

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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St. Ansgar Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Tara Bork	President	2017
Gene Hertel	Vice President	2015
Erin Neeley	Board Member (Resigned June 2015)	2017
Matt Hanna	Board Member	2017
Lindsey Falk	Board Member	2017
Steve Groth	Board Member	2015
Charlotte Gordon	Board Member (Resigned January 2015)	2015
Michelle Mayer	Board Member (Appointed June 2015)	2015
Kyle Tabbert	Board Member (Appointed February 2015)	2015

School Officials

Jody Gray	Superintendent	2015
Lisa Groth	Business Manager/District Secretary	2015
Patrick Rourick	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 St. Ansgar 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 St. Ansgar Community School District, St. Ansgar, 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 St. Ansgar Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 16 to the financial statements, St. Ansgar Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 50 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Ansgar Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2014 (which are not presented herein) and expressed an unmodified opinion 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 two years ended June 30, 2007 (which are no presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2015 on our consideration of St. Ansgar Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering St. Ansgar Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

December 2, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,357,912 in fiscal year 2014 to \$6,294,698 in fiscal year 2015, while General Fund expenditures increased from \$6,717,170 in fiscal year 2014 to \$6,827,996 in fiscal year 2015. This resulted in a decrease in the District's General Fund balance from \$2,349,434 at June 30, 2014 to \$1,816,136 at June 30, 2015, a 22.70% decrease from the prior year.
- The decrease in General Fund revenues was attributable to decreases in state source revenues received as compared to the prior year. The increase in expenditures was due to an increase in negotiated salaries and benefits for District employees, increased costs for substitutes, increased numbers of staff taking health insurance, increased technology support, and legal fees.
- With the implementation of GASB Statement No. 68 in FY15, the District booked liabilities on the financial statements associated with the District's share of its IPERS liability. This has had a negative impact on the District's financial statements.

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds as well as the District's fiduciary fund, the Private Purpose Trust Fund.

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

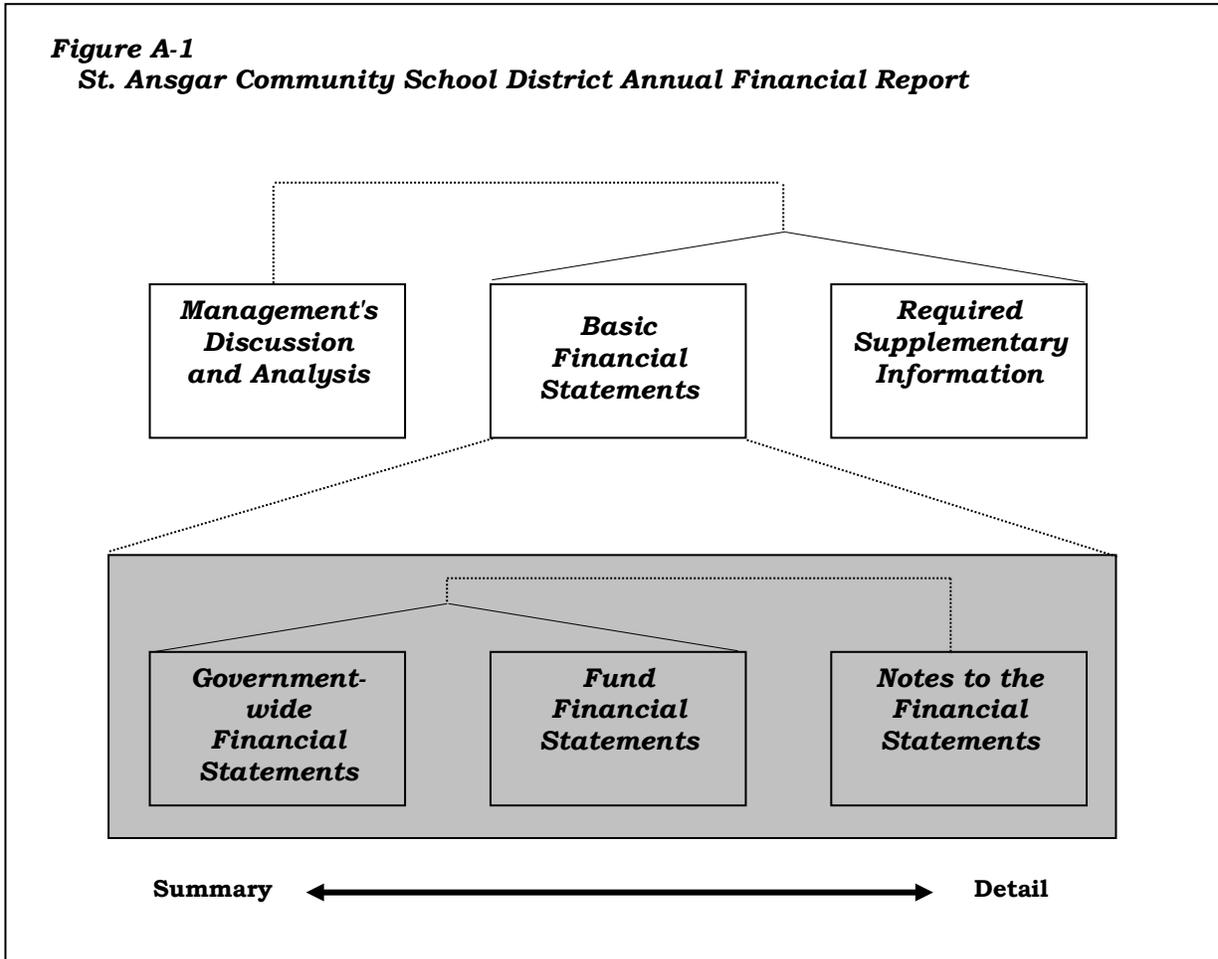


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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: food service 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 fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

The District's Internal Service Fund, another type of proprietary fund, is the same as its governmental activities, but provides more detail and additional information, such as cash flows. The District has one Internal Service Fund for health insurance benefits.

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include 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 Funds - These are funds for which the District administers and accounts for the FFA dues and fees, and cornbowl fees and dues.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Current and other assets	\$ 22,488,667	8,090,593	45,731	59,199	22,534,398	8,149,792	176.50%
Capital assets	5,104,127	4,161,366	43,018	34,626	5,147,145	4,195,992	22.67%
Total assets	<u>27,592,794</u>	<u>12,251,959</u>	<u>88,749</u>	<u>93,825</u>	<u>27,681,543</u>	<u>12,345,784</u>	<u>124.22%</u>
Deferred outflows of resources	490,756	-	14,528	-	505,284	-	100.00%
Long-term liabilities	16,970,579	503,894	83,047	11,341	17,053,626	515,235	3209.87%
Other liabilities	1,305,080	866,999	6,648	6,083	1,311,728	873,082	50.24%
Total liabilities	<u>18,275,659</u>	<u>1,370,893</u>	<u>89,695</u>	<u>17,424</u>	<u>18,365,354</u>	<u>1,388,317</u>	<u>1222.85%</u>
Deferred inflows of resources	4,678,824	2,947,049	28,461	-	4,707,285	2,947,049	59.73%
Net position:							
Net investment in capital assets	3,840,753	3,861,366	43,018	34,626	3,883,771	3,895,992	-0.31%
Restricted	2,571,188	1,941,399	-	-	2,571,188	1,941,399	32.44%
Unrestricted	(1,282,874)	2,131,252	(57,897)	41,775	(1,340,771)	2,173,027	-161.70%
Total net position	<u>\$ 5,129,067</u>	<u>7,934,017</u>	<u>(14,879)</u>	<u>76,401</u>	<u>5,114,188</u>	<u>8,010,418</u>	<u>-36.16%</u>

The District's combined net position decreased by 36.16%, or \$2,896,230 from the prior year. The largest portion of the District's net position is invested in capital assets, net of related debt.

The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased 32.44%, or \$629,789, from the prior year. This increase is due primarily to the increase in the fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$3,513,798, or 161.70%. This decrease in unrestricted net position was primarily due to the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,015,464 and \$89,740, 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)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 627,862	777,828	196,383	203,905	824,245	981,733	-16.04%
Operating grants, contributions and restricted interest	582,910	578,995	167,613	164,749	750,523	743,744	0.91%
Capital grants, contributions and restricted interest	15,213	29,005	-	-	15,213	29,005	-47.55%
General revenues:							
Property tax	2,954,476	2,923,461	-	-	2,954,476	2,923,461	1.06%
Income surtax	238,823	264,633	-	-	238,823	264,633	-9.75%
Statewide sales, services and use tax	598,038	561,279	-	-	598,038	561,279	6.55%
Unrestricted state grants	2,708,021	2,767,728	-	-	2,708,021	2,767,728	-2.16%
Unrestricted investment earnings	9,361	18,937	95	57	9,456	18,994	-50.22%
Other	16,919	18,038	664	1,682	17,583	19,720	-10.84%
Total revenues	7,751,623	7,939,904	364,755	370,393	8,116,378	8,310,297	-2.33%
Program expenses:							
Instructional	4,860,122	5,274,115	-	-	4,860,122	5,274,115	-7.85%
Support services	2,239,225	2,238,865	5,916	1,458	2,245,141	2,240,323	0.22%
Non-instructional programs	6,968	8,057	354,614	343,402	361,582	351,459	2.88%
Other expenses	440,559	390,497	-	-	440,559	390,497	12.82%
Total expenses	7,546,874	7,911,534	360,530	344,860	7,907,404	8,256,394	-4.23%
Excess(Deficiency) of revenues over(under) expenses	204,749	28,370	4,225	25,533	208,974	53,903	287.69%
Transfers	5,765	(8,057)	(5,765)	8,057	-	-	0.00%
Change in net position	210,514	20,313	(1,540)	33,590	208,974	53,903	287.69%
Net position beginning of year, as restated	4,918,553	7,913,704	(13,339)	42,811	4,905,214	7,956,515	-38.35%
Net position end of year	\$ 5,129,067	7,934,017	(14,879)	76,401	5,114,188	8,010,418	-36.16%

In fiscal year 2015, property tax and unrestricted state grants accounted for 73.05% of the revenues from governmental activities, while charges for service and operating grants and contributions accounted for 99.79% of the revenue from business type activities.

The District's total revenues were approximately \$8.12 million, of which approximately \$7.75 million were from governmental activities and approximately \$0.37 million were from business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.33% decrease in revenues and a 4.23% decrease in expenditures. The decrease in revenues is primarily due to decreased charges for services revenue received as compared to the prior year.

The decrease in expenditures is primarily due to the decrease in instructional expenses as compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$7,751,623 and expenses totaled \$7,546,874 for the year ended June 30, 2015.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 4,860,122	5,274,115	-7.85%	3,908,118	4,173,377	-6.36%
Support services	2,239,225	2,238,865	0.02%	2,224,012	2,209,435	0.66%
Non-instructional programs	6,968	8,057	-13.52%	6,968	8,057	-13.52%
Other expenses	440,559	390,497	12.82%	181,791	134,837	34.82%
Totals	\$ 7,546,874	7,911,534	-4.61%	6,320,889	6,525,706	-3.14%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$627,862.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$598,123.
- The net cost of governmental activities was financed with \$2,954,476 in property tax, \$238,823 in income surtax, \$598,038 in statewide sales, services and use tax, \$2,708,021 in unrestricted state grants, \$9,361 in interest income and \$16,919 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2015 were \$364,755 and expenses totaled \$360,530. The District's business type activities are the School Nutrition Fund and the FFA Farm Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, interest income, and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$17,277,926, above last year's ending combined fund balances of \$4,049,005. The primary reason for the increase in combined fund balances is attributable to unspent general obligation bond proceeds received in fiscal year 2015.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The General Fund balance decreased from \$2,349,434 at June 30, 2014 to \$1,816,136 at June 30, 2015. A decrease in state source revenue was the primary reason for the decrease in General Fund revenues from the previous year. Increased salary and benefits costs were the main contributing factor in the increase in expenditures incurred compared to the prior year.
- The Capital Projects Fund balance increased from a balance of \$921,179 at June 30, 2014 to \$14,626,037 at June 30, 2015. This increase can be attributed to the general obligation bond proceeds received during the fiscal year 2015 which will be spent as costs are incurred against District construction projects.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a deficit of \$28,135 at June 30, 2014 to a deficit net position of \$26,007 at June 30, 2015, representing an increase of approximately 7.56%. This increase in net position resulted primarily from an increase in state and federal source revenues received.

The FFA Farm Fund net position decreased from \$14,796 at June 30, 2014 to \$11,128 at June 30, 2015, representing a decrease of approximately 24.79%. The decrease in net position can be attributed to an increase in expenditures incurred as compared to the previous year.

BUDGETARY HIGHLIGHTS

Over the course of the year, St Ansgar Community School District amended its budget one time to reflect additional expenditures associated with the District's instructional costs, hot lunch and construction expenditures.

The District's revenues were \$20,615 more than budgeted revenues, a variance of 0.26%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$5,147,145, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net increase of 22.67% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$340,285.

The original cost of the District's capital assets was \$11,587,045. Governmental funds account for \$11,451,677 with the remainder of \$135,368 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$1,020,375 at June 30, 2015 as compared to \$0 at June 30, 2014. This increase is primarily due to the District beginning construction on a new elementary school and high school gymnasium during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 105,408	105,408	-	-	105,408	105,408	0.00%
Construction in progress	1,020,375	-	-	-	1,020,375	-	100.00%
Buildings	3,016,261	3,110,779	-	-	3,016,261	3,110,779	-3.04%
Land improvements	396,943	270,292	-	-	396,943	270,292	46.86%
Machinery and equipment	565,140	674,887	43,018	34,626	608,158	709,513	-14.29%
Total	\$ 5,104,127	4,161,366	43,018	34,626	5,147,145	4,195,992	22.67%

Long-Term Debt

At June 30, 2015, the District had \$17,053,626 in other long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

At June 30, 2015, the District had 14,160,000 in general obligation bond indebtedness payable from the Debt Service Fund.

At June 30, 2015, the District had \$225,000 in computer loan indebtedness payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

At June 30, 2015, the District had \$32,178 in compensated absences payable from the General Fund.

At June 30, 2015, the District had a total pension liability of \$2,420,222. Governmental activities account for \$2,350,278 of this total, while business type activities account for the remaining \$69,944.

At June 30, 2015, the District had a total outstanding net OPEB liability of \$216,226. Governmental activities account for \$203,123 of this total, while business type activities account for the remaining \$13,103.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
General obligation bonds	\$ 14,160,000	-	-	-	14,160,000	-	100.00%
Computer loan	225,000	300,000	-	-	225,000	300,000	-25.00%
Compensated absences	32,178	28,090	-	-	32,178	28,090	14.55%
Net pension liability	2,350,278	-	69,944	-	2,420,222	-	100.00%
Net OPEB obligation	203,123	175,804	13,103	11,341	216,226	187,145	15.54%
Total	\$ 16,970,579	503,894	83,047	11,341	17,053,626	515,235	3209.87%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- At this time we are not aware of any new businesses locating in our district, nor are we aware of any businesses leaving our district. We have a low unemployment rate throughout our area and are experiencing a stable economic climate. Mitchell County has a strong Economic Development program which has continually enhanced economic growth throughout the county.

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 Lisa Groth, Business Manager/District Secretary, St. Ansgar Community School District, 206 East 8th Street, St. Ansgar, Iowa, 50472.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 18,208,616	49,001	18,257,617
Receivables:			
Property tax:			
Delinquent	21,960	-	21,960
Succeeding year	3,722,481	-	3,722,481
Income surtax	223,689	-	223,689
Due from (to) other funds	12,733	(12,733)	-
Accounts	-	2,388	2,388
Due from other governments	299,188	-	299,188
Inventories	-	7,075	7,075
Capital assets, net of accumulated depreciation	5,104,127	43,018	5,147,145
TOTAL ASSETS	27,592,794	88,749	27,681,543
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	490,756	14,528	505,284
LIABILITIES			
Accounts payable	580,450	-	580,450
Salaries and benefits payable	664,090	-	664,090
Accrued interest payable	60,540	-	60,540
Unearned revenue	-	6,648	6,648
Long-term liabilities:			
Portion due within one year:			
General obligation bond payable	580,000	-	580,000
Computer loan payable	75,000	-	75,000
Accrued compensated absences	32,178	-	32,178
Portion due after one year:			
General obligation bond payable	13,580,000	-	13,580,000
Computer loan payable	150,000	-	150,000
Net pension liability	2,350,278	69,944	2,420,222
Net OPEB liability	203,123	13,103	216,226
TOTAL LIABILITIES	18,275,659	89,695	18,365,354
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	956,343	28,461	984,804
Unavailable property tax revenues	3,722,481	-	3,722,481
TOTAL DEFERRED INFLOWS OF RESOURCES	4,678,824	28,461	4,707,285
NET POSITION			
Net investment of capital assets	3,840,752	43,018	3,883,770
Restricted for:			
Categorical funding	222,328	-	222,328
School infrastructure	912,054	-	912,054
Physical plant and equipment	592,358	-	592,358
Management levy purposes	754,017	-	754,017
Student activities	90,431	-	90,431
Unrestricted	(1,282,873)	(57,897)	(1,340,770)
TOTAL NET POSITION	\$ 5,129,067	(14,879)	5,114,188

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular	\$ 3,006,876	281,014	149,831	-	(2,576,031)	-	(2,576,031)
Special	820,664	86,008	28,083	-	(706,573)	-	(706,573)
Other	1,032,582	260,840	146,228	-	(625,514)	-	(625,514)
	4,860,122	627,862	324,142	-	(3,908,118)	-	(3,908,118)
Support services:							
Student	235,163	-	-	-	(235,163)	-	(235,163)
Instructional staff	210,263	-	-	-	(210,263)	-	(210,263)
Administration	706,973	-	-	-	(706,973)	-	(706,973)
Operation and maintenance of plant	684,541	-	-	15,213	(669,328)	-	(669,328)
Transportation	402,285	-	-	-	(402,285)	-	(402,285)
	2,239,225	-	-	15,213	(2,224,012)	-	(2,224,012)
Non-instructional programs:							
Food service operations	6,968	-	-	-	(6,968)	-	(6,968)
Long-term debt interest	61,255	-	-	-	(61,255)	-	(61,255)
Other expenses:							
AEA flowthrough	258,768	-	258,768	-	-	-	-
Depreciation (unallocated)*	120,536	-	-	-	(120,536)	-	(120,536)
	379,304	-	258,768	-	(120,536)	-	(181,791)
Total governmental activities	7,546,874	627,862	582,910	15,213	(6,320,889)	-	(6,320,889)
Business-Type activities:							
Support services:							
Operation and maintenance of plant	5,916	-	-	-	-	(5,916)	(5,916)
Non-instructional programs:							
Food service operations	344,977	190,414	167,613	-	-	13,050	13,050
Other enterprise operations	9,637	5,969	-	-	-	(3,668)	(3,668)
Total non-instructional programs:	354,614	196,383	167,613	-	-	9,382	9,382
Total business type activities	360,530	196,383	167,613	-	-	3,466	3,466
Total	\$ 7,907,404	824,245	750,523	15,213	(6,320,889)	3,466	(6,317,423)
General Revenues and Transfers:							
General Revenues:							
Property tax for:							
General purposes				\$ 2,576,887	-		2,576,887
Capital outlay				377,589	-		377,589
Income Surtax				238,823	-		238,823
Statewide sales, services and use tax				598,038	-		598,038
Unrestricted state grants				2,708,021	-		2,708,021
Unrestricted investment earnings				9,361	95		9,456
Other				16,919	664		17,583
Transfers				5,765	(5,765)		-
Total general revenues and transfers				6,531,403	(5,006)		6,526,397
Change in net position				210,514	(1,540)		208,974
Net position beginning of year, as restated				4,918,553	(13,339)		4,905,214
Net position end of year				\$ 5,129,067	(14,879)		5,114,188

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

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor:	Total
ASSETS					
Cash and pooled investments	\$ 2,425,302	14,924,603	-	838,680	18,188,585
Receivables:					
Property tax					
Delinquent	18,099	2,319	-	1,542	21,960
Succeeding year	2,419,280	401,101	702,100	200,000	3,722,481
Income surtax	223,689	-	-	-	223,689
Due from other funds	12,733	-	-	-	12,733
Due from other governments	206,445	92,743	-	-	299,188
TOTAL ASSETS	\$ 5,305,548	15,420,766	702,100	1,040,222	22,468,636
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 183,309	393,628	-	3,513	580,450
Salaries and benefits payable	663,134	-	-	956	664,090
Total liabilities	846,443	393,628	-	4,469	1,244,540
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,419,280	401,101	702,100	200,000	3,722,481
Income surtax	223,689	-	-	-	223,689
Total deferred inflows of resources	2,642,969	401,101	702,100	200,000	3,946,170
Fund balances:					
Restricted for:					
Categorical funding	222,328	-	-	-	222,328
School infrastructure	-	14,033,679	-	-	14,033,679
Physical plant and equipment	-	592,358	-	-	592,358
Management levy purposes	-	-	-	754,017	754,017
Student activities	-	-	-	90,431	90,431
Unassigned:					
General	1,593,808	-	-	-	1,593,808
Student activities	-	-	-	(8,695)	(8,695)
Total fund balances	1,816,136	14,626,037	-	835,753	17,277,926
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,305,548	15,420,766	702,100	1,040,222	22,468,636

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR 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 22)	\$	17,277,926
 <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 in the governmental funds.		5,104,127
Accounts receivable income surtax, are not yet available to finance expenditures of the current and, therefore, are recognized as deferred inflows of resources in the governmental funds.		223,689
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		20,031
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 490,756	
Deferred inflows of resources	<u>(956,343)</u>	(465,587)
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.		(60,540)
Long-term liabilities, including computer loan payable, bonds payable compensated absences, and other postemployment benefits and net pension liability are not due and payable in the current period and, therefore are not reported as liabilities in the governmental funds.		<u>(16,970,579)</u>
Net position of governmental activities(page 20)	\$	<u>5,129,067</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,598,299	377,589	-	200,510	3,176,398
Tuition	343,854	-	-	-	343,854
Other	130,940	17,949	-	253,859	402,748
State sources	3,035,931	605,390	-	1,853	3,643,174
Federal sources	168,548	-	-	-	168,548
Total revenues	<u>6,277,572</u>	<u>1,000,928</u>	<u>-</u>	<u>456,222</u>	<u>7,734,722</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	2,929,103	21,827	-	-	2,950,930
Special	816,306	-	-	-	816,306
Other	844,447	-	-	251,010	1,095,457
	<u>4,589,856</u>	<u>21,827</u>	<u>-</u>	<u>251,010</u>	<u>4,862,693</u>
Support services:					
Student	244,647	-	-	-	244,647
Instructional staff	213,048	-	-	434	213,482
Administration	673,808	107,131	-	13,166	794,105
Operation and maintenance of plant	490,178	1,374	-	124,541	616,093
Transportation	357,691	81,579	-	9,710	448,980
	<u>1,979,372</u>	<u>190,084</u>	<u>-</u>	<u>147,851</u>	<u>2,317,307</u>
Non-instructional programs:					
Food service operations	-	6,968	-	-	6,968
Capital outlay	-	1,248,565	-	-	1,248,565
Long-term debt:					
Principal	-	-	75,000	-	75,000
Interest and fiscal charges	-	-	3,000	-	3,000
	<u>-</u>	<u>-</u>	<u>78,000</u>	<u>-</u>	<u>78,000</u>
Other expenditures:					
AEA flowthrough	258,768	-	-	-	258,768
Total expenditures	<u>6,827,996</u>	<u>1,467,444</u>	<u>78,000</u>	<u>398,861</u>	<u>8,772,301</u>
Excess(Deficiency) of revenues over(under) expenditures	(550,424)	(466,516)	(78,000)	57,361	(1,037,579)
Other financing sources(uses):					
Transfer in	12,733	-	78,000	-	90,733
Transfer out	-	(78,000)	-	-	(78,000)
General obligation bond proceeds	-	14,160,000	-	-	14,160,000
Discount on bond issuance	-	(157,365)	-	-	(157,365)
Premium on bond issuance	-	246,739	-	-	246,739
Sale of equipment	4,393	-	-	-	4,393
Total other financing sources(uses)	<u>17,126</u>	<u>14,171,374</u>	<u>78,000</u>	<u>-</u>	<u>14,266,500</u>
Change in fund balances	(533,298)	13,704,858	-	57,361	13,228,921
Fund balances beginning of year	2,349,434	921,179	-	778,392	4,049,005
Fund balances end of year	<u>\$ 1,816,136</u>	<u>14,626,037</u>	<u>-</u>	<u>835,753</u>	<u>17,277,926</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR 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 24) \$ 13,228,921

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

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

Capital outlay	\$ 1,277,491	
Depreciation expense	<u>(334,730)</u>	942,761

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

Issued	(14,160,000)	
Repaid	<u>75,000</u>	(14,085,000)

Net change in Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis. (3,006)

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. (58,255)

Income surtax account receivable is not available to finance expenditures of the current year and is recognized as deferred inflows of resources in the governmental funds. 16,901

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. 361,490

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.

Compensated absences	(4,088)	
Pension expense	(161,891)	
Other postemployment benefits	<u>(27,319)</u>	<u>(193,298)</u>

Change in net position of governmental activities(page 21) \$ 210,514

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	FFA Farm	Total	
ASSETS				
Cash and pooled investments	\$ 39,637	9,364	49,001	20,031
Accounts receivable	2,388	-	2,388	-
Inventories	5,311	1,764	7,075	-
Capital assets, net of accumulated depreciation	43,018	-	43,018	-
TOTAL ASSETS	90,354	11,128	101,482	20,031
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	14,528	-	14,528	-
LIABILITIES				
Current Liabilities:				
Due to other funds	12,733	-	12,733	-
Noncurrent liabilities:				
Unearned revenue	6,648	-	6,648	-
Net pension liability	69,944	-	69,944	-
Net OPEB liability	13,103	-	13,103	-
Total noncurrent liabilities	89,695	-	89,695	-
TOTAL LIABILITIES	102,428	-	102,428	-
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	28,461	-	28,461	-
NET POSITION				
Net investment in capital assets	43,018	-	43,018	-
Unrestricted	(69,025)	11,128	(57,897)	20,031
TOTAL NET POSITION	\$ (26,007)	11,128	(14,879)	20,031

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	FFA Farm	Total	
OPERATING REVENUES:				
Local sources:				
Charges for service	\$ 190,414	5,969	196,383	-
Miscellaneous	664	-	664	-
TOTAL OPERATING REVENUES	191,078	5,969	197,047	-
OPERATING EXPENSES:				
Support Services:				
Administration:				
Services	229	-	229	-
Operation and maintenance of plant:				
Services	5,687	-	5,687	-
Non-instructional programs:				
Food service operations:				
Salaries	126,231	-	126,231	-
Benefits	39,207	-	39,207	-
Supplies	173,984	-	173,984	-
Depreciation	5,555	-	5,555	-
Other enterprise operations:				
Services	-	125	125	3,029
Supplies	-	9,512	9,512	-
Total non-instructional programs	344,977	9,637	354,614	3,029
TOTAL OPERATING EXPENSES	350,893	9,637	360,530	3,029
OPERATING LOSS	(159,815)	(3,668)	(163,483)	(3,029)
NON-OPERATING REVENUES (EXPENSES):				
Transfer to General Fund	(12,733)	-	(12,733)	-
State sources	3,457	-	3,457	-
Federal sources	164,156	-	164,156	-
Interest	95	-	95	23
TOTAL NON-OPERATING REVENUES (EXPENSES)	154,975	-	154,975	23
Change in net position before other financing sources	(4,840)	(3,668)	(8,508)	(3,006)
Other financing sources:				
Capital contributions	6,968	-	6,968	-
Change in net position	2,128	(3,668)	(1,540)	(3,006)
Net position beginning of year, as restated	(28,135)	14,796	(13,339)	23,037
Net position end of year	\$ (26,007)	11,128	(14,879)	20,031

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	Business Type Activities - Enterprise Funds			Governmental
	School	FFA	Total	Activities- Internal Service Fund
	Nutrition	Farm		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 190,756	-	190,756	-
Cash received from the sale of crops	-	5,969	5,969	-
Cash received from miscellaneous operating activities	664	-	664	-
Cash payments to employees for services	(169,539)	-	(169,539)	-
Cash payments to suppliers for goods or services	(161,510)	(11,401)	(172,911)	(3,029)
Net cash used in operating activities	(139,629)	(5,432)	(145,061)	(3,029)
Cash flows from non-capital financing activities:				
State grants received	3,457	-	3,457	-
Federal grants received	144,953	-	144,953	-
Net cash provided by non-capital financing activities	148,410	-	148,410	-
Cash flows from capital financing activities:				
Purchase of capital assets	(6,979)	-	(6,979)	-
Cash flows from investing activities:				
Interest on investments	95	-	95	23
Net increase(decrease) in cash and pool investments	1,897	(5,432)	(3,535)	(3,006)
Cash and pool investments beginning of year	37,740	14,796	52,536	23,037
Cash and pool investments end of year	\$ 39,637	9,364	49,001	20,031
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (159,815)	(3,668)	(163,483)	(3,029)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	19,203	-	19,203	-
Depreciation	5,555	-	5,555	-
Increase in inventories	(813)	(1,764)	(2,577)	-
Increase in accounts receivable	(223)	-	(223)	-
Increase in deferred revenue	565	-	565	-
Increase in other postemployment benefits	1,762	-	1,762	-
Decrease in net pension liability	(30,102)	-	(30,102)	-
Increase in deferred outflows of resources	(4,222)	-	(4,222)	-
Increase in deferred inflows of resources	28,461	-	28,461	-
Net cash used in operating activities	\$ (139,629)	(5,432)	(145,061)	(3,029)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$19,203.

During the year ended June 30, 2015, the School Nutrition Fund received contributed capital from the Capital Projects: Physical Plant and Equipment Levy Fund of \$6,968.

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 151,667
NET POSITION	
Reserved for scholarships	<u>\$ 151,667</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

		Private Purpose Trust	Scholarship
Additions:			
Local sources:			
Donations	\$	1,400	
Interest		1,790	
Stock dividends		82	
Total additions		3,272	
Deductions:			
Instruction:			
Regular:			
Scholarships awarded			3,650
Change in net assets before other financing sources			(378)
Other financing sources:			
Unrealized loss on stock			(104)
Change in net position			(482)
Net position beginning of year			152,149
Net position end of year	\$		151,667

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Worth and Mitchell County Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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 segment 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 nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

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

The District also reports the following non-major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, FFA Farm Fund. The Nutrition Fund is used to account for the food service operations of the District and the FFA Farm Fund is used to account for the operations of the District's FFA Farming operations program.

The District also reports an Internal Service Fund is used to account for the partially self-funded health insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Position and the Statement of Activities.

The District also reports one fiduciary fund which focuses on net position and changes in net position. The District's fiduciary funds are the following:

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

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

C. Measurement Focus and Basis of Accounting

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

are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - 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, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20-50 years
Intangibles	2 or more years
Machinery and equipment	5-15 years

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

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

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$13,410,230 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor's Financial Services.

Investments in common stock are stated at the approximate fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2015, the District's investment in common stock is as follows:

Name of Stock	Number of Shares	Fair Value
Coca Cola	33	\$1,295
Principal Financial Group	471	\$24,158
Dominion Resources, Inc.	114	\$7,552
Total	<u>618</u>	<u>\$33,005</u>

(3) **Due from and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
	Business Type Activities:	
General Fund	School Nutrition	<u>\$ 12,733</u>

The School Nutrition Fund is repaying the General Fund to cover indirect costs incurred during the year.

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Physical, Plant and Equipment Levy	\$ 78,000
General Fund	Business Type Activities: School Nutrition	12,733
Total		<u>\$ 90,733</u>

The Capital Projects: Statewide Sales, Services and Use Tax transfer to Debt Service was needed for principal and interest payments on the District's computer loan indebtedness.

The transfer from the School Nutrition to the General Fund was needed to pay back the General Fund a portion of indirect costs incurred by the nutrition program during the year.

(5) Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Business Type activities:				
Machinery and equipment	\$ 127,079	13,947	5,658	135,368
Less accumulated depreciation	92,453	5,555	5,658	92,350
Business type activities capital assets, net	<u>\$ 34,626</u>	<u>8,392</u>	<u>-</u>	<u>43,018</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 105,408	-	-	105,408
Construction in progress	-	1,020,375	-	1,020,375
Total capital assets not being depreciated	<u>105,408</u>	<u>1,020,375</u>	<u>-</u>	<u>1,125,783</u>
Capital assets being depreciated:				
Buildings	5,779,308	-	-	5,779,308
Land improvements	367,687	152,669	-	520,356
Machinery and equipment	3,957,783	104,447	36,000	4,026,230
Total capital assets being depreciated	<u>10,104,778</u>	<u>257,116</u>	<u>36,000</u>	<u>10,325,894</u>
Less accumulated depreciation for:				
Buildings	2,668,529	94,518	-	2,763,047
Land improvements	97,395	26,018	-	123,413
Machinery and equipment	3,282,896	214,194	36,000	3,461,090
Total accumulated depreciation	<u>6,048,820</u>	<u>334,730</u>	<u>36,000</u>	<u>6,347,550</u>
Total capital assets being depreciated, net	<u>4,055,958</u>	<u>(77,614)</u>	<u>-</u>	<u>3,978,344</u>
Governmental activities capital assets, net	<u>\$ 4,161,366</u>	<u>(77,614)</u>	<u>-</u>	<u>5,104,127</u>
Governmental activities:				
Instruction:				
Regular				\$ 107,792
Special				168
Other				24,637
Support services:				
Administration				22,800
Operation and maintenance				11,739
Transportation				47,058
				<u>214,194</u>
Unallocated depreciation				<u>120,536</u>
Total governmental activities depreciation expense				<u>\$ 334,730</u>
Business-type activities:				
Food service operations				<u>\$ 5,555</u>

(6) Long-Term Liabilities

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

	Balance Beginning of Year, Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ -	14,160,000	-	14,160,000	580,000
Computer loan	300,000	-	75,000	225,000	75,000
Compensated Absences	28,090	32,178	28,090	32,178	-
Net pension liability	3,361,756	-	1,011,478	2,350,278	-
Net OPEB Liability	175,804	27,319	-	203,123	-
Total	\$ 3,865,650	14,219,497	1,114,568	16,970,579	655,000
Business Type Activities:					
Net pension liability	100,046	-	30,102	69,944	-
Net OPEB liability	11,341	1,762	-	13,103	-
Total	\$ 111,387	1,762	30,102	83,047	-

Computer Loan Payable

During the year ended June 30, 2014 the District entered into a loan agreement for the purchase of computers as part of the District's one to one laptop initiative. Details of the District's June 30, 2015 computer loan indebtedness are as follows:

Year Ending June 30,	Computer Loan Dated September 25, 2013				
	Interest Rates	Principal	Interest	Total	
2016	1.00 %	\$ 75,000	2,250	77,250	
2017	1.00	75,000	1,500	76,500	
2018	1.00	75,000	750	75,750	
Total		\$ 225,000	4,500	229,500	

General Obligation Bonds

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

Year Ending June 30,	Issued May 7, 2015, Series A				Issued May 7, 2015 Series B				Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total	
2016	2.00 %	\$ -	274,203	1.50 %	\$ 580,000	84,838	580,000	359,041	939,041	
2017	2.00	-	278,850	1.50	590,000	77,574	590,000	356,424	946,424	
2018	2.00	-	278,850	2.00	595,000	68,724	595,000	347,574	942,574	
2019	2.00	-	278,850	2.00	610,000	56,824	610,000	335,674	945,674	
2020	2.00	-	278,850	2.50	620,000	44,626	620,000	323,476	943,476	
2021-2025	2.00	2,115,000	1,347,450	2.50	1,165,000	42,376	3,280,000	1,389,826	4,669,826	
2026-2030	3.00	3,655,000	969,750	-	-	-	3,655,000	969,750	4,624,750	
2031-2035	3.00	4,230,000	388,050	-	-	-	4,230,000	388,050	4,618,050	
Total		\$ 10,000,000	4,094,853		\$ 4,160,000	374,962	14,160,000	4,469,815	18,629,815	

(7) Pension and Retirement Benefits

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 \$372,170.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,420,222 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 0.059802 percent, which was a decrease of .001339 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$166,709. 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	\$ 26,303	\$ -
Changes of assumptions	106,810	-
Net difference between projected and actual earnings on pension plan investments	-	923,003
Changes in proportion and differences between District contributions and proportionate share of contributions	-	61,801
District contributions subsequent to the measurement date	372,171	-
Total	<u>\$ 505,284</u>	<u>\$ 984,804</u>

\$372,171 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	\$ (214,089)
2017	(214,089)
2018	(214,089)
2019	(214,089)
2020	4,665
	<u>\$ (851,691)</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	\$ 4,572,941	\$ 2,420,222	\$ 603,104

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 \$44,208 for legally required employer contributions and \$29,455 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits

Plan Description - The District operates a single-employer health plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. There are 65 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

Annual required contribution	\$ 39,791
Interest on net OPEB obligation	4,679
Adjustment to annual required contribution	<u>(12,129)</u>
Annual OPEB cost	32,341
Contributions made	<u>(3,260)</u>
Increase in net OPEB obligation	29,081
Net OPEB obligation beginning of year	<u>187,145</u>
Net OPEB obligation end of year	<u><u>\$ 216,226</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 year ended June 30, 2015, the District contributed \$3,260 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	32,044	15.82%	160,521
2014	31,389	15.18%	187,145
2015	32,341	10.08%	216,226

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 \$261,506, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$261,506. The covered payroll (annual payroll of active employees covered by the plan) was \$3,651,573 and the ratio of the UAAL to covered payroll was 7.2%. 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 event far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of 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. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

The projected claim costs of the medical plan for retirees under age 65 are illustrated per month in the following table.

	Target	Alternative 1	Alternative 2
Single	\$ 555.65	\$ 535.52	\$ 507.70
Family	1,389.14	1,338.79	1,269.26

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical and vision.

The District’s contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$777,261.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$258,768 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Property Lease

The District currently has a lease with Rosalee Lowe for rental of a storage facility for two buses that are kept in Stacyville. Payment is \$780 per year until either the District or the landlord terminates the lease.

The District currently has a lease with Darren Marsh and Mullenbach Rental for rental of storage facilities for District equipment. Payment is \$900 per year until either the District or the landlord terminates the lease.

(12) Deficit Accounts/ Unrestricted/ Total Net Position

At June 30, 2015, there was one account within the Student Activity Fund with a total deficit unassigned balance of \$8,695. The District also had an unrestricted net position of \$69,025 and a total deficit net position of 26,007 in the School Nutrition Fund. The District also had a deficit unrestricted net position of \$57,897 and a total deficit net position of \$14,879 in its business type activities, and a deficit unrestricted net position of \$1,892,873 in its governmental activities at June 30, 2015.

(13) Construction Commitments

At June 30, 2015 the District entered into contracts totaling \$13,609,443 for the construction of a new elementary school and high school gymnasium. \$1,020,375 has been incurred against these contracts. The balance remaining will be paid out as work on the project progresses.

(14) Categorical Funding

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

<u>Program</u>	<u>Amount</u>
At-risk supplemental weighting	\$ 42,711
Returning dropout and dropout prevention	30,666
Teacher salary supplement	18,738
Successful progression for early readers	30,258
Professional development for model core curriculum	9,391
Professional development	82,459
Teacher leadership grants	6,895
Iowa child abuse prevention	413
Model core curriculum	797
Total	<u>\$ 222,328</u>

(15) Reconciliation of Governmental Fund Balances to Net Position

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

	<u>Net investment in Capital Assets</u>	<u>School Infrastructure</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	14,033,679	1,593,808
Capital assets, net of accumulated depreciation	5,104,127	-	-
Computer loan capitalized indebtedness	(225,000)	-	-
General obligation bond capitalized indebtedness	(1,038,375)	-	-
Unspent general obligation bond proceeds	-	(13,121,625)	-
Unassigned student activities	-	-	(8,695)
Income surtax	-	-	223,689
Accrued interest payable	-	-	(60,540)
Internal service fund	-	-	20,031
Compensated absences	-	-	(32,178)
Net pension liability	-	-	(2,350,278)
Deferred outflows of resources	-	-	490,756
Deferred inflows of resources	-	-	(956,343)
Net OPEB liability	-	-	(203,123)
Net position (Exhibit A)	<u>\$ 3,840,752</u>	<u>912,054</u>	<u>(1,282,873)</u>

(16) 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:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 7,934,017	\$ 76,401
Net pension liability at June 30, 2014	(3,361,756)	(100,046)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	<u>346,292</u>	<u>10,306</u>
Net position July 1, 2014, as restated	<u>\$ 4,918,553</u>	<u>\$ (13,339)</u>

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,923,000	197,142	4,120,142	4,674,301	4,674,301	(554,159)
State sources	3,643,174	3,457	3,646,631	3,122,161	3,122,161	524,470
Federal sources	168,548	164,156	332,704	282,400	282,400	50,304
Total revenues	<u>7,734,722</u>	<u>364,755</u>	<u>8,099,477</u>	<u>8,078,862</u>	<u>8,078,862</u>	<u>20,615</u>
Expenditures:						
Instruction	4,862,693	-	4,862,693	5,025,000	5,225,000	362,307
Support services	2,317,307	5,687	2,322,994	2,800,100	2,800,000	477,006
Non-instructional programs	6,968	354,843	361,811	367,000	425,000	63,189
Other expenditures	1,585,333	-	1,585,333	909,853	6,000,000	4,414,667
Total expenditures/expenses	<u>8,772,301</u>	<u>360,530</u>	<u>9,132,831</u>	<u>9,101,953</u>	<u>14,450,000</u>	<u>5,317,169</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(1,037,579)	4,225	(1,033,354)	(1,023,091)	(6,371,138)	5,337,784
Other financing sources, net	<u>14,266,500</u>	<u>(5,765)</u>	<u>14,260,735</u>	-	-	<u>14,260,735</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	13,228,921	(1,540)	13,227,381	(1,023,091)	(6,371,138)	19,598,519
Balances beginning of year, as restated	<u>4,049,005</u>	<u>(13,339)</u>	<u>4,035,666</u>	<u>4,063,918</u>	<u>4,063,918</u>	<u>28,252</u>
Balances end of year	<u>\$ 17,277,926</u>	<u>(14,879)</u>	<u>17,263,047</u>	<u>3,040,827</u>	<u>(2,307,220)</u>	<u>19,626,771</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on 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 or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated 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, the District adopted one budget amendment, increasing budgeted expenditures by \$5,348,047.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 YEAR ENDED JUNE 30, 2015
 REQUIRED SUPPLEMENTARY INFORMATION

		2015
District's proportion of the net pension liability		0.059802%
District's proportionate share of the net pension liability	\$	2,420,222
District's covered-employee payroll	\$	4,167,641
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		58.07%
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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTION
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 372,170	356,598	342,845	298,063	240,768	221,763	223,095	216,095	217,111	206,377
Contributions in relation to the statutorily required contribution	<u>(372,170)</u>	<u>(356,598)</u>	<u>(342,845)</u>	<u>(298,063)</u>	<u>(240,768)</u>	<u>(221,763)</u>	<u>(223,095)</u>	<u>(216,095)</u>	<u>(217,111)</u>	<u>(206,377)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,167,637	3,993,259	3,954,383	3,693,470	3,464,288	3,190,835	3,513,307	3,571,818	3,775,843	3,589,165
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.

ST. ANSGAR 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.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 453,786	\$ 453,786	0.0%	\$ 2,920,813	15.5%
2011	July 1, 2009	-	453,786	453,786	0.0%	2,905,350	15.6%
2012	July 1, 2009	-	429,004	429,004	0.0%	2,914,795	14.7%
2013	July 1, 2012	-	295,648	295,648	0.0%	3,237,536	9.1%
2014	July 1, 2012	-	278,475	278,475	0.0%	3,209,639	8.7%
2015	July 1, 2012	-	261,506	261,506	0.0%	3,651,573	7.2%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
ASSETS			
Cash and pooled investments	\$ 82,692	755,988	838,680
Receivables:			
Property tax			
Delinquent	-	1,542	1,542
Succeeding year	-	200,000	200,000
TOTAL ASSETS	\$ 82,692	957,530	1,040,222
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	3,513	3,513
Salaries and benefits payable	956	-	956
Total liabilities	956	3,513	4,469
Deferred inflows of resources:			
Unavailable revenues:			
Deferred revenue:			
Succeeding year property tax	-	200,000	200,000
Fund balances:			
Restricted for:			
Management levy purposes	-	754,017	754,017
Student activities	90,431	-	90,431
Unassigned	(8,695)	-	(8,695)
Total fund balances	81,736	754,017	835,753
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 82,692	957,530	1,040,222

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Student Activity	Manage- ment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	200,510	200,510
Other	245,267	8,592	253,859
State sources	-	1,853	1,853
TOTAL REVENUES	245,267	210,955	456,222
EXPENDITURES:			
Current:			
Instruction:			
Other	251,010	-	251,010
Support services:			
Instructional staff	434	-	434
Administration	-	13,166	13,166
Operation and maintenance of plant	-	124,541	124,541
Transportation	-	9,710	9,710
TOTAL EXPENDITURES	251,444	147,417	398,861
Change in fund balances	(6,177)	63,538	57,361
Fund balances beginning of year	87,913	690,479	778,392
Fund balances end of year	\$ 81,736	754,017	835,753

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	G.O. Bond Construction	
ASSETS				
Cash and pooled investments	\$ 922,180	591,256	13,411,167	14,924,603
Receivables:				
Property tax:				
Delinquent	-	2,319	-	2,319
Succeeding year	-	401,101	-	401,101
Due from other governments	92,743	-	-	92,743
TOTAL ASSETS	\$ 1,014,923	994,676	13,411,167	15,420,766
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 102,869	1,217	289,542	393,628
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	401,101	-	401,101
Fund balances:				
Restricted for:				
School infrastructure	912,054	-	13,121,625	14,033,679
Physical plant and equipment	-	592,358	-	592,358
Total fund balances	912,054	592,358	13,121,625	14,626,037
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,014,923	994,676	13,411,167	15,420,766

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	G.O. Bond Construction	
REVENUES:				
Local sources:				
Local tax	\$ -	377,589	-	377,589
Other	1,154	15,935	861	17,950
State sources	598,038	7,351	-	605,389
TOTAL REVENUES	599,192	400,875	861	1,000,928
EXPENDITURES:				
Current:				
Instruction:				
Regular	-	21,827	-	21,827
Support services:				
Adminstration	-	4,209	102,922	107,131
Operation and maintenance of plant	-	1,374	-	1,374
Transportation	81,579	-	-	81,579
Non-instructional programs:				
Food service operations	-	6,968	-	6,968
Capital outlay	113,055	109,822	1,025,688	1,248,565
TOTAL EXPENDITURES	194,634	144,200	1,128,610	1,467,444
Excess(Deficiency) of revenues over(under) expenditures	404,558	256,675	(1,127,749)	(466,516)
Other financing sources(uses):				
Transfer out	-	(78,000)	-	(78,000)
General obligation bond proceeds	-	-	14,160,000	14,160,000
Discount on bond issuance	-	-	(157,365)	(157,365)
Premium on bond issuance	-	-	246,739	246,739
TOTAL OTHER FINANCING SOURCES(USES)	-	(78,000)	14,249,374	14,171,374
Change in fund balances	404,558	178,675	13,121,625	13,704,858
Fund balances beginning of year	507,496	413,683	-	921,179
Fund balances end of year	\$ 912,054	592,358	13,121,625	14,626,037

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

ST. ANSGAR 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	\$ 13,395	3,825	1,922	(225)	15,073
Speech	31	866	655	(170)	72
Vocal Music	945	5,764	6,995	286	-
Choir Robes	5,404	780	-	15	6,199
Band and Choir Trip	13,415	12,090	24,169	-	1,336
Vocal Music Activities	3,142	20	-	(286)	2,876
Instrument Rent	27	-	-	-	27
High School Band	3,828	2,716	1,445	12	5,111
Middle School Band	3	-	-	-	3
Band Uniforms	1,342	345	330	-	1,357
Cheerleaders	2,955	7,658	10,436	-	177
Baseball	3,595	140	4,277	1,500	958
Softball	3,736	560	1,280	1,500	4,516
Baseball/Softball Concessions	3,078	9,116	4,341	(3,000)	4,853
HS Athletics	(3,396)	95,436	88,820	(138)	3,082
MS Athletics	(2,489)	1,745	11,348	3,397	(8,695)
MS Student Council	257	552	487	-	322
HS Student Council	27	2,238	1,704	-	561
Elem. Student Council	2,546	232	207	-	2,571
Annual	917	4,109	4,630	2,565	2,961
Art Club	1,737	-	-	-	1,737
German Club	303	782	785	-	300
Industrial Arts Club	3,970	1,248	44	12	5,186
Revolving Shop - MS	282	-	-	-	282
MS Activities	79	-	-	-	79
Class of 2015	11,472	-	-	(11,472)	-
Class of 2016	151	39,435	27,782	941	12,745
Class of 2019	-	159	4,953	4,794	-
FCCLA	1,083	276	115	-	1,244
Stand Club	6	-	-	-	6
Saints Pride	303	-	-	(303)	-
Student Book Club	265	-	-	(265)	-
FFA stock	1,743	-	-	-	1,743
FFA	4,971	49,766	47,805	15	6,947
Student Activities	-	2,131	2,207	150	74
Milk Machines	1,748	801	285	-	2,264
Towel Rental	-	2,268	2,268	-	-
Insurance	-	9	9	-	-
Petty Cash	100	-	-	-	100
Community Education	218	-	-	(218)	-
Student Extended Learning	-	-	875	875	-
Computer Club	281	200	380	-	101
Special Olympics	6,443	-	890	15	5,568
Total	\$ 87,913	245,267	251,444	-	81,736

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR 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
<u>CORNBOWL</u>				
ASSETS				
Cash and pooled investments	\$ 11,011	-	11,011	-
LIABILITIES				
Due to other groups	\$ 11,011	-	11,011	-

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION -
 PRIVATE PURPOSE TRUST - SCHOLARSHIP ACCOUNTS
 JUNE 30, 2015

		Private Purpose Trust - Scholarship Fund										
		Kulik Scholarship	Ramsay Scholarship	Sheka Scholarship	Arnold Scholarship	Maurine Moore Scholarship	Vocal Music Memorials	Band Memorials	FFA Scholarship	Ali Smith Scholarship	IA Student Loan	Total
ASSETS												
Cash and pooled investments	\$	9,958	10,210	20,434	101,798	6,936	225	225	700	681	500	151,667
LIABILITIES												
NET POSITION												
Reserved for scholarships	\$	9,958	10,210	20,434	101,798	6,936	225	225	700	681	500	151,667

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE CHANGES IN FIDUCIARY NET POSITION -
 PRIVATE PURPOSE TRUST - SCHOLARSHIP ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust - Scholarship Fund										
	Kulik Scholarship	Ramsay Scholarship	Sheka Scholarship	Arnold Scholarship	Maurine Moore Scholarship	Vocal Music Memorials	Band Memorials	FFA Scholarship	Ali Smith Scholarship	IA Student Loan	Total
Additions:											
Local sources:											
Donations	\$ -	-	-	-	-	-	-	900	-	500	1,400
Interest	74	25	261	1,367	63	-	-	-	-	-	1,790
Stock dividends	82	-	-	-	-	-	-	-	-	-	82
TOTAL ADDITIONS	156	25	261	1,367	63	-	-	900	-	500	3,272
DEDUCTIONS:											
Instruction:											
Regular:											
Scholarships awarded	150	400	-	2,000	-	-	-	800	300	-	3,650
Excess (deficiency) of revenues over (under) expenditures	6	(375)	261	(633)	63	-	-	100	(300)	500	(578)
OTHER FINANCING SOURCES:											
Unrealized loss on stock	(104)	-	-	-	-	-	-	-	-	-	(104)
Change in net position	(98)	(375)	261	(633)	63	-	-	100	(300)	500	(482)
Net position beginning of year	10,056	10,585	20,173	102,431	6,873	225	225	600	981	-	152,149
Net position end of year	\$ 9,958	10,210	20,434	101,798	6,936	225	225	700	681	500	151,667

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR 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	\$ 3,176,398	3,183,830	3,666,572	3,729,391	3,992,675	3,727,641	3,679,077	3,651,327	3,326,800	3,146,241
Tuition	343,854	309,273	322,215	407,976	373,940	308,778	352,628	310,045	211,470	183,288
Other	402,748	599,269	582,761	482,417	575,049	562,274	605,150	524,160	533,807	472,661
Intermediate sources	-	-	5,000	-	5,000	5,000	6,000	5,000	-	-
State sources	3,643,174	3,688,059	2,857,108	2,989,490	2,904,753	2,580,760	3,009,217	3,092,944	2,956,993	2,771,584
Federal sources	168,548	155,209	166,844	264,042	229,514	485,434	195,796	122,340	156,961	147,855
Total	\$ 7,734,722	7,935,640	7,600,500	7,873,316	8,080,931	7,669,887	7,847,868	7,705,816	7,186,031	6,721,629
Expenditures:										
Instruction:										
Regular	\$ 2,950,930	3,340,372	2,920,839	3,070,766	2,720,407	2,819,866	3,141,931	2,894,492	3,188,377	2,939,467
Special	816,306	760,898	728,065	833,251	699,545	822,001	794,433	659,961	717,157	671,818
Other	1,095,457	1,226,758	1,101,452	653,864	1,093,416	721,737	616,562	869,642	593,694	685,481
Support services:										
Student	244,647	233,686	220,696	162,090	138,027	135,058	69,315	133,895	127,565	122,449
Instructional staff	213,482	252,122	187,946	146,301	136,112	124,221	98,714	91,124	209,929	187,880
Administration	794,105	664,250	628,529	619,039	548,581	499,346	589,566	671,303	746,539	670,406
Operation and maintenance of plant	616,093	631,310	606,545	530,881	546,969	469,660	429,654	435,533	451,359	477,599
Transportation	448,980	378,903	590,585	392,949	394,861	348,804	372,720	423,135	366,153	367,380
Non-instructional programs	6,968	8,057	7,022	13,411	6,113	-	-	-	1,072	1,778
Capital outlay	1,248,565	284,576	208,054	486,357	357,376	91,942	187,753	237,707	327,064	139,833
Long-term debt:										
Principal	75,000	595,000	250,000	240,000	230,000	225,000	220,000	215,000	210,000	205,000
Interest and fiscal charges	3,000	21,343	28,918	36,118	42,508	48,195	53,365	57,772	61,342	63,710
Other expenditures:										
AEA flow-through	258,768	255,660	242,506	251,551	280,034	278,690	238,867	233,639	226,566	212,020
Total	\$ 8,772,301	8,652,935	7,721,157	7,436,578	7,193,949	6,584,520	6,812,880	6,923,203	7,226,817	6,744,821

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
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117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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

To the Board of Education of the St. Ansgar Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of St. Ansgar 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 2, 2015.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings as items 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 St. Ansgar Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a

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

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

St. Ansgar Community School District's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of St. Ansgar 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 2, 2015
Newton, Iowa

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Financial reporting - preparing, reconciling and approving.

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 - We are always looking for ways to improve our internal controls and are willing to make any changes utilizing current staff that will improve the internal control within the school district, as hiring additional staff at this time does not seem financially feasible.

Conclusion - Response accepted.

OTHER MATTERS:

I-B-15 Deficit Lunch Account Balances - During our audit we noted that the Nutrition Fund is carrying several deficit student account balances.

Recommendation - The District should develop policies regarding the treatment of negative account balances aimed at discouraging accounts from becoming negative. The District may also wish to encourage alternatives to bring deficit accounts back to a positive balance, such as trying various collection techniques to collect the balances from the families. Another option would be to give these families a free/reduced lunch application to see if they qualify.

Response - All families receive a free/reduced application at the time of registration. A few of the families with deficit balances were taken to small claims court to try to collect the balance due without much success. Some of the families with negative accounts have moved from the District, making collection even more difficult. Families are notified when they have a low account balance in attempts to avoid a deficit balance. The

District will do it's best to improve our collection procedures to ensure accounts remain in the black.

Conclusion – Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-15 Certified Budget - During the year ended June 30, 2015, District expenditures did not exceed the amounts budgeted.
- II-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-15 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Joni DeMaris, Secretary Spouse is owner of Al's Electric	Purchased services	\$13,827
Lisa Groth, Business Manager Daughter works at Office Concepts	Purchased services	\$18,973
Jennifer Nielsen, Aide Co-owner of Striking Designs	Purchased supplies	\$964
Dave Juhl, Transportation Director Joan Juhl, Bus driver Mike Juhl, Sub bus driver Co-owners St Ansgar Landscaping	Purchased services	\$11,722
Darwin Neuman, Sub bus driver Owner of Red Ball	Purchased services	\$50
Lindsey Falk, Board Member Co-Owner of L R Falk Construction	Purchased services	\$2,056

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

In accordance with Attorney’s General Opinion dated July 2, 1990, the above transactions with employees of the District do not appear to represent a conflict of interest.

The above transactions with Board Member, Lindsey Falk, do not appear to represent a conflict of interest per Chapter 279.7A of the Code of Iowa.

- 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 - Noted no transactions that required Board approval that had not been approved by the Board.

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

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

II-I-15 Deposits and Investments - The District's investment policy does appear to comply with Chapter 12B and Chapter 12C of the Code of Iowa, however, we noted during our audit that the District received dividends from stock owned in Principal, Coca Cola and Dominion Resources Inc. These are instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa, as well as the District's investment policy.

Recommendation - The District should sell the stock, and invest in an investment within compliance of the District policy number 704.3, Chapter 12B and Chapter 12C of the Code of Iowa.

Response - The District does not wish to sell the stock at the current time because of the downturn in stock prices and interest rates. When prices and rates rebound the District will consider selling the stock. The District currently receives more annually in dividends from the stock than it could earn in interest on what the sale of the stock would generate. None of the stock was purchased by the District.

Conclusion - Response acknowledged. The District's investments in stock are in violation of Code of Iowa Chapter 12B and 12C.

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 instance were noted of categorical funding being used to supplant rather than supplement other funds.

II-L-15 Financial Condition - During our audit we noted that the District had one account in the Special Revenue: Student Activity Fund with a deficit unassigned fund balance totaling \$8,695. The District also had a deficit unrestricted net position of \$69,025 with a total deficit net position totaling \$26,007 in the School Nutrition Fund. The District also had a deficit unrestricted net position of \$57,897 and a total deficit net position of \$14,879 in its business type activities, and the Governmental Activities had a deficit unrestricted balance of \$1,282,928 at June 30, 2015.

Recommendation - The District should continue to monitor these funds/accounts and investigate alternatives to eliminate the deficits. The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from this account.

Response - The District will work on limiting purchases in the Student Activity Fund to ensure this account has a positive balance at the end of the next fiscal year. Sports are no longer having individual fundraisers. General Athletic fundraisers are held with this money going into the Athletic Accounts to help fund the sports. The deficit unrestricted net positions were caused by the adoption of the GASB Statement No. 68 and are new

liabilities that we will not be able to pay.

Conclusion – Response accepted.

II-M-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		\$ 507,496
Revenues:		
Sales tax revenues	\$ 598,038	
Other local revenues	<u>1,154</u>	<u>599,192</u>
		1,106,688
Expenditures:		
School infrastructure construction	\$ 93,968	
Equipment	<u>100,666</u>	<u>194,634</u>
Ending balance		<u><u>\$ 912,054</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-N-15 Outstanding Checks – During our audit we noted that the District had multiple checks in the General, Activity and Nutrition bank reconciliations that have been outstanding for over a year.

Recommendation – The District should determine if the checks need to be voided, reissued, or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1 (10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response – The District has been working to clear the old outstanding checks and hopes to have this completed before the end of fiscal year 2016.

Conclusion – Response accepted.

II-O-15 Student Activity Fund – During our audit concerns arose about certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. In accordance with Chapter 298A.8 of the Code of Iowa Administrative Rule 281-12.6(1), monies in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program.

FFA Farm: We noted that the District receipted money from the sale of crops from the FFA Farm into the Student Activity Fund even though the District's Enterprise Fund also includes an FFA Farm Fund.

Recommendation – The District should record all activity from the FFA Farm into their

separate Enterprise Fund. Monies collected from the FFA Farm should not be recorded into the Student Activity Fund.

Response – An error was made and these funds were recorded in the wrong fund. We will try to record monies collected appropriately in the future.

Conclusion – Response accepted.

Instructional Purchases: In our audit we noted fieldtrips, as a part of the District's regular instruction program, were paid for out of the Student Activities Account within the Student Activity Fund.

Recommendation – The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. Fieldtrip expenditures would appear to be more instructional in nature and would be more appropriately handled in the General Fund.

Response – In the past, donated field trips were deposited into the Student Activity Fund so funds were more readily available for field trip admission fees. We will start putting these donated funds into the General Fund and paying for these field trips from the appropriate fund in the future.

Conclusion – Response accepted.

Donations: We noted during our audit that the District collected donations from Pepsi in the Student Activity Fund.

Recommendation – Pepsi donations are considered an undesignated donation, therefore, they should be receipted into the General Fund. If the District wishes to use these donations for other uses, the board can approve the use and fund for deposit. These designations should be noted in the District's board minutes.

Response – We will have the Board designate how the Pepsi donations will be used and note this in the District's Board Minutes.

Conclusion – Response accepted.