

SAYDEL COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Saydel Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Brian Bowman	President	2015
Paul Breitbarth	Vice-President	2015
Henry Wood	Board Member	2015
Ray Livingston	Board Member	2015
Kyle Prendergast	Board Member	2017
Melissa Sassman	Board Member	2017
Rob Stephenson	Board Member	2015
Jenn Van Houten	(Resigned June 2015) Board Member (Appointed June 2015)	2015
School Officials		
Doug Wheeler	Superintendent	2015
Ryan Eidahl	Business Manager/ Board Treasurer	2015
Jane Prange	Board Secretary (Resigned September 2014)	2015
Beth Vitiritto	Board Secretary (Appointed September 2014)	2015
Ahlers & Cooney, P.C.	Attorney	2015

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Saydel 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 Saydel Community School District, Des Moines, 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 of 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 managements, 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 Saydel 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 15 to the financial statements, Saydel 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 18 and 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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 Saydel 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 nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In 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 8, 2015 on our consideration of Saydel Community School District's internal control over financial reporting and 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 Saydel Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

December 8, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

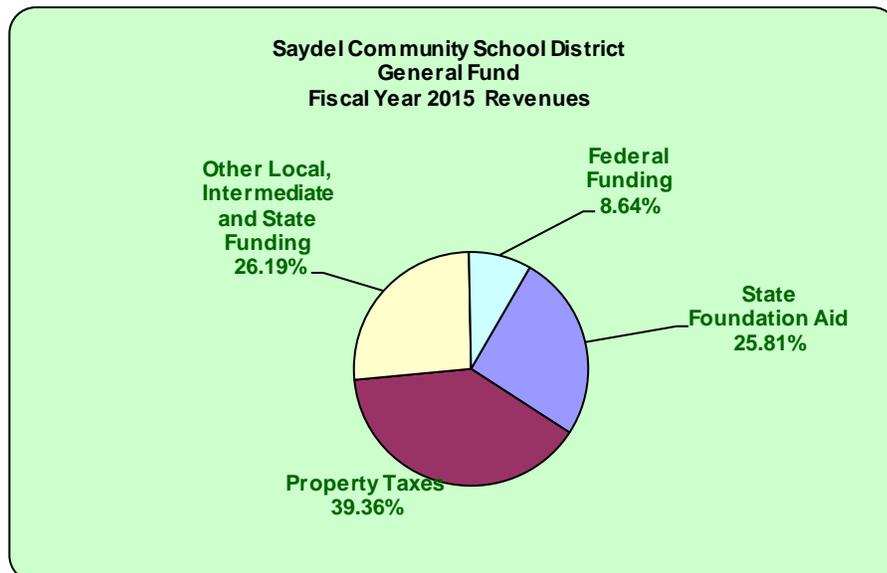
2015 FINANCIAL HIGHLIGHTS

- **Budget:** The State of Iowa legislatively approved an allowable growth factor of 4 percent for fiscal year 2015. The District's enrollment decreased by 38.9 students from 1201.2 in fiscal year 2014 to 1162.3 in fiscal year 2015. Due to the decrease in allowable growth, the District received \$81,866 more in new regular program funding.

In April, 2014, the board approved a budget for fiscal year 2015 for all funds of \$24,236,370 (including transfers).

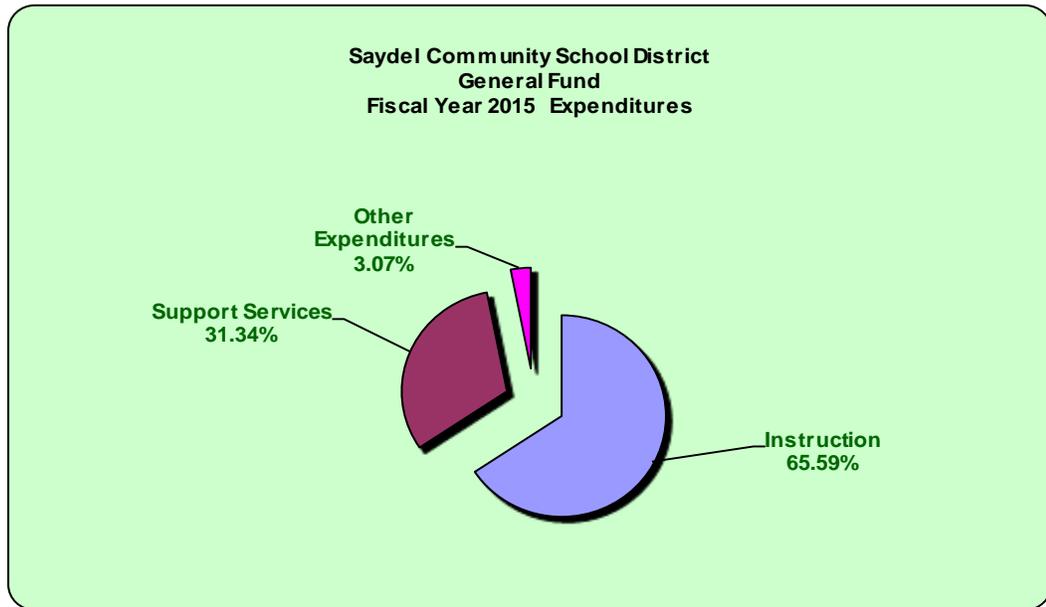
- **Revenue:** District-wide revenues were \$19,937,072, which primarily consisted of state aid, property taxes, federal grants, and sales tax. General revenues accounted for approximately 74.41 percent of the District-wide revenue. Program specific revenues in the form of charges for service and grants and contributions, accounted for 25.59 percent of total fiscal year 2015 revenues.

The General Fund had \$15,240,877 in revenues during fiscal year 2015, which primarily consisted of state aid and property taxes. General Fund revenues increased from \$14,250,661 during fiscal year 2014 to \$15,240,877 during fiscal year 2015, which is a 6.95% increase. This increase is due primarily to increases in local tax and federal source revenues.



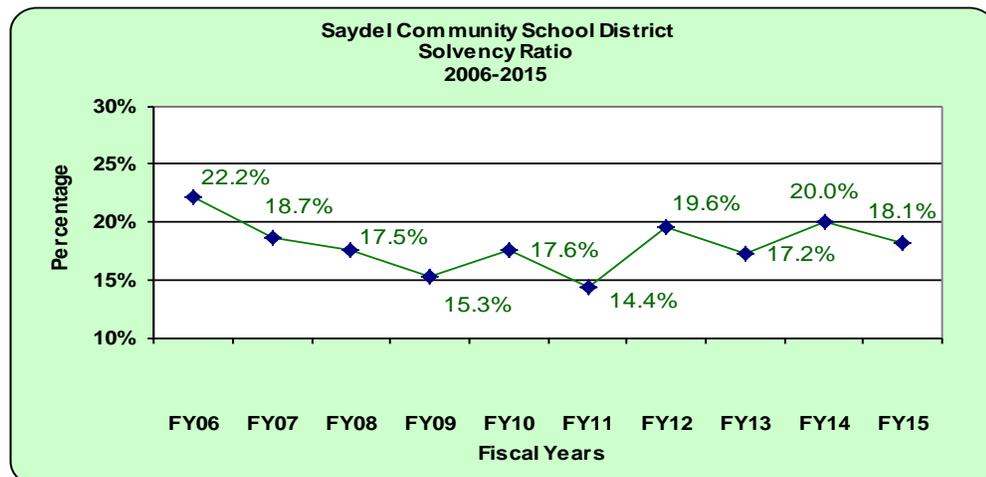
- Expenses:** The District-wide expenses were \$18,732,465, of which \$5,100,906 were offset by program specific charges for service or grants and contributions. General revenues of \$14,836,166 provided for the remaining cost of these programs.

The General Fund incurred expenses of \$15,059,086 during fiscal year 2015, primarily consisting of instructional expenses. General Fund expenses increased approximately 6.57 percent from \$14,131,258 during fiscal 2014 to \$15,059,086 during fiscal year 2015.



- General Fund Balance and Solvency Ratio:** The District’s overall General Fund balance increased from \$3,808,914 at June 30, 2014 to \$3,990,705 at June 30, 2015. The General Fund unassigned fund balance decreased from \$2,613,346 at June 30, 2014 to \$2,447,581 at June 30, 2015.

The District’s solvency ratio (unassigned fund balance plus assigned fund balance/General Fund revenues minus AEA flowthrough) decreased from 20.0 percent at June 30, 2014 to 18.1 percent at June 30, 2015.



The Board guidelines set a target of 10 percent for the District’s solvency ratio.

-
- **Capital Projects:** Revenues from sales taxes increased from \$1,045,168 during fiscal year 2014 to \$1,106,528 during fiscal year 2015. Expenses (including transfers out to debt service) decreased from 5,422,045 during fiscal year 2014 to \$5,002,389 during fiscal year 2015. In fiscal year 2015 the primary construction expenses included the renovation project at the High School, a press box and bleacher project, track and turf project and the bus and maintenance facility project.

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 Saydel 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 Saydel 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 Saydel Community School District acts solely as an agent or custodial for the benefit of those outside of the 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 funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various federal programs benefiting the District.

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

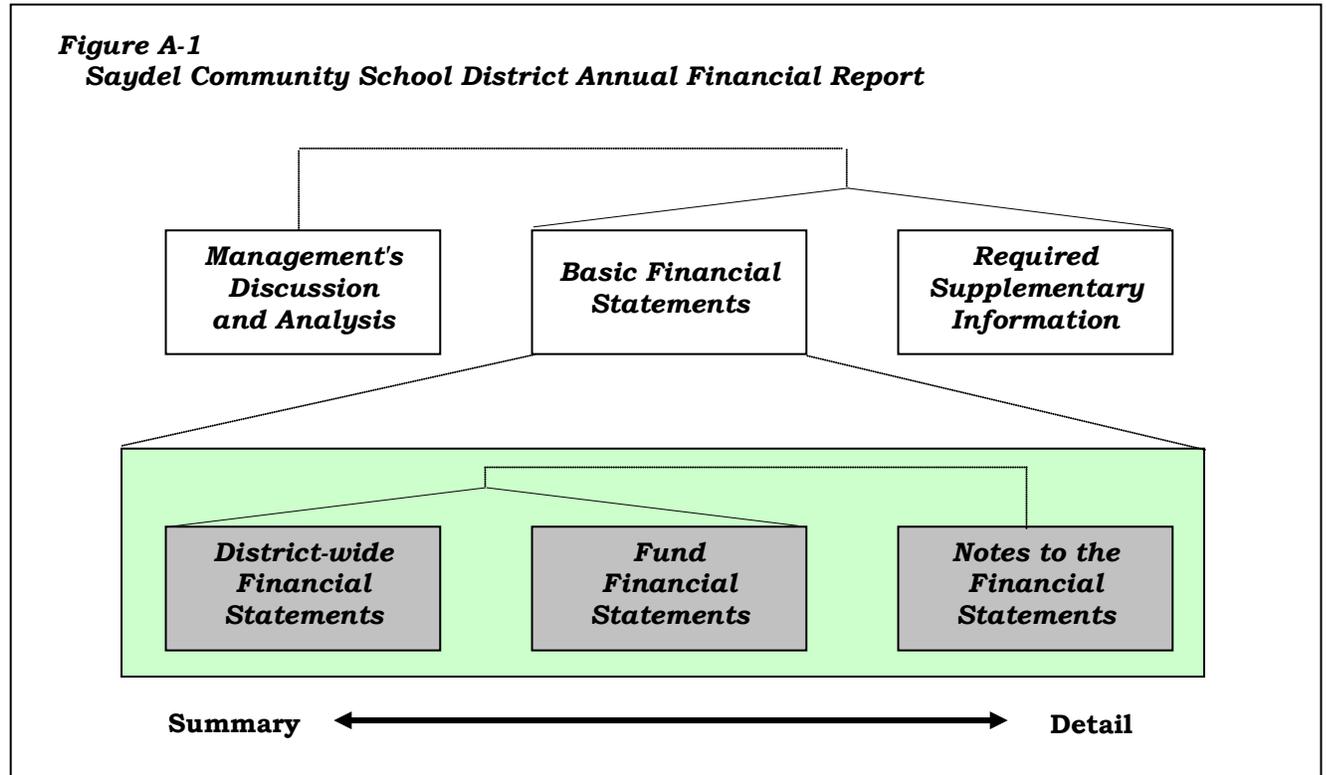


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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, IT construction, restaurant services, preschool services and the coaches clinic	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 deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's School Nutrition, Eagles Nest and Cornell Elementary Preschool programs 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 three Enterprise Funds, the School Nutrition Fund, the Cornell Elementary Preschool Fund and the Eagles Nest Daycare Fund.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2014 (Not restated)		June 30, 2015 (Not restated)		June 30, 2014 (Not restated)		June 30, 2014-15
Current and other assets	\$ 19,893,790	23,079,456	485,670	451,343	20,379,460	23,530,799	-13.39%
Capital assets	25,494,603	22,769,139	149,082	117,434	25,643,685	22,886,573	12.05%
Total assets	45,388,393	45,848,595	634,752	568,777	46,023,145	46,417,372	-0.85%
Deferred outflows of resources	981,199	-	44,769	-	1,025,968	-	100.00%
Long-term obligations	19,828,930	15,476,230	224,204	5,965	20,053,134	15,482,195	29.52%
Other liabilities	1,943,562	2,902,317	31,007	25,158	1,974,569	2,927,475	-32.55%
Total liabilities	21,772,492	18,378,547	255,211	31,123	22,027,703	18,409,670	19.65%
Deferred inflows of resources	10,087,822	8,216,546	83,883	-	10,171,705	8,216,546	23.80%
Net position:							
Net investment in capital assets	11,816,186	12,175,058	149,082	117,434	11,965,268	12,292,492	-2.66%
Restricted	5,912,222	4,434,876	-	-	5,912,222	4,434,876	33.31%
Unrestricted	(3,219,130)	2,643,568	191,345	420,220	(3,027,785)	3,063,788	-198.82%
Total net position	\$ 14,509,278	19,253,502	340,427	537,654	14,849,705	19,791,156	-24.97%

The District's total net position decreased by 24.97%, or \$4,941,451 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to 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 \$1,477,346, or 33.31% over the prior year. The increase in restricted net

position can be attributed in part to the improvement in fund balance that occurred in the Capital Projects: Statewide Sales, Services and Use Tax and Physical Plant and Equipment Levy Funds.

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 \$6,091,573, or 198.82%. This reduction in unrestricted net position was primarily the result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$5,873,787 and \$272,271, 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	\$ 2,078,902	2,203,119	407,633	415,207	2,486,535	2,618,326	-5.03%
Operating grants, contributions and restricted interest	1,987,371	1,484,570	624,459	531,158	2,611,830	2,015,728	29.57%
Capital grants, contributions and restricted interest	2,541	-	-	-	2,541	-	100.00%
General revenues:							
Property tax	8,216,576	8,146,698	-	-	8,216,576	8,146,698	0.86%
Statewide sales, services and use tax	1,106,528	1,045,168	-	-	1,106,528	1,045,168	5.87%
Unrestricted state grants	5,328,625	5,018,535	-	-	5,328,625	5,018,535	6.18%
Unrestricted investment earnings	21,951	38,495	806	773	22,757	39,268	-42.05%
Other	158,702	86,434	2,978	5,021	161,680	91,455	76.79%
Total revenues	18,901,196	18,023,019	1,035,876	952,159	19,937,072	18,975,178	5.07%
Program expenses:							
Instructional	10,252,842	9,909,190	-	-	10,252,842	9,909,190	3.47%
Support services	5,663,840	5,358,737	44,961	44,103	5,708,801	5,402,840	5.66%
Non-instructional programs	250	39,494	917,943	858,738	918,193	898,232	2.22%
Other expenses	1,852,629	2,377,397	-	-	1,852,629	2,377,397	-22.07%
Total expenses	17,769,561	17,684,818	962,904	902,841	18,732,465	18,587,659	0.78%
Excess of revenues over expenditures	1,131,635	338,201	72,972	49,318	1,204,607	387,519	210.85%
Transfers	(2,072)	(1,845)	2,072	1,845	-	-	0.00%
Change in net position	1,129,563	336,356	75,044	51,163	1,204,607	387,519	210.85%
Net position beginning of year, as restated	13,379,715	18,917,146	265,383	486,491	13,645,098	19,403,637	-29.68%
Net position end of year	\$ 14,509,278	19,253,502	340,427	537,654	14,849,705	19,791,156	-24.97%

In fiscal year 2015, property tax, statewide sales, services and use tax and unrestricted state grants account for 77.52% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.63% of the revenue from business type activities.

The District's total revenues were approximately \$19.94 million, of which approximately \$18.90 million was for governmental activities and approximately \$1.04 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.07% increase in revenues and a 0.78% increase in expenses. Property tax increased approximately \$131,791 to fund the increase in expenses. The increase in expenses is related to increases in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$18,901,196 and expenses were \$17,769,561 for the year ended June 30, 2015.

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

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 10,252,842	9,909,190	3.47%	6,701,250	6,707,132	-0.09%
Support services	5,663,840	5,358,737	5.69%	5,609,466	5,334,766	5.15%
Non-instructional programs	250	39,494	-99.37%	250	39,494	-99.37%
Other expenses	1,852,629	2,377,397	-22.07%	1,389,781	1,915,737	-27.45%
Totals	<u>\$ 17,769,561</u>	<u>17,684,818</u>	<u>0.48%</u>	<u>13,700,747</u>	<u>13,997,129</u>	<u>-2.12%</u>

- The cost financed by users of the District's programs was \$2,078,902.
- Federal and state governments, along with local sources, subsidized certain programs with grants and contributions totaling \$1,989,912.
- The net cost of governmental activities was financed with \$8,216,576 in property tax, \$1,106,528 in statewide sales, services and use tax, \$5,328,625 in unrestricted state grants, \$21,951 in interest income and \$158,702 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$1,035,876 and expenses were \$962,904. The District's business type activities include the School Nutrition Fund, Cornell Elementary Preschool Fund and the Eagles Nest Daycare Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Saydel 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 \$9,839,018, below last year's ending fund balances of \$12,133,286. The primary reason for the decrease in combined fund balances during fiscal year 2015 is continued spending of bond proceeds issued for the District's various major construction/remodel projects.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. The General Fund balance increased \$181,791 from \$3,808,914 at June 30, 2014 to \$3,990,705 at June 30, 2015. Fiscal year 2015 revenues for the General Fund increased \$990,216 when compared to the prior year. In comparison, General Fund expenses increased by \$927,828 when compared to fiscal year 2014.
- The Capital Projects Fund balance decreased due to ongoing costs associated with various construction/remodel projects throughout the District during fiscal year 2015. The fund balance decreased from \$6,499,234 at June 30, 2014 to \$3,751,745 at June 30, 2015.
- The Debt Service Fund balance experienced negligible growth during the year improving from \$1,085,716 at the beginning of the year to \$1,107,744 at June 30, 2015.

Proprietary Fund Highlights

The net position of the Enterprise Funds increased \$75,044 during fiscal year 2015 from a restated net position of \$265,383 at July 1, 2014 to \$340,427 at June 30, 2015, representing a 28.28% increase. The Nutrition Fund accounted for \$273,187 of the total net position of all enterprise funds. The Nutrition Fund improved during the year from a restated beginning net position of \$202,007 to \$273,187 at June 30, 2015, representing an increase of 35.24%. This increase was due in part to receiving more from federal sources compared to the prior year

BUDGETARY HIGHLIGHTS

The District's revenues were \$746,967 more than budgeted revenues, a variance of 3.89%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$25.64 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 12.05% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$1,207,299.

The original cost of the District's capital assets was approximately \$48.16 million. Governmental funds account for approximately \$47.77 million with the remainder of approximately \$0.39 million in the Proprietary, School Nutrition Fund and Eagles Nest Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$1,729,986 at June 30, 2015, compared to \$702,825 reported at June 30, 2014. This increase is attributable to completion and capitalization of the turf and track project during fiscal year 2015.

	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	\$ 3,500	3,500	-	-	3,500	3,500	0.00%
Construction in progress	5,303,922	3,073,323	-	-	5,303,922	3,073,323	72.58%
Buildings	16,411,081	17,227,460	-	-	16,411,081	17,227,460	-4.74%
Land improvements	1,729,986	702,825	-	-	1,729,986	702,825	146.15%
Machinery and equipment	2,046,114	1,762,031	149,082	117,434	2,195,196	1,879,465	16.80%
Total	\$ 25,494,603	22,769,139	149,082	117,434	25,643,685	22,886,573	12.05%

Long-Term Debt

At June 30, 2015, the District had \$20,053,134 of total long-term debt outstanding. This represents an increase of 29.52% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

- The District had outstanding general obligation bonded indebtedness of \$7,255,000 at June 30, 2015 payable from the Debt Service Fund.
- The District had outstanding revenue bonded indebtedness of \$6,670,000 at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.
- The District had compensated absences payable from the General Fund of \$93,103 at June 30, 2015.
- The District had total net OPEB liability of \$1,156,783 at June 30, 2015, \$1,148,686 is attributed to governmental activities and \$8,097 to business type activities.
- The District had a total net pension liability of \$4,878,248 at June 30, 2015, of which \$4,662,141 was attributable to governmental activities and \$216,107 was attributable to business type activities.

	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
		(Not restated)		(Not restated)		(Not restated)	
General obligation bonds	\$ 7,255,000	7,585,000	-	-	7,255,000	7,585,000	-4.35%
Revenue bonds	6,670,000	6,945,000	-	-	6,670,000	6,945,000	-3.96%
Compensated absences	93,103	100,094	-	-	93,103	100,094	-6.98%
Net pension liability	4,662,141	-	216,107	-	4,878,248	-	100.00%
Net OPEB liability	1,148,686	846,136	8,097	5,965	1,156,783	852,101	35.76%
Total	\$ 19,828,930	15,476,230	224,204	5,965	20,053,134	15,482,195	29.52%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- District enrollment increased from October 2013 to October 2014, by 15.4 students. For fiscal year 2016, Legislation has set allowable growth at 1.25%. Due to the increase in enrollment and an increase in allowable growth, the regular program cost for fiscal year 2015 will increase by approximately \$156,780.
- The tax rate of the district remains one of the lowest in Polk County. This is due in large part to the commercial tax base within the district. For fiscal year 2014, commercial and industrial property amounted to nearly 62 percent of the total taxable valuation in the district. Residential and agricultural valuations account for most of the other 38 percent of taxable valuations. This is a very favorable tax base for the District because of the fact that commercial and industrial property is taxed at a higher percent of its assessed value. Residential and agricultural land, on the other hand, has a rollback in place so that neither class of property will grow faster than the other. The result is a residential rollback that taxes property at only 55.73 percent of its assessed value. Thus, a higher commercial and industrial tax base generates more revenue per dollar of assessed value than residential or agricultural land.
- It remains a concern for the District that the overall student population has seen a decline, but it is hoped that the planned-for, additional, affordable housing in the area will become a reality in the near future. It is not unreasonable to assume that at least a portion of the housing would be purchased by those with school age families. Saydel CSD has a traditionally stable population, often seeing those educated here remain in the District after graduation, and the additional housing is seen as an opportunity to help keep the enrollment numbers in a more stable position. The District would encourage the development of housing for our elderly citizens. This may include barrier free apartments, assisted living apartments and nursing home facilities.
- It is a concern of this District, as well as every District in the state, that certain costs will continue to increase, such as those associated with negotiated agreements with unions, i.e. salaries and benefits. The District continues to approve an Early Retirement Plan in an effort to achieve costs savings through higher paid teachers retiring early and hiring less experienced teachers as replacements that typically will be paid less, thus resulting in a cost savings to the General Fund. Other uncontrolled costs such as fuel also continue to be watched. With the legislature's hesitancy to fully fund and increase funding, knowing that these costs will continue to rise, the District remains vigilant to use completely and efficiently all the resources it has at its disposal.
- In an effort to ensure the efficient use of all resources, the District maintains a conservative approach to budgeting. It may also be worth noting that no matter the funding source, whether the state or individual taxpayers, any funds budgeted may not be fully received, hence encouraging the conservative approach.

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 Ryan Eidahl, District Treasurer and Business Manager, Saydel Community School District, 5740 NE 14th St, Des Moines, Iowa, 50313.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 9,189,117	421,380	9,610,497
Receivables:			
Property tax:			
Delinquent	82,050	-	82,050
Succeeding year	8,278,196	-	8,278,196
Accounts	8,768	456	9,224
Due from other governments	2,334,864	45,335	2,380,199
Inventories	-	18,499	18,499
Prepaid expenses	795	-	795
Capital assets, net of accumulated depreciation	25,494,603	149,082	25,643,685
Total assets	45,388,393	634,752	46,023,145
Deferred Outflows of Resources			
Pension related deferred outflows	981,199	44,769	1,025,968
Liabilities			
Accounts payable	422,628	3,849	426,477
Salaries and benefits payable	1,352,694	21,241	1,373,935
Accrued interest payable	166,986	-	166,986
Deposits payable	1,254	-	1,254
Unearned revenue	-	5,917	5,917
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	335,000	-	335,000
Revenue bonds payable	285,000	-	285,000
Compensated absences	93,103	-	93,103
Portion due after one year:			
General obligation bonds payable	6,920,000	-	6,920,000
Revenue bonds payable	6,385,000	-	6,385,000
Net pension liability	4,662,141	216,107	4,878,248
Net OPEB liability	1,148,686	8,097	1,156,783
Total liabilities	21,772,492	255,211	22,027,703
Deferred Inflows of Resources			
Unavailable property tax revenue	8,278,196	-	8,278,196
Pension related deferred inflows	1,809,626	83,883	1,893,509
Total deferred inflows of resources	10,087,822	83,883	10,171,705
Net Position			
Net investment in capital assets	11,816,186	149,082	11,965,268
Restricted for:			
Categorical funding	474,208	-	474,208
School infrastructure	1,529,428	-	1,529,428
Physical plant and equipment	1,975,734	-	1,975,734
Debt service	940,758	-	940,758
Management levy purposes	925,126	-	925,126
Student activities	66,968	-	66,968
Unrestricted	(3,219,130)	191,345	(3,027,785)
Total net position	\$ 14,509,278	340,427	14,849,705

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern-mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 6,241,771	1,284,488	944,322	-	(4,012,961)	-
Special	1,984,137	568,546	242,254	-	(1,173,337)	-
Other	2,026,934	225,868	286,114	-	(1,514,952)	-
	<u>10,252,842</u>	<u>2,078,902</u>	<u>1,472,690</u>	<u>-</u>	<u>(6,701,250)</u>	<u>-</u>
Support services:						
Student	500,116	-	1,897	-	(498,219)	-
Instructional staff	893,435	-	6,615	-	(886,820)	-
Administration	1,722,746	-	2,664	-	(1,720,082)	-
Operation and maintenance of plant	1,501,094	-	-	2,541	(1,498,553)	-
Transportation	1,046,449	-	40,657	-	(1,005,792)	-
	<u>5,663,840</u>	<u>-</u>	<u>51,833</u>	<u>2,541</u>	<u>(5,609,466)</u>	<u>-</u>
Non-instructional programs:						
Food service operations	250	-	-	-	(250)	-
	<u>488,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(488,147)</u>	<u>-</u>
Other expenditures:						
AEA flowthrough	462,848	-	462,848	-	-	-
Depreciation(unallocated)*	901,634	-	-	-	(901,634)	-
	<u>1,364,482</u>	<u>-</u>	<u>462,848</u>	<u>-</u>	<u>(901,634)</u>	<u>-</u>
Total governmental activities	<u>17,769,561</u>	<u>2,078,902</u>	<u>1,987,371</u>	<u>2,541</u>	<u>(13,700,747)</u>	<u>-</u>
Business type activities:						
Support services:						
Administration	3,130	-	-	-	(3,130)	(3,130)
Operation and maintenance of plant	41,527	-	-	-	(41,527)	(41,527)
Transportation	304	-	-	-	(304)	(304)
	<u>44,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,961)</u>	<u>(44,961)</u>
Non-instructional programs:						
Food service operations	789,354	268,469	624,459	-	103,574	103,574
Other enterprise operations	128,589	139,164	-	-	10,575	10,575
	<u>917,943</u>	<u>407,633</u>	<u>624,459</u>	<u>-</u>	<u>114,149</u>	<u>114,149</u>
Total business type activities	<u>962,904</u>	<u>407,633</u>	<u>624,459</u>	<u>-</u>	<u>69,188</u>	<u>69,188</u>
Total	\$ <u>18,732,465</u>	<u>2,486,535</u>	<u>2,611,830</u>	<u>2,541</u>	<u>(13,700,747)</u>	<u>69,188</u>
General Revenues and Transfers:						
General revenues:						
Property tax levied for:						
General purposes				\$ 6,624,734	-	6,624,734
Debt service				512,799	-	512,799
Capital outlay				1,079,043	-	1,079,043
Statewide sales, services and use tax				1,106,528	-	1,106,528
Unrestricted state grants				5,328,625	-	5,328,625
Unrestricted investment earnings				21,951	806	22,757
Other				158,702	2,978	161,680
Transfers				(2,072)	2,072	-
Total general revenues and transfers				<u>14,830,310</u>	<u>5,856</u>	<u>14,836,166</u>
Change in net position				1,129,563	75,044	1,204,607
Net position beginning of year, as restated				<u>13,379,715</u>	<u>265,383</u>	<u>13,645,098</u>
Net position end of year				<u>\$ 14,509,278</u>	<u>340,427</u>	<u>14,849,705</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,480,117	3,606,691	1,102,724	999,585	9,189,117
Receivables:					
Property tax:					
Delinquent	59,414	11,416	5,020	6,200	82,050
Succeeding year	5,691,955	1,096,691	989,550	500,000	8,278,196
Accounts	2,912	-	-	5,856	8,768
Due from other governments	2,143,742	190,962	-	160	2,334,864
Prepaid expenses	795	-	-	-	795
Total assets	\$ 11,378,935	4,905,760	2,097,294	1,511,801	19,893,790
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 342,327	57,324	-	22,977	422,628
Salaries and benefits payable	1,352,694	-	-	-	1,352,694
Deposits payable	1,254	-	-	-	1,254
Total liabilities	1,696,275	57,324	-	22,977	1,776,576
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	5,691,955	1,096,691	989,550	500,000	8,278,196
Fund balances:					
Nonspendable	795	-	-	-	795
Restricted for:					
Categorical funding	474,208	-	-	-	474,208
School infrastructure	-	1,776,011	-	-	1,776,011
Physical plant and equipment	-	1,975,734	-	-	1,975,734
Debt service	-	-	1,107,744	-	1,107,744
Management levy purposes	-	-	-	925,126	925,126
Student activities	-	-	-	66,968	66,968
Committed by the Board for special purposes	834,123	-	-	-	834,123
Assigned for special purposes	233,998	-	-	-	233,998
Unassigned:					
General	2,447,581	-	-	-	2,447,581
Student activities	-	-	-	(3,270)	(3,270)
Total fund balances	3,990,705	3,751,745	1,107,744	988,824	9,839,018
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,378,935	4,905,760	2,097,294	1,511,801	19,893,790

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL 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)		\$ 9,839,018
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		25,494,603
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the government funds.		(166,986)
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	\$ 981,199	
Deferred inflows of resources	<u>(1,809,626)</u>	(828,427)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, compensated absences payable, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.		<u>(19,828,930)</u>
Net position of governmental activities(page 20)		<u><u>\$ 14,509,278</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL 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	\$ 5,999,217	1,079,043	512,799	625,517	8,216,576
Tuition	1,850,285	-	-	-	1,850,285
Other	208,188	10,846	462	228,356	447,852
Intermediate sources	16,238	-	-	-	16,238
State sources	5,850,251	1,162,470	17,073	21,212	7,051,006
Federal sources	1,316,698	2,541	-	-	1,319,239
Total revenues	<u>15,240,877</u>	<u>2,254,900</u>	<u>530,334</u>	<u>875,085</u>	<u>18,901,196</u>
Expenditures:					
Current:					
Instruction:					
Regular	6,153,501	-	-	95,089	6,248,590
Special	1,947,529	-	-	-	1,947,529
Other	1,775,861	-	-	194,558	1,970,419
	<u>9,876,891</u>	<u>-</u>	<u>-</u>	<u>289,647</u>	<u>10,166,538</u>
Support services:					
Student services	437,398	-	-	-	437,398
Instructional staff	631,908	301,231	-	-	933,139
Administration	1,523,312	113,954	-	58,338	1,695,604
Operation and maintenance of plant	1,215,032	13,859	-	274,915	1,503,806
Transportation	911,697	60,843	-	2,533	975,073
	<u>4,719,347</u>	<u>489,887</u>	<u>-</u>	<u>335,786</u>	<u>5,545,020</u>
Non-instructional programs:					
Food service operations	-	-	-	250	250
Capital outlay	-	3,921,954	-	-	3,921,954
Long-term debt:					
Principal	-	-	605,000	-	605,000
Interest and fiscal charges	-	-	493,854	-	493,854
	<u>-</u>	<u>-</u>	<u>1,098,854</u>	<u>-</u>	<u>1,098,854</u>
Other expenditures:					
AEA flowthrough	462,848	-	-	-	462,848
Total expenditures	<u>15,059,086</u>	<u>4,411,841</u>	<u>1,098,854</u>	<u>625,683</u>	<u>21,195,464</u>
Excess(deficiency) of revenues over(under) expenditures	181,791	(2,156,941)	(568,520)	249,402	(2,294,268)
Other financing sources(uses):					
Transfer in	-	-	590,548	-	590,548
Transfer out	-	(590,548)	-	-	(590,548)
Total other financing sources(uses)	<u>-</u>	<u>(590,548)</u>	<u>590,548</u>	<u>-</u>	<u>-</u>
Change in fund balances	181,791	(2,747,489)	22,028	249,402	(2,294,268)
Fund balances beginning of year	3,808,914	6,499,234	1,085,716	739,422	12,133,286
Fund balances end of year	<u>\$ 3,990,705</u>	<u>3,751,745</u>	<u>1,107,744</u>	<u>988,824</u>	<u>9,839,018</u>

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL 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) \$ (2,294,268)

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

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

Capital outlay	\$	3,981,804	
Depreciation expense		(1,180,072)	
Loss on disposal of capital assets		(76,268)	
		2,725,464	2,725,464

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. 605,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 5,707

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. 724,781

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		6,991	
Pension expense		(341,562)	
Other postemployment benefits		(302,550)	
		(637,121)	(637,121)

Change in net position of governmental activities(page 21) \$ 1,129,563

SAYDEL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Nonmajor Enterprise Funds			
	School Nutrition	Eagles Nest	Cornell Elementary Preschool	Total
Assets				
Current assets:				
Cash and pooled investments	\$ 277,587	47,848	95,945	421,380
Accounts receivable	273	183	-	456
Due from other governments	40,554	4,781	-	45,335
Inventories	18,499	-	-	18,499
Total current assets	336,913	52,812	95,945	485,670
Noncurrent assets:				
Capital assets, net of accumulated depreciation	145,227	3,855	-	149,082
Total assets	482,140	56,667	95,945	634,752
Deferred Outflows of Resources				
Pension related deferred outflows	32,479	12,290	-	44,769
Liabilities				
Current liabilities:				
Accounts payable	3,774	75	-	3,849
Salaries and benefits payable	6,270	14,971	-	21,241
Unearned revenue	5,917	-	-	5,917
Total current liabilities	15,961	15,046	-	31,007
Noncurrent liabilities:				
Net pension liability	156,592	59,515	-	216,107
Net OPEB liability	8,097	-	-	8,097
Total noncurrent liabilities	164,689	59,515	-	224,204
Total liabilities	180,650	74,561	-	255,211
Deferred Inflows of Resources				
Pension related deferred inflows	60,782	23,101	-	83,883
Net Position				
Net investment in capital assets	145,227	3,855	-	149,082
Unrestricted	127,960	(32,560)	95,945	191,345
Total net position	\$ 273,187	(28,705)	95,945	340,427

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Nonmajor Enterprise Funds			
	School Nutrition	Eagles Nest	Cornell Elementary Preschool	Total
Operating revenues:				
Local sources:				
Charges for service	\$ 268,469	135,664	3,500	407,633
Miscellaneous	2,978	-	-	2,978
Total operating revenues	<u>271,447</u>	<u>135,664</u>	<u>3,500</u>	<u>410,611</u>
Operating expenses:				
Support services:				
Administration:				
Salaries	1,790	895	-	2,685
Benefits	297	148	-	445
	<u>2,087</u>	<u>1,043</u>	<u>-</u>	<u>3,130</u>
Operation and maintenance of plant:				
Salaries	20,399	3,464	1,431	25,294
Benefits	3,382	574	237	4,193
Services	9,363	-	-	9,363
Supplies	2,677	-	-	2,677
	<u>35,821</u>	<u>4,038</u>	<u>1,668</u>	<u>41,527</u>
Transportation:				
Services	-	158	-	158
Supplies	-	146	-	146
	<u>-</u>	<u>304</u>	<u>-</u>	<u>304</u>
Total support services	<u>37,908</u>	<u>5,385</u>	<u>1,668</u>	<u>44,961</u>
Non-instructional programs:				
Food service operations:				
Salaries	262,424	-	-	262,424
Benefits	54,549	-	-	54,549
Services	11,329	-	-	11,329
Supplies	435,421	-	-	435,421
Other	260	-	-	260
Depreciation	25,371	-	-	25,371
	<u>789,354</u>	<u>-</u>	<u>-</u>	<u>789,354</u>
Other enterprise operations:				
Salaries	-	101,092	2,571	103,663
Benefits	-	14,225	426	14,651
Supplies	-	7,149	816	7,965
Other	-	454	-	454
Depreciation	-	1,856	-	1,856
	<u>-</u>	<u>124,776</u>	<u>3,813</u>	<u>128,589</u>
Total non-instructional programs	<u>789,354</u>	<u>124,776</u>	<u>3,813</u>	<u>917,943</u>
Total operating expenses	<u>827,262</u>	<u>130,161</u>	<u>5,481</u>	<u>962,904</u>
Operating income(loss)	<u>(555,815)</u>	<u>5,503</u>	<u>(1,981)</u>	<u>(552,293)</u>
Non-operating revenues:				
State sources	6,762	-	-	6,762
Federal sources	617,697	-	-	617,697
Interest income	464	108	234	806
Total non-operating revenues	<u>624,923</u>	<u>108</u>	<u>234</u>	<u>625,265</u>
Change in net position before other financing sources	69,108	5,611	(1,747)	72,972
Other financing sources:				
Contributed capital	2,072	-	-	2,072
Change in net position	<u>71,180</u>	<u>5,611</u>	<u>(1,747)</u>	<u>75,044</u>
Net position beginning of year, as restated	202,007	(34,316)	97,692	265,383
Net position end of year	<u>\$ 273,187</u>	<u>(28,705)</u>	<u>95,945</u>	<u>340,427</u>

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Nonmajor Enterprise Funds			
	School Nutrition	Eagles Nest	Cornell Elementary Preschool	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 266,865	-	-	266,865
Cash received from parents for tuition	-	139,899	3,500	143,399
Cash received from miscellaneous	2,978	-	-	2,978
Cash payments to employees for services	(349,258)	(121,224)	(4,665)	(475,147)
Cash payments to suppliers for goods or services	(400,414)	(9,774)	(816)	(411,004)
Net cash provided by(used in) operating activities	(479,829)	8,901	(1,981)	(472,909)
Cash flows from non-capital financing activities:				
State grants received	6,762	(4,781)	-	1,981
Federal grants received	530,609	-	-	530,609
Net cash provided by(used in) non-capital financing activities	537,371	(4,781)	-	532,590
Cash flows from capital and related financing activities:				
Purchase of capital assets	(56,803)	-	-	(56,803)
Cash flows from investing activities:				
Interest on investments	464	108	234	806
Net increase(decrease) in cash and pooled investments	1,203	4,228	(1,747)	3,684
Cash and pooled investments beginning of year	276,384	43,620	97,692	417,696
Cash and pooled investments end of year	\$ 277,587	47,848	95,945	421,380
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (555,815)	5,503	(1,981)	(552,293)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities used	58,227	-	-	58,227
Depreciation	25,371	1,856	-	27,227
Increase in inventories	(2,023)	-	-	(2,023)
Decrease(Increase) in accounts receivable	(273)	5,295	-	5,022
Increase(Decrease) in accounts payable	2,432	(1,867)	-	565
Increase in salaries and benefits payable	3,845	3,830	-	7,675
Decrease in net pension liability	(63,769)	(24,236)	-	(88,005)
Increase in deferred outflows of resources	(9,407)	(3,521)	-	(12,928)
Increase in deferred inflows of resources	60,782	23,101	-	83,883
Decrease in unearned revenue	(1,331)	(1,060)	-	(2,391)
Increase in other postemployment benefits payable	2,132	-	-	2,132
Net cash provided by(used in) operating activities	\$ (479,829)	8,901	(1,981)	(472,909)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$58,227 of federal commodities.

During the year ended June 30, 2015, the Nutrition Fund received \$2,072 of capital contributions from the General Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private Purpose Trust	Agency
	Scholarship	
Assets		
Cash and pooled investments	\$ 31,470	98
Liabilities		
Due to other groups	-	98
Net Position		
Held in trust for scholarships	\$ 31,470	-

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest on investments	\$ 74
Deductions:	
Regular instruction:	
Scholarships awarded	<u>1,200</u>
Change in net position	(1,126)
Net position beginning of year	<u>32,596</u>
Net position end of year	<u>\$ 31,470</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Note 1. Summary of Significant Accounting Policies

The Saydel Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Des Moines, Iowa, and the predominate agricultural territory in Polk 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, Saydel 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 Saydel 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 Polk 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 the following categories:

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are 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 used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

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 long-term debt.

The District reports the following nonmajor proprietary funds:

The School Nutrition Fund, Cornell Elementary Preschool Fund, and Eagles Nest Daycare Fund. The Nutrition fund is used to account for the food service operations of the District. The Cornell Elementary Preschool Fund is used to account for the preschool operations of the District. The Eagles Nest Daycare fund is used to account for the daycare operations of the District.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

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

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

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

Asset Class	Amount
Land	\$ 500
Buildings	500
Land improvements	500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20-50 years
Intangibles	2-10 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 are payable in July and August, have been accrued as liabilities.

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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized 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.

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

Deposits Payable - Deposits payable are monies collected for health insurance that has not yet been paid out. The deposits will be paid to the insurance provider in July and August 2015.

Prepaid Expenses - Prepaid expenses represent amounts deposited into the District's preloaded postage account with the United States Postal Service.

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be intact or are not expected to be converted to cash.

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

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

Assigned - Amounts the District intends to use for specific purposes.

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.

Note 2. Cash and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; 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 \$895,366 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 & Poor’s Financial Services.

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 590,548

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District’s revenue bond indebtedness.

Note 4. 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	\$ 7,585,000	-	330,000	7,255,000	335,000
Revenue bonds	6,945,000	-	275,000	6,670,000	285,000
Compensated absences	100,094	93,103	100,094	93,103	93,103
Net pension liability	6,560,712	-	1,898,571	4,662,141	-
Net OPEB liability	846,136	302,550	-	1,148,686	-
Total	<u>\$ 22,036,942</u>	<u>395,653</u>	<u>2,603,665</u>	<u>19,828,930</u>	<u>713,103</u>
Business Type Activities:					
Net pension liability	\$ 304,112	-	88,005	216,107	-
Net OPEB liability	5,965	2,132	-	8,097	-
Total	<u>\$ 310,077</u>	<u>2,132</u>	<u>88,005</u>	<u>224,204</u>	<u>-</u>

General Obligation Bonds Payable

Details of the District’s June 30, 2015 general obligation bond indebtedness, which is paid with property taxes levied in the Debt Service Fund, are as follows:

Year Ending June 30,	Bond Issue of June 17, 2013			
	Interest Rates	Principal	Interest	Total
2016	2.00%	\$ 335,000	175,050	510,050
2017	2.00	340,000	168,350	508,350
2018	2.00	350,000	161,550	511,550
2019	2.00	355,000	154,550	509,550
2020	2.00	365,000	147,450	512,450
2021-2025	2.00	1,920,000	625,450	2,545,450
2026-2030	2.25-3.00	2,150,000	406,750	2,556,750
2031-2033	3.00-3.50	1,440,000	94,725	1,534,725
Total		\$ 7,255,000	1,933,875	9,188,875

Revenue Bonds Payable

Details of the District's June 30, 2015 revenue bond indebtedness, which is paid with statewide sales, services and use tax from the Capital Projects Fund, is as follows:

Year Ending June 30,	Bond Issue of February 1, 2009			
	Interest Rates	Principal	Interest	Total
2016	3.75%	\$ 285,000	299,454	584,454
2017	3.75	300,000	288,485	588,485
2018	3.80	315,000	276,875	591,875
2019	4.00	330,000	264,290	594,290
2020	4.20	345,000	250,445	595,445
2021-2025	4.30-4.75	2,030,000	999,551	3,029,551
2026-2030	4.75-4.95	3,065,000	446,144	3,511,144
Total		\$ 6,670,000	2,825,244	9,495,244

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,930,000 in bonds issued February 1, 2009. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The annual principal and interest payments on the bonds are expected to require 52.82% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$9,495,244. For the current year, principal of \$275,000 and interest of \$309,954 were paid on the bonds. Total statewide sales, services and use tax revenues were \$1,106,528.

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

- a) \$635,243 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,500	-	-	3,500
Construction in progress	3,073,323	3,315,165	1,084,566	5,303,922
Total capital assets not being depreciated	3,076,823	3,315,165	1,084,566	5,307,422
Capital assets being depreciated:				
Buildings	35,787,559	-	-	35,787,559
Land improvements	1,737,404	1,112,415	-	2,849,819
Machinery and equipment	3,795,492	638,790	615,282	3,819,000
Total capital assets being depreciated	41,320,455	1,751,205	615,282	42,456,378
Less accumulated depreciation for:				
Buildings	18,560,099	816,379	-	19,376,478
Land improvements	1,034,579	85,254	-	1,119,833
Machinery and equipment	2,033,461	278,439	539,014	1,772,886
Total accumulated depreciation	21,628,139	1,180,072	539,014	22,269,197
Total capital assets being depreciated, net	19,692,316	571,133	76,268	20,187,181
Governmental activities capital assets, net	\$ 22,769,139	3,886,298	1,160,834	25,494,603
Business Type Activities:				
Machinery and equipment	\$ 336,649	58,875	3,305	392,219
Less accumulated depreciation	219,215	27,227	3,305	243,137
Business type activities capital assets, net	\$ 117,434	31,648	-	149,082

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 170,032
Support services:	
Instructional staff	46,778
Administration	25,000
Operation and maintenance of plant	36,628
	278,438
Unallocated depreciation	901,634
Total governmental activities depreciation expense	\$ 1,180,072
Business type activities:	
Food service operations	\$ 25,371
Other enterprise operations	1,856
Total business type activities:	\$ 27,227

Note 6. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees'

Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$757,663.

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 \$4,878,248 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 0.120537 percent, which was a decrease of 0.000707 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$357,394. 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	\$ 53,017	\$ -
Changes of assumptions	215,288	-
Net difference between projected and actual earnings on pension plan investments	-	1,860,423
Changes in proportion and differences between District contributions and proportionate share of contributions	-	33,086
District contributions subsequent to the measurement date	<u>757,663</u>	-
Total	<u>\$ 1,025,968</u>	<u>\$ 1,893,509</u>

\$757,663 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	\$ (410,148)
2017	(410,148)
2018	(410,148)
2019	(410,148)
2020	15,388
	<u>\$ (1,625,204)</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	\$ 9,217,312	\$ 4,878,248	\$ 1,215,628

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 \$92,785 for legally required employer contributions and \$61,822 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 116 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement and have ten or more years of continuous service to the District.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the dental benefit which is administered by Delta Dental. The District offers an Early Retirement incentive plan to District employees. This benefit results in an explicit 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 of the District (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 337,723
Interest on net OPEB obligation	21,303
Adjustment to annual required contribution	(42,913)
Annual OPEB cost (expense)	<u>316,113</u>
Contributions made	<u>(11,431)</u>
Increase in net OPEB obligation	304,682
Net OPEB obligation - beginning of year	<u>852,101</u>
Net OPEB obligation - end of year	<u><u>\$ 1,156,783</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2014, the District contributed \$11,431 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 as of June 30, 2015 are summarized as follows:

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 259,685	3.78%	\$ 576,119
2014	286,513	3.68	852,101
2015	316,113	3.62	1,156,783

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 approximately \$1.818 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1.818 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6.859 million, and the ratio of the UAAL to the covered payroll was 26.5%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare 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 the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are 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 include a 2.5% discount rate based on the District's funding policy. The projected annual health cost trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$570 per month for retirees. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. 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, dental, 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 \$993,068.

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.

Saydel 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.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$462,848 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Construction Commitment

The District has entered into various contracts totaling \$5,696,290 for improvements and upgrades including high school renovations, press box and bleachers, bus maintenance facility, data cabling and Woodside basketball courts projects. As of June 30, 2015, construction and architecture and design costs of \$5,303,922 have been incurred against the various contracts and the remainder of the contracts will be paid as work on the projects progresses.

Note 11. Deficit Balances

The Student Activity Fund had a deficit unassigned fund balance of \$3,270 at June 30, 2015. The Eagles Nest Daycare Fund had a deficit unrestricted net position of \$32,560 and a deficit total net position of \$28,705 at June 30, 2015. The District’s governmental activities had a deficit unrestricted net position of \$3,219,130 at June 30, 2015.

Note 12. Committed Fund Balances

The District’s General Fund committed fund balance for special purposes at June 30, 2015 was \$834,123. The District committed funds to cover the Districts financial obligation associated with the acceptance of the Teacher Incentive Fund Grant and the needed funds to cash flow this reimbursement based grant.

Note 13. Assigned Fund Balances

The District’s assigned fund balance for special purposes at June 30, 2015 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Instructional Support Levy	\$ 59,331
Cornell Donations	7,765
Woodside Donations	10,481
Polk County Gaming Grant	74,726
High School Donations	31,199
Technology	30,484
Student Assistance Team	2,582
Project Lead the Way	17,430
Total	<u>\$ 233,998</u>

Note 14. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Gifted and Talented Programs	\$ 5,069
Four-year-old Preschool State Aid	96,987
Beginning Teacher Mentoring and Induction Program	1,298
Teacher Salary Supplement	55,863
Market Factor	508
Iowa Early Intervention Block Grant	13,524
Textbook Aid for Nonpublic Students	13,767
Health Care Trust Fund	1,732
Successful Progression for Early Readers	17,536
Professional Development for Model Core Curriculum	9,352
Professional Development	49,612
Market Factor Incentives	4,564
Teacher Leadership Grants	204,396
Total	<u>\$ 474,208</u>

Note 15. 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	\$ 19,253,502	\$ 537,654
Net pension liability at June 30, 2014	<u>(6,560,712)</u>	<u>(304,112)</u>
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	686,925	31,841
Net position July 1, 2014, as restated	<u>\$ 13,379,715</u>	<u>\$ 265,383</u>

A more detailed breakout of the effects of the business type activities restatement on individual enterprise funds is as follows:

	<u>Business Type Activities</u>			
	Cornell			
	School Nutrition	Eagles Nest	Elementary Preschool	Total
Net position June 30, 2014, as previously reported	\$ 399,296	40,666	97,692	537,654
Net pension liability at June 30, 2014	(220,361)	(83,751)	-	(304,112)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	23,072	8,769	-	31,841
Net position July 1, 2014, as restated	<u>\$ 202,007</u>	<u>(34,316)</u>	97,692	<u>265,383</u>

Note 16. Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is as follows:

	Net investment in Capital Assets	Debt Service	School Infrastructure	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$	1,107,744	1,776,011	2,447,581
Invested in capital assets, net of accumulated depreciation	25,494,603	-	-	-
General obligation bond capitalized indebtedness	(7,008,417)	-	-	-
Revenue bond capitalization indebtedness	(6,670,000)	-	-	-
Unspent general obligation bond proceeds	-	-	(246,583)	-
Accrued interest payable	-	(166,986)	-	-
Compensated absences	-	-	-	(93,103)
Net OPEB liability	-	-	-	(1,148,686)
Pension related deferred outflows	-	-	-	981,199
Pension related deferred inflows	-	-	-	(1,809,626)
Net Pension liability	-	-	-	(4,662,141)
Unassigned for student activities	-	-	-	(3,270)
Nonspendable	-	-	-	795
Assigned for special purposes	-	-	-	233,998
Committed by the Board for special purposes	-	-	-	834,123
Net position (Exhibit A)	\$ 11,816,186	940,758	1,529,428	(3,219,130)

REQUIRED SUPPLEMENTARY INFORMATION

SAYDEL COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF
 REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 10,514,713	411,417	10,926,130	10,741,323	10,741,323	184,807
Intermediate sources	16,238	-	16,238	7,500	7,500	8,738
State sources	7,051,006	6,762	7,057,768	6,979,355	6,979,355	78,413
Federal sources	1,319,239	617,697	1,936,936	1,461,927	1,461,927	475,009
Total revenues	18,901,196	1,035,876	19,937,072	19,190,105	19,190,105	746,967
Expenditures/Expenses:						
Instruction	10,166,538	-	10,166,538	10,515,000	10,515,000	348,462
Support services	5,545,020	44,961	5,589,981	5,897,496	5,897,496	307,515
Non-instructional programs	250	917,943	918,193	953,750	953,750	35,557
Other expenditures	5,483,656	-	5,483,656	6,280,124	6,280,124	796,468
Total expenditures/expenses	21,195,464	962,904	22,158,368	23,646,370	23,646,370	1,488,002
Excess(deficiency) of revenues over(under) expenditures/expenses	(2,294,268)	72,972	(2,221,296)	(4,456,265)	(4,456,265)	2,234,969
Other financing sources, net	-	2,072	2,072	-	-	2,072
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	(2,294,268)	75,044	(2,219,224)	(4,456,265)	(4,456,265)	2,237,041
Balances beginning of year, as restated	12,133,286	265,383	12,398,669	7,530,339	7,530,339	4,868,330
Balances end of year	\$ 9,839,018	340,427	10,179,445	3,074,074	3,074,074	7,105,371

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

SAYDEL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*

REQUIRED SUPPLEMENTARY INFORMATION

		2015
District's proportion of the net pension liability		0.120537%
District's proportionate share of the net pension liability	\$	4,878,248
District's covered-employee payroll	\$	8,484,472
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		57.50%
Plan fiduciary net position as a percentage of the total pension liability		87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SAYDEL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 757,663	718,766	679,869	639,745	540,549	513,244	480,061	449,414	419,887	403,181
Contributions in relation to the statutorily required contribution	(757,663)	(718,766)	(679,869)	(639,745)	(540,549)	(513,244)	(480,061)	(449,414)	(419,887)	(403,181)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 8,484,472	8,048,891	7,841,626	7,927,447	7,777,683	7,384,806	7,560,016	7,428,331	7,302,383	7,011,843
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.

SAYDEL 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.

SAYDEL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 1,376	1,376	0.0%	\$ 6,048	22.8%
2010	July 1, 2008	-	1,376	1,376	0.0%	5,745	24.0%
2011	July 1, 2010	-	1,229	1,229	0.0%	5,127	24.0%
2012	July 1, 2010	-	1,229	1,229	0.0%	5,495	22.4%
2013	July 1, 2012	-	1,492	1,492	0.0%	6,358	23.5%
2014	July 1, 2012	-	1,770	1,770	0.0%	6,672	26.5%
2015	July 1, 2012	-	1,818	1,818	0.0%	6,859	26.5%

See Note 7 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.

SAYDEL COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SAYDEL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 925,655	73,930	999,585
Receivables:			
Property tax:			
Delinquent	6,200	-	6,200
Succeeding year	500,000	-	500,000
Accounts	-	5,856	5,856
Due from other governments	-	160	160
Total assets	\$ 1,431,855	79,946	1,511,801
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 6,729	16,248	22,977
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	500,000	-	500,000
Fund balances:			
Restricted for:			
Management levy purposes	925,126	-	925,126
Student activities	-	66,968	66,968
Unassigned	-	(3,270)	(3,270)
Total fund balances	925,126	63,698	988,824
Total liabilities, deferred inflows of resources and fund balances	\$ 1,431,855	79,946	1,511,801

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 625,517	-	625,517
Other	12,751	215,605	228,356
State sources	21,212	-	21,212
Total revenues	<u>659,480</u>	<u>215,605</u>	<u>875,085</u>
Expenditures:			
Current:			
Instruction:			
Regular	95,089	-	95,089
Other	-	194,558	194,558
Support services:			
Administration	58,008	330	58,338
Operation and maintenance of plant	274,915	-	274,915
Transportation	2,533	-	2,533
Non-instructional programs:			
Food service operations	250	-	250
Total expenditures	<u>430,795</u>	<u>194,888</u>	<u>625,683</u>
Change in fund balances	228,685	20,717	249,402
Fund balances beginning of year	<u>696,441</u>	<u>42,981</u>	<u>739,422</u>
Fund balances end of year	<u>\$ 925,126</u>	<u>63,698</u>	<u>988,824</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SAYDEL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	General Obligation Bond Construction	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 1,358,466	257,219	1,991,006	3,606,691
Receivables:				
Property tax:				
Delinquent	-	-	11,416	11,416
Succeeding year	-	-	1,096,691	1,096,691
Due from other governments	170,962	-	20,000	190,962
Total assets	\$ 1,529,428	257,219	3,119,113	4,905,760
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	10,636	46,688	57,324
Deferred revenue:				
Unavailable revenues:				
Succeeding year property tax	-	-	1,096,691	1,096,691
Fund balances:				
Restricted for:				
School infrastructure	1,529,428	246,583	-	1,776,011
Physical plant and equipment	-	-	1,975,734	1,975,734
Total fund balances	1,529,428	246,583	1,975,734	3,751,745
Total liabilities, deferred inflows of resources and fund balances	\$ 1,529,428	257,219	3,119,113	4,905,760

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SAYDEL 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	General Obligation Bond Construction	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	-	1,079,043	1,079,043
Other	2,730	3,596	4,520	10,846
State sources	1,106,528	-	55,942	1,162,470
Federal sources	-	-	2,541	2,541
Total revenues	<u>1,109,258</u>	<u>3,596</u>	<u>1,142,046</u>	<u>2,254,900</u>
Expenditures:				
Current:				
Support services:				
Instructional staff	-	-	301,231	301,231
Administration	-	-	113,954	113,954
Operation and maintenance of plant	-	-	13,859	13,859
Transportation	-	-	60,843	60,843
Capital outlay	-	3,692,932	229,022	3,921,954
Total expenditures	<u>-</u>	<u>3,692,932</u>	<u>718,909</u>	<u>4,411,841</u>
Excess(deficiency) of revenues over(under) expenditures	1,109,258	(3,689,336)	423,137	(2,156,941)
Other financing uses:				
Transfer out	(590,548)	-	-	(590,548)
Change in fund balances	518,710	(3,689,336)	423,137	(2,747,489)
Fund balances beginning of year	<u>1,010,718</u>	<u>3,935,919</u>	<u>1,552,597</u>	<u>6,499,234</u>
Fund balances end of year	<u>\$ 1,529,428</u>	<u>246,583</u>	<u>1,975,734</u>	<u>3,751,745</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expenditures	Intra- Fund Transfers	Balance End of Year
HS Accounts	\$ 27,563	214,221	182,439	(10,459)	48,886
Woodside Accounts	14,832	1,382	12,119	10,131	14,226
Cornell Accounts	586	-	-	-	586
Interest	-	2	330	328	-
Total	\$ 42,981	215,605	194,888	-	63,698

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SAYDEL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2015

	Geery Scholarship	Dean Scholarship	Voss Scholarship	Pezzetti Scholarship	Total
Assets					
Cash and pooled investments	\$ 21,570	384	1,620	7,896	31,470
Liabilities					
	-	-	-	-	-
Net Position					
Held in trust for scholarships	\$ 21,570	384	1,620	7,896	31,470

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SAYDEL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2015

	Geery Scholarship	Dean Scholarship	Voss Scholarship	Pezzetti Scholarship	Total
Additions:					
Local sources:					
Interest on investments	\$ 51	-	4	19	74
Deductions:					
Regular instruction:					
Scholarships awarded	750	250	200	-	1,200
Change in position	(699)	(250)	(196)	19	(1,126)
Net position beginning of year	22,269	634	1,816	7,877	32,596
Net position end of year	\$ 21,570	384	1,620	7,896	31,470

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SAYDEL 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	\$ 8,216,576	8,146,698	9,460,381	9,892,478	9,746,879	9,392,141	9,146,422	8,331,660	8,032,494	7,317,531
Tuition	1,850,285	2,002,261	1,681,188	1,503,531	1,283,754	1,288,562	1,202,420	1,199,455	1,203,159	1,009,642
Other	447,852	398,442	374,354	331,581	535,205	396,060	414,398	565,340	665,059	686,507
Intermediate sources	16,238	17,319	19,331	21,838	23,839	26,714	33,050	27,498	-	60
State sources	7,051,006	6,644,957	5,350,520	5,185,364	4,907,013	4,233,217	5,776,029	5,687,232	5,576,309	5,503,088
Federal sources	1,319,239	813,342	596,480	396,345	651,750	1,228,924	416,604	496,500	277,770	299,414
Total	\$ 18,901,196	18,023,019	17,482,254	17,331,137	17,148,440	16,565,618	16,988,923	16,307,685	15,754,791	14,816,242
Expenditures:										
Current:										
Instruction:										
Regular	\$ 6,248,590	5,832,626	5,201,986	5,146,077	4,974,838	4,757,539	4,941,113	4,765,867	4,764,872	4,126,410
Special	1,947,529	1,978,488	2,051,798	2,048,609	2,134,094	2,040,785	2,106,601	2,226,733	2,269,487	2,197,819
Other	1,970,419	1,863,394	1,926,649	1,890,684	1,892,326	1,921,943	1,809,095	1,561,837	1,284,502	1,420,754
Support services:										
Student	437,398	415,334	422,570	424,993	384,633	475,464	430,960	452,550	413,741	458,322
Instructional staff	933,139	691,466	925,267	389,633	597,601	295,420	200,485	365,712	336,056	512,939
Administration	1,695,604	1,637,016	1,651,169	1,997,290	1,922,656	1,878,528	1,871,072	1,644,564	1,658,418	1,473,451
Operation and maintenance of plant	1,503,806	1,530,339	1,542,317	1,581,707	1,582,407	1,501,665	1,519,384	1,536,632	1,334,461	1,789,408
Transportation	975,073	959,231	841,657	865,800	755,508	731,510	710,609	765,142	535,274	613,666
Non-instructional programs	250	39,494	500	250	698	1,635	250	-	-	250
Capital outlay	3,921,954	4,228,250	1,492,353	3,442,690	1,374,541	4,118,026	2,750,938	654,525	567,573	427,769
Long-term debt:										
Principal	605,000	1,260,000	905,000	840,000	836,508	546,603	1,400,000	1,825,000	1,270,000	1,385,000
Interest	493,854	516,705	353,198	375,585	394,007	452,735	261,247	299,710	333,618	373,692
Other expenditures:										
AEA flow-through	462,848	461,660	443,720	440,814	495,489	492,137	466,082	439,097	423,414	412,140
Total	\$ 21,195,464	21,414,003	17,758,184	19,444,132	17,345,306	19,213,990	18,467,836	16,537,369	15,191,416	15,191,620

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SAYDEL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 15	\$ 120,448
National School Lunch Program	10.555	FY 15	419,413 *
Summer Food Service Program for Children	10.559	FY 15	<u>21,963</u>
			<u>561,824</u>
Child and Adult Care Food Program	10.558	FY 15	<u>2,194</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	FY 15	<u>28,135</u>
Fresh Fruit and Vegetable Program	10.582	FY 15	<u>25,544</u>
U.S. Department of Defense:			
Polk County:			
Flood Control Projects	12.106	FY 15	<u>2,541</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 15	<u>151,211</u>
Improving Teacher Quality State Grants(Title IIA)	84.367	FY 15	<u>34,448</u>
Grants for State Assessments and Related Activities	84.369	FY 15	<u>6,615</u>
Heartland Area Education Agency #11:			
Special Education - Grants to States (Part B)	84.027	FY 15	<u>60,895</u>
Urbandale Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY 15	<u>13,812</u>
National Institute for Excellence in Teaching:			
Teacher Incentive Fund	84.374	FY 15	<u>829,661</u>
University of Northern Iowa:			
State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund, Recovery Act	84.396	FY 15	<u>1,430</u>
U.S. Department of Health and Human Services:			
Iowa Department of Health and Human Services:			
Iowa Department of Education:			
Assistance Programs for Chronic Disease Prevention and Control	93.945	FY 15	<u>4,997</u>
Total			<u>\$ 1,723,307</u>

* Includes \$58,227 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

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

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Saydel 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 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Saydel Community School District's internal control over financial reporting to determine the audit procedures for 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 Saydel Community School district's internal control. Accordingly, we do not express an opinion on the effectiveness of Saydel 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 and Questioned Costs, we identified deficiencies in internal control we consider to be a material weakness and significant deficiencies.

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

Compliance and Other Matters

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

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

Saydel Community School District's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Saydel 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 8, 2015
Newton, Iowa

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

To the Board of Education of Saydel Community School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-15 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

December 8, 2015
Newton, Iowa

SAYDEL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Report:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over the major program was noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - Child Nutrition Cluster
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
 - CFDA Number 84.374 - Teacher Incentive Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Saydel Community School District did not qualify as a low-risk auditee.

SAYDEL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Investments - authorizing, investing and reconciling earnings
- 2) Nutrition Fund Inventories - purchasing, handling inventory, and maintaining inventory records
- 3) Receipts - collecting, recording, depositing
- 4) Financial reporting - preparing and reconciling
- 5) Journal entries - writing, posting 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 will continue to investigate alternatives to achieve adequate separation of duties.

Conclusion - Response accepted.

II-B-15 Purchase Orders - We noted during our audit that the District currently uses a purchase order system in the purchasing process, however, we noted several instances of purchase orders being dated after the invoice date and purchases without an approved purchase order in the District's Student Activity Fund.

Recommendation - The advantage of using a purchase order system is that approvals of items purchased are noted prior to ordering of the items. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation against the budget. When monitoring actual expenses, it can be helpful to know the outstanding orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Although districts are not required to use a purchase order system, the benefits to financial management make the system desirable. The District's current purchase order system should be reviewed and necessary changes made so that all disbursements are approved by the appropriate administrator before ordering of supplies takes place.

Response - We will review our internal controls and review the processes with administration.

Conclusion - Response accepted.

II-C-15 Supporting Documentation - We noted during our audit that the District utilizes pre-numbered tickets for all events that require admission and are performing a reconciliation of the tickets used to the money collected. However, it appears that copies of those reconciliations performed are not remitted to the central office to be used for supporting documentation of gate receipts.

Recommendation - The District should require copies of the reconciliations performed to be remitted to the central office to be used as supporting documentation of admission gate collections.

Response - Reconciliations are now sent over to the business office.

Conclusion - Response accepted.

SAYDEL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553 - School Breakfast Program
CFDA Number 10.555 - National School Lunch Program
CFDA Number 10.559 - Summer Food Service Program for Children
Federal Award Year: 2015
U.S. Department of Agriculture
Passed through the Iowa Department of Agriculture

CFDA Number 84.374 - Teacher Incentive Fund
Federal Award Year: 2015
U.S. Department of Education
Passed through the National Institute for Excellence in Teaching

III-A-15 Segregation of Duties - One important aspect of the internal control structure is the segregation (2015-001) segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Nutrition Fund Inventories - purchasing, handling inventory, and maintaining inventory records
- 2) Receipts - collecting, posting and reconciling
- 3) Financial reporting - preparing, reconciling and approving
- 4) Journal entries - writing, posting 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 and Corrective Action Planned - We will continue to investigate alternatives to achieve adequate separation of duties.

Conclusion - Response accepted.

SAYDEL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District expenditures for the year ended June 30, 2015 did not exceed the certified amounts certified to the Department of Education.

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

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

IV-D-15 Business Transactions - No business transactions between the District and District officials were noted.

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

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

IV-G-15 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students certified to the state was overstated by 0.22 students.

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

Response - The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion - Response accepted.

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

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

IV-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.

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

IV-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue 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		\$ 1,010,718
Revenues:		
Sales tax revenues	\$ 1,106,528	
Other local revenues	2,730	1,109,258
		<u>2,119,976</u>
Expenditures/transfers out:		
Transfers to other funds:		
Debt service fund		590,548
		<u>590,548</u>
Ending Balance		<u><u>\$ 1,529,428</u></u>

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

IV-M-15 Financial Condition - The District had a deficit unrestricted net position in the governmental activities of \$3,219,130 at June 30, 2015. The Eagles Nest Daycare Fund had a deficit unrestricted net position of \$32,560 and a deficit total net position of \$28,705 at June 30, 2015. The District also had one negative account balance within the Student Activity Fund of \$3,270 at June 30, 2015.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficit fund balances. The District should review their procedures with regards to account balances in the Student Activity Fund. The District may want to require additional administrative approval of purchase orders for the accounts that are negative. The District should also distribute a detailed monthly financial report to the sponsor responsible for each club/organization. The sponsor should have a budget for the club/organization and should be accountable for the balance.

Response - The deficits in the governmental activities and the Eagles Nest Day Care Fund are due to the booking of net pension liability. Management will review these on a year by year basis. We are not allowed by law to fund this deficit. The deficit account balance within the Activity Fund has been on an upward trend over the past 5 years. It should be positive by June 30, 2017.

Conclusion - Response accepted.