

Postville Community School District

Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings

June 30, 2015

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## Independent Auditor's Report

To the Board of Education of  
Postville Community School District:

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

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

### Emphasis of Matter

As discussed in Note 14 to the financial statements, Postville Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. My opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 43 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Postville Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 19, 2016 on my consideration of Postville Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Postville Community School District's internal control over financial reporting and compliance.



Keith Oltrogge  
Certified Public Accountant

January 19, 2016

**Postville Community School District**  
**Management's Discussion and Analysis**  
**For Fiscal Year Ended June 30, 2015**

Postville 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 \$7,061,364 in fiscal 2014 to \$7,691,737 in fiscal 2015, and General Fund expenditures increased from \$6,426,043 in fiscal 2014 to \$6,965,418 in fiscal 2015. The District's General Fund balance increased from adjusted \$1,970,469 in fiscal year 2014 to \$2,738,730 in fiscal year 2015, a 38.9% increase.
- The increase in General Fund revenues was attributable to an increase in state grants revenue in fiscal year 2015. The increase in expenditures was due primarily to an increase in instruction and support services costs.
- The District's solvency ratio has increased from 16.5% at June 30, 2014 to 23.9% at June 30, 2015. A District's solvency level indicates a District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

**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 Postville 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 Postville 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 Postville Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

**Figure A-1**  
**Postville Community School District Annual Financial Report**

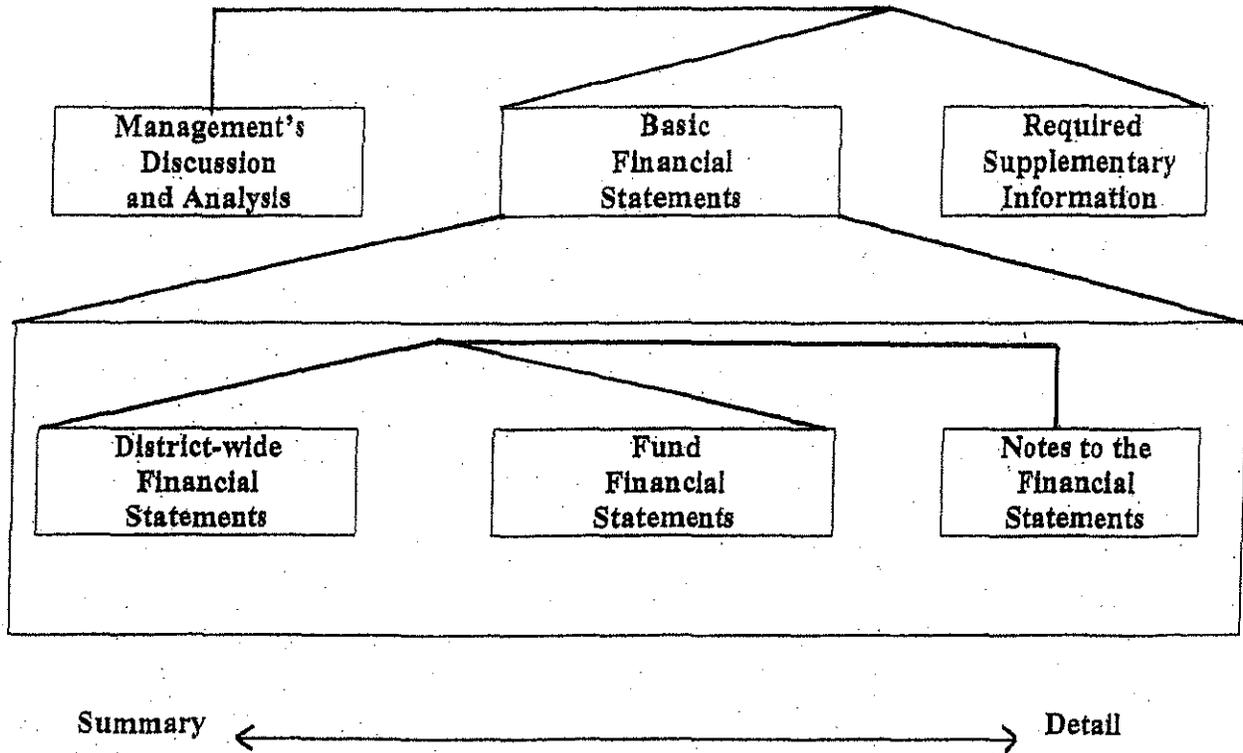


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	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, 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

**Figure A-2  
Major Features of the Government-wide and Fund Financial Statements (continued):**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- Private Purpose Trust Funds – The District accounts for outside donations for scholarships for individual students in these funds.
- Agency Funds – These are funds through which the District administers and accounts for certain revenue collected for District activities and related expenditures.

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

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

Reconciliation 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 District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
		(not restated)		(not restated)		(not restated)	
Current and other assets	\$7,266,764	\$6,542,017	\$97,003	\$101,345	\$7,363,767	\$6,643,362	10.8%
Capital assets	9,202,613	9,120,919	62,582	50,465	9,265,195	9,171,384	1.0%
Total assets	\$16,469,377	\$15,662,936	\$159,585	\$151,810	\$16,628,962	\$15,814,746	5.1%
Deferred outflows of resources	\$764,943	\$-	\$28,579	\$-	\$793,522	\$-	100%
Long-term liabilities	\$3,707,689	\$2,006,605	\$-	\$-	\$3,707,689	\$2,006,605	84.7%
Other liabilities	1,049,042	815,737	89,352	9,540	1,138,394	825,277	37.9%
Total liabilities	\$4,756,731	\$2,822,342	\$89,352	\$9,540	\$4,846,083	\$2,831,882	71.1%
Deferred inflows of resources	\$3,039,036	\$2,385,720	\$30,962	\$-	\$3,069,998	\$2,385,720	28.6%
Net position							
Net investment in capital assets	\$7,685,875	\$7,391,071	\$62,582	\$50,465	\$7,748,457	\$7,441,536	4.1%
Restricted	2,247,285	1,959,189	-	-	2,247,285	1,959,189	14.7%
Unrestricted	-484,814	1,104,614	5,268	91,805	-479,546	1,196,419	-140.1%
Total net position	\$9,448,346	\$10,454,874	\$67,850	\$142,270	\$9,516,196	\$10,597,144	-10.3%

The District’s combined net position decreased by nearly 10.3%, or \$1,080,948, from the prior year. The largest portion of the District’s net position is in the “invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt”. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how it can be used. The District’s restricted net position increased \$291,096 or 14.7% over the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$1,675,965, or 140.1%. This reduction in unrestricted net position was primarily a result of the District’s net pension liability and 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 \$2,646,092 and \$99,211, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

**Figure A-4**  
**Changes in Net Position**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014 (not restated)	2014-2015
<b>Revenues:</b>							
Program revenues:							
Charges for service	\$375,309	\$312,340	\$63,680	\$101,124	\$438,989	\$413,464	6.2%
Operating grants, contributions and restricted interest	1,716,584	1,607,739	401,343	352,271	2,117,927	1,960,010	8.1%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	0%
General revenues:							
Property tax	2,385,306	2,443,703	-	-	2,385,306	2,443,703	-2.4%
Income surtax	329,254	337,156	-	-	329,254	337,156	-2.4%
Statewide sales, service and use tax	620,848	530,692	-	-	620,848	530,692	17.0%
Unrestricted state grants	3,493,354	2,969,253	-	-	3,493,354	2,969,253	17.7%
Unrestricted investment earnings	12,571	13,169	80	218	12,651	13,387	-5.5%
Other	55,682	19,534	-	-	55,682	19,534	185.1%
<b>Total revenues</b>	<b>\$8,988,908</b>	<b>\$8,233,586</b>	<b>\$465,103</b>	<b>\$453,613</b>	<b>\$9,454,011</b>	<b>\$8,687,199</b>	<b>8.8%</b>
<b>Program expenses:</b>							
Governmental activities:							
Instruction	\$4,954,458	\$4,948,952	\$-	\$-	\$4,954,458	\$4,948,952	0.1%
Support services	2,005,791	1,906,002	-	-	2,005,791	1,906,002	5.2%
Non-instructional programs	66,776	60,323	440,312	456,371	507,088	516,694	-1.9%
Other expenses	353,851	360,881	-	-	353,851	360,881	-2.0%
<b>Total expenses</b>	<b>\$7,380,876</b>	<b>\$7,276,158</b>	<b>\$440,312</b>	<b>\$456,371</b>	<b>\$7,821,188</b>	<b>\$7,732,529</b>	<b>1.1%</b>
Change in net position before sale of assets	\$1,608,032	\$957,428	\$24,791	-\$2,758	\$1,632,823	\$954,670	71.0%
Sale of assets	41,942	33,733	-	-	41,942	33,733	24.3%
<b>Change in net position</b>	<b>\$1,649,974</b>	<b>\$991,161</b>	<b>\$24,791</b>	<b>-\$2,758</b>	<b>\$1,674,765</b>	<b>\$988,403</b>	<b>69.4%</b>
Net position beginning of year, as restated	\$7,808,782	\$9,439,079	\$43,059	\$145,028	\$7,851,841	\$9,584,107	-18.1%
Prior period adjustment	-10,410	24,634	-	-	-10,410	24,634	-57.7%
<b>Adjusted net position beginning of Year, as restated</b>	<b>\$7,798,372</b>	<b>\$9,463,713</b>	<b>\$43,059</b>	<b>\$145,028</b>	<b>\$7,841,431</b>	<b>\$9,608,741</b>	<b>-18.3%</b>
<b>Net position end of year</b>	<b>\$9,448,346</b>	<b>\$10,454,874</b>	<b>\$67,850</b>	<b>\$142,270</b>	<b>\$9,516,196</b>	<b>\$10,597,144</b>	<b>-10.2%</b>

In fiscal year 2015, property tax and unrestricted state grants accounted for 65.4% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue. The District's total revenues were approximately \$9.4 million, of which approximately \$9.0 million was for governmental activities and less than \$0.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 8.8% increase in revenues and a 1.1% increase in expenses. Property tax increased approximately \$58,397.

**Governmental Activities**

Revenues for governmental activities were \$8,988,908 and expenses were \$7,380,876 for the year ended June 30, 2015. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

**Figure A-5  
Total and Net Cost of Governmental Activities**

	Total Cost of Services		Change 2014-2015	Net Cost of Services		Change 2014-2015
	2015	2014 (not restated)		2015	2014 (not restated)	
Instruction	\$4,954,458	\$4,948,952	0.1%	\$2,876,659	\$3,041,175	-5.4%
Support services	2,005,791	1,906,002	5.2%	1,991,697	1,893,700	5.2%
Non-instructional programs	66,776	60,323	10.7%	66,776	60,323	10.7%
Other expenses	353,851	360,881	-2.0%	353,851	360,881	-2.0%
<b>Totals</b>	<b>\$7,380,876</b>	<b>\$7,276,158</b>	<b>1.4%</b>	<b>\$5,288,983</b>	<b>\$5,356,079</b>	<b>-1.3%</b>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$438,989.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,117,927.
- The net cost of governmental activities was financed with \$3,335,408 in property and other taxes and \$3,493,354 in unrestricted state grants.

**Business Type Activities**

Revenues for business type activities during the year ended June 30, 2015 were \$465,103 representing a 2.5% increase over the prior year, while expenses totaled \$440,312, a 3.5% decrease over the prior year. The District's business type activities include the School Nutrition and Pirate Enterprise Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

**INDIVIDUAL FUND ANALYSIS**

As previously noted, Postville 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 a combined fund balance of \$9,448,346, well above last year's adjusted ending fund balances of \$7,798,372

## Governmental Fund Highlights

- The District's increase in General Fund financial position is the result of many factors. Growth during the year in tax and federal grants resulted in an increase in revenues. The increase in revenues was more than the increase in General Fund expenditures.
- The General Fund balance increased from adjusted \$1,970,469 to \$2,738,730 due, in part, to the revenues exceeded expenditures.
- Capital Projects Funds balance increased from \$829,487 to \$847,451, due in part to revenue and other sources exceeding expenditures.

## Proprietary Fund Highlights

School Nutrition Fund net position increased from \$42,998 at June 30, 2014 to \$66,685 at June 30, 2015, representing an increase of approximately 55%.

## BUDGETARY HIGHLIGHTS

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

The District's receipts were \$289,075 more than budgeted receipts, a variance of 3.2%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

The Districts total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures 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 ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2015, the District had invested \$9,202,613, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$621,129.

The original cost of the District's capital assets was \$20,135,582. Governmental funds account for \$20,038,702, with the remainder of \$96,880 accounted for in the Proprietary, School Nutrition Fund.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$89,000	\$89,000	\$-	\$-	\$89,000	\$89,000	0%
Construction in process	-	4,616	-	-	-	4,616	-100%
Buildings	7,872,062	5,491,314	-	-	7,872,062	5,491,314	43.4%
Improvements other than buildings	315,359	289,757	-	-	315,359	289,757	8.8%
Furniture and equipment	926,192	3,246,232	62,582	50,465	988,774	3,296,697	-70.0%
Totals	\$9,202,613	\$9,120,919	\$62,582	\$50,465	\$9,265,195	\$9,171,384	1.0%

## Long-Term Debt

At June 30, 2015, the District had \$1,516,738 in other long-term debt outstanding. This represents a decrease of 12.3% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issued to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$15.8 million.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District June 30, 2015	Total Change June 30, 2014	Total Change 2014-2015
Revenue bonds	\$1,400,000	\$1,500,000	-6.7%
Capital notes payable	116,738	229,848	-49.2%
Totals	\$1,516,738	\$1,729,848	-12.3%

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Funding to local school districts from federal and state agencies needs to be monitored closely, as possible decreases will result in less funding and may require budget adjustments in some areas in the future.

## 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 Clara Lensing, District Secretary, Postville Community School District, P.O. Box 717, Postville IA 52162.

## **Basic Financial Statements**

## Postville Community School District

## Statement of Net Position

June 30, 2015

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 4,339,367	\$ 86,128	\$ 4,425,495
Receivables:			
Property tax:			
Delinquent	54,216	-	54,216
Succeeding year	2,213,247	-	2,213,247
Income surtax	322,995	-	322,995
Accounts	68,713	1,058	69,771
Accrued interest			
Due from other governments	268,226	8,151	276,377
Inventories	-	1,666	1,666
Capital assets, net of accumulated depreciation/amortization	9,202,613	62,582	9,265,195
<b>Total Assets</b>	<b>\$ 16,469,377</b>	<b>\$ 159,585</b>	<b>\$ 16,628,962</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	\$ 764,943	\$ 28,579	\$ 793,522
<b>Liabilities</b>			
Accounts payable	\$ 118,890	\$ 50	\$ 118,940
Salaries and benefits payable	622,420	3,424	625,844
Other liabilities	14,119	-	14,119
Advances from grantors	69,490	-	69,490
Accrued interest payable	6,941	-	6,941
Unearned revenue	-	4,693	4,693
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	100,000	-	100,000
Capital lease	116,738	-	116,738
Early retirement	444	-	444
Portion due after one year:			
Revenue bonds	1,300,000	-	1,300,000
Early retirement	477	-	477
Net pension liability	2,165,317	81,185	2,246,502
Net OPEB liability	241,895	-	241,895
<b>Total Liabilities</b>	<b>\$ 4,756,731</b>	<b>\$ 89,352</b>	<b>\$ 4,846,083</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	\$ 2,213,247	\$ -	\$ 2,213,247
Pension related deferred inflows	825,789	30,962	856,751
<b>Total deferred inflows of resources</b>	<b>\$ 3,039,036</b>	<b>\$ 30,962</b>	<b>\$ 3,069,998</b>

Postville Community School District

Statement of Net Position

June 30, 2015

	Govern- mental Activities	Business Type Activities	Total
<b>Net Position</b>			
Net investment in capital assets	\$ 7,685,875	\$ 62,582	\$ 7,748,457
Restricted for:			
Categorical funding	1,071,540	-	1,071,540
Debt service	179,863	-	179,863
Capital projects	689,808	-	689,808
Management levy purposes	126,603	-	126,603
Student activities	21,828	-	21,828
Physical plant and equipment	157,643	-	157,643
Unrestricted	-484,814	5,268	-479,546
<b>Total Net Position</b>	<b>\$ 9,448,346</b>	<b>\$ 67,850</b>	<b>\$ 9,516,196</b>

Postville Community School District

Statement of Activities

Year Ended June 30, 2015

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs</b>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,883,629	\$ 149,026	\$ 1,136,191	\$ -
Special instruction	643,241	106,098	78,077	-
Other instruction	1,427,588	109,296	499,111	-
	<u>\$ 4,954,458</u>	<u>\$ 364,420</u>	<u>\$ 1,713,379</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 174,913	\$ -	\$ 3,205	\$ -
Instructional staff services	371,692	-	-	-
Administration services	697,228	-	-	-
Operation and maintenance of plant services	527,309	5,242	-	-
Transportation services	234,649	5,647	-	-
	<u>\$ 2,005,791</u>	<u>\$ 10,889</u>	<u>\$ 3,205</u>	<u>\$ -</u>
Non-instructional programs	\$ 66,776	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ -	\$ -	\$ -	\$ -
Long-term debt interest	70,423	-	-	-
AEA flow-through	283,428	-	-	-
	<u>\$ 353,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 7,380,876</u>	<u>\$ 375,309</u>	<u>\$ 1,716,584</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 440,224	\$ 62,488	\$ 401,343	\$ -
Pirate enterprise	88	1,192	-	-
Total Business Type Activities	<u>\$ 440,312</u>	<u>\$ 63,680</u>	<u>\$ 401,343</u>	<u>\$ -</u>
Total	<u>\$ 7,821,188</u>	<u>\$ 438,989</u>	<u>\$ 2,117,927</u>	<u>\$ -</u>

Net (Expense) Revenue  
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -1,598,412	\$ -	\$ -1,598,412
-459,066	-	-459,066
-819,181	-	-819,181
<u>\$ -2,876,659</u>	<u>\$ -</u>	<u>\$ -2,876,659</u>
\$ -171,708	\$ -	\$ -171,708
-371,692	-	-371,692
-697,228	-	-697,228
-522,067	-	-522,067
-229,002	-	-229,002
<u>\$ -1,991,697</u>	<u>\$ -</u>	<u>\$ -1,991,697</u>
\$ -66,776	\$ -	\$ -66,776
\$ -	\$ -	\$ -
-70,423	-	-70,423
-283,428	-	-283,428
<u>\$ -353,851</u>	<u>\$ -</u>	<u>\$ -353,851</u>
\$ -5,288,983	\$ -	\$ -5,288,983
\$ -	\$ 23,607	\$ 23,607
-	1,104	1,104
\$ -	\$ 24,711	\$ 24,711
<u>\$ -5,288,983</u>	<u>\$ 24,711</u>	<u>\$ -5,264,272</u>



Net (Expense) Revenue  
And Changes in Net Position

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Governmental Activities	Business Type Activities	Total
\$ 2,156,588	\$ -	\$ 2,156,588
228,718	-	228,718
329,254	-	329,254
620,848	-	620,848
3,493,354	-	3,493,354
12,571	80	12,651
55,682	-	55,682
<hr/> \$ 6,897,015	<hr/> \$ 80	<hr/> \$ 6,897,095
\$ 1,608,032	\$ 24,791	\$ 1,632,823
41,942	-	41,942
<hr/> \$ 1,649,974	<hr/> \$ 24,791	<hr/> \$ 1,674,765
\$ 7,808,782	\$ 43,059	\$ 7,851,841
-10,410	-	-10,410
<hr/> \$ 7,798,372	<hr/> \$ 43,059	<hr/> \$ 7,841,431
<hr/> \$ 9,448,346	<hr/> \$ 67,850	<hr/> \$ 9,516,196

## Postville Community School District

Balance Sheet  
Governmental Funds

June 30, 2015

	General	Capital Projects	Non- Major Funds	Total
<b>Assets</b>				
Cash, Cash Equivalents and Pooled Investments	\$ 3,264,965	\$ 759,659	\$ 314,743	\$ 4,339,367
Receivables:				
Property Tax:				
Delinquent	43,803	5,184	5,229	54,216
Succeeding year	1,575,791	237,456	400,000	2,213,247
Income surtax	279,929	43,066	-	322,995
Accounts	68,128	-	585	68,713
Due from other governments	171,247	96,979	-	268,226
Due from other funds	-	504	9,793	10,297
<b>Total Assets</b>	<b>\$ 5,403,863</b>	<b>\$ 1,142,848</b>	<b>\$ 730,350</b>	<b>\$ 7,277,061</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>				
Liabilities:				
Due to other funds	\$ 504	\$ -	\$ -	\$ 504
Accounts payable	117,150	756	984	118,890
Salaries and benefits payable	622,269	-	151	622,420
Advances from grantors	69,490	-	-	69,490
Other liabilities	-	14,119	-	14,119
<b>Total Liabilities</b>	<b>\$ 809,413</b>	<b>\$ 14,875</b>	<b>\$ 1,135</b>	<b>\$ 825,423</b>
Deferred inflows of resources				
Unavailable revenue:				
Succeeding year property tax	\$ 1,575,791	\$ 237,456	\$ 400,000	\$ 2,213,247
Other	279,929	43,066	-	322,995
<b>Total deferred inflows of resources</b>	<b>\$ 1,855,720</b>	<b>\$ 280,522</b>	<b>\$ 400,000</b>	<b>\$ 2,536,242</b>
Fund Balances:				
Restricted for:				
Categorical funding	\$ 1,071,540	\$ -	\$ -	\$ 1,071,540
Debt service	-	-	179,863	179,863
Management levy purposes	-	-	127,524	127,524
Student activities	-	-	21,828	21,828
School infrastructure	-	689,808	-	689,808
Physical plant and equipment	-	157,643	-	157,643
Unassigned	1,667,190	-	-	1,667,190
<b>Total Fund Balances</b>	<b>\$ 2,738,730</b>	<b>\$ 847,451</b>	<b>\$ 329,215</b>	<b>\$ 3,915,396</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 5,403,863</b>	<b>\$ 1,142,848</b>	<b>\$ 730,350</b>	<b>\$ 7,277,061</b>

See notes to financial statements.

**Postville Community School District**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**To the Statement of Net Position**

June 30, 2015

<b>Total fund balances of governmental funds (page 18)</b>		3,915,396
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		9,202,613
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		322,995
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds		-6,941
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	\$ 764,943	
Deferred inflows of resources	-825,789	-60,846
Long-term liabilities, including bonds and notes payable, early retirement, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds		-3,924,871
<b>Net position of governmental activities (page 15)</b>		<b>\$ 9,448,346</b>

See notes to financial statements.

## Postville Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2015

	General	Capital Projects	Non- Major Funds	Total
Revenues:				
Local Sources:				
Local tax	\$ 2,191,148	\$ 247,613	\$ 229,963	\$ 2,668,724
Tuition	207,813	-	-	207,813
Other	86,869	33,597	115,283	235,749
Intermediate sources	-	-	-	-
State sources	4,487,792	622,842	2,037	5,112,671
Federal sources	718,115	-	-	718,115
Total Revenues	\$ 7,691,737	\$ 904,052	\$ 347,283	\$ 8,943,072
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 2,698,276	\$ -	\$ 99,984	\$ 2,798,260
Special instruction	657,157	-	-	657,157
Other instruction	1,353,383	-	116,475	1,469,858
	\$ 4,708,816	\$ -	\$ 216,459	\$ 4,925,275
Support Services:				
Student services	\$ 210,177	\$ -	\$ 1,152	\$ 211,329
Instructional staff services	328,890	7,443	1,680	338,013
Administration services	714,217	1,000	4,246	719,463
Operation and maintenance of plant services	513,841	64,962	43,551	622,354
Transportation services	152,041	39,485	11,110	202,636
	\$ 1,919,166	\$ 112,890	\$ 61,739	\$ 2,093,795
Non-instructional	\$ 54,008	\$ -	\$ 1,645	\$ 55,653
Other Expenditures:				
Facilities acquisition	\$ -	\$ 487,866	\$ -	\$ 487,866
Long-Term Debt:				
Principal	-	-	213,110	213,110
Interest and fiscal charges	-	-	72,522	72,522
AEA flow-through	283,428	-	-	283,428
	\$ 283,428	\$ 487,866	\$ 285,632	\$ 1,056,926
Total Expenditures	\$ 6,965,418	\$ 600,756	\$ 565,475	\$ 8,131,649
Excess (deficiency) of revenues over (under) expenditures	\$ 726,319	\$ 303,296	\$ -218,192	\$ 811,423
Other Financing Sources (Uses):				
Operating transfers in	\$ -	\$ -	\$ 285,332	\$ 285,332
Operating transfers out	-	-285,332	-	-285,332
Sale of equipment	41,942	-	-	41,942
Total Other Financing Sources (Uses)	\$ 41,942	\$ -285,332	\$ 285,332	\$ 41,942

**Postville Community School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

**Year Ended June 30, 2015**

	General	Capital Projects	Non- Major Funds	Total
Net change in fund balances	\$ 768,261	\$ 17,964	\$ 67,140	\$ 853,365
Fund balances beginning of year	\$ 1,980,879	\$ 829,487	\$ 262,075	\$ 3,072,441
Prior period adjustment	-10,410	-	-	-10,410
Adjusted beginning fund balance	\$ 1,970,469	\$ 829,487	\$ 262,075	\$ 3,062,031
Fund Balances End of Year	\$ 2,738,730	\$ 847,451	\$ 329,215	\$ 3,915,396

See notes to financial statements.

Postville Community School District

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
To the Statement of Activities

Year Ended June 30, 2015

Change in fund balances – total governmental funds (page 21) \$ 853,365

*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, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 694,750	
Depreciation expense	<u>-613,056</u>	81,694

Income surtax revenue not received until several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 45,836

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

Repaid 213,110

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,099

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. 368,224

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

Early retirement	\$ 72,229	
Pension expense	-38,288	
Other postemployment benefits	<u>51,705</u>	85,646

Change in Net Position of Governmental Activities (page 17) \$ 1,649,974

## Postville Community School District

Statement of Net Position  
Proprietary Funds

June 30, 2015

	School Nutrition	Student Construction	Pirate Enterprise	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 84,963	\$ 61	\$ 1,104	\$ 86,128
Accounts receivable	1,058	-	-	1,058
Due from other governments	8,151	-	-	8,151
Inventories	1,666	-	-	1,666
<b>Total Current Assets</b>	<b>\$ 95,838</b>	<b>\$ 61</b>	<b>\$ 1,104</b>	<b>\$ 97,003</b>
<b>Non-Current Assets:</b>				
Capital assets, net of accumulated depreciation	\$ 62,582	\$ -	\$ -	\$ 62,582
<b>Total Assets</b>	<b>\$ 158,420</b>	<b>\$ 61</b>	<b>\$ 1,104</b>	<b>\$ 159,585</b>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	\$ 28,579	\$ -	\$ -	\$ 28,579
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 50	\$ -	\$ -	\$ 50
Salaries and benefits payable	3,424	-	-	3,424
Unearned revenue	4,693	-	-	4,693
<b>Total Current Liabilities</b>	<b>\$ 8,167</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,167</b>
<b>Noncurrent liabilities:</b>				
Net pension liability	\$ 81,185	\$ -	\$ -	\$ 81,185
<b>Total noncurrent liabilities</b>	<b>\$ 81,185</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,185</b>
<b>Total Liabilities</b>	<b>\$ 89,352</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 89,352</b>
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	\$ 30,962	\$ -	\$ -	\$ 30,962
<b>Net Position</b>				
Net investment in capital assets	\$ 62,582	\$ -	\$ -	\$ 62,582
Unrestricted	4,103	61	1,104	5,268
<b>Total Net Position</b>	<b>\$ 66,685</b>	<b>\$ 61</b>	<b>\$ 1,104</b>	<b>\$ 67,850</b>

See notes to financial statements.

## Postville Community School District

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds

Year Ended June 30, 2015

	School Nutrition	Student Construction	Pirate Enterprise	Total
Operating revenues:				
Local sources:				
Charges for service/product	\$ 60,988	\$ -	\$ 1,192	\$ 62,180
Donations	1,500	-	-	1,500
	<u>\$ 62,488</u>	<u>\$ -</u>	<u>\$ 1,192</u>	<u>\$ 63,680</u>
Operating expenses:				
Support services:				
Administration service	\$ 16,408	\$ -	\$ -	\$ 16,408
Operation and maintenance of plant	3,109	-	-	3,109
	<u>\$ 19,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,517</u>
Non-instructional programs:				
Food service operations:				
Salaries	\$ 135,902	\$ -	\$ -	\$ 135,902
Benefits	39,102	-	-	39,102
Purchased services	5,474	-	-	5,474
Supplies	232,156	-	88	232,244
Depreciation	8,073	-	-	8,073
	<u>\$ 420,707</u>	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ 420,795</u>
Total operating expenses	<u>\$ 440,224</u>	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ 440,312</u>
Operating (loss)	<u>\$ -377,736</u>	<u>\$ -</u>	<u>\$ 1,104</u>	<u>\$ -376,632</u>
Non-operating revenues:				
State sources	\$ 3,545	\$ -	\$ -	\$ 3,545
Federal sources	397,798	-	-	397,798
Interest income	80	-	-	80
Total non-operating revenues	<u>\$ 401,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,423</u>
Increase (Decrease) in net position	\$ 23,687	\$ -	\$ 1,104	\$ 24,791
Net position beginning of year, as restated	42,998	61	-	43,059
Net Position End of Year	<u>\$ 66,685</u>	<u>\$ 61</u>	<u>\$ 1,104</u>	<u>\$ 67,850</u>

See notes to financial statements.

Postville Community School District

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2015

	School Nutrition	Pirate Enterprise
Cash flows from operating activities:		
Cash received from sale of products	\$ -	\$ 1,192
Cash received from sale of lunches and breakfasts	61,112	-
Cash received from donations	1,500	-
Cash paid to employees for services	-212,997	-
Cash paid to suppliers for goods or services	-197,985	-88
Net cash provided (used) by operating activities	<u>\$ -348,370</u>	<u>\$ 1,104</u>
Cash flows from non-capital financing activities:		
State grants received	\$ 3,545	\$ -
Federal grants received	362,068	-
Net cash provided by non-capital financing activities	<u>\$ 365,613</u>	<u>\$ -</u>
Cash flows from investing activities:		
Interest on investments	\$ 80	\$ -
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ -20,190	\$ -
Net increase (decrease) in cash and cash equivalents	\$ -2,867	\$ 1,104
Cash and cash equivalents beginning of year	87,830	-
Cash and Cash Equivalents End of Year	<u>\$ 84,693</u>	<u>\$ 1,104</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating (loss) income	\$ -377,736	\$ 1,104
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used	36,056	-
Depreciation	8,073	-
Decrease in inventories	2,161	-
Decrease in accounts receivable	93	-
(Decrease) in accounts payable	-248	-
(Decrease) in salaries and benefits payable	-1,157	-
Increase in unearned revenue	31	-
(Decrease) in net pension liability	-15,643	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 348,370</u>	<u>\$ 1,104</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2015, the District received \$36,056 of federal commodities.

See notes to financial statements.

Postville Community School District

Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2015

	Private Purpose	
	Trust	Agency
	Scholarships	
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 22,759	\$ -
Accounts receivable	-	21,184
<b>Total Assets</b>	\$ 22,759	\$ 21,184
<b>Liabilities</b>		
Interfund payable	\$ -	\$ 9,792
Accounts payable	-	11,392
<b>Total liabilities</b>	\$ -	\$ 21,184
<b>Net position</b>		
Reserved for scholarships	\$ 22,759	\$ -

See notes to financial statements.

**Postville Community School District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2015**

	Private Purpose Trust Scholarships
Additions:	
Local sources:	
Interest income	\$ 250
Contributions	1,000
	\$ 1,250
Deductions:	
Instruction:	
Regular instruction:	
Scholarships awarded	\$ 165
Change in net position	\$ 1,085
Net position beginning of year	21,674
Net Position End of Year	\$ 22,759

See notes to financial statements.

## Postville Community School District

### Notes to Financial Statements

June 30, 2015

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

Postville 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 District of Postville, Iowa and portions of the predominately agricultural territories in Allamakee, Clayton, Fayette and Winneshiek 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, Postville 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. Postville Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

##### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund 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 non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise 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.

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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

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

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

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

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

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

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

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

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

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

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

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

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable 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 imposed by law through constitutional provisions or enabling legislation.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash, Cash Equivalents and Pooled Investments**

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

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

(3) **Inter-fund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Physical Plant and Equipment Levy	\$ 119,532
Debt Service	Capital Projects – Statewide Sales, Services, and Use Tax	165,800
Total		<u>\$ 285,332</u>

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

(4) **Due From and Due to Other Funds**

The detail of inter-fund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects – Physical Plant and Equipment Levy	General Fund	\$ 504
Special Revenue – Activity	Fiduciary – Agency	9,793
Total		<u>\$ 10,297</u>

(5) **Capital Assets**

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

	Balance Beginning Of Year	Increases	Decreases	Re- classified	Balance End Of Year
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 89,000	\$ -	\$ -	\$ -	\$ 89,000
Construction in process	4,616	-	4,616	-	-
Total capital assets not being depreciated	<u>\$ 93,616</u>	<u>\$ -</u>	<u>\$ 4,616</u>	<u>\$ -</u>	<u>\$ 89,000</u>
Capital assets being depreciated:					
Buildings	11,234,126	\$ 285,745	\$ -	\$ 2,548,780	\$ 14,068,651
Improvements other than buildings	673,546	51,414	-	-	724,960
Furniture and equipment	7,342,664	362,207	-	-2,548,780	5,156,091
Total capital assets being depreciated	<u>\$ 19,250,336</u>	<u>\$ 699,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,949,702</u>
Less accumulated depreciation for:					
Buildings	5,742,812	\$ 271,032	\$ -	\$ 182,745	\$ 6,196,589
Improvements other than buildings	383,789	25,812	-	-	409,601
Furniture and equipment	4,096,432	316,212	-	-182,745	4,229,899
Total accumulated depreciation	<u>\$ 10,223,033</u>	<u>\$ 613,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,836,089</u>
Total capital assets being depreciated, net	<u>\$ 9,027,303</u>	<u>\$ 86,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,113,613</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,120,919</u>	<u>\$ 86,310</u>	<u>\$ 4,616</u>	<u>\$ -</u>	<u>\$ 9,202,613</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 104,313	\$ 20,190	\$ 27,623	\$ 96,880
Less accumulated depreciation	53,848	8,073	27,623	34,298
Business Type Activities Capital Assets, Net	<u>\$ 50,465</u>	<u>\$ 12,117</u>	<u>\$ -</u>	<u>\$ 62,582</u>

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 474,126
Other	11,437
Special	2,021

Support services:

Student support	220
Instructional staff	39,324
Administrative	390
Operation and maintenance of plant	10,428
Transportation	74,950

Non-instructional

160

Total Depreciation Expense – Governmental Activities

\$ 613,056

Business Type Activities:

Food service operations

\$ 8,073

**(6) Long-term Liabilities**

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

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 1,500,000	\$ -	\$ 100,000	\$ 1,400,000	\$ 100,000
Early retirement	73,150	-	72,229	921	444
Net OPEB liability	203,607	38,288	-	241,895	-
Capital lease	229,848	-	113,110	116,738	116,738
Net pension liability	2,965,132	-	799,815	2,165,317	-
Total	<u>\$ 4,971,737</u>	<u>\$ 38,288</u>	<u>\$ 1,085,154</u>	<u>\$ 3,924,871</u>	<u>\$ 217,182</u>

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Business type activities:					
Net pension liability	\$ 111,173	\$ -	\$ 29,988	\$ 81,185	\$ -

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement expenditures for the year ended June 30, 2015 totaled \$72,229.

Capital Lease

The District entered into a capital lease with Apple Inc. to purchase computers for \$242,179 with a 3.383% interest rate. Semi-annual lease payments are \$32,356.72 ending January 15, 2016. Details of the Capital Lease are as follows:

Year Ending June 30,	Interest Rate	Capital Lease Issued March 12, 2012		
		Principal	Interest	Total
2016	3.383%	\$ 63,109	\$ 1,604	\$ 64,713

The District entered into a capital lease with Apple Inc. to purchase computers for \$158,594 with a 2.95% interest rate. Semi-annual lease payments are \$27,409.26 ending January 15, 2016. Details of the Capital Lease are as follows:

Year Ending June 30,	Interest Rate	Capital Lease Issued July 15, 2013		
		Principal	Interest	Total
2016	2.95%	\$ 53,629	\$ 1,189	\$ 54,818

Revenue Bonds

Details of the District's June 30, 2015 Statewide Sales, Services and Use Tax Revenue indebtedness are as follows:

Year Ending June 30,	Interest Rates	Issued July 1, 2009		
		Principal	Interest	Total
2016	3.6%	\$ 100,000	\$ 61,000	\$ 161,000
2017	3.6%	100,000	57,400	157,400
2018	4.0%	100,000	53,800	153,800
2019	4.0%	100,000	49,800	149,800
2020	4.2%	100,000	45,800	145,800
2021	4.2%	100,000	41,600	141,600
2022	4.4%	100,000	37,400	137,400
2023	4.4%	100,000	33,000	133,000
2024	4.6%	100,000	28,600	128,600
2025	4.6%	100,000	24,000	124,000
2026	4.8%	100,000	19,400	119,400
2027	4.8%	100,000	14,600	114,600
2028	4.9%	100,000	9,800	109,800
2029	4.9%	100,000	4,900	104,900
Total		\$ 1,400,000	\$ 481,100	\$ 1,881,100

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,675,000 of bonds issued in July 2009. The bonds were issued for the purpose of financing a portion of the costs of the Niches Project. 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. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 12 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,881,100. For the current year, \$100,000 principal and \$64,600 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$620,849.

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

- a) \$161,130 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

During the year ended June 30, 2015, the District made principal, interest and fees payments totaling \$285,632 under the agreements.

**(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](http://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.)

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 \$368,224.

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 \$2,246,502 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s collective proportion was 0.055509 percent, which was an increase of 0.001177 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the District recognized pension expense of \$180,691. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,415	\$ -
Changes of assumptions	99,143	-
Net difference between projected and actual earnings on pension plan investments	-	856,751
Changes in proportion and differences between District contributions and proportionate share of contributions	53,695	-
District contributions subsequent to the measurement date	613,569	-
Total	<u>\$ 790,822</u>	<u>\$ 856,751</u>

\$368,224 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ 255,602
2017	255,602
2018	255,602
2019	255,602
2020	11,596
Total	<u>\$ 1,034,004</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District’s proportionate share of the net pension liability	\$4,244,702	\$2,246,502	\$559,814

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 in IPERS’ website at [www.ipers.org](http://www.ipers.org).

Payables to Pension Plan – At June 30, 2015, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description – The District is a member of a ten school trust – (NEISIT) Northeast Iowa Schools Insurance Trust. Each school provided active and retired employee information. The plan provides medical benefits to retirees and their spouses. The District had 78 active and 2 retired members in the plan. Retired participants must be 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 49,238
Interest on net OPEB obligation	5,090
Adjustment to annual required contribution	-12,295
Annual OPEB cost	<u>\$ 42,033</u>
Contributions made	-3,745
Increase in net OPEB obligation	<u>\$ 38,288</u>
Net OPEB obligation beginning of year	<u>203,607</u>
Net OPEB obligation end of year	<u>\$ 241,895</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. 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 \$576,711 to the medical plan. Plan members eligible for benefits contributed \$65,506 or 10.1% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$33,778	0%	\$62,582
June 30, 2011	\$41,329	21.6%	\$124,072
June 30, 2012	\$41,542	21.5%	\$156,691
June 30, 2014	\$32,577	28.4%	\$180,007
June 30, 2015	\$42,033	8.9%	\$241,895

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$259,252, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$259,252. The covered payroll (annual payroll of active employees covered by the plan) was \$3,122,108, and the ratio of the UAAL to covered payroll was 8.3%. As of June 30, 2015, there were no trust fund assets.

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

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

As of July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$430.55 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Risk Management**

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

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$283,428 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Categorical Funding**

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

<u>Program</u>	<u>Amount</u>
Limited English Proficiency	\$ 232,628
Home School Assistance	304,137
Gifted and Talented Programs	49,877
Dropout Prevention	184,640
Beginning Teacher Mentoring	3,366
Teacher Salary Supplement	44,602
At Risk	65,963
Core Curriculum	27,589
Professional Development	5,803
Preschool	10,591
Before and After School	17,940
Iowa Early Intervention	3,077
Teacher Leadership	5,303
Early Readers	827
English Language Literacy	115,197
Total	<u>\$ 1,071,540</u>

**(12) Subsequent Events**

The District has evaluated subsequent events through January 19, 2016 which is the date that the financial statements were available to be issued.

**(13) Prior Period Adjustment**

The District had a General Fund adjustment of \$10,410 to correct prior year over recorded receivables.

(14) Accounting Change/Restatement

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

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 10,454,874	142,270
Net pension liability at June 30, 2014	-2,965,132	-111,173
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	319,040	11,962
Net position July 1, 2014, as restated	\$ 7,808,782	43,059

**Required Supplementary Information**

Postville Community School District

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

Required Supplementary Information

Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 3,112,286	\$ 63,760
Intermediate sources	-	-
State sources	5,112,671	3,545
Federal sources	718,115	397,798
Total Receipts	<u>\$ 8,943,072</u>	<u>\$ 465,103</u>
Disbursements:		
Instruction	\$ 4,925,275	\$ -
Support services	2,093,795	19,517
Non-instructional programs	55,653	420,795
Other expenditures	1,056,926	-
Total Disbursements	<u>\$ 8,131,649</u>	<u>\$ 440,312</u>
Excess (deficiency) of receipts over (under) disbursements	\$ 811,423	\$ 24,791
Other financing sources, net	41,942	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>\$ 853,365</u>	<u>\$ 24,791</u>
Balances beginning of year	<u>\$ 3,072,441</u>	<u>\$ 142,270</u>
Prior period adjustment	-10,410	-99,211
Adjusted beginning fund balance	<u>\$ 3,062,031</u>	<u>\$ 43,059</u>
Balance end of year	<u>\$ 3,915,396</u>	<u>\$ 67,850</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	3,176,046	\$ 3,192,255	\$ 3,192,255	\$ -16,209
	-	-	-	-
	5,116,216	4,906,845	4,906,845	209,371
	1,115,913	1,020,000	1,020,000	95,913
\$	9,408,175	\$ 9,119,100	\$ 9,119,100	\$ 289,075
\$	4,925,275	\$ 5,605,000	\$ 5,605,000	\$ 679,725
	2,113,312	2,479,600	2,479,600	366,288
	476,448	528,000	625,000	148,552
	1,056,926	590,037	1,250,000	193,074
\$	8,571,961	\$ 9,202,637	\$ 9,959,600	\$ 1,387,639
\$	836,214	\$ -83,537	\$ -840,500	\$ 1,676,714
	41,942	12,000	12,000	29,942
\$	878,156	\$ -71,537	\$ -828,500	\$ 1,706,656
\$	3,214,711	\$ 2,433,601	\$ 2,433,601	\$ 781,110
	-109,621	-	-	-109,621
\$	3,105,090	\$ 2,433,601	\$ 2,433,601	\$ 671,489
\$	3,983,246	\$ 2,362,064	\$ 1,605,101	\$ 2,378,145

**Postville Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2015**

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$756,963.

**Postville Community School District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Iowa Public Employees' Retirement System**  
**Last Fiscal Year\***  
**Required Supplementary Information**

		2015
District's proportion of the net pension liability		.055509
District's proportionate share of the net pension liability	\$	2,246,502
District's covered-employee payroll	\$	4,123,446
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		54.48%
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.

**Postville Community School District**  
**Schedule of District Contributions**  
**Iowa Public Employees' Retirement System**  
**Last 10 Fiscal Years**

**Required Supplementary Information**

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 368,224	\$ 330,805	\$ 304,509	\$ 276,612	\$ 250,208
Contributions in relation to the statutorily required contribution	-368,224	-330,805	-304,509	-276,612	-250,208
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,123,446	\$ 3,704,425	\$ 3,512,212	\$ 3,427,658	\$ 3,648,098
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.06%	6.95%

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006
\$	234,066	\$ 215,427	\$ 195,860	\$ 180,437	\$ 172,740
	-234,066	-215,427	-195,860	-180,437	-172,740
\$	-	\$ -	\$ -	\$ -	\$ -
\$	3,519,787	\$ 3,392,551	\$ 3,237,358	\$ 3,138,042	\$ 3,004,178
	6.65%	6.35%	6.05%	5.75%	5.75%

**Postville Community School District**

**Notes to Required Supplementary Information – Pension Liability**

**Year ended June 30, 2015**

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

**Postville Community School District**

**Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)**

**Required Supplementary Information**

**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 ©	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$437	\$437	0.0%	\$2,915	14.9%
2010	July 1, 2008	-	\$427	\$427	0.0%	\$2,676	15.9%
2011	July 1, 2010	-	\$271	\$271	0.0%	\$2,713	10.0%
2012	July 1, 2010	-	\$266	\$266	0.0%	\$2,617	9.8%
2013	July 1, 2012	-	\$263	\$263	0.0%	\$2,673	10.2%
2014	July 1, 2012	-	\$264	\$264	0.0%	\$2,831	9.3%
2015	July 1, 2014	-	\$259	\$259	0.0%	\$3,122	8.3%

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

## Supplementary Information

Postville Community School District

Combining Balance Sheet  
Non-Major Governmental Funds

June 30, 2015

	Debt Service	Special Revenue		Total
		Management Levy	Student Activity	
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 179,863	\$ 122,295	\$ 12,585	\$ 314,743
Receivables:				
Property Tax:				
Delinquent	-	5,229	-	5,229
Succeeding year	-	400,000	-	400,000
Accounts	-	-	585	585
Due from other funds	-	-	9,793	9,793
<b>Total Assets</b>	<b>\$ 179,863</b>	<b>\$ 527,524</b>	<b>\$ 22,963</b>	<b>\$ 730,350</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 984	\$ 984
Salaries and benefits payable	-	-	151	151
Total Liabilities	\$ -	\$ -	\$ 1,135	\$ 1,135
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ -	\$ 400,000	\$ -	\$ 400,000
Total deferred inflows of resources	\$ -	\$ 400,000	\$ -	\$ 400,000
Fund Balances:				
Restricted for:				
Debt service	\$ 179,863	\$ -	\$ -	\$ 179,863
Management levy purposes	-	127,524	-	127,524
Student activities	-	-	21,828	21,828
Total fund balances	\$ 179,863	\$ 127,524	\$ 21,828	\$ 329,215
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 179,863</b>	<b>\$ 527,524</b>	<b>\$ 22,963</b>	<b>\$ 730,350</b>

See accompanying independent auditor's report.

## Postville Community School District

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Governmental Funds**

**Year Ended June 30, 2015**

	Debt Service	Special Revenue		Total
		Management Levy	Student Activity	
Revenues:				
Local Sources:				
Local tax	\$ -	\$ 229,963	\$ -	\$ 229,963
Other	2,421	5,888	106,974	115,283
State sources	-	2,037	-	2,037
Total Revenues	\$ 2,421	\$ 237,888	\$ 106,974	\$ 347,283
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ -	\$ 99,984	\$ -	\$ 99,984
Other instruction	-	-	116,475	116,475
Support Services:				
Student support services	-	1,152	-	1,152
Instructional staff services	-	1,680	-	1,680
Administration services	-	4,246	-	4,246
Operation and maintenance of plant services	-	43,551	-	43,551
Transportation services	-	11,110	-	11,110
Non-instructional programs	-	1,645	-	1,645
Other Expenditures:				
Long-Term Debt:				
Principal	213,110	-	-	213,110
Interest and fiscal charges	72,522	-	-	72,522
Total Expenditures	\$ 285,632	\$ 163,368	\$ 116,475	\$ 565,475
Excess (deficiency) of revenues over (under) expenditures	\$ -283,211	\$ 74,520	\$ -9,501	\$ -218,192
Other Financing Sources (Uses):				
Operating transfers in	285,332	-	-	285,332
Change in fund balances	\$ 2,121	\$ 74,520	\$ -9,501	\$ 67,140
Fund balances beginning of year	177,742	53,004	31,329	262,075
Fund Balances End of Year	\$ 179,863	\$ 127,524	\$ 21,828	\$ 329,215

See accompanying independent auditor's report.

## Postville Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 593,585	\$ 166,074	\$ 759,659
Receivables:			
Property Tax:			
Delinquent	-	5,184	5,184
Succeeding year	-	237,456	237,456
Income surtax	-	43,066	43,066
Due from other governments	96,979	-	96,979
Due from other funds	-	504	504
<b>Total Assets</b>	<b>\$ 690,564</b>	<b>\$ 452,284</b>	<b>\$ 1,142,848</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 756	\$ -	\$ 756
Other liabilities	-	14,119	14,119
Total Liabilities	<b>\$ 756</b>	<b>\$ 14,119</b>	<b>\$ 14,875</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ -	\$ 237,456	\$ 237,456
Other	-	43,066	43,066
Total deferred inflows of resources	<b>\$ -</b>	<b>\$ 280,522</b>	<b>\$ 280,522</b>
Fund Balances:			
Restricted for:			
School infrastructure	\$ 689,808	\$ -	\$ 689,808
Physical plant and equipment	-	157,643	157,643
Total fund balances	<b>\$ 689,808</b>	<b>\$ 157,643</b>	<b>\$ 847,451</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 690,564</b>	<b>\$ 452,284</b>	<b>\$ 1,142,848</b>

## Postville Community School District

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Project Accounts**

Year Ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	\$ -	\$ 247,613	\$ 247,613
Other	33,257	340	33,597
State sources	620,848	1,994	622,842
Total Revenues	<u>\$ 654,105</u>	<u>\$ 249,947</u>	<u>\$ 904,052</u>
Expenditures:			
Support Services:			
Instructional staff services	\$ -	\$ 7,443	\$ 7,443
Administrative service	1,000	-	1,000
Operation and maintenance of property service	-	64,962	64,962
Transportation service	-	39,485	39,485
Other Expenditures:			
Facilities acquisition	368,366	119,500	487,866
Total Expenditures	<u>\$ 369,366</u>	<u>\$ 231,390</u>	<u>\$ 600,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 284,739</u>	<u>\$ 18,557</u>	<u>\$ 303,296</u>
Other Financing Sources (Uses):			
Operating transfers out	<u>\$ -165,800</u>	<u>\$ -119,532</u>	<u>\$ -285,332</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 118,939</u>	<u>\$ -100,975</u>	<u>\$ 17,964</u>
Fund balances beginning of year	<u>570,869</u>	<u>258,618</u>	<u>829,487</u>
Fund Balances End of Year	<u>\$ 689,808</u>	<u>\$ 157,643</u>	<u>\$ 847,451</u>

See accompanying independent auditor's report.

## Postville Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2015

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures and Inter-fund Transfers	Intra- Fund Transfers	Balance End of Year
Drama	\$ 729	\$ 2,394	\$ 2,055	\$ -1,068	\$ -
Vocal music	1,058	3,840	2,849	-	2,049
High School golf	-	-	725	725	-
High School boys basketball	-	3,681	2,905	-776	-
High School boys football	-	9,406	14,231	4,825	-
High School baseball	519	1,511	3,385	1,425	70
High School boys track	-	928	819	-109	-
High School wrestling	112	2,269	3,954	1,573	-
High School girls basketball	738	3,385	2,560	-1,563	-
High School volleyball	333	2,716	1,419	-1,630	-
High School softball	-	178	1,564	1,386	-
High School girls track	-	711	908	197	-
Class of 2014	2,157	-	-	-2,157	-
Class of 2015	2,638	9,366	7,077	-405	4,522
Class of 2016	-	13,882	12,414	-290	1,178
Class of 2017	-	137	385	290	42
Class of 2018	-	-	50	50	-
Cross Country	-	-	390	390	-
High School student council	2,945	2,418	2,562	-2,620	181
FCCLA	593	-	-	-392	201
Peer Helpers	1,304	2,051	1,790	-	1,565
Mirror	1,184	4,899	8,309	2,226	-
Cheerleaders	1,838	641	1,804	-	675
Magazines	-	2,832	1,692	-1,140	-
Elementary student council	-	2,714	2,292	-422	-
Interest account	1,827	54	619	-1,262	-
Resale athletics	-	3,236	3,693	460	3
Resale band	786	210	169	-	827
FFA	11,193	23,713	24,506	-1	10,399
High School boys soccer	-	534	2,692	2,253	95
Athletics	1,375	9,268	5,306	-5,316	21
Middle School boys basketball	-	-	757	757	-
Middle School football	-	-	892	892	-
Middle School boys track	-	-	205	205	-
Middle School wrestling	-	-	130	130	-
Middle School girls basketball	-	-	794	794	-
Middle School volleyball	-	-	440	440	-
Middle School girls track	-	-	133	133	-
<b>Total</b>	<b>\$ 31,329</b>	<b>\$ 106,974</b>	<b>\$ 116,475</b>	<b>\$ -</b>	<b>\$ 21,828</b>

See accompanying independent auditor's report.

## Postville Community School District

Schedule of Changes in Fiduciary Assets and Liabilities -  
Agency Funds – Summary

Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ -	\$ 91,107	\$ 91,107	\$ -
Accounts receivable	18,248	21,184	18,248	21,184
<b>Total Assets</b>	<b>\$ 18,248</b>	<b>\$ 112,291</b>	<b>\$ 109,355</b>	<b>\$ 21,184</b>
<b>Liabilities</b>				
Interfund payable	\$ -	\$ 9,792	\$ -	\$ 9,792
Accounts payable	17,451	102,499	108,558	11,392
Bank overdraft	797	-	797	-
<b>Total Liabilities</b>	<b>\$ 18,248</b>	<b>\$ 112,291</b>	<b>\$ 109,355</b>	<b>\$ 21,184</b>

See accompanying independent auditor's report.

## Postville Community School District

Schedule of Changes in Fiduciary Assets and Liabilities -  
Agency Funds – Detail

Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deductions	Transfers	Balance End of Year
Music events	\$ 16	\$ 2,531	\$ 2,456	\$ -	\$ 91
Band boosters	1,076	1,132	188	-	2,020
Athletic events	6	8,034	8,034	-	6
Climate committee	345	-	867	709	187
Retiree insurance	12,191	29,243	36,151	-799	4,484
Bell fund	2,262	-	10	-	2,252
Outdoor bulletin	1,869	348	-	-348	1,869
Production class	1	-	-	-	1
Spanish Club	-	361	-	-361	-
Music event	482	-	-	-	482
AEA-I Superintendents	-	48,573	48,573	-	-
Upper IA conference	-	885	885	-	-
<b>Total</b>	<b>\$ 18,248</b>	<b>\$ 91,107</b>	<b>\$ 97,164</b>	<b>\$ -799</b>	<b>\$ 11,392</b>

See accompanying independent auditor's report.

Postville Community School District

Schedule of Fiduciary Net Position  
Private Purpose Trusts

June 30, 2015

	Knutson Scholarship	Harnack Scholarship	Capper Scholarship	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 1,001	\$ 10,729	\$ 11,029	\$ 22,759
<b>Total Assets</b>	<u>\$ 1,001</u>	<u>\$ 10,729</u>	<u>\$ 11,029</u>	<u>\$ 22,759</u>
<b>Liabilities and Fund Balance</b>				
Liabilities	\$ -	\$ -	\$ -	\$ -
<b>Net Position</b>				
Reserved for Scholarships	1,001	10,729	11,029	22,759
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,001</u>	<u>\$ 10,729</u>	<u>\$ 11,029</u>	<u>\$ 22,759</u>

See accompanying independent auditor's report.

**Postville Community School District**  
**Schedule of Changes in Fiduciary Net Position**  
**Private Purpose Trusts**

**Year Ended June 30, 2015**

	Knutson Scholarship	Harnack Scholarship	Capper Scholarship	Total
Revenues:				
Local Sources:				
Interest from non-expendable trust fund investments	\$ 1,000	\$ 117	\$ 133	\$ 1,250
Expenditures:				
Instruction:				
Regular Instruction: Scholarships	-	165	-	165
Excess (deficiency) of revenues over (under) expenditures	\$ 1,000	\$ -48	\$ 133	\$ 1,085
Net Position, beginning of year	1	10,777	10,896	21,674
Net Position, End of Year	\$ 1,001	\$ 10,729	\$ 11,029	\$ 22,759

See accompanying independent auditor's report.

**Postville Community School District**

**Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds**

**For the Last Ten Years**

	Modified Accrual Basis			
	2015	2014	2013	2012
<b>Revenues:</b>				
Local Sources:				
Local tax	\$ 2,668,724	\$ 2,766,754	\$ 3,042,624	\$ 3,060,899
Tuition	207,813	167,036	132,378	133,517
Other	235,749	178,006	212,850	218,099
Intermediate sources	-	-	-	-
State sources	5,112,671	4,327,169	3,282,778	3,262,702
Federal sources	718,115	780,516	705,258	743,043
<b>Total</b>	<b>\$ 8,943,072</b>	<b>\$ 8,219,481</b>	<b>\$ 7,375,888</b>	<b>\$ 7,418,260</b>
<b>Expenditures:</b>				
Instruction:				
Regular instruction	\$ 2,798,260	\$ 2,600,007	\$ 2,353,382	\$ 2,286,919
Special instruction	657,157	705,582	643,297	623,360
Other instruction	1,469,858	1,305,995	1,317,039	1,351,055
Support services:				
Student services	211,329	178,393	180,748	187,149
Instructional staff services	338,013	369,028	380,007	144,507
Administrative services	719,463	713,130	682,153	675,881
Operation and maintenance of plant services	622,354	558,222	508,013	486,220
Transportation services	202,636	255,853	257,836	231,943
Community services	-	-	-	-
Non-instructional programs	55,653	58,408	21,062	2,173
Other expenditures:				
Facilities acquisition	487,866	339,432	203,470	304,091
Long-term debt:				
Principal	213,110	211,901	134,024	1,223,354
Interest and other charges	72,522	77,331	77,639	81,060
AEA flow-through	283,428	247,673	228,603	228,360
<b>Total</b>	<b>\$ 8,131,649</b>	<b>\$ 7,620,955</b>	<b>\$ 6,987,273</b>	<b>\$ 7,826,072</b>

See accompanying independent auditor's report.

## Modified Accrual Basis

2011	2010	2009	2008	2007	2006
\$ 2,747,374	\$ 2,576,536	\$ 2,350,617	\$ 2,322,407	\$ 1,860,460	\$ 1,783,127
95,741	102,964	88,840	87,343	85,582	98,971
294,400	248,477	298,821	263,029	700,245	643,009
-	-	-	-	-	-
3,076,340	3,555,051	3,292,417	3,428,842	3,144,829	2,908,432
916,518	896,392	556,900	440,658	564,698	739,724
<u>\$ 7,130,373</u>	<u>\$ 7,379,420</u>	<u>\$ 6,587,595</u>	<u>\$ 6,542,279</u>	<u>\$ 6,355,814</u>	<u>\$ 6,173,263</u>
\$ 2,331,606	\$ 2,542,918	\$ 2,225,896	\$ 2,169,542	\$ 2,086,176	\$ 1,971,723
643,509	812,871	580,703	608,506	515,919	499,879
1,309,057	874,474	1,090,093	969,838	890,610	803,014
251,485	219,731	219,095	211,933	218,324	166,615
160,323	147,346	174,991	181,102	124,230	224,379
658,275	593,482	580,954	628,033	775,557	653,175
558,152	547,806	537,891	558,463	550,541	527,793
268,730	156,599	212,470	241,865	150,505	180,352
-	-	-	-	40,753	16,260
1,681	1,386	1,151	1,160	940	996
562,985	2,014,889	307,074	21,313	326,711	509,799
259,393	250,752	242,300	229,016	239,655	317,432
93,752	139,951	62,138	51,120	60,580	64,976
253,008	252,467	236,277	226,362	211,275	197,612
<u>\$ 7,351,956</u>	<u>\$ 8,554,672</u>	<u>\$ 6,471,033</u>	<u>\$ 6,098,253</u>	<u>\$ 6,191,776</u>	<u>\$ 6,134,005</u>

**Postville Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
Special Crop Block Grant	10.169	FY15	\$ 100
School Breakfast Program	10.553	FY15	55,097
National School Lunch Program	10.555	FY15	314,442
Summer Food Service Program	10.559	FY15	14,769
Basic Building and Strengthening Iowa Community Support for Nutrition and Health	10.561	FY15	3,259
Fresh Fruit and Vegetables	10.582	FY15	13,490
			\$ 401,157
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY15	\$ 335,270
Title I Grants Migrant Education	84.011	FY15	159,396
			\$ 494,666
Career and Technical Education – Basic Grants to State	84.048	FY15	\$ 1,978
Twenty-First Century Community Learning Center	84.287	FY15	\$ 98,581
Rural Education Achievement Program	84.358	FY15	\$ 12,706
Title III English Language Acquisition Grant	84.365	FY15	\$ 3,854
Improving Teacher Quality State Grants	84.367	FY15	\$ 24,948
Title VI Assessments	84.369	FY15	\$ 3,205
Keystone Area Education Agency:			
Special Education – Grants to States	84.027	FY15	\$ 36,167
Total			\$ 1,077,262

\*- Includes \$36,056 of non-cash awards.

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

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

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

To the Board of Education of  
Postville Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Postville Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 19, 2015.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part II of the accompanying Schedule of Findings as items 2015-001 and 2015-003 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item 2015-002 to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Postville Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance or other matters that are described in Part IV 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 my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Postville Community School District's Responses to the Findings

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

### Purpose of this Report

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

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

  
Keith Oltrogge  
Certified Public Accountant

January 19, 2015

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133**

Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133

To the Board of Education of  
Postville Community School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

I believe my audit provides a reasonable basis for my opinion on compliance for each of the major federal programs. However, my audit does not provide a legal determination of Postville Community School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of Postville Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Postville Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Postville Community School District's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a deficiency in internal control over compliance I consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2015-004 to be a material weakness.

Postville Community School District's response to the internal control over compliance finding identified in my audit is described in the accompanying Schedule of Findings. Postville Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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



Keith Oltrogge  
Certified Public Accountant

January 19, 2015

Postville Community School District

Schedule of Findings

Year Ended June 30, 2015

**Part I – Summary of the Independent Auditor’s Results:**

- a) Unmodified opinions were issued on the financial statements.
- b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements
- e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510 (a).
- g) Major programs were as follows:
  - Child Nutrition Cluster
    - CFDA Number 10.169 – Special Crop Block Grant
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
    - CFDA Number 10.559 – Summer Food Service Program
    - CFDA Number 10.561 – Basic Building and Strengthening Iowa Community Support for Nutrition and Health
    - CFDA Number 10.582 – Fresh Fruit and Vegetables
  - Title I Part A Cluster
    - CFDA Number 84.010 – Title I Grants to Local Education Agencies
    - CFDA Number 84.011 – Title I Grants – Migrant Education
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Postville Community School District did not qualify as a low-risk auditee.

Postville Community School District

Schedule of Findings

Year Ended June 30, 2015

**Part II – Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES:**

2015-001 Segregation of Duties – The limited number of personnel makes it difficult to achieve adequate internal control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition, but it is important the District officials are aware that the condition exists.

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

Response - The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion – Response accepted.

2015-002 Annual Financial Statements – The ability to apply U.S. generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosures is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply U.S. generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with U.S. generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine this is a control deficiency the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

Postville Community School District

Schedule of Findings

Year Ended June 30, 2015

Part II – Findings Related to the Financial Statements (continued):

**INTERNAL CONTROL DEFICIENCIES:**

2015-003 Lunch Fund Student Accounts – There is a lack of sufficient documentation to support the transfers between individual student lunch accounts.

Recommendation – Sufficient documentation should be maintained to evidence the student lunch account owners' approval of the transfer.

Response – We will maintain documentation as recommended. There has been a personnel change in this position since the end of the fiscal year.

Conclusion – Response accepted.

Postville Community School District

Schedule of Findings

Year Ended June 30, 2015

**Part III – Findings For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 10.169 – Special Crop Block Grant**  
**CFDA Number 10.553 – School Breakfast Program**  
**CFDA Number 10.555 – National School Lunch Program**  
**CFDA Number 10.559 – Summer Food Service Program**  
**CFDA Number 10.561 – Basic Building and Strengthening Iowa Community Support for Nutrition and Health**  
**CFDA Number 10.582 – Fresh Fruit and Vegetables**  
**Federal Award Year: 2015**  
**U.S. Department of Agriculture**  
**Passed through the Iowa Department of Education**

**CFDA Number 84.010: Title I Grants to Local Educational Agencies**  
**CFDA Number 84.011: Title I Grant – Migrant Education**  
**Federal Award Year: 2015**  
**U.S. Department of Education**  
**Passed through the Iowa Department of Education**

2015-004 Segregation of Duties – The limited number of personnel makes it difficult to achieve adequate internal control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition, but it is important the District officials are aware the condition exists.

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

Response and Corrective Action Planned - The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion – Response accepted.

Postville Community School District

Schedule of Findings

Year Ended June 30, 2015

**Part IV - Other Findings Related to Required Statutory Reporting:**

IV-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 did not exceed the certified budget.

IV-B-15 Questionable Expenditures – Certain disbursements were noted I believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Vendor	Description	Amount
General:		
Card Center	Meals include alcohol	\$6.00
Brick Oven Pizza	Administration meeting	21.24
Card Center	Extra day SAI lodging and meals	686.61
Employee	Cake	90.00
Card Center	Valet parking	22.26
Employee	Excessive tip	5.00
Employees	Meals on extra day	30.42
Activity:		
Old Mill Floral	Flowers and plants	175.00
The Master Teacher	Retirement apples	126.90

Recommendation – The District should review Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1) for the allowability of expenditures. When the District purchases items such as food for teacher appreciation, these purchases would be more appropriate from the General Fund as long as public purpose is documented and the items are de minimis according to Internal Revenue Service Publication 15-B. Additionally, the Board of Directors should approve the purchase of such items prior to the expenditure and document the public purpose derived.

Response – Beginning in fiscal 2016, the District will not make any purchases for retirement gifts, teacher appreciation supplies or other items that are not appropriate.

Conclusion – Response acknowledged.

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

Postville Community School District

Schedule of Findings

Year Ended June 30, 2015

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

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

<u>Name, Title &amp; Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Szabo Construction – Jamie Smith – Board Member	Services	\$4,161
Szabo Construction – Jamie Smith – Board Member	Bleacher work	3,786
Palas Service & Repair – Kevin Palas – Employee	Repairs	1,708
Sebatian Flooring – Employee	Service	240
		<u>\$9,895</u>

In accordance with Chapter 279.74 of the Code of Iowa, the transactions with Szabo Construction may represent a conflict of interest since the total exceeds \$2,500.

Recommendation – The District should consult legal counsel to determine the disposition of this matter.

Response – We will do so.

Conclusion – Response accepted.

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

IV-F-15 Board Minutes – Certain minutes were not published as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response – Procedures have been revised to ensure minutes are published as required.

Conclusion – Response accepted.

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

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

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

IV-J-15 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

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

**Postville Community School District**

**Schedule of Findings**

**Year Ended June 30, 2015**

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

IV-L-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423A.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		\$	570,869
Revenues/transfers in:			
Sales tax revenue	\$	620,848	
Other local revenues		33,257	654,105
			<u>\$ 1,224,974</u>
Expenditures/transfers out:			
School infrastructure construction	\$	162,256	
Equipment		206,110	
Other		1,000	
Transfers to other funds:			
Debt service fund		165,800	535,166
			<u>\$ 689,808</u>
Ending balance		\$	689,808

For the year ended June 30, 2015, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 1.088386	\$ 620,849
Physical plant and equipment levy (PPEL)	0.725271	176,594
Public educational and recreational levy (PERL)	-	-

**Postville Community School District**  
**Summary Schedule of Prior Federal Audit Findings**  
**Year Ended June 30, 2015**

Comment Reference	Comment Title	Status	If not corrected, provide planned corrective action or other explanation
2014-003	Segregation of Duties	Not corrected	Plans to make changes as opportunities arise.