	62,184
Benefits	34,397
Purchased services	7,684
Supplies	77,531
Depreciation	5,974
Total operating expenses	187,770
Operating loss	(130,506)
Non-operating revenues:	
State sources	1,413
Federal sources	108,503
Local sources	44
Total non-operating revenues	109,960
Net income	(20,546)
Net position beginning of year, as restated	79,375
Net position end of year	\$ 58,829

See notes to financial statements.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of meals	\$ 57,451
Cash payments to employees for services	(72,471)
Cash payments to suppliers for goods or services	(75,606)
Net cash used by operating activities	(90,626)
Cash flows from non-capital financing activities:	
State grants received	1,413
Federal grants received	98,290
Net cash provided by non-capital financing activities	99,703
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(27,714)
Cash flows from investing activities:	
Interest on investments	44
Net decrease in cash and cash equivalents	(18,593)
Cash and cash equivalents at beginning of year	69,813
Cash and cash equivalents at end of year	51,220
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(130,506)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Commodities used	10,377
Depreciation	5,974
Increase in inventory	(764)
Decrease in payables	(3)
Increase in pension liability	16,889
Increase in deferred outflows of resources	(6,659)
Increase in deferred inflows of resources	13,879
Increase in deferred revenue	187
Net cash used by operating activities	(90,626)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2015, the District received \$10,377 of federal commodities.

See notes to financial statements.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies

Mormon Trail Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Derby, Garden Grove, Humeston LeRoy, Iowa, and the predominate agricultural territory in Wayne, Decatur, Lucas and Clarke 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, Mormon Trail Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

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 financial sources.

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

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

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

The District maintains its financial records on the accrual basis.

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

For purpose 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, have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 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, furniture 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 repair 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	\$,5000
Buildings	5,000
Improvement other than buildings	5,000
Furniture and equipment	
School Nutrition Fund equipment	1,000
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-50 years
Improvements other than buildings	20-40 years
Furniture and equipment	5-20 years

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

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

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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 fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied.

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 are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amount budgeted in the instruction and non-instruction functions.

(2) Cash, Cash Equivalents and Pooled Investments

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Governmental Obligations Portfolio which are valued at an amortized cost of \$220,730 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

(3) Capital Assets

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

	Balance Beginning of year	Increases	Decreases	Balance end of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$16,220	-	-	16,220
Total capital assets not being depreciated	16,220	-	-	16,220
Capital assets being depreciated:				
Buildings	2,792,819	-	-	2,792,819
Improvements other than buildings	-	-	-	-
Furniture and equipment	1,026,705	73,710	(141,463)	958,952
Total capital assets being depreciated	3,819,524	73,710	(141,463)	3,751,771
Less accumulated depreciation for:				
Buildings	1,215,477	56,474	-	1,271,951
Improvements other than buildings	-	-	-	-
Furniture and equipment	783,926	34,600	(141,463)	677,063
	1,999,403	91,074	(141,463)	1,949,014
Total capital assets being depreciated, net	1,820,121	(17,364)	-	1,802,757
Governmental activities capital assets, net	1,836,341	(17,364)	-	1,818,977
Business type activities:				
Furniture and equipment	46,778	27,713	(6,007)	68,484
Less accumulated depreciation	25,558	5,974	(6,007)	25,525
	21,220	21,739	-	42,959

Depreciation expenses was charged to the following functions:

Instruction-regular

Support services:

Operation and maintenance

Transportation

85,569

5,505

Total depreciation expense - governmental activities

91,074

Business type activities:

Food service operations

5,974

(4) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance of Year	Due Within One Year
Net OPEB liability	\$95,200	21,572	-	116,772	-

(5) Pension Plan

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

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

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 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 received 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's 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 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 \$142,950.

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 \$961,406 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.023756 percent, which was an increase of 0.000792 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$80,421. 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	\$ 10,449	\$ -
Changes of assumptions	42,429	-
Net difference between projected and actual earnings on pension plan investments	-	366,653
Changes in proportion and differences between District contributions and proportionate share of contributions	36,219	-
District contributions subsequent to the measurement date	142,950	-
Total	\$ 232,047	\$ 366,653

\$142,950 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 follow:

Year Ended June 30,	
2016	\$ (70,846)
2017	(70,846)
2018	(70,846)
2019	(70,846)
2020	5,828
Total	(277,556)

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

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

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

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

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

<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 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 -8.50%
District's proportionate share of the net pension liability	\$ 1,816,549	\$ 961,406	\$ 239,576

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 plan of \$5,767 for legally required employer contributions and \$3,842 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 21 active and 0 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table show 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 contributions	\$ 23,000
Interest on net OPEB obligation	4,214
Adjustment to annual required contribution	(5,712)
Annual OPEB cost	<u>21,572</u>
Contributions made-implicit	-
Increase in net OPEB obligation	<u>21,572</u>
Net OPEB obligation beginning of year	<u>95,200</u>
Net OPEB obligation end of year	<u><u>116,772</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$197,127 to the medical plan. Plan members eligible for benefits contributed \$5,890 or 3% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 22,299	-	73,299
June 30, 2014	21,901	-	95,200
June 30, 2015	21,572	-	116,772

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 \$130,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$130,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,291,000 and the ratio of the UAAL to covered payroll was 10.4%. As of June 30, 2015 there were no trust fund assets.

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

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

As of July 1, 2012 actuarial valuation date, the unit credit actuarial cost 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 the IPERS Actuarial Report as of June 30, 2012.

Projected claim costs of the medical plan are \$596 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of

(7) Risk Management

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

(8) 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 \$106,117 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.

(9) 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, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No.71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2015, as previously reported	\$ 2,856,046	96,752
Net pension liability at June 30, 2015	(1,280,721)	(19,502)
Deferred outflows of resources related to contributions made after the June 30, 2014 measurement date	139,532	2,125
	<u>\$ 1,714,857</u>	<u>79,375</u>

Required Supplementary Information

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and
 Changes in Balances - Budget and Actual - All Governmental Funds
 and Proprietary Fund
 Required Supplementary Information
 Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amount	Final to Actual Variance
Revenues:					
Local Sources	\$ 1,639,117	57,308	1,696,425	1,606,643	89,782
Intermediate sources	11,471	-	11,471	5,000	6,471
State Sources	1,560,159	1,413	1,561,572	1,574,342	(12,770)
Federal sources	139,340	108,503	247,843	245,000	2,843
Total revenues	<u>3,350,087</u>	<u>167,224</u>	<u>3,517,311</u>	<u>3,430,985</u>	<u>86,326</u>
Expenditures:					
Instruction	2,223,065	-	2,223,065	2,126,750	96,315
Support Services	860,701	-	860,701	963,369	(102,668)
Non-instructional programs	-	187,770	187,770	165,000	22,770
Other expenditures	274,110	-	274,110	315,896	(41,786)
Total expenditures	<u>3,357,876</u>	<u>187,770</u>	<u>3,545,646</u>	<u>3,571,015</u>	<u>(25,369)</u>
Excess (deficiency) of revenues over (under) expenditures	(7,789)	(20,546)	(28,335)	(140,030)	111,695
Balances beginning of year	<u>1,114,906</u>	<u>79,375</u>	<u>1,194,281</u>	<u>936,715</u>	<u>257,566</u>
Balances end of year	<u>\$ 1,107,117</u>	<u>58,829</u>	<u>1,165,946</u>	<u>796,685</u>	<u>369,261</u>

See accompanying independent auditor's report.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Budgetary Reporting
Year ended June 30, 2015

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

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

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

During the year ended June 30, 2015, expenditures in the instruction and non-instruction functions exceeded the amounts budgeted.

MORMON TRAIL 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	.0242418%
District's proportionate share of the net pension liability	\$961
District's covered-employee payroll	\$1,600
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.07%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

See accompanying independent auditor's report.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 143	142	129	118
Contributions in relation to the statutorily required contribution	<u>(143)</u>	<u>(142)</u>	<u>(129)</u>	<u>(118)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	1,600	1,589	1,488	1,459
Contribution as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.06%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
103	98	93	76	76	81
<u>(103)</u>	<u>(98)</u>	<u>(93)</u>	<u>(76)</u>	<u>(76)</u>	<u>(81)</u>
-	-	-	-	-	-
1,481	1,472	1,464	1,258	1,322	1,408
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

MORMON TRAIL 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 legislation 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.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information - Pension Liability
Year ended June 30, 2015

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

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

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)
Year ended June 30, 2015
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b-a)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	280,000	280,000	0.0%	\$ 1,108,074	25.3%
2011	Jul 1, 2009	-	280,000	280,000	0.0%	1,159,495	24.2%
2012	Jul 1, 2019	-	280,000	280,000	0.0%	1,047,775	26.7%
2013	Jul 1, 2012	-	130,000	130,000	0.0%	1,183,750	11.0%
2014	Jul 1, 2012	-	130,000	130,000	0.0%	1,293,603	10.4%
2015	Jul 1, 2012	-	130,000	130,000	0.0%	1,291,000	10.2%

See note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue				
	Student Activity	Manage- ment Levy	Total	Debt Service	Total
Assets					
Cash and pooled investments	\$ 55,359	167,983	223,342	2,208	225,550
Receivables:					
Property tax:					
Current year delinquent	-	1,576	1,576	-	1,576
Succeeding year	-	50,000	50,000	-	50,000
Total assets	55,359	219,559	274,918	2,208	277,126
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	510	-	510	-	510
Total liabilities	510	-	510	-	510
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	50,000	50,000	-	50,000
Total deferred inflows of resources	-	50,000	50,000	-	50,000
Fund Balances:					
Restricted for:					
Management levy purposes	-	169,559	169,559	-	169,559
Student activities	54,849	-	54,849	-	54,849
Debt service	-	-	-	2,208	2,208
Total	54,849	169,559	224,408	2,208	226,616
Total liabilities, deferred inflows of resources and fund balances	\$ 55,359	219,559	274,408	2,208	227,126

See accompanying independent auditor's report.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2015

	Special Revenue				
	Student Activity	Manage- ment Levy	Total	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ -	74,556	74,556	-	74,556
Other	91,684	7,358	99,042	-	99,042
State sources	-	-	-	-	-
Total revenues	<u>91,684</u>	<u>81,914</u>	<u>173,598</u>	<u>-</u>	<u>173,598</u>
Expenditures:					
Current					
Instruction:					
Other	106,566	7,093	113,659	-	113,659
Support services:					
Administrative support	-	16,164	16,164	-	16,164
Plant operation	-	22,149	22,149	-	22,149
Student transportation	-	2,556	2,556	-	2,556
Other expenditures:					
Facilities acquisition	-	-	-	-	-
Total expenditures	<u>106,566</u>	<u>47,962</u>	<u>154,528</u>	<u>-</u>	<u>154,528</u>
Excess of revenues over expenditures	(14,882)	33,952	19,070	-	19,070
Fund balances beginning of year	69,731	135,607	205,338	2,208	207,546
Fund balances at end of year	<u>\$ 54,849</u>	<u>169,559</u>	<u>224,408</u>	<u>2,208</u>	<u>226,616</u>

See accompanying independent auditor's report.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts
 Year ended June 30, 2015

Account	Balance Beginning Of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 8,007	31,987	33,572	6,422
Activities Club	1,941	-	-	1,941
Drama/Play	3,459	135	-	3,594
Cheerleaders	324	-	-	324
FCCLA	2,287	4,362	2,795	3,854
FFA	708	8,445	8,108	1,045
JR/SR Incentive	19,354	3,578	4,551	18,381
Elementary Activities	16,499	21,380	33,774	4,105
Class of 2013	143	-	-	143
Class of 2014	565	-	-	565
Class of 2015	5,733	974	6,077	630
Class of 2016	7,672	7,684	9,296	6,060
Class of 2017	3,039	9,203	5,860	6,382
Class of 2018	-	3,936	2,533	1,403
Totals	\$ 69,731	91,684	106,566	54,849

See accompanying independent auditor's report.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
Capital Project Accounts
Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 233,237	76,415	309,652
Other	2,102	188	2,290
Total revenues	<u>235,339</u>	<u>76,603</u>	<u>311,942</u>
Expenditures:			
Instruction:			
Regular	-	674	674
Other instruction	-	-	-
Support services:			
Instructional	-	24,560	24,560
Administration	-	8,095	8,095
Plant operation	-	2,218	2,218
Student transportation	69,402	1,164	70,566
Other expenditures:			
Facilities acquisition	119,757	48,236	167,993
Total expenditures	<u>189,159</u>	<u>84,947</u>	<u>274,106</u>
Excess of revenue over expenditures	46,180	(8,344)	37,836
Fund balances beginning of year	<u>577,036</u>	<u>15,217</u>	<u>592,253</u>
Fund balances end of year	<u>\$ 623,216</u>	<u>6,873</u>	<u>630,089</u>

See accompanying independent auditor's report.

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Capital Project Accounts
Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 590,148	5,258	595,406
Receivables:			
Property tax:			
Delinquent	-	1,615	1,615
Succeeding year	-	78,958	78,958
Due from other governments	36,641	-	36,641
Total Assets	626,789	85,831	712,620
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	3,573	-	3,573
Total liabilities	3,573	-	3,573
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	78,958	78,958
Total deferred inflows of resources	-	78,958	78,958
Fund Balances:			
Restricted for:			
School infrastructure	623,216	-	623,216
Physical plant and equipment	-	6,873	6,873
Total fund balances	623,216	6,873	630,089
Total liabilities, deferred inflows of resources and fund balances	\$ 626,789	85,831	712,620

See accompanying independent auditor's report.

MORMON TRAIL 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
Revenues:				
Local sources:				
Local tax	\$ 1,310,526	1,491,361	1,573,764	1,649,916
Tuition	155,315	113,701	143,651	169,985
Other	173,276	224,058	153,115	177,441
Intermediate sources	11,471	-	2,780	8,453
State sources	1,560,159	1,375,260	1,418,786	1,332,698
Federal sources	139,340	186,810	149,443	199,592
Total	3,350,087	3,391,190	3,441,539	3,538,085
Expenditures:				
Instruction:				
Regular	2,109,406	1,585,562	1,649,197	1,302,281
Special		339,299	234,009	349,498
Other	113,659	273,955	121,357	385,601
Support services:				
Student	20,323	30,728	29,060	25,872
Instructional staff	102,841	123,074	229,255	162,386
Administration	323,041	339,155	309,603	329,444
Operation and maintenance of plant	228,816	230,177	224,174	260,027
Transportation	185,680	231,809	186,219	171,442
Central support	-	-	-	-
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	167,993	69,102	87,414	220,308
Long-term debt:				
Principal	-	140,000	135,000	135,000
Interest and other charges	-	4,350	7,523	9,952
AEA flowthrough	106,117	103,582	100,864	99,873
Total	\$ 3,357,876	3,470,793	3,313,675	3,451,684

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
1,505,885	1,332,550	1,271,955	1,245,963	1,241,798	1,242,170
177,944	55,858	39,173	56,670	70,019	50,896
149,089	106,105	132,556	175,949	184,842	146,636
30,621	32,787	33,732	22,931	26,421	68,382
1,348,954	1,387,046	1,494,200	1,656,170	1,464,411	1,533,905
274,908	286,210	179,357	114,103	172,366	160,886
3,487,401	3,200,556	3,150,973	3,271,786	3,159,857	3,202,875
1,205,125	1,109,628	1,152,300	1,205,503	1,105,545	1,150,088
400,547	467,555	491,219	488,687	389,476	460,637
454,615	443,882	465,766	238,906	360,899	174,357
78,470	74,425	81,412	79,573	141,933	146,071
143,602	124,648	182,662	138,762	113,490	58,777
272,075	277,997	268,503	315,970	252,910	280,664
243,753	215,066	272,919	274,443	235,696	212,266
172,255	166,400	183,269	208,698	248,492	179,478
-	-	-	-	-	-
-	-	-	1,863	-	653
53,065	147,771	82,989	-	-	2,260
135,000	799,267	133,300	115,000	105,000	100,000
11,525	23,399	36,532	39,130	48,482	52,783
114,933	116,706	105,371	103,270	92,955	94,462
3,284,965	3,966,744	3,456,242	3,209,805	3,094,878	2,912,496

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

To the Board of Education of
Mormon Trail Community School District

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Mormon Trail 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 my report thereon dated January 14, 2016.

Internal Control Over Financial Reporting

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

My 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 and Questioned Costs, I identified deficiencies in internal control I consider to be material weaknesses.

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. I consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 to be a material weakness.

Compliance and Other Matters.

As part of obtaining reasonable assurance about whether Mormon Trail Community School District's financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompany Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

Mormon Trail Community School District's Responses to the Findings

Mormon Trail Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. Mormon Trail Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Mormon Trail Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I will be pleased to discuss them with you at your convenience.

January 14, 2016

MORMON TRAIL COMMUNITY SCHOOL DISTRICT
Schedule of Findings

Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 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. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

Not applicable since less than \$500,000 in federal awards.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget -Expenditures for the year ended June 30, 2015 exceeded the certified budget amount in the instruction and non-instructional functional areas.

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

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Laura Funk, spouse of board member	School Nurse, 10 day contract	\$1,831

In accordance with Chapter 279.7A of the Code of Iowa, the above transactions appear to represent conflicts of interest.

Recommendation - The Board should contact legal counsel regarding the above related party transactions with a Board member to determine what, if any, corrective action is needed.

Response - So noted.

Conclusion - Response accepted.

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

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

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

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

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

IV-J-15 Certified Annual Report - The Certified Annual Report was not timely filed with the Iowa Department of Education. There were variances between the amounts reported on the Certified Annual Report and the financial statements.

Recommendation - The District should contact the Iowa Department of Education to resolve this situation.

Response - The district will be moving to the Grant Woods Financial System Software. Agents of that system will work with the Board Manager during conversion and will provide ongoing necessary support.

Conclusion - Response accepted.

IV-K-15 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provided in Chapter 423F.5 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		\$577,036
Statewide sales, services and use tax	\$233,237	
Other receipts	<u>2,102</u>	
		235,339
Expenditures		
School infrastructure:		
Buildings	119,757	
Student transportation	<u>69,402</u>	
		<u>189,159</u>
Ending balance		<u><u>623,216</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.

IV-M-15 Credit Card Fees - The District is paying late fees and interest for late payment of credit card balances.

Recommendation - A system needs to be implemented that invoices and supporting documentation are obtained and payment is approved by the Board in a timely manner.

Response - We have been in contact with the credit card company explaining the district's time frame for payment. If the current credit company does not eliminate late fees and interest the district will cancel the account.

Conclusion - Response accepted.

IV-N-15 Authorized Check Signer - Reorganization board meeting was held on September 21, 2015. At that meeting a new Board President was elected. At the October 12, 2015 board meeting the former Board President made the motion to remove herself from all financial institution accounts.

Recommendation - The Board Manager needs to be aware that changes to authorized check signers need to be done on a timely basis.

Response - In the future the required changes will be made within three days of the reorganization meeting.

Conclusion - Response accepted.

IV-O-15 Official Depository - Official depositories for time period of July 1, 2014 - June 30, 2015 were not named until September 21, 2015.

Recommendation - The Board Manager needs to be aware that depository requirements need to be completed on a timely basis.

Response - In future years official depositories will be named on a timely basis.

Conculsion - Response accepted.

Stephanie Mendenhall, CPA, Humeston, Iowa released an audit report on Mormon Trail Community School District.

The District's revenues totaled \$3,391,190 for the year ended June 30, 2014, a 1.7% decrease from the contributions and restricted interest of \$764,533, unrestricted interest of \$1,649 and other revenues of \$1,019,946.

Expenses for District operations totaled \$3,470,793 a 4.8% increase from the prior year. Expenses included \$2,198,816 for instruction, \$954,943 for support services and \$317,034 for other expenditures.

A copy of the audit report is available for review in the District Secretary's office in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.