

RICEVILLE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Riceville Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
	Board of Education	
Karl Fox	President	2017
Neal Keeling	Vice President	2015
Camille Schurke	Board Member (resigned December 17, 2014)	2017
William Hemann	Board Member	2015
Kyle Guertin	Board Member	2015
Shanna Hale	Board Member (appointed January 13, 2015)	2015

School Officials

Stephen Nicholson	Superintendent	2015
Jennifer Dunn	Board Secretary/ District Treasurer	2015
Lynch Dallas	Attorney	2015

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Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Riceville Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Riceville 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.

Members American Institute & Iowa Society of Certified Public Accountants

Emphasis of Matter

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

Other 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, the Schedule of Funding Progress for the Retiree Health Plan and the financial statements for the discretely presented component unit on pages 7 through 16 and 44 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Riceville Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2011 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2015, on our consideration of Riceville Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and

not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Handwritten signature in cursive script that reads "Nolte, Cornman & Johnson PC".

NOLTE, CORNMAN & JOHNSON, P.C.

December 14, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Riceville 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 \$3,239,858 in fiscal year 2014 to \$3,495,816 in fiscal year 2015, and General Fund expenditures decreased from \$3,024,000 in fiscal year 2014 to \$3,426,985 in fiscal year 2015. This resulted in an increase in the District's General Fund balance from \$1,142,562, at June 30, 2014 to \$1,211,393, at June 30, 2015, a 6.02% increase from the prior year.
- The increase in General Fund revenues was attributable to a increase in local source revenue received in fiscal year 2015 compared to fiscal year 2014. The increase in expenditures was due primarily to an increase in expenditures for instruction compared to the prior year.

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 Riceville 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 Riceville 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 Riceville Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

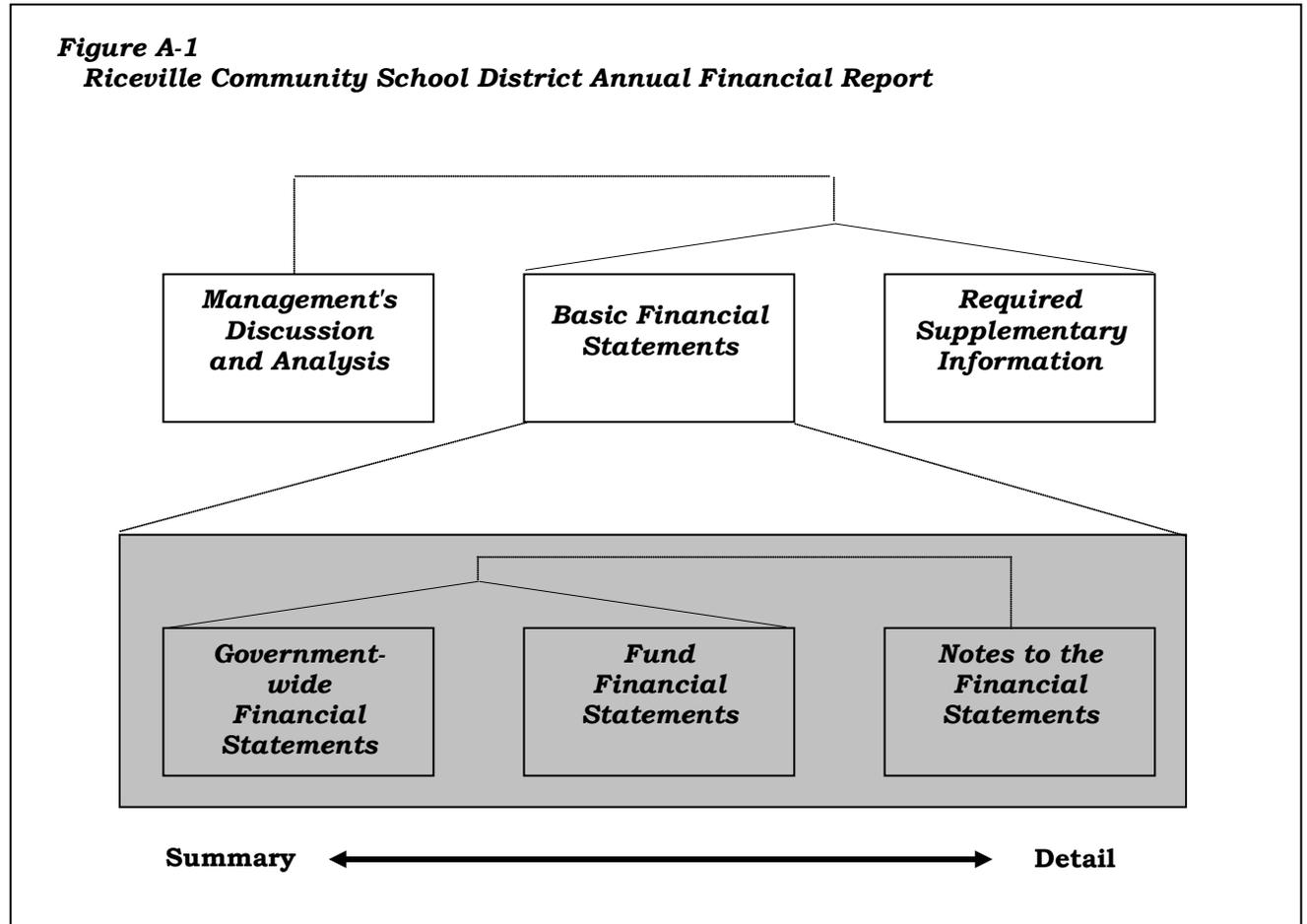


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows or 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 three 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.
- *Component unit:* The Buresh Trust was established to provide post high school scholarship support to graduates of the school.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

The required financial statements for the proprietary funds include a Statement of Net Position, 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 the Private-Purpose Trust Fund and Agency Fund.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds through which the District administers and accounts for certain outside organizations.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2014 (Not restated)		June 30, 2014 (Not restated)		June 30, 2014 (Not restated)		2014-2015
Current and other assets	\$ 5,309,034	4,991,845	76,504	43,058	5,385,538	5,034,903	6.96%
Capital assets	1,523,055	1,110,466	25,774	31,948	1,548,829	1,142,414	35.58%
Total assets	6,832,089	6,102,311	102,278	75,006	6,934,367	6,177,317	12.26%
Deferred outflows of resources	209,673	-	5,831	-	215,504	-	100.00%
Long-term liabilities	1,305,108	129,524	39,728	10,192	1,344,836	139,716	862.55%
Other liabilities	374,157	349,379	9,085	9,311	383,242	358,690	6.84%
Total liabilities	1,679,265	478,903	48,813	19,503	1,728,078	498,406	246.72%
Deferred inflows of resources	2,388,697	1,850,961	13,462	-	2,402,159	1,850,961	29.78%
Net position:							
Net investment in capital assets	1,224,693	1,100,509	25,774	31,948	1,250,467	1,132,457	10.42%
Restricted	1,680,549	1,579,075	-	-	1,680,549	1,579,075	6.43%
Unrestricted	68,558	1,092,863	20,060	23,555	88,618	1,116,418	-92.06%
Total net position	\$ 2,973,800	3,772,447	45,834	55,503	3,019,634	3,827,950	-21.12%

The District's combined net position decreased by \$808,316 or by 21.12%, over the prior year. A portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$101,474, or 6.43% over the prior year. The increase is

primarily due to the increase in fund balances of the Capital Projects: Physical Plant and Equipment Levy Fund and the Management Levy Fund during the year.

Unrestricted net position is 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 \$1,027,800, or 92.06%. This decrease in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,284,241 and \$37,675, 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, July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4							
Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Revenues:							
Program revenues:							
Charges for service	\$ 537,749	381,078	122,232	116,420	659,981	497,498	32.66%
Operating grants, contributions and restricted interest	375,165	369,329	87,833	78,793	462,998	448,122	3.32%
General revenues:							
Property tax	1,844,584	1,814,256	-	-	1,844,584	1,814,256	1.67%
Income surtax	215,735	231,189	-	-	215,735	231,189	-6.68%
Statewide sales, services and use tax	285,459	251,362	-	-	285,459	251,362	13.56%
Unrestricted state grants	1,078,359	1,023,346	-	-	1,078,359	1,023,346	5.38%
Unrestricted investment earnings	4,397	3,814	27	13	4,424	3,827	15.60%
Other	35,258	84,301	516	435	35,774	84,736	-57.78%
Total revenues	4,376,706	4,158,675	210,608	195,661	4,587,314	4,354,336	5.35%
Program expenses:							
Instructional	2,121,903	2,085,768	-	-	2,121,903	2,085,768	1.73%
Support services	1,553,365	1,093,620	10,498	9,066	1,563,863	1,102,686	41.82%
Non-instructional programs	1,096	1,096	172,104	163,940	173,200	165,036	4.95%
Other expenditures	214,748	199,521	-	-	214,748	199,521	7.63%
Total expenses	3,891,112	3,380,005	182,602	173,006	4,073,714	3,553,011	14.66%
Change in net position	485,594	778,670	28,006	22,655	513,600	801,325	-35.91%
Net position beginning of year, as restated	2,488,206	2,993,777	17,828	32,848	2,506,034	3,026,625	-17.20%
Net position end of year	\$ 2,973,800	3,772,447	45,834	55,503	3,019,634	3,827,950	-21.12%

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 78.24% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 99.74% of the revenue from business type activities.

The District's total revenues were approximately \$4.59 million, of which approximately \$4.38 million was for governmental activities and approximately \$0.21 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.35% increase in revenues and a 14.66% increase in expenses. The increase in revenue is primarily due to the increase in charges for service while the increase in expenses was related to increases in expenditures in the support services functional area.

Governmental Activities

Revenues for governmental activities were \$4,376,706 and expenses were \$3,891,112.

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.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-2015	2015	2014 (Not restated)	Change 2014-2015
Instruction	\$ 2,121,903	2,085,768	1.73%	1,358,607	1,466,561	-7.36%
Support services	1,553,365	1,093,620	42.04%	1,537,746	1,093,335	40.65%
Non-instructional programs	1,096	1,096	0.00%	1,096	1,096	0.00%
Other expenses	214,748	199,521	7.63%	80,749	68,606	17.70%
Totals	<u>\$ 3,891,112</u>	<u>3,380,005</u>	<u>15.12%</u>	<u>2,978,198</u>	<u>2,629,598</u>	<u>13.26%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$537,749.
- Federal and state governments, along with contributions from local sources, subsidized certain programs with grants and contributions totaling \$375,165.
- The net cost of governmental activities was financed with \$1,844,584 in property tax, \$215,735 in income surtax, \$285,459 in statewide sales, services and use tax, \$1,078,359 in unrestricted state grants, \$4,397 in interest income, and \$35,258 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$210,608 and expenses were \$182,602. The District's business type activities include the School Nutrition Fund. Revenues of these activities were largely comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$2,801,922, above last year's ending fund balances of \$2,597,506. The primary reason for the increase in combined fund balances in fiscal 2015 was due to the increase in the General and Capital Projects: Physical, Plant and Equipment Levy Funds.

Governmental Fund Highlights

- The General Fund Balance increased from \$1,142,562 at June 30, 2014 to \$1,211,393 at June 30, 2015. The primary reason for this increase in fund balance was an increase in revenues from tuition and local tax received compared to the prior year. Also, General Fund revenues outpaced expenditures during the year.
- The Capital Projects Fund balance increased from \$997,581 at June 30, 2014 to \$1,087,003 at June 30, 2015. The Capital Projects: Statewide Sales, Service and Use Tax Fund decreased from \$713,080 at June 30, 2014 to \$707,747 at June 30, 2015 while the Capital Projects: Physical, Plant and Equipment Levy increased from \$284,771 at June 30, 2014 to \$379,256 at June 30, 2015.
- The Management Levy Fund balance increased from \$411,033 at June 30, 2014 to \$445,248 at June 30, 2015. Revenue exceeded expenditures by \$34,215 in the current year resulting in an increase in fund balance.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$17,828 restated as of July 1, 2014 to \$45,834 at June 30, 2015, representing an increase of 157.09%. Revenues increased over the prior year primarily due to increased revenue from charges for service and federal reimbursements, expenditures also increased during the year due to a decrease in salaries and benefits paid.

BUDGETARY HIGHLIGHTS

The District's revenues were \$74,642 less than budgeted revenues, a variance of 1.60%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

Total expenditures were less than budgeted, 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.

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction and support services functional areas and in total due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$1,548,829, 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) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$247,959.

The original cost of the District's capital assets was \$4,940,165. Governmental funds accounted for \$4,780,119 with the remainder of \$160,046 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$486,297 at June 30, 2015 as compared to \$274,394 at June 30, 2014, due primarily to the purchase of additional technology during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	2014-2015
Land	\$ 37,000	37,000	-	-	37,000	37,000	0.00%
Buildings	982,218	802,617	-	-	982,218	802,617	18.29%
Land improvements	43,314	28,403	-	-	43,314	28,403	34.43%
Machinery and equipment	460,523	242,446	25,774	31,948	486,297	274,394	43.57%
Total	\$ 1,523,055	1,110,466	25,774	31,948	1,548,829	1,142,414	35.58%

Long-Term Debt

At June 30, 2015, the District had \$1,344,836 in computer lease payable and other long-term debt outstanding. This represents an increase of 862.55% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding computer lease indebtedness of \$298,362 at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had a net OPEB liability of \$100,033 at June 30, 2015. Governmental activities accounted for \$87,279 and business type activities accounted for \$12,754 of the total.

The District had a net pension liability of \$946,441 at June 30, 2015. Governmental activities accounted for \$919,467 and business type activities accounted for \$26,974 of the total.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2015	June 30, 2014 (Not restated)	June 30, 2015	June 30, 2014 (Not restated)	June 30, 2015	June 30, 2014 (Not restated)	2014-2015
Contracts payable	\$ -	9,957	-	-	-	9,957	-100.00%
Computer lease	298,362	49,818	-	-	298,362	49,818	498.90%
Net OPEB liability	87,279	69,749	12,754	10,192	100,033	79,941	25.13%
Net pension liability	919,467	-	26,974	-	946,441	-	100.00%
Total	\$ 1,305,108	129,524	39,728	10,192	1,344,836	139,716	862.55%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The Riceville CSD continues to anticipate remaining general obligation debt free. We do not foresee any bonds or levies that would impact the financial status of the district.
- The certified enrollment this year was down slightly from a year ago. We would anticipate our enrollment to show some minimal growth over the next few years with some natural ups & downs. However, the overall impact anticipated is positive with regard to enrollment trends expected. This will obviously impact the financial status and position of the district in a positive direction as well.

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 Jennifer Dunn, Board Secretary/District Treasurer, Riceville Community School District, 912 Woodland Ave., Riceville, Iowa, 50603.

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Unit*
	Governmental Activities	Business Type Activities	Total	Henry W. Buresh Trust
ASSETS				
Cash and pooled investments	\$ 3,006,340	67,817	3,074,157	1,869,703
Receivables:				
Property tax:				
Delinquent	14,291	-	14,291	-
Succeeding year	1,929,818	-	1,929,818	-
Income surtax	204,698	-	204,698	-
Accounts	4,008	-	4,008	-
Due from other governments	149,879	-	149,879	-
Inventories	-	8,687	8,687	-
Capital assets, net of accumulated depreciation	1,523,055	25,774	1,548,829	-
TOTAL ASSETS	6,832,089	102,278	6,934,367	1,869,703
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	209,673	5,831	215,504	-
LIABILITIES				
Accounts payable	56,703	30	56,733	-
Retainage payable	11,275	-	11,275	-
Salaries and benefits payable	304,618	4,848	309,466	-
Accrued interest payable	1,561	-	1,561	-
Unearned revenue	-	4,207	4,207	-
Long-term liabilities:				
Portion due within one year:				
Computer lease payable	72,948	-	72,948	-
Portion due after one year:				
Computer lease payable	225,414	-	225,414	-
Net OPEB liability	87,279	12,754	100,033	-
Net pension liability	919,467	26,974	946,441	-
TOTAL LIABILITIES	1,679,265	48,813	1,728,078	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	1,929,818	-	1,929,818	-
Pension related deferred inflows	458,879	13,462	472,341	-
	2,388,697	13,462	2,402,159	-
NET POSITION				
Net investment in capital assets	1,224,693	25,774	1,250,467	-
Restricted for:				
Scholarships	-	-	-	1,869,703
Categorical funding	90,020	-	90,020	-
Management levy purposes	445,248	-	445,248	-
Student activities	58,278	-	58,278	-
School infrastructure	707,747	-	707,747	-
Physical plant and equipment	379,256	-	379,256	-
Unrestricted	68,558	20,060	88,618	-
TOTAL NET POSITION	\$ 2,973,800	45,834	3,019,634	1,869,703

* The component unit information is for year end August 31, 2014.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit**
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Primary Government		Total	
				Governmental Activities	Business Type Activities		
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 1,302,028	327,816	86,352	(887,860)	-	(887,860)	-
Special	374,964	93,737	34,699	(246,528)	-	(246,528)	-
Other	444,911	116,196	104,496	(224,219)	-	(224,219)	-
	<u>2,121,903</u>	<u>537,749</u>	<u>225,547</u>	<u>(1,358,607)</u>	<u>-</u>	<u>(1,358,607)</u>	<u>-</u>
Support services:							
Student	80,205	-	-	(80,205)	-	(80,205)	-
Instructional staff	465,132	-	9,750	(455,382)	-	(455,382)	-
Administration	365,302	-	-	(365,302)	-	(365,302)	-
Operation and maintenance of plant	393,364	-	-	(393,364)	-	(393,364)	-
Transportation	249,362	-	5,869	(243,493)	-	(243,493)	-
	<u>1,553,365</u>	<u>-</u>	<u>15,619</u>	<u>(1,537,746)</u>	<u>-</u>	<u>(1,537,746)</u>	<u>-</u>
Non-instructional programs:							
Food service operations	1,096	-	-	(1,096)	-	(1,096)	-
Long-term debt interest	1,995	-	-	(1,995)	-	(1,995)	-
Other expenditures:							
AEA flowthrough	133,999	-	133,999	-	-	-	-
Depreciation(unallocated)*	78,754	-	-	(78,754)	-	(78,754)	-
	<u>212,753</u>	<u>-</u>	<u>133,999</u>	<u>(78,754)</u>	<u>-</u>	<u>(78,754)</u>	<u>-</u>
Total governmental activities	<u>3,891,112</u>	<u>537,749</u>	<u>375,165</u>	<u>(2,978,198)</u>	<u>-</u>	<u>(2,978,198)</u>	<u>-</u>
Business type activities:							
Support services:							
Operation and maintenance of plant	10,498	-	-	-	(10,498)	(10,498)	-
Non-instructional programs:							
Food service operations	172,104	122,232	87,833	-	37,961	37,961	-
Total business type activities	<u>182,602</u>	<u>122,232</u>	<u>87,833</u>	<u>-</u>	<u>27,463</u>	<u>27,463</u>	<u>-</u>
Total primary government	<u>\$ 4,073,714</u>	<u>659,981</u>	<u>462,998</u>	<u>(2,978,198)</u>	<u>27,463</u>	<u>(2,950,735)</u>	<u>-</u>
Total component unit	<u>\$ 92,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,733)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 1,553,276	-	1,553,276	-
Capital outlay				291,308	-	291,308	-
Income surtax				215,735	-	215,735	-
Statewide sales, services and use tax				285,459	-	285,459	-
Unrestricted state grants				1,078,359	-	1,078,359	-
Unrestricted investment earnings				4,397	27	4,424	49,060
Other general revenues				35,258	516	35,774	-
Unrealized gain				-	-	-	108,945
Total general revenues				<u>3,463,792</u>	<u>543</u>	<u>3,464,335</u>	<u>158,005</u>
Change in net position				485,594	28,006	513,600	65,272
Net position beginning of year, as restated				2,488,206	17,828	2,506,034	1,804,431
Net position end of year				<u>\$ 2,973,800</u>	<u>45,834</u>	<u>3,019,634</u>	<u>1,869,703</u>

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

** The component unit information is for year ended August 31, 2014.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor: Student Activity	Total
ASSETS					
Cash and pooled investments	\$ 1,435,027	444,414	1,066,560	60,339	3,006,340
Receivables:					
Property tax:					
Delinquent	11,885	834	1,572	-	14,291
Succeeding year	1,502,069	100,000	327,749	-	1,929,818
Income surtax	93,045	-	111,653	-	204,698
Accounts	4,008	-	-	-	4,008
Due from other governments	105,270	-	44,379	230	149,879
TOTAL ASSETS	\$ 3,151,304	545,248	1,551,913	60,569	5,309,034
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 40,179	-	14,233	2,291	56,703
Retainage payable	-	-	11,275	-	11,275
Salaries and benefits payable	304,618	-	-	-	304,618
Total liabilities	344,797	-	25,508	2,291	372,596
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,502,069	100,000	327,749	-	1,929,818
Income surtax	93,045	-	111,653	-	204,698
Total deferred inflows of resources	1,595,114	100,000	439,402	-	2,134,516
Fund balances:					
Restricted for:					
Categorical funding	90,020	-	-	-	90,020
Management levy purposes	-	445,248	-	-	445,248
Student activities	-	-	-	58,278	58,278
School infrastructure	-	-	707,747	-	707,747
Physical plant and equipment	-	-	379,256	-	379,256
Unassigned	1,121,373	-	-	-	1,121,373
Total fund balances	1,211,393	445,248	1,087,003	58,278	2,801,922
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,151,304	545,248	1,551,913	60,569	5,309,034

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 20)		\$ 2,801,922
 <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.		1,523,055
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.		(1,561)
Accounts receivable income surtax, are not yet available to pay current year expenditures and therefore, are recognized as deferred inflows of resources in the governmental funds.		204,698
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the curent year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 209,673	
Deferred inflows of resources	<u>(458,879)</u>	(249,206)
Long-term liabilities including net pension liability, lease payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(1,305,108)</u>
Net position of governmental activities(page 18)		<u><u>\$ 2,973,800</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor: Student Activity	Nonmajor: Debt Service	Total
REVENUES:						
Local sources:						
Local tax	\$ 1,546,435	100,057	403,167	-	-	2,049,659
Tuition	401,791	-	-	-	-	401,791
Other	107,459	4,009	1,616	117,701	-	230,785
State sources	1,216,549	309	291,316	-	-	1,508,174
Federal sources	175,637	-	-	-	-	175,637
TOTAL REVENUES	3,447,871	104,375	696,099	117,701	-	4,366,046
EXPENDITURES:						
Current:						
Instruction:						
Regular	1,482,771	11,106	-	-	-	1,493,877
Special	399,235	-	-	-	-	399,235
Other	387,390	-	-	105,483	-	492,873
	2,269,396	11,106	-	105,483	-	2,385,985
Support services:						
Student	74,647	480	-	-	-	75,127
Instructional staff	118,718	240	349,650	-	-	468,608
Administration	335,181	11,378	79,939	-	-	426,498
Operation and maintenance of plant	326,715	36,501	36,901	-	-	400,117
Transportation	168,329	9,359	95,283	-	-	272,971
	1,023,590	57,958	561,773	-	-	1,643,321
Non-instructional programs:						
Food service operations	-	1,096	-	-	-	1,096
Capital outlay						
	-	-	283,288	-	-	283,288
Long-term debt:						
Principal	-	-	-	-	59,775	59,775
Interest and fiscal charges	-	-	-	-	473	473
	-	-	-	-	60,248	60,248
Other expenditures:						
AEA flowthrough	133,999	-	-	-	-	133,999
TOTAL EXPENDITURES	3,426,985	70,160	845,061	105,483	60,248	4,507,937
Excess(Deficiency) of revenues over(under) expenditures	20,886	34,215	(148,962)	12,218	(60,248)	(141,891)
OTHER FINANCING SOURCES(USES):						
Transfer in	-	-	-	-	60,248	60,248
Transfer out	-	-	(60,248)	-	-	(60,248)
Compensation for loss of capital assets	12,243	-	-	-	-	12,243
Sale of equipment	35,702	-	-	-	-	35,702
Computer lease proceeds	-	-	298,362	-	-	298,362
Total other financing sources(uses)	47,945	-	238,114	-	60,248	346,307
Change in fund balances	68,831	34,215	89,152	12,218	-	204,416
Fund balances beginning of year	1,142,562	411,033	997,851	46,060	-	2,597,506
Fund balances end of year	\$ 1,211,393	445,248	1,087,003	58,278	-	2,801,922

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 22) \$ 204,416

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

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

Capital outlay	\$ 654,374	
Depreciation expense	<u>(241,785)</u>	412,589

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. Repayments of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:

Issued	(298,362)	
Repaid	<u>59,775</u>	(238,587)

Income surtax accounts receivable is not available revenue and is recognized as deferred inflows of resources in the governmental funds. 10,660

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (1,522)

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. 159,101

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

Pension expense	(43,533)	
Other postemployment benefits	<u>(17,530)</u>	<u>(61,063)</u>

Change in net position of governmental activities(page 19) \$ 485,594

SEE NOTES TO FINANCIAL STATEMENTS.

RICEVILLE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2015

	<u>Enterprise, School Nutrition</u>
ASSETS	
Current assets:	
Cash and pooled investments	\$ 67,817
Inventories	8,687
	<u>76,504</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	25,774
TOTAL ASSETS	<u>102,278</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	<u>5,831</u>
LIABILITIES	
Current liabilities	
Accounts payable	30
Salaries and benefits payable	4,848
Unearned revenue	4,207
Total current liabilities	<u>9,085</u>
Noncurrent liabilities:	
Net OPEB liability	12,754
Net pension liability	26,974
Total noncurrent liabilities	<u>39,728</u>
TOTAL LIABILITIES	<u>48,813</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	<u>13,462</u>
NET POSITION	
Net investment in capital assets	25,774
Unrestricted	20,060
TOTAL NET POSITION	<u>\$ 45,834</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise, School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 122,232
Miscellaneous	516
TOTAL OPERATING REVENUES	122,748
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant:	
Services	577
Supplies	9,921
Total support services	10,498
Non-instructional programs:	
Food service operations:	
Salaries	49,661
Benefits	22,184
Services	147
Supplies	93,938
Depreciation	6,174
Total non-instructional programs	172,104
TOTAL OPERATING EXPENSES	182,602
OPERATING LOSS	(59,854)
NON-OPERATING REVENUES:	
State sources	1,655
Federal sources	86,178
Interest income	27
TOTAL NON-OPERATING REVENUES	87,860
Change in net position	28,006
Net position beginning of year, as restated	17,828
Net position end of year	\$ 45,834

SEE NOTES TO FINANCIAL STATEMENTS.

RICEVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 122,564
Cash received from miscellaneous activities	516
Cash payments to employees for services	(72,931)
Cash payments to suppliers for goods or services	(92,239)
Net cash used in operating activities	(42,090)
Cash flows from non-capital financing activities:	
State grants received	1,655
Federal grants received	77,685
Net cash provided by non-capital financing activities	79,340
Cash flows from investing activities:	
Interest on investments	27
Net increase in cash and pooled investments	37,277
Cash and pooled investments at beginning of year	30,540
Cash and pooled investments at end of year	\$ 67,817
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (59,854)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	9,909
Depreciation	6,174
Decrease in inventories	2,415
Increase in accounts payable	20
Decrease in salaries and benefits payable	(578)
Increase in deferred revenue	332
Increase in other postemployment benefits	2,562
Decrease in net pension liability	(14,675)
Increase in deferred outflows of resources	(1,857)
Increase in deferred inflows of resources	13,462
Net cash used in operating activities	\$ (42,090)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$9,909.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$	550
		<u> </u>
Deductions:		
Instruciton:		
Regular:		
Scholarships awarded		550
		<u> </u>
Change in net position		-
Net position beginning of year		<u> </u>
Net position end of year	\$	<u> </u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

(1) Summary of Significant Accounting Policies

The Riceville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Riceville, McIntire, and Saratoga, Iowa and the predominately agricultural territory in a portion of Howard and Mitchell 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, Riceville 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.

Discretely Presented Component Unit - The Buresh Trust was established to provide post high school scholarship support to graduates of the school. The Trust is a separate legal entity with its own board of trustees and accounting records. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Howard and Mitchell 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 interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from Business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's 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 and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints 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 segments are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

The Management Levy Fund is utilized to account for the payment of property insurance and unemployment benefits.

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 nonmajor proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. The 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 required income earned to be used to benefit individuals through scholarship awards.

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash

flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

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

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

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

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 1
Buildings	500
Land improvements	500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	3-10 years
Machinery and equipment	5-12 years

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

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the instruction and support services functions and the District exceeded the certified budget in total.

(2) Cash, Cash Equivalents and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. As of June 30, 2015, the District had no investments.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
	Capital Projects: Physical Plant and Equipment Levy	
Debt Service		<u>\$ 60,248</u>

The Capital Projects: Physical Plant and Equipment Levy Fund transferred money to the Debt Service Fund for the principal payment on the District's lighting improvements contract indebtedness and the principal and interest on the District's computer lease indebtedness.

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,000	-	-	37,000
Total capital assets not being depreciated	<u>37,000</u>	<u>-</u>	<u>-</u>	<u>37,000</u>
Capital assets being depreciated:				
Buildings	2,590,296	255,165	-	2,845,461
Land improvements	342,249	18,101	-	360,350
Machinery and equipment	1,208,295	381,108	52,095	1,537,308
Total capital assets being depreciated	<u>4,140,840</u>	<u>654,374</u>	<u>52,095</u>	<u>4,743,119</u>
Less accumulated depreciation for:				
Buildings	1,787,679	75,564	-	1,863,243
Land improvements	313,846	3,190	-	317,036
Machinery and equipment	965,849	163,031	52,095	1,076,785
Total accumulated depreciation	<u>3,067,374</u>	<u>241,785</u>	<u>52,095</u>	<u>3,257,064</u>
Total capital assets being depreciated, net	<u>1,073,466</u>	<u>412,589</u>	<u>-</u>	<u>1,486,055</u>
Governmental activities capital assets, net	<u>\$ 1,110,466</u>	<u>412,589</u>	<u>-</u>	<u>1,523,055</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 160,046	-	-	160,046
Less accumulated depreciation	128,098	6,174	-	134,272
Business type activities capital assets, net	<u>\$ 31,948</u>	<u>(6,174)</u>	<u>-</u>	<u>25,774</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 48,914
Special	2,307

Support services:

Administration	26,916
Operation and maintenance of plant	1,955
Transportation	82,939

163,031

Unallocated depreciation

78,754

Total governmental activities depreciation expense

\$ 241,785

Business type activities:

Food service operations	<u>\$ 6,174</u>
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(5) Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Reduction	Balance End of Year	Due Within One Year
Governmental activities:					
Contract payable	\$ 9,957	-	9,957	-	-
Computer lease	49,818	298,362	49,818	298,362	72,948
Net OPEB liability	69,749	17,530	-	87,279	-
Net Pension liability	1,419,717	-	500,250	919,467	-
Total	<u>\$ 1,549,241</u>	<u>315,892</u>	<u>560,025</u>	<u>1,305,108</u>	<u>72,948</u>
Business type activities					
Net OPEB liability	\$ 10,192	2,562	-	12,754	-
Net Pension liability	41,649	-	14,675	26,974	-
Total	<u>\$ 51,841</u>	<u>2,562</u>	<u>14,675</u>	<u>39,728</u>	<u>-</u>

Computer Lease

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

Year Ending June 30,	Computer lease of April 20, 2015			
	Interest Rate	Principal	Interest	Total
2016	2.69%	\$ 72,948	5,855	78,803
2017	2.69%	73,129	5,674	78,803
2018	2.69%	75,126	3,678	78,804
2019	2.69%	77,159	1,644	78,803
		<u>\$ 298,362</u>	<u>16,851</u>	<u>315,213</u>

(6) Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$163,449.

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 \$946,441 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 0.023386 percent, which was a decrease of 0.002424 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$44,811. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,286	\$ -
Changes of assumptions	41,769	-
Net difference between projected and actual earnings on pension plan investments	-	360,945
Changes in proportion and differences between District contributions and proportionate share of contributions	-	111,396
District contributions subsequent to the measurement date	163,449	-
Total	\$ 215,504	\$ 472,341

\$163,449 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	\$ (104,101)
2017	(104,101)
2018	(104,101)
2019	(104,101)
2020	(3,882)
	<u>\$ (420,286)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	2	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-percentagepoint 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	\$ 1,788,274	\$ 946,441	\$ 235,847

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$21,091 for legally required employer contributions and \$14,053 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health plan which provides medical benefits for employees, retirees and their spouses. There are 38 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate 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 funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table 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	\$ 27,939
Interest on net OPEB obligation	1,999
Adjustment to annual required contribution	<u>(7,740)</u>
Annual OPEB cost	22,198
Contributions made	<u>(2,106)</u>
Increase in net OPEB obligation	20,092
Net OPEB obligation beginning of year	<u>79,941</u>
 Net OPEB obligation end of year	 <u><u>\$ 100,033</u></u>

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

For the ended June 30, 2015, the District contributed \$2,106 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 27,941	33.96%	\$ 61,767
2014	22,477	19.14	79,941
2015	22,198	9.49	100,033

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$98,077, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$98,077. The covered payroll (annual payroll of active employees covered by the plan) was \$2,318,429 and the ratio of UAAL to covered payroll was 4.2%. As of June 30, 2015 there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy and a health cost trend rate of 6% per year.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000. The UAAL is being amortized as a level percentage projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is a member in the Iowa Star Schools Employees Benefits Health Plan, an Iowa Code Chapter 28E organization. Iowa Star Schools was set up for the purpose of managing and funding employee benefits. Iowa Star Schools provides medical coverage and protection. District contributions to Iowa Star Schools for the year ended June 30, 2015 were \$279,690.

Riceville 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$133,999 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.

(10) Operating Lease Commitment

The District entered into a contract to lease copiers in June 2011. Scheduled payments for the next two years are summarized as follows:

Year Ending June 30,	Lease Payment
2016	\$ 6,894
2017	575
Total	<u>\$ 7,469</u>

(11) Categorical Funding

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

Program	Amount
Returning dropouts and dropout prevention programs	\$ 660
Beginning teacher mentoring and induction program	8,465
Teacher salary supplement	9,600
Professional development for model core curriculum	26,791
Professional development	38,422
Teacher leadership grants	6,082
Total	<u>\$ 90,020</u>

(12) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is the following:

	Net Investment in Capital Assets	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	1,121,373
Invested in capital assets, net of accumulated depreciation	1,523,055	-
Computer lease indebtedness	(298,362)	-
Accrued interest payable	-	(1,561)
Income Surtax	-	204,698
Net OPEB liability	-	(87,279)
Pension related deferred outflows	-	209,673
Net pension liability	-	(919,467)
Pension related deferred inflows	-	(458,879)
Net position (Exhibit A)	<u>\$ 1,224,693</u>	<u>68,558</u>

(13) 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	\$ 3,772,447	\$ 55,503
Net pension liability at June 30, 2014	(1,419,717)	(41,649)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	135,476	3,974
Net position July 1, 2014, as restated	<u>\$ 2,488,206</u>	<u>\$ 17,828</u>

(14) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2015, expenditures in both the instruction and support services functional areas exceeded the amounts budgeted. The District also exceeded its budget in total.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 2,682,235	122,775	2,805,010	3,067,699	3,067,699	(262,689)
State sources	1,508,174	1,655	1,509,829	1,271,097	1,271,097	238,732
Federal sources	175,637	86,178	261,815	312,500	312,500	(50,685)
Total revenues	<u>4,366,046</u>	<u>210,608</u>	<u>4,576,654</u>	<u>4,651,296</u>	<u>4,651,296</u>	<u>(74,642)</u>
Expenditures/expenses:						
Instruction	2,385,985	-	2,385,985	2,319,000	2,319,000	(66,985)
Support services	1,643,321	10,498	1,653,819	1,501,650	1,501,650	(152,169)
Non-instructional programs	1,096	172,104	173,200	185,000	185,000	11,800
Other expenditures	477,535	-	477,535	477,985	477,985	450
Total expenditures/expenses	<u>4,507,937</u>	<u>182,602</u>	<u>4,690,539</u>	<u>4,483,635</u>	<u>4,483,635</u>	<u>(206,904)</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(141,891)	28,006	(113,885)	167,661	167,661	(281,546)
Other financing sources, net	<u>346,307</u>	<u>-</u>	<u>346,307</u>	<u>-</u>	<u>-</u>	<u>346,307</u>
Excess of revenues and other financing sources over expenditures/expenses and other financing uses	204,416	28,006	232,422	167,661	167,661	64,761
Balances beginning of year, as restated	<u>2,597,506</u>	<u>17,828</u>	<u>2,615,334</u>	<u>2,584,607</u>	<u>2,584,607</u>	<u>30,727</u>
Balances end of year	<u>\$ 2,801,922</u>	<u>45,834</u>	<u>2,847,756</u>	<u>2,752,268</u>	<u>2,752,268</u>	<u>95,488</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

During the year ended June 30, 2015, expenditures in the instruction and support services functions exceeded the amounts budgeted and the District exceeded the budget in total.

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

REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.023386%
District's proportionate share of the net pension liability	\$ 946
District's covered-employee payroll	\$ 1,830
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.69%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

RICEVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contribution	\$ 163	140	147	158	134	116	143	132	138	119
Contributions in relation to the statutorily required contribution	\$ (163)	(140)	(147)	(158)	(134)	(116)	(143)	(132)	(138)	(119)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 1,830	1,568	1,696	1,958	1,928	1,669	2,252	2,182	2,400	2,070
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

RICEVILLE 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.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 187,657	187,657	0.0%	\$ 2,567,079	7.3%
2011	July 1, 2009	-	178,423	178,423	0.0%	2,631,601	6.8%
2012	July 1, 2009	-	157,291	157,291	0.0%	2,360,607	6.7%
2013	July 1, 2012	-	131,682	131,682	0.0%	1,767,450	7.5%
2014	July 1, 2012	-	115,224	115,224	0.0%	1,768,886	6.5%
2015	July 1, 2012	-	98,077	98,077	0.0%	2,318,429	4.2%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

RICEVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND
NET POSITION - CASH BASIS
COMPONENT UNIT
AUGUST 31, 2014

	Henry W. Buresh Trust
ASSETS	
Cash and cash equivalents	\$ 1,869,703
LIABILITIES	
	-
NET POSITION	
Held in trust for scholarships	\$ 1,869,703

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

RICEVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - CASH BASIS
COMPONENT UNIT
YEAR ENDED AUGUST 31, 2014

	Henry W. Buresh Trust
Revenue:	
Investment income	\$ 49,060
Expenses:	
Grants and similar amounts paid:	
Scholarships	83,039
Other:	
Legal fees	1,579
Compensation of trustees	8,033
Printing and publications	72
Court costs	10
Total expenses	92,733
Deficiency of revenues under expenditures	(43,673)
Other financing sources:	
Unrealized gain	108,945
Change in net position	65,272
Net position beginning of year	1,804,431
Net position end of year	\$ 1,869,703

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

RICEVILLE COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

RICEVILLE 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
ASSETS			
Cash and pooled investments	\$ 688,323	378,237	1,066,560
Receivables:			
Property tax:			
Delinquent	-	1,572	1,572
Succeeding year	-	327,749	327,749
Income surtax	-	111,653	111,653
Due from other governments	44,379	-	44,379
TOTAL ASSETS	\$ 732,702	819,211	1,551,913
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13,680	553	14,233
Retainage payable	11,275	-	11,275
Total Liabilities	24,955	553	25,508
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	-	327,749	327,749
Income surtax	-	111,653	111,653
Total liabilities	-	439,402	439,402
Fund balances:			
Restricted for:			
School infrastructure	707,747	-	707,747
Physical plant and equipment	-	379,256	379,256
Total fund balances	707,747	379,256	1,087,003
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 732,702	819,211	1,551,913

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

RICEVILLE 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	\$ -	403,167	403,167
Other	1,164	452	1,616
State sources	285,459	5,857	291,316
TOTAL REVENUES	<u>286,623</u>	<u>409,476</u>	<u>696,099</u>
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	312,099	37,551	349,650
Administration	-	79,939	79,939
Operation and maintenance of plant	10,993	25,908	36,901
Transportation	-	95,283	95,283
Capital outlay	267,226	16,062	283,288
TOTAL EXPENDITURES	<u>590,318</u>	<u>254,743</u>	<u>845,061</u>
Excess(Deficiency) of revenues over(under) expenditures	(303,695)	154,733	(148,962)
OTHER FINANCING SOURCES (USES):			
Transfer out	-	(60,248)	(60,248)
Computer lease proceeds	298,362	-	298,362
TOTAL OTHER FINANCING SOURCES (USES)	<u>298,362</u>	<u>(60,248)</u>	<u>238,114</u>
Change in fund balances	(5,333)	94,485	89,152
Fund balances beginning of year	<u>713,080</u>	<u>284,771</u>	<u>997,851</u>
Fund balances end of year	<u>\$ 707,747</u>	<u>379,256</u>	<u>1,087,003</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
DRAMA AND SPEECH	\$ 1,460	3,330	4,616	-	174
VOCAL	756	1,499	1,006	-	1,249
INSTRUMENTAL	1,969	4,775	5,228	-	1,516
ATHLETICS	4,017	29,266	30,750	-	2,533
WRESTLING	471	-	256	-	215
GIRLS BASKETBALL	110	30	30	-	110
VOLLEYBALL	451	2,128	2,063	-	516
BOYS BASKETBALL	141	905	814	-	232
SOFTBALL	3,879	5,052	4,059	-	4,872
BASEBALL	2,114	11,386	12,332	-	1,168
FOOTBALL	-	1,030	105	-	925
S.O.D.A	-	4,000	1,528	-	2,472
ANNUAL	19	4,353	1,900	366	2,838
FOOTBALL CHEERLEADING	1,712	1,316	2,487	-	541
BASKEBALL CHEERLEADING	751	215	-	-	966
HONOR SOCIETY	-	902	571	-	331
FFA	14,119	43,781	31,345	-	26,555
HS STUDENT COUNCIL	291	25	-	-	316
MS STUDENT COUNCIL	55	34	7	-	82
SENIOR GRADUATION	362	-	-	(362)	-
SPECIAL PLANS	4	-	-	(4)	-
FOOD AND FITNESS	4,585	227	900	-	3,912
CLASS OF 2013	79	1,168	1,106	(79)	62
CLASS OF 2014	155	-	-	(155)	-
CLASS OF 2015	3,295	144	2,968	-	471
CLASS OF 2016	929	-	672	234	491
CLASS OF 2017	1,972	-	-	-	1,972
CLASS OF 2018	962	-	-	-	962
CLASS OF 2019	1,048	1,602	522	-	2,128
CLASS OF 2020	354	533	218	-	669
Total	\$ 46,060	117,701	105,483	-	58,278

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ -	531	531	-
Due from other groups	25	-	25	-
TOTAL ASSETS	\$ 25	531	556	-
LIABILITIES				
Accounts payable	\$ 25	531	556	-

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,049,659	2,018,954	2,038,223	2,043,871	2,396,828	2,334,839	2,519,592	2,705,572	2,348,961	2,104,770
Tuition	401,791	286,149	268,413	127,393	255,777	321,711	294,574	223,692	216,260	195,239
Other	230,785	196,895	302,620	245,512	372,365	195,779	233,950	333,642	287,410	282,852
Intermediate sources	-	-	-	-	200	-	-	-	-	-
State sources	1,508,174	1,415,264	1,003,599	1,031,198	1,052,284	970,325	1,310,646	1,237,468	1,467,065	1,289,154
Federal sources	175,637	214,922	216,948	278,616	204,632	498,218	234,132	168,379	170,134	205,730
Total	<u>\$ 4,366,046</u>	<u>4,132,184</u>	<u>3,829,803</u>	<u>3,726,590</u>	<u>4,282,086</u>	<u>4,320,872</u>	<u>4,592,894</u>	<u>4,668,753</u>	<u>4,489,830</u>	<u>4,077,745</u>
Expenditures:										
Current:										
Instruction:										
Regular	\$ 1,493,877	1,180,407	1,169,875	1,779,766	1,485,366	1,369,358	1,492,566	1,629,605	1,582,941	1,454,349
Special	399,235	438,581	425,509	346,918	428,050	428,948	458,464	253,381	573,884	419,474
Other	492,873	474,593	540,206	608,234	598,916	607,324	673,248	584,317	267,974	485,726
Support services:										
Student	75,127	28,722	36,006	70,152	56,262	54,092	81,566	80,494	79,853	92,833
Instructional staff	468,608	116,380	170,423	167,673	134,975	118,631	65,479	132,113	102,340	81,403
Administration	426,498	323,264	385,235	364,499	525,005	402,403	403,636	412,417	508,308	475,289
Operation and maintenance										
of plant	400,117	347,205	364,806	482,809	354,828	346,494	483,832	425,216	408,681	376,840
Transportation	272,971	204,016	393,691	273,614	215,008	201,150	227,922	399,862	340,750	367,977
Non-instructional programs	1,096	1,096	1,440	1,650	-	-	2,067	8,735	-	-
Capital outlay	283,288	70,568	242,497	42,322	346,132	76,967	194,779	512,096	268,998	299,453
Long-term debt:										
Principal	59,775	128,105	126,264	124,458	29,871	29,871	29,871	19,914	-	-
Interest and fiscal charges	473	2,348	4,189	5,995	-	-	-	-	-	-
Other expenditures:										
AEA flow-through	133,999	130,915	123,331	122,861	140,441	140,036	133,475	130,693	131,731	127,246
Total	<u>\$ 4,507,937</u>	<u>3,446,200</u>	<u>3,983,472</u>	<u>4,390,951</u>	<u>4,314,854</u>	<u>3,775,274</u>	<u>4,246,905</u>	<u>4,588,843</u>	<u>4,265,460</u>	<u>4,180,590</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

To the Board of Education of the Riceville Community School District:

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Riceville Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Riceville Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Riceville Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Riceville Community School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting we consider to be a material weakness.

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

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

Compliance and Other Matters

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

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

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

Riceville Community School District's Responses to Findings

Riceville Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Riceville Community School District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

December 14, 2015
Newton, Iowa

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - recording and reconciling cash.
- 2) Disbursements - purchase order processing, check preparation, mailing and recording.
- 3) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 4) Transfers - preparing and approving.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Computer systems - performing all general accounting functions and controlling all data input and output.

Recommendation - We 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 will continue to review and implement new procedures, when possible, to achieve the maximum segregation with existing personnel. The District has implemented a new procedure with an independent person checking revenues and expenses to verify amounts entered are correct.

Conclusion - Response accepted.

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

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - Expenditures for the year ended June 30, 2015 exceeded the certified budget amounts in the instruction and support services functions and in total.

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

Response - The District will follow all budget amendment procedures in the future.

Conclusion - Response accepted.

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Janet Pickar, Secretary Son Owns Pickar-Lulman Plumbing and Heating	Purchased services	\$ 37,001

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

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

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

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

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

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

- II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$ 713,080
Revenues:		
Sales tax revenues	\$ 285,459	
Lease proceeds	298,362	
Other local revenues	<u>1,164</u>	<u>584,985</u>
		1,298,065
Expenditures:		
School infrastructure construction	267,226	
Equipment	<u>323,092</u>	<u>590,318</u>
Ending balance		<u><u>\$ 707,747</u></u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- II-M-15 Lease Agreement - We noted during our audit that the Principal signed a computer lease with Apple for the purchase of laptop computers. Chapter 291.1 of the Code of Iowa requires that the Board President sign all contracts entered into by the District.

Recommendation - The District should review its procedures to ensure compliance with Chapter 291.1 of the Code of Iowa.

Response - The District will make sure all future agreements are signed by the Board President.

Conclusion - Response accepted

- II-N-15 Activity Fund - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students.

Fair Premiums: We noted the District receipted money from fair boards and subsequently disbursed the funds to individual students. The statutory guidance on the

student activity fund does not include being used as a flow through entity for an outside organization. Additionally when money is received by the District the money becomes public funds and per Article III Section 31 of the Constitution of Iowa, can only be spent for the public benefit.

Recommendation - The District should review its procedures to ensure compliance with the Constitution of the State of Iowa, Chapter 298 of the Code of Iowa, and the Iowa Administrative Code.

Response - The District has contacted the local fair boards; fair premiums will not be sent to school any longer.

Conclusion - Response accepted.

Scholarships: We noted during our audit that District received money for scholarships into the activity fund and subsequently moved the revenue to the scholarship fund. When money is fundraised it should be for a specific purpose and then deposited into the fund that can legally pay the expenses.

Recommendation - Scholarships are most appropriately paid from the Private Purpose Trust Fund; therefore, proceeds from scholarship fundraising should be received into and expended from the Private Purpose Trust Fund.

Response - The FFA group will decide the amount of monies to be put toward scholarships at the beginning of the school year and be in their minutes.

Conclusion - Response accepted.

II-O-15 Disposal of Assets - We noted during our audit that the District disposed of laptops and computers with board approval. It was noted that this was published in the newspaper for one week. However Chapter 297.22 of the Code of Iowa states in part that “each sale shall be published by at least one insertion each week for two consecutive weeks in a newspaper having general circulation in the District.”

Recommendation - The District should review its procedures for disposal to ensure compliance with both the Code of Iowa and the Board Policy.

Response - The District will be sure all disposals of assets are published in local paper for two consecutive weeks.

Conclusion - Response accepted.