NORTH-LINN COMMUNITY SCHOOL DISTRICT
TROY MILLS, IOWA

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

JUNE 30, 2015

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NORTH-LINN COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	Title	Term Expires
	Board of Education	
Brad Winn	President	2015
TJ Ries	Vice President	2017
Dan Buenz	Board Member	2015
Connie Helms	Board Member	2015
Jennifer Benesh	Board Member	2017
Jeffrey Boss	Board Member	2017
Brian Rechkemmer	Board Member	2017
	School Officials	
Karl Kurt	Superintendent	2015
Megan Liebe	District Secretary/Treasurer and Business Manager	2015
Gruhn Law Firm	Attorney	2015

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
North-Linn Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

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

Other

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 64 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North-Linn Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the eight years ended June 30, 2013 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2016 on our consideration of North-Linn Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering North-Linn Community School District's internal control over financial reporting and compliance.

Hunt & Associates, P.C.

Oskaloosa, Iowa
January 8, 2016

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $6,608,974 in fiscal 2014 to $7,147,393 in fiscal 2015, while General Fund expenditures decreased from $6,973,463 in fiscal 2014 to $6,386,047 in fiscal 2015. This resulted in an increase in the District's General Fund balance from $898,702 in fiscal 2014 to a balance of $1,662,549 in fiscal 2015, an 84.99% increase from the prior year.

- The increase in General Fund revenues was mainly attributable to an increase in Local Tax and State sources during fiscal 2015. The decrease in expenditures was due primarily to a decrease in Instruction expenditures of the District in fiscal 2015.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of North-Linn 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 North-Linn Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which North-Linn Community School District acts solely as an agent or custodial for the benefit of those outside of the District.

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

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

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

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

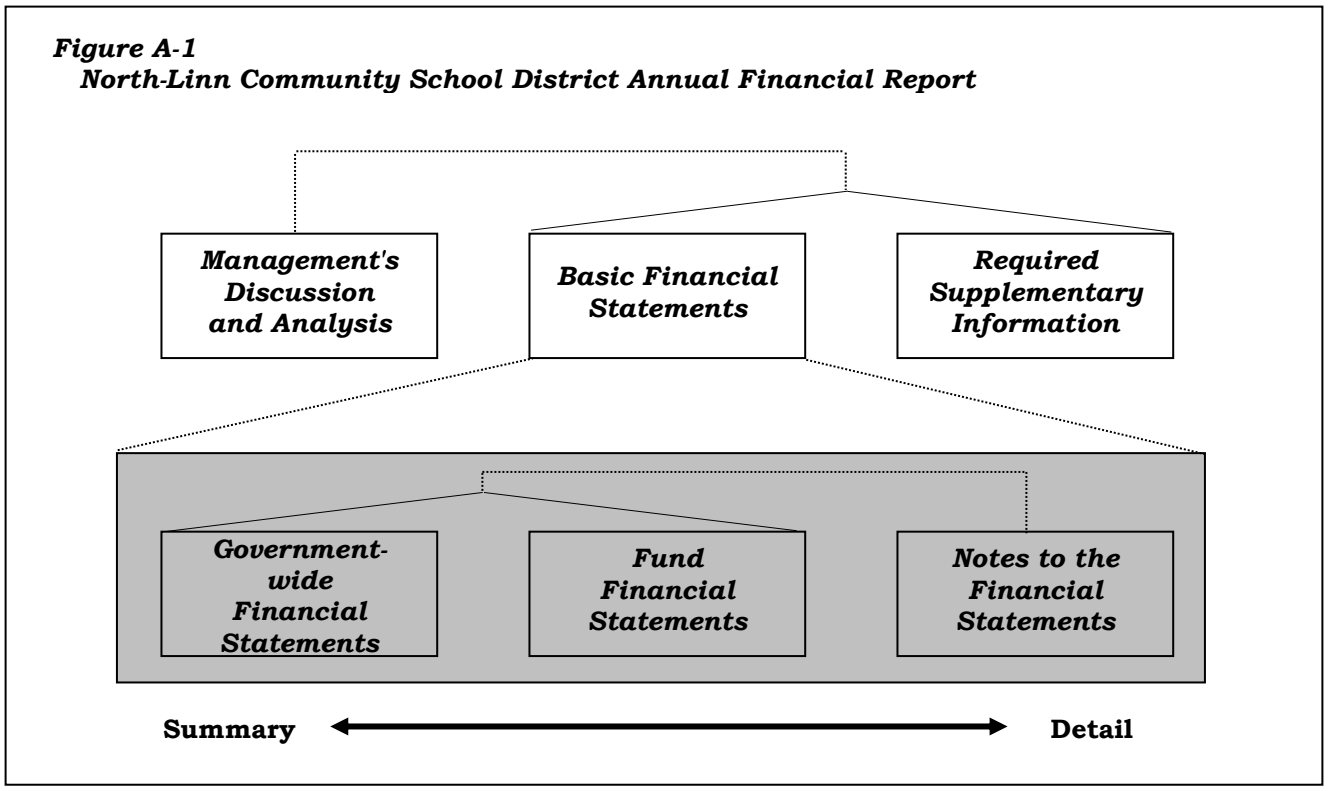

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs.
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/ inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise 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 the proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

- Private-Purpose Trust Fund - The District accounts for outside donations and activities of various student groups in this fund for the purpose of awarding scholarships to graduating seniors.

- Agency Fund - This is the fund through which the District administers and accounts for certain revenues and expenditures on behalf of other organizations.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
		(not restated)		(not restated)		(not restated)	
Current and other assets	$ 8,118,826	7,084,696	59,351	60,171	8,178,177	7,144,867	14.46%
Capital assets	11,495,757	11,680,602	210,028	231,608	11,705,785	11,912,210	-1.73%
Total assets	19,614,583	18,765,298	269,379	291,779	19,883,962	19,057,077	4.34%
Deferred outflows of resources	472,206	-	12,255	-	484,461	0	100.00%
Long-term obligations	11,675,433	9,939,616	63,689	-	11,739,122	9,939,616	18.10%
Other liabilities	945,692	985,618	19,873	35,478	965,565	1,021,096	-5.44%
Total liabilities	12,621,125	10,925,234	83,562	35,478	12,704,687	10,960,712	15.91%
Deferred inflows of resources	4,427,948	3,283,958	27,208	-	4,455,156	3,283,958	35.66%
Net position:							
Net investment in capital assets	2,666,769	2,277,947	210,028	231,608	2,876,797	2,509,555	14.63%
Restricted	1,849,209	1,764,410	-	-	1,849,209	1,764,410	4.81%
Unrestricted	-1,478,262	513,749	-39,164	24,693	-1,517,426	538,442	-381.82%
Total net position	$ 3,037,716	4,556,106	170,864	256,301	3,208,580	4,812,407	-33.33%

The District's combined net position decreased by 33.33%, or $1,603,827, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased $84,799, or 4.81% over the prior year. The increase in restricted net position can be attributed to the increase in the fund balance of the Management Levy 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 $2,055,868, or 381.82%. The decrease is primarily due to the net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by $3,192,419 and $84,245 , respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4
Changes of Net Position

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Revenues:		(not restated)		(not restated)		(not restated)	
Program revenues:							
Charges for services	$ 649,469	583,566	226,108	208,318	875,577	791,884	10.57%
Operating grants and contributions and restricted interest	1,028,611	982,639	121,635	127,902	1,150,246	1,110,541	3.58%
Capital grants and contributions	-	5,000	-	-	-	5,000	-100.00%
General revenues:							
Property tax	3,295,211	2,742,327	-	-	3,295,211	2,742,327	20.16%
Income surtax	238,369	313,682	-	-	238,369	313,682	-24.01%
Statewide sales, services and use tax	660,684	594,306	-	-	660,684	594,306	11.17%
Unrestricted state grants	3,134,593	2,976,027	-	-	3,134,593	2,976,027	5.33%
Unrestricted investment earnings	4,460	4,914	264	233	4,724	5,147	-8.22%
Other	64,383	191,102	-	-	64,383	191,102	-66.31%
Total revenues	9,075,780	8,393,563	348,007	336,453	9,423,787	8,730,016	7.95%
Program expenses:							
Instructional	4,444,429	5,079,839	-	-	4,444,429	5,079,839	-12.51%
Support services	2,004,200	2,368,054	2,790	1,166	2,006,990	2,369,220	-15.29%
Non-instructional programs	-	-	346,409	345,850	346,409	345,850	0.16%
Other expenses	953,122	991,173	-	-	953,122	991,173	-3.84%
Total expenses	7,401,751	8,439,066	349,199	347,016	7,750,950	8,786,082	-11.78%
Change in net position	1,674,029	(45,503)	(1,192)	(10,563)	1,672,837	(56,066)	3083.69%
Beginning net position, as restated	1,363,687	4,601,609	172,056	266,864	1,535,743	4,868,473	-68.46%
Ending net position	$ 3,037,716	4,556,106	170,864	256,301	3,208,580	4,812,407	-33.33%

In fiscal 2015, property tax and unrestricted state grants accounted for 70.85% of the revenue from governmental activities while charges for service and sales and operating grants and contributions accounted for 99.92% of the revenue from business type activities.

The District's total revenues were approximately $9.42 million of which approximately $9.07 million was for governmental activities and approximately $0.35 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 7.95% increase in revenues and an 11.78% decrease in expenses.

Governmental Activities

Revenues for governmental activities were $9,075,780 and expenses were $7,401,751 for the year ended June 30, 2015.

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

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2015	2014	Change 2014-15	2015	2014	Change 2014-15
Instruction	$ 4,444,429	5,079,839	-12.51%	3,073,452	3,831,674	-19.79%
Support services	2,004,200	2,368,054	-15.37%	1,976,386	2,323,935	-14.96%
Other expenses	953,122	991,173	-3.84%	673,833	712,252	-5.39%
Totals	$ 7,401,751	8,439,066	-12.29%	5,723,671	6,867,861	-16.66%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was $649,469.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,028,611.
- The net cost of governmental activities was financed with $3,295,211 in property tax, $238,369 in income surtax, $660,684 in statewide sales, services and use tax, $3,134,593 in unrestricted state grants, $4,460 in interest income, and $64,383 in other general revenues.

Business type Activities

Revenues of the District's business type activities were $348,007, representing a 3.43% increase over the prior year, while expenses totaled $349,199, representing a .63% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the North-Linn 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 balance of $3,707,681, above last year's ending fund balances of $2,736,807. The primary reason for the increase in governmental fund balances can be attributed to the increase in the fund balance of the General fund.

Governmental Fund Highlights

- The District's improving General Fund financial position is the product of many factors. Increases in local tax and state source revenues combined with the District's expenditures decreasing from fiscal year 2015 to fiscal year 2014 contributed to the increase in the General Fund. The District's General Fund balance increased from $898,702 in fiscal 2014 to a balance of $1,662,549 in fiscal 2015.
- The Capital Projects Fund balance increased from $571,732 at the end of fiscal year 2014 to $588,331 at the end of in fiscal year 2015.
- The Debt Service Fund balance increased from $930,343 at the end of fiscal year 2014 to $937,520 at the end of fiscal year 2015.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from $172,056 as restated at June 30, 2014 to $170,864 at June 30, 2015, representing a decrease of .69%.

BUDGETARY HIGHLIGHTS

The District's revenues were $96,058 more than budgeted revenues, a variance of 1.03%. The most significant percentage variance resulted from the District receiving more in state source revenues than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested $11,705,785, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.73% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was $442,305.

The original cost of the District's capital assets was $16,680,909. Governmental funds account for $16,349,087 with the remainder of $331,822 in the Proprietary fund, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvement category. The District's land improvement totaled $195,595 at June 30, 2014, compared to $237,388 reported at June 30, 2015. The main reason for the increase in land improvements is the addition of softball bleachers, baseball bleachers and rubber mulch and surface for playgrounds during the year.

Figure A-6 Capital Assets, Net of Depreciation	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	$ 20,000	20,000	-	-	20,000	20,000	0.00%
Construction in progress	28,485	-	-	-	28,485	0	0.00%
Buildings	10,906,643	11,188,784	-	-	10,906,643	11,188,784	-2.52%
Land improvements	237,388	195,595	-	-	237,388	195,595	21.37%
Machinery and equipment	303,241	276,223	210,028	231,608	513,269	507,831	1.07%
Total	$ 11,495,757	11,680,602	210,028	231,608	11,705,785	11,912,210	-1.73%

Long-Term Debt

At June 30, 2015, the District had $11,739,122 in general obligation and other long-term debt outstanding. This represents a decrease of 13.45% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had outstanding general obligation bonds of $3,135,000 at June 30, 2015.

The District had outstanding revenue bonds of $5,545,000 at June 30, 2015.

The District had bus leases payable of $148,988 at June 30, 2015.

The District had termination benefits payable of $249,702 at June 30, 2015.

The District had a Net Pension liability of $2,496,199 at June 30, 2015.

The District had a net OPEB liability of $164,233 at June 30, 2015.

Figure A-7 Outstanding Long-Term Obligations	Total School District		Total Change
	June 30,		June 30,
	2015	2014	2014-15
General obligation bonds	$ 3,135,000	3,455,000	-9.26%
Revenue bonds	5,545,000	5,825,000	-4.81%
Bus lease	148,988	122,655	21.47%
Termination benefits	249,702	384,480	-35.05%
Net Pension liability	2,496,199	3,644,451	-31.51%
Net OPEB liability	164,233	152,481	7.71%
Totals	$ 11,739,122	13,584,067	-13.58%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low Supplemental State Aid over several years and enrollment decreases has negatively impacted the District's spending authority. The District's certified enrollment on October 2015 decreased 19.6. The budget planning for the next fiscal year becomes difficult with Supplemental State Aid not set by the State Legislature. The District will continue to monitor it's expenditures to make sure that we are in line with revenues to maintain a positive unspent budget authority.

- The District has received the Teacher Leadership and Compensation funding for the next fiscal year. This will be utilized to offset costs and will help the District financially.

- The District voters passed the voter-approved PPEL levy on February 2, 2015 for 10 years. These funds will start to support the repair and renovations for the facilities in the District. In the first year a new boiler will be installed in the HS/MS building. This will have a positive effect on the General fund since the original boiler from 1969 will be replaced with a more efficient boiler.

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 Megan Liebe, Business Manager/District Secretary, North-Linn Community School District, 3033 Lynx Drive, P.O. Box 200, Troy Mills, Iowa, 52344.

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Basic Financial Statements

NORTH-LINN COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	$ 4,279,893	$ 52,607	$ 4,332,500
Receivables:			
Property tax:			
Current year	26,819	-	26,819
Succeeding year	3,379,472	-	3,379,472
Income surtax	211,934	-	211,934
Accounts	15,174	578	15,752
Due from other governments	205,534	-	205,534
Inventories	-	6,166	6,166
Capital assets, net of accumulated depreciation (note 5)	11,495,757	210,028	11,705,785
Total assets	19,614,583	269,379	19,883,962
Deferred Outflows of Resources			
Pension related deferred outflows	472,206	12,255	484,461
Liabilities			
Accounts payable	178,032	15,322	193,354
Salaries and benefits payable	641,324	453	641,777
Advances from grantors	383	-	383
Unearned revenue	-	4,098	4,098
Accrued interest payable	125,953	-	125,953
Long-term liabilities (note 6):			
Portion due within one year:			
General obligation bonds payable	320,000	-	320,000
Revenue bonds payable	290,000	-	290,000
Capital lease purchase agreements payable	106,782	-	106,782
Termination benefits payable	122,394	-	122,394
Portion due after one year:			
General obligation bonds payable	2,815,000	-	2,815,000
Revenue bonds payable	5,255,000	-	5,255,000
Capital lease purchase agreements payable	42,206	-	42,206
Termination benefits payable	127,308	-	127,308
Net pension liability	2,432,510	63,689	2,496,199
Net OPEB liability	164,233	-	164,233
Total liabilities	12,621,125	83,562	12,704,687

NORTH-LINN COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Deferred Inflows of Resources			
Unavailable property tax revenue	$ 3,379,472	$ -	$ 3,379,472
Pension related deferred inflows	1,048,476	27,208	1,075,684
Total deferred inflows of resources	4,427,948	27,208	4,455,156
Net Position			
Net investment in capital assets	2,666,769	210,028	2,876,797
Restricted for:			
Categorical funding	168,204	-	168,204
Debt service	813,241	-	813,241
Capital projects	504,130	-	504,130
Physical plant and equipment levy purposes	82,527	-	82,527
Management levy purposes	150,932	-	150,932
Student activities	130,175	-	130,175
Unrestricted	(1,478,262)	(39,164)	(1,517,426)
Total net position	$ 3,037,716	$ 170,864	$ 3,208,580

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental Activities:			
Instruction	$ 4,444,429	$ 639,551	$ 731,426
Support services:			
Student	198,269	-	-
Instructional staff	176,411	-	17,666
Administration	596,396	-	-
Operation and maintenance of plant	603,799	3,120	-
Transportation	429,325	6,798	230
	2,004,200	9,918	17,896
Other expenditures:			
Facilities acquisition	20,897	-	-
Long-term debt interest and fiscal charges	343,274	-	-
AEA flowthrough	279,289	-	279,289
Depreciation (unallocated) *	309,662	-	-
	953,122	-	279,289
Total governmental activities	7,401,751	649,469	1,028,611

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (3,073,452)	$ -	$ (3,073,452)
(198,269)	-	(198,269)
(158,745)	-	(158,745)
(596,396)	-	(596,396)
(600,679)	-	(600,679)
(422,297)	-	(422,297)
(1,976,386)	-	(1,976,386)
(20,897)	-	(20,897)
(343,274)	-	(343,274)
-	-	-
(309,662)	-	(309,662)
(673,833)	-	(673,833)
(5,723,671)	-	(5,723,671)

NORTH-LINN COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Business-Type Activities:			
Support services:			
Operation and maintenance of plant	$ 2,790	$ -	$ -
Non-instructional programs:			
Food service operations	346,409	226,108	121,635
Total business-type activities	349,199	226,108	121,635
Total	$ 7,750,950	$ 875,577	$ 1,150,246
General revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Income surtax			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net position			
Net position beginning of year, as restated			
Net position end of year			

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

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ -	$ (2,790)	$ (2,790)
-	1,334	1,334
-	(1,456)	(1,456)
(5,723,671)	(1,456)	(5,725,127)
$ 2,803,272	$ -	$ 2,803,272
427,124	-	427,124
64,815	-	64,815
238,369	-	238,369
660,684	-	660,684
3,134,593	-	3,134,593
4,460	264	4,724
64,383	-	64,383
7,397,700	264	7,397,964
1,674,029	(1,192)	1,672,837
1,363,687	172,056	1,535,743
$ 3,037,716	$ 170,864	$ 3,208,580

NORTH-LINN COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	$ 2,305,555	$ 934,030	$ 525,498	$ 514,810	$ 4,279,893
Receivables:					
Property tax:					
Current year	19,396	3,490	529	3,404	26,819
Succeeding year	2,419,409	423,728	336,335	200,000	3,379,472
Income surtax	211,934	-	-	-	211,934
Interfund (note 4)	-	-	-	11,528	11,528
Accounts	11,790	-	-	3,384	15,174
Due from other governments	102,834	-	102,700	-	205,534
Total assets	$ 5,070,918	$ 1,361,248	$ 965,062	$ 733,126	$ 8,130,354

NORTH-LINN COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 123,791	$ -	$ 40,396	$ 13,845	$ 178,032
Salaries and benefits payable	641,324	-	-	-	641,324
Interfund payable (note 4)	11,528	-	-	-	11,528
Advances from grantors	383	-	-	-	383
Total liabilities	777,026	-	40,396	13,845	831,267
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,419,409	423,728	336,335	200,000	3,379,472
Other	211,934	-	-	-	211,934
Total deferred inflows of resources	2,631,343	423,728	336,335	200,000	3,591,406
Fund balances:					
Restricted for:					
Categorical funding (note 11)	168,204	-	-	-	168,204
Revenue bonds	-	528,274	-	-	528,274
Revenue bonds sinking fund	-	405,720	-	-	405,720
Debt service	-	3,526	-	-	3,526
School infrastructure	-	-	504,130	-	504,130
Physical plant and equipment	-	-	84,201	-	84,201
Management levy purposes	-	-	-	389,106	389,106
Student activities	-	-	-	130,175	130,175
Unassigned	1,494,345	-	-	-	1,494,345
Total fund balances	1,662,549	937,520	588,331	519,281	3,707,681
Total liabilities, deferred inflows of resources, and fund balances	$ 5,070,918	$ 1,361,248	$ 965,062	$ 733,126	$ 8,130,354

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances of governmental funds		$ 3,707,681
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.		11,495,757
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		211,934
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(125,953)
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	$ 472,206	
Deferred inflows of resources	(1,048,476)	(576,270)
Long-term liabilities, including bonds payable, capital lease purchase agreements, termination benefits payable, net pension liability and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(11,675,433)
Net position of governmental activities		$ 3,037,716

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

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

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	$ 2,568,981	$ 418,981	$ 63,580	$ 413,368	$ 3,464,910
Tuition	301,277	-	-	-	301,277
Other	98,468	38	29,025	316,783	444,314
State sources	4,072,489	8,144	661,919	8,036	4,750,588
Federal sources	106,178	-	-	-	106,178
Total revenues	7,147,393	427,163	754,524	738,187	9,067,267
Expenditures:					
Current:					
Instruction	4,248,816	-	-	433,481	4,682,297
Support services:					
Student	203,721	-	-	-	203,721
Instructional staff	157,773	-	26,041	-	183,814
Administration	604,642	-	-	4,127	608,769
Operation and maintenance of plant	511,138	-	-	117,153	628,291
Transportation	380,668	-	86,495	175	467,338
	1,857,942	-	112,536	121,455	2,091,933
Other expenditures:					
Facilities acquisition	-	-	126,778	-	126,778
Long term debt:					
Principal	-	623,520	-	-	623,520
Interest and fiscal charges	-	344,930	-	-	344,930
AEA flowthrough	279,289	-	-	-	279,289
	279,289	968,450	126,778	-	1,374,517
Total expenditures	6,386,047	968,450	239,314	554,936	8,148,747
Excess (deficiency) of revenues over (under) expenditures	761,346	(541,287)	515,210	183,251	918,520

NORTH-LINN COMMUNITY SCHOOL DISTRICT

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

	General	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	$ 2,501	$ -	$ -	$ -	$ 2,501
Execution of capital lease	-	-	49,853	-	49,853
Interfund transfers in (note 3)	-	548,464	-	-	548,464
Interfund transfers out (note 3)	-	-	(548,464)	-	(548,464)
Total other financing sources (uses)	2,501	548,464	(498,611)	-	52,354
Net change in fund balances	763,847	7,177	16,599	183,251	970,874
Fund balances beginning of year	898,702	930,343	571,732	336,030	2,736,807
Fund balances end of year	$ 1,662,549	$ 937,520	$ 588,331	$ 519,281	$ 3,707,681

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net change in fund balances - total governmental funds		$ 970,874
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the current year are as follows:		
Capital outlays	$ 233,395	
Depreciation expense	(418,240)	(184,845)
Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		6,012
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(49,853)
Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.		623,520
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		1,656
The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		(19,943)

NORTH-LINN COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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

Termination benefits	$ 134,778	
Pension expense	203,582	
Net OPEB liability	(11,752)	$ 326,608
Change in net position of governmental activities		$ 1,674,029

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
June 30, 2015

	School Nutrition
Assets	
Cash and cash equivalents	$ 52,607
Accounts receivable	578
Inventories	6,166
Capital assets, net of accumulated depreciation (note 5)	210,028
Total assets	269,379
Deferred Outflows of Resources	
Pension related deferred outflows	12,255
Liabilities	
Accounts payable	15,322
Salaries and benefits payable	453
Unearned revenue	4,098
Net pension liability	63,689
Total liabilities	83,562
Deferred Inflows of Resources	
Pension related deferred inflows	27,208
Fund Net Position	
Net investment in capital assets	210,028
Unrestricted	(39,164)
Total fund net position	$ 170,864

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

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

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	$ 226,108
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Purchased services	2,790
Non-instructional programs:	
Food service operations:	
Salaries	101,745
Benefits	11,314
Purchased services	29,166
Supplies	180,119
Depreciation	24,065
	346,409
Total operating expenses	349,199
Operating loss	(123,091)
Non-operating revenues:	
Interest on investments	264
State sources	2,721
Federal sources	118,914
Total non-operating revenues	121,899
Change in fund net position	(1,192)
Fund net position beginning of year, as restated	172,056
Fund net position end of year	$ 170,864

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

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

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	$ 223,037
Cash received from miscellaneous operating activities	3,201
Cash paid to employees for services	(134,279)
Cash paid to suppliers for goods or services	(193,966)
Net cash used by operating activities	(102,007)
Cash flows from non-capital financing activities:	
State grants received	2,721
Federal grants received	100,508
Net cash provided by non-capital financing activities	103,229
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,485)
Cash flows from investing activities:	
Interest on investments	264
Net decrease in cash and cash equivalents	(999)
Cash and cash equivalents beginning of year	53,606
Cash and cash equivalents end of year	$ 52,607

NORTH-LINN COMMUNITY SCHOOL DISTRICT

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

	School Nutrition
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (123,091)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	24,065
Commodities used	18,406
Decrease in accounts receivable	466
(Increase) in inventories	(645)
Increase in accounts payable	348
(Decrease) in salaries and benefits payable	(15,617)
(Decrease) in unearned revenue	(336)
(Decrease) in net pension liability	(30,012)
(Increase) in deferred outflows of resources	(2,799)
Increase in deferred inflows of resources	27,208
Net cash used by operating activities	$ (102,007)

Non-cash financing activities:
During the year ended June 30, 2015, the District received $18,406 of federal commodities.

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private Purpose Trust
	Scholarship
Assets:	
Cash and pooled investments	$ 83,551
Fiduciary Net Position:	
Restricted for scholarships	$ 83,551

See notes to financial statements.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2015

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	$ 43,396
Interest	106
Total additions	43,502
Deductions:	
Instruction:	
Scholarships awarded	12,677
Change in fiduciary net position	30,825
Fiduciary net position beginning of year	52,726
Fiduciary net position end of year	$ 83,551

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

North-Linn Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Walker, Troy Mills, and Coggon, Iowa, and agricultural territory in Benton, Buchanan, Delaware, and Linn 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, North-Linn 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. North-Linn Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Benton, Buchanan, Delaware, and Linn County Assessor's Conference Boards.

B. Basis of Presentation

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

The 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 proprietary fund:

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2015 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflows of resources on the modified accrual basis for the governmental funds. For the government-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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.

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Asset Class	Amount
Land	$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	4-12 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 have been accrued as liabilities.

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is not to reimburse for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District has no compensated absences liability at June 30, 2015.

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

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

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

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

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.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures/expenses did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

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

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

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

	Amortized Cost
Diversified Portfolio	$ 698,893

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

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

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	$ 548,464

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

Note 4. Interfund Receivables/Payables

At June 30, 2015, interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
Interfund balances between governmental funds:		
Other receivables:		
Special Revenue - Management Levy	General	$ 11,528

The other receivables balance is due to timing differences involved in termination benefits reimbursements at year end. The balances between governmental funds are not included on the government-wide Statement of Net Position.

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 20,000	$ -	$ -	$ 20,000
Construction in progress	-	28,485	-	28,485
Total capital assets not being depreciated	20,000	28,485	-	48,485
Capital assets being depreciated:				
Buildings	13,972,401	3,870	-	13,976,271
Improvements other than buildings	669,691	65,444	24,400	710,735
Furniture and equipment	1,527,831	135,596	49,831	1,613,596
Total capital assets being depreciated	16,169,923	204,910	74,231	16,300,602
Less accumulated depreciation for:				
Buildings	2,783,617	286,011	-	3,069,628
Improvements other than buildings	474,096	23,651	24,400	473,347
Furniture and equipment	1,251,608	108,578	49,831	1,310,355
Total accumulated depreciation	4,509,321	418,240	74,231	4,853,330
Total capital assets being depreciated, net	11,660,602	(213,330)	-	11,447,272
Governmental activities capital assets, net	$ 11,680,602	$ (184,845)	$ -	$ 11,495,757

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	$ 329,337	$ 2,485	$ -	$ 331,822
Less accumulated depreciation	97,729	24,065	-	121,794
Business-type activities capital assets, net	$ 231,608	$ (21,580)	$ -	$ 210,028

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction	$ 24,054
Support services:	
Administration	6,038
Operation and maintenance of plant	9,066
Transportation	69,420
	108,578
Unallocated depreciation	309,662
Total depreciation expense - governmental activities	$ 418,240
Business-type activities:	
Food service operations	$ 24,065

Note 6. Long-Term Liabilities

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

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 3,455,000	$ -	$ 320,000	$ 3,135,000	$ 320,000
Revenue bonds	5,825,000	-	280,000	5,545,000	290,000
Capital lease purchase agreements	122,655	49,853	23,520	148,988	106,782
Termination benefits	384,480	-	134,778	249,702	122,394
Net pension liability	3,550,750	-	1,118,240	2,432,510	-
Net OPEB liability	152,481	11,752	-	164,233	-
Total	$ 13,490,366	$ 61,605	$ 1,876,538	$ 11,675,433	$ 839,176

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Business-type activities:					
Net pension liability	$ 93,701	$ -	$ 30,012	$ 63,689	$ -

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds Payable

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

	Bond Issue of June 1, 2011			Bond Issue of April 17, 2012		
Year Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	- %	$ -	$ 98,817	0.80 %	$ 320,000	$ 3,910
2017	-	-	98,818	1.00	135,000	1,350
2018	2.55	140,000	98,818	-	-	-
2019	2.85	145,000	95,247	-	-	-
2020	3.10	155,000	91,115	-	-	-
2021-2025	3.25-3.75	885,000	374,407	-	-	-
2026-2030	3.85-4.20	1,105,000	192,985	-	-	-
2031	4.25	250,000	10,625	-	-	-
		$ 2,680,000	$ 1,060,832		$ 455,000	$ 5,260

	Total		
Year Ending June 30,	Principal	Interest	Total
2016	$ 320,000	$ 102,727	$ 422,727
2017	135,000	100,168	235,168
2018	140,000	98,818	238,818
2019	145,000	95,247	240,247
2020	155,000	91,115	246,115
2021-2025	885,000	374,407	1,259,407
2026-2030	1,105,000	192,985	1,297,985
2031	250,000	10,625	260,625
	$ 3,135,000	$ 1,066,092	$ 4,201,092

Note 6. Long-Term Liabilities (continued)

Revenue Bonds Payable

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.40 %	$ 290,000	$ 227,957	$ 517,957
2017	2.70	300,000	220,428	520,428
2018	3.00	310,000	211,728	521,728
2019	3.25	315,000	201,959	516,959
2020	3.50	325,000	191,153	516,153
2021-2025	3.75-4.60	1,815,000	749,430	2,564,430
2026-2030	4.80-5.05	2,190,000	283,960	2,473,960
		$ 5,545,000	$ 2,086,615	$ 7,631,615

The District pledged future sales, services and use tax revenues to repay the $6,355,000 bonds issued in June 2011. The bonds were issued for the purpose of financing school renovations. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 74 to 79 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is $7,631,615. For the current year $280,000 of principal and $234,237 of interest was paid on the bonds and total statewide sales, services and use tax revenues were $660,684.

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

a) $528,274 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.

b) All proceeds from the statewide sales, services and use tax shall be placed in the revenue account.

c) Monies in the revenue account shall be disbursed to make monthly deposits into a sinking account to pay the principal and interest requirements of the revenue bonds when due.

Note 6. Long-Term Liabilities (continued)

Capital Lease Purchase Agreements

On May 24, 2013, the District entered into an agreement for the lease purchase of two buses totaling $172,580. The agreement is payable in four annual payments including interest at 2.89%.

On September 5, 2014, the District entered into a lease purchase agreement for a bus totaling $49,853. The agreement is payable in six equal annual payments of $9,298 plus an initial down payment of $9,298 and includes interest at 3.31%.

Details of the District's June 30, 2015 capital lease purchase agreement indebtedness are as follows:

Year Ending June 30,	May 24, 2013			September 5,2014		
	Principal	Interest	Total	Principal	Interest	Total
2016	$ 99,135	$ 2,865	$ 102,000	$ 7,647	$ 1,650	$ 9,297
2017	-	-	-	7,901	1,397	9,298
2018	-	-	-	8,162	1,136	9,298
2019	-	-	-	8,432	866	9,298
2020	-	-	-	8,711	586	9,297
2021	-	-	-	9,000	298	9,298
	$ 99,135	$ 2,865	$ 102,000	$ 49,853	$ 5,933	$ 55,786

Year Ending June 30,	Total		
	Principal	Interest	Total
2016	$ 106,782	$ 4,515	$ 111,297
2017	7,901	1,397	9,298
2018	8,162	1,136	9,298
2019	8,432	866	9,298
2020	8,711	586	9,297
2021	9,000	298	9,298
	$ 148,988	$ 8,798	$ 157,786

Termination Benefits (Early Retirement)

The District previously offered a voluntary early retirement plan to its full-time certified employees. The early retirement plan is offered by the District at the Board's discretion. Employees should have no expectation that the plan will be offered.

Note 6. Long-Term Liabilities (continued)

Termination Benefits (Early Retirement) (continued)

Eligible employees must be at least age fifty-five and must have completed at least fifteen years of full-time contracted service to the District including the last year of employment. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is equal to one-half of the employee's contracted teaching salary, up to a maximum of $25,000. Contracted extra duty, extra-curricular, Phase II, Phase III, and Teacher Quality payments are excluded from the salary schedule for determining the employee's contracted salary. In addition to the cash payment, the retiree will receive $400 per month for 48 months deposited into a Health Reimbursement Account to be used for eligible medical expenses as defined by IRS Code 213 or deposited into an employer approved 403(b) account. Employees will receive early retirement benefits in four equal installments beginning in January of the year following separation from the District and each January thereafter.

At June 30, 2015, the District had obligations to eleven participants with a total liability of $249,702. Actual early retirement expenditures for the year ended June 30, 2015 totaled $134,778. Termination benefits are recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

Note 7. 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 age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

Note 7. Pension Plan (continued)

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were $347,169.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of $2,496,199 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 0.062942 percent, which was a decrease of 0.000532 from its proportion measured as of June 30, 2013.

Note 7. Pension Plan (continued)

For the year ended June 30, 2015, the District recognized pension expense of $157,931. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 27,129	$ -
Changes of assumptions	110,163	-
Net difference between projected and actual earnings on pension plan investments	-	951,978
Changes in proportion and differences between District contributions and proportionate share of contributions	-	123,706
District contributions subsequent to the measurement date	347,169	-
Total	$ 484,461	$ 1,075,684

$347,169 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	$ (234,820)
2017	(234,820)
2018	(234,820)
2019	(234,820)
2020	888
Total	$ (938,392)

Note 7. Pension Plan (continued)

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

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

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

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

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

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

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

Note 7. Pension Plan (continued)

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	$ 4,716,497	$ 2,496,199	$ 622,037

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.

Payable to the Pension Plan – At June 30, 2015, the District reported payables to the defined benefit pension plan of $30,066 for legally required employer contributions and $20,033 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. 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 59 active and 10 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

Note 8. Other Postemployment Benefits (OPEB) (continued)

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

Annual required contribution	$	47,324
Interest on net OPEB obligation		3,812
Adjustment to annual required contribution		(11,903)
Annual OPEB cost		39,233
Contributions made		(27,481)
Increase in net OPEB obligation		11,752
Net OPEB obligation beginning of year		152,481
Net OPEB obligation end of year	$	164,233

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

For the year ended June 30, 2015, the District contributed $27,481 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost, as Restated	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation, as Restated
2013	$ 37,996	16.59%	$ 136,369
2014	36,822	56.24%	152,481
2015	39,233	70.05%	164,233

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 $181,199, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $181,199. The covered payroll (annual payroll of active employees covered by the plan) was approximately $3,242,000, and the ratio of the UAAL to covered payroll was 5.6%. As of June 30, 2015, there were no trust fund assets.

Note 8. Other Postemployment Benefits (OPEB) (continued)

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

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis. The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 9. Risk Management

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $279,289 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Categorical Funding

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

Program		Amount
Limited English proficient	$	3,959
Home school assistance program		11,381
Four year old preschool state aid		79,861
Beginning teacher mentoring and induction program		126
Teacher salary supplement		48,627
Successful progression for early readers		21,234
Market factor incentives		1,029
STEM scale-up program		1,987
Total	$	168,204

Note 12. Construction Commitments

The District has entered into a contract totaling $369,325 for the high school boiler project. As of June 30, 2015, work on the project had not yet begun.

Note 13. Accounting Change/Restatement

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

Note 13. Accounting Change/Restatement (continued)

	Governmental Activities	Business-type Activities
Net position June 30, 2014, as previously reported	$ 4,556,106	$ 256,301
Net pension liability at June 30, 2014	(3,550,750)	(93,701)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	358,331	9,456
Net position July 1, 2014, as restated	$ 1,363,687	$ 172,056

Note 14. Subsequent Events

In August 2015, the District entered into a lease purchase agreement for two buses totaling $174,638. The agreement provides for three annual payments of $59,514 and includes interest at 2.25%.

In August 2015, the District issued $5,325,000 of school infrastructure sales, services and use tax revenue bonds to advance refund the June 2011 revenue bonds. The bonds are payable through the year ending June 30, 2030 with an interest rate of 2.55%.

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Required Supplementary Information

NORTH-LINN COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year Ended June 30, 2015

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
REVENUES:						
Local sources	$ 4,210,501	$ 226,372	$ 4,436,873	$ 4,902,482	$ 4,902,482	$ (465,609)
Intermediate sources	-	-	-	24,000	24,000	(24,000)
State sources	4,750,588	2,721	4,753,309	4,067,734	4,067,734	685,575
Federal sources	106,178	118,914	225,092	325,000	325,000	(99,908)
Total revenues	9,067,267	348,007	9,415,274	9,319,216	9,319,216	96,058
EXPENDITURES/EXPENSES:						
Instruction	4,682,297	-	4,682,297	5,500,000	5,500,000	817,703
Support services	2,091,933	2,790	2,094,723	2,394,000	2,394,000	299,277
Non-instructional programs	-	346,409	346,409	402,000	402,000	55,591
Other expenditures	1,374,517	-	1,374,517	1,317,456	1,417,456	42,939
Total expenditures/expenses	8,148,747	349,199	8,497,946	9,613,456	9,713,456	1,215,510
Excess (deficiency) of revenues over (under) expenditures/ expenses	918,520	(1,192)	917,328	(294,240)	(394,240)	1,311,568
Other financing sources, net	52,354	-	52,354	-	-	52,354
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	970,874	(1,192)	969,682	(294,240)	(394,240)	1,363,922
Balance beginning of year, as restated	2,736,807	172,056	2,908,863	2,046,115	2,046,115	862,748
Balance end of year	$ 3,707,681	$ 170,864	$ 3,878,545	$ 1,751,875	$ 1,651,875	$ 2,226,670

See accompanying independent auditor's report.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by $100,000.

During the year ended June 30, 2015, expenditures/expenses did not exceed the amounts budgeted.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

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

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

Required Supplementary Information

		2015
District's proportion of the net pension liability		0.062942
District's proportionate share of the net pension liability	$	2,496
District's covered-employee payroll	$	3,888
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		64.20%
Plan fiduciary net position as a percentage of the total pension liability		87.61%

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

See accompanying independent auditor's report.

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

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NORTH-LINN COMMUNITY SCHOOL DISTRICT

Schedule of the District's Contributions

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

Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contributions	$ 347	$ 368	$ 361	$ 339
Contributions in relation to the statutorily required contribution	(347)	(368)	(361)	(339)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,888	$ 4,119	$ 4,162	$ 4,197
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
$ 288	$ 272	$ 257	$ 233	$ 215	$ 208
(288)	(272)	(257)	(233)	(215)	(208)
$ -	$ -	$ -	$ -	$ -	$ -
$ 4,138	$ 4,091	$ 4,050	$ 3,845	$ 3,744	$ 3,611
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

NORTH-LINN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)
Required Supplementary Information
Year Ended June 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	$ -	$ 1,074	$ 1,074	0.0%	$ 3,429	31.3%
2011	July 1, 2009	-	985	985	0.0%	3,493	28.2%
2012	July 1, 2009	-	890	890	0.0%	3,458	25.7%
2013	July 1, 2012	-	213	213	0.0%	3,403	6.3%
2014	July 1, 2012	-	198	198	0.0%	3,399	5.8%
2015	July 1, 2012	-	181	181	0.0%	3,242	5.6%

See note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

NORTH-LINN COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	$ 374,239	$ 140,571	$ 514,810
Receivables:			
Property tax:			
Current year	3,404	-	3,404
Succeeding year	200,000	-	200,000
Interfund	11,528	-	11,528
Accounts	-	3,384	3,384
Total assets	$ 589,171	$ 143,955	$ 733,126
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 65	$ 13,780	$ 13,845
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	200,000	-	200,000
Fund balances:			
Restricted for:			
Management levy purposes	389,106	-	389,106
Student activities	-	130,175	130,175
Total fund balances	389,106	130,175	519,281
Total liabilities, deferred inflows of resources and fund balances	$ 589,171	$ 143,955	$ 733,126

See accompanying independent auditor's report.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

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

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	$ 413,368	$ -	$ 413,368
Other	8,007	308,776	316,783
State sources	8,036	-	8,036
Total revenues	429,411	308,776	738,187
Expenditures:			
Current:			
Instruction	122,951	310,530	433,481
Support services:			
Administration	4,127	-	4,127
Operation and maintenance of plant	117,153	-	117,153
Transportation	-	175	175
Total expenditures	244,231	310,705	554,936
Excess (deficiency) of revenues over (under) expenditures	185,180	(1,929)	183,251
Fund balances beginning of year	203,926	132,104	336,030
Fund balances end of year	$ 389,106	$ 130,175	$ 519,281

See accompanying independent auditor's report.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	$ 441,826	$ 83,672	$ 525,498
Receivables:			
Property tax:			
Current year	-	529	529
Succeeding year	-	336,335	336,335
Due from other governments	102,700	-	102,700
Total assets	$ 544,526	$ 420,536	$ 965,062
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 40,396	$ -	$ 40,396
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	336,335	336,335
Fund balances:			
Restricted for:			
School infrastructure	504,130	-	504,130
Physical plant and equipment	-	84,201	84,201
Total fund balances	504,130	84,201	588,331
Total liabilities, deferred inflows of resources and fund balances	$ 544,526	$ 420,536	$ 965,062

See accompanying independent auditor's report.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS
Year Ended June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	$ -	$ 63,580	$ 63,580
Other	29,025	-	29,025
State sources	660,684	1,235	661,919
Total revenues	689,709	64,815	754,524
Expenditures:			
Current:			
Support services:			
Instructional staff	26,041	-	26,041
Transportation	36,642	49,853	86,495
Other expenditures:			
Facilities acquisition	126,778	-	126,778
Total expenditures	189,461	49,853	239,314
Excess of revenues over expenditures	500,248	14,962	515,210
Other financing sources (uses):			
Execution of capital lease	-	49,853	49,853
Interfund transfers out	(521,399)	(27,065)	(548,464)
Total other financing sources (uses)	(521,399)	22,788	(498,611)
Net change in fund balances	(21,151)	37,750	16,599
Fund balances beginning of year	525,281	46,451	571,732
Fund balances end of year	$ 504,130	$ 84,201	$ 588,331

See accompanying independent auditor's report.

NORTH-LINN 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
Track	$ -	$ 7,906	$ 7,906	$ -
Boys Basketball	10,051	12,098	12,013	10,136
Football	12,305	19,540	18,566	13,279
Baseball	544	14,049	13,883	710
Wrestling	27,123	24,700	24,271	27,552
Girls Basketball	12,425	37,373	34,573	15,225
Volleyball	3,388	4,523	4,839	3,072
Softball	-	3,830	3,830	-
Class of 2015	1,572	-	1,572	-
Class of 2016	-	11,918	10,492	1,426
Speech	1,813	305	509	1,609
Vocal Music	5,035	31,729	36,764	-
Instrumental Music	-	1,144	1,144	-
Entrepreneurship	539	-	-	539
Publication	12,977	11,825	7,582	17,220
Cheerleaders	459	4,720	4,390	789
Pom Pom Squad	1,127	1,199	1,914	412
Peer Groups	1	-	-	1
National Honor Society	4,665	1,473	1,746	4,392
HS Student Council	10,791	1,683	2,190	10,284
FFA	18,069	58,758	62,885	13,942
FCCLA	26	342	338	30
FBLA	1,595	18,676	20,065	206
Science Club	530	1,225	1,071	684
Weight Room	2,167	1,834	322	3,679
Milk Machine	1,761	1,143	1,248	1,656
MS Student Council	-	17,866	17,866	-
MS Junior Honor Society	3,141	2,106	1,915	3,332
Activity Passes	-	16,811	16,811	-
Total	$ 132,104	$ 308,776	$ 310,705	$ 130,175

See accompanying independent auditor's report.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	$ 114	$ -	$ 114	$ -
Liabilities				
Other payables	$ 114	$ -	$ 114	$ -

See accompanying independent auditor's report.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2015	2014	2013	2012
Revenues:				
Local sources:				
Local tax	$ 3,464,910	$ 3,079,705	$ 3,768,194	$ 3,678,848
Tuition	301,277	214,404	254,793	304,900
Other	444,314	571,627	444,773	363,456
State sources	4,750,588	4,431,859	3,879,336	4,182,970
Federal sources	106,178	121,129	121,139	270,314
Total revenues	$ 9,067,267	$ 8,418,724	$ 8,468,235	$ 8,800,488
Expenditures:				
Instruction:				
Regular instruction	$ 2,934,102	$ 3,277,381	$ 3,145,751	$ 3,213,347
Special instruction	611,935	616,966	769,649	679,256
Other instruction	1,136,260	1,160,693	1,018,076	1,001,724
Support services:				
Student	203,721	225,646	199,196	177,763
Instructional staff	183,814	354,233	427,039	371,875
Administration	608,769	615,479	723,708	718,377
Operation and maintenance of plant	628,291	668,708	733,881	617,680
Transportation	467,338	422,313	545,093	355,186
Non-instructional programs	-	-	2,057	-
Other expenditures:				
Facilities acquisition	126,778	57,149	4,850,858	3,936,724
Long-term debt:				
Principal	623,520	612,860	575,000	1,640,000
Interest and fiscal charges	344,930	352,690	356,107	300,228
AEA flowthrough	279,289	273,921	268,363	271,391
Total expenditures	$ 8,148,747	$ 8,638,039	$ 13,614,778	$ 13,283,551

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
$ 3,517,472	$ 3,314,250	$ 3,060,992	$ 2,996,485	$ 2,441,432	$ 2,406,429
323,640	297,250	286,111	294,485	289,849	292,486
357,228	392,816	356,610	364,678	314,405	238,821
4,145,535	3,499,843	4,009,063	4,029,917	3,468,493	3,328,149
210,266	602,868	209,065	143,541	132,745	146,804
$ 8,554,141	$ 8,107,027	$ 7,921,841	$ 7,829,106	$ 6,646,924	$ 6,412,689
$ 3,253,486	$ 3,223,071	$ 3,138,219	$ 3,007,751	$ 2,840,464	$ 2,791,580
757,970	776,459	854,547	772,213	815,700	704,901
962,021	955,416	809,352	744,696	597,184	425,199
222,226	205,391	209,469	129,828	122,142	128,534
327,952	292,861	275,602	250,903	206,936	199,810
769,417	667,190	679,165	665,138	681,308	606,137
680,777	602,022	588,438	602,917	595,059	601,239
382,290	288,518	370,050	349,304	283,171	351,768
-	-	477	-	-	-
386,284	170,917	189,399	109,603	159,217	147,017
260,000	255,000	240,000	235,000	225,000	225,000
66,925	73,580	80,780	87,830	94,580	101,330
300,338	290,858	263,980	253,961	231,745	219,341
$ 8,369,686	$ 7,801,283	$ 7,699,478	$ 7,209,144	$ 6,852,506	$ 6,501,856

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

To the Board of Education of
North-Linn Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North-Linn Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance

As part of obtaining reasonable assurance about whether North-Linn Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

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

North-Linn Community School District's Responses to the Findings

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

Purpose of this Report

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

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

Hunt + Associates, P.C.

Oskaloosa, Iowa
January 8, 2016

NORTH-LINN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

NORTH-LINN COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

Part II: Other Findings Related to Statutory Reporting:

II-A-15 Certified Budget – Expenditures/expenses for the year ended June 30, 2015, did not exceed the amounts budgeted.

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Judy Rechkemmer Parent of Board Member	Food service wages	$11,556
Anne Boss Spouse of Board Member	Substitute teacher wages	$8,663

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

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

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

II-G-15 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for September 2014 was overstated by two students due to the inclusion of one student who was no longer enrolled in the District and one student who was a ward of the state.

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

Response – We will contact the Iowa Department of Education and Iowa Department of Management.

Conclusion – Response accepted.

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

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

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

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

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

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

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

Beginning balance		$ 525,281
Revenues:		
Interest	$ 9	
Other local revenues	29,016	
Statewide sales, services and use tax	660,684	689,709
Expenditures/transfers out:		
School infrastructure construction	56,447	
Equipment	133,014	
Transfers to other funds:		
Debt Service Fund	521,399	710,860
Ending balance		$ 504,130

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.

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

II-M-15 Financial Condition – At June 30, 2015, the governmental activities and the business-type activities and Enterprise, School Nutrition Fund had deficit unrestricted net positions of $1,478,262 and $39,164, respectively. These deficit balances were caused by the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, which requires the inclusion of the District's proportionate share of the IPERS pension liability and the related deferred outflows of resources and deferred inflows of resources in the District's financial statements.

Recommendation – Even though the deficits arose due to the net pension liability and deferred outflows and inflows of resources, the District should investigate ways to return the governmental activities, business-type activities and the School Nutrition Fund to sound financial conditions.

Response – We are unsure of what steps can be taken at this time to alleviate the strain of the District's proportionate share of the IPERS pension liability and the related deferred outflows and inflows of resources since actions related to this area are controlled by the Iowa Legislature. However, we will look into this situation and investigate ways to return the governmental activities, business-type activities, and the School Nutrition Fund to sound financial conditions.

Conclusion – Response accepted.