

**WEST FORK COMMUNITY SCHOOL DISTRICT  
ROCKWELL, IOWA**

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

**YEAR ENDED JUNE 30, 2015**

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West Fork Community School District  
Rockwell, Iowa

**Officials**

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

Jim Tuttle	President	2017
Mary Beth Sukup	Vice President	2015
Rob Heimbuch	Board Member	2015
Mary Schlichting	Board Member	2017
Roger Witte	Board Member	2017

**School Officials**

Darrin Strike	Superintendent	2015
Lacey Pueggel	District Secretary/Treasurer and Business Manager	2015
Rick Engel	Attorney	2015

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

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### Independent Auditor's Report

To the Board of Education of  
West Fork 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 West Fork Community School District, Rockwell, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

Basis for Disclaimer of Opinion on Discretely Presented Component Unit

The financial statements of West Fork Booster Club have not been audited, and we were not engaged to audit the West Fork Booster Club financial statements as part of our audit of the District's basic financial statements. West Fork Booster Club's financial activities are included in the District's basic financial statements as a discretely presented component unit.

Disclaimer of Opinion on Discretely Presented Component Unit

Because the West Fork Booster Club's financial statements have not been audited, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit. Accordingly, we do not express an opinion on the financial statements of the discretely presented component unit of West Fork Community School District, as of and for the year ended June 30, 2015.

Opinions

In our opinion, the financial statements referred to in the first paragraph 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 West Fork Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

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

Other Matters

*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 17 and 59 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers

it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Fork Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, 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 March 22, 2016 on our consideration of West Fork 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 West Fork Community School District's internal control over financial reporting and compliance.

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 22, 2016

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**Cornwell, Frideres, Maher & Associates, P.L.C.**  
**Certified Public Accountants**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$7,415,007 in fiscal 2014 to \$7,311,245 in fiscal 2015, while General Fund expenditures increased from \$7,250,364 in fiscal 2014 to \$7,610,852 in fiscal 2015. The District's General Fund balance decreased from \$2,668,995 in fiscal 2014 to \$2,376,138 in fiscal 2015, an 11.0% decrease.

### 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 West Fork 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 West Fork Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which West Fork Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

**Figure A-1**  
West Fork  
Community School District  
Annual Financial Report

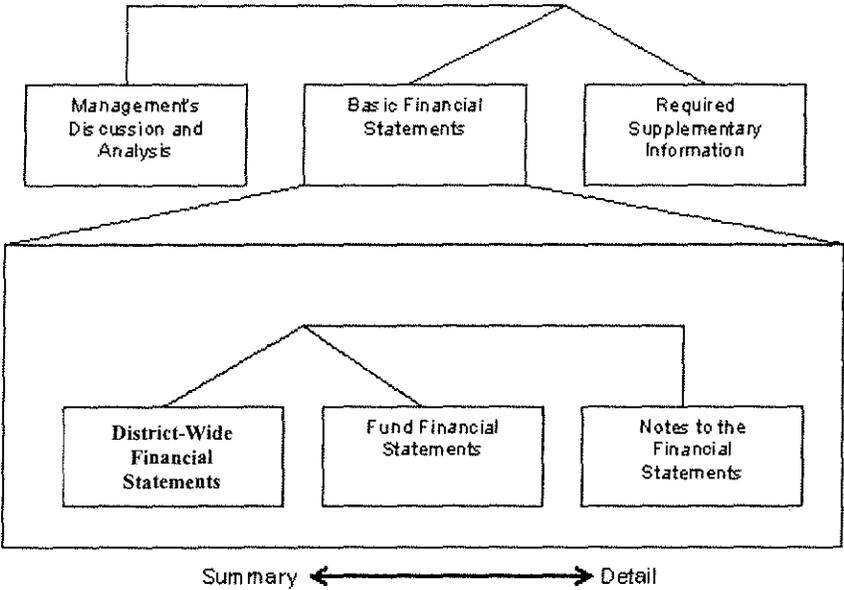


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of cash flows</li> <li>• Statement of revenues, expenses and changes in fund net position</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.
- *Component unit:* This includes the activities of the West Fork Booster Club which was created to help defray costs of the District's athletic program by helping to finance uniforms and equipment.

### *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, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

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

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

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

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

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

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

The required financial statements for fiduciary funds 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		June 30, 2014		June 30, 2014		June 30, 2014-2015
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	2014-2015
Current and other assets	\$ 9,394	9,461	39	29	9,433	9,490	-0.6%
Capital assets	7,893	7,048	16	6	7,909	7,054	12.1%
Total assets	<u>17,287</u>	<u>16,509</u>	<u>55</u>	<u>35</u>	<u>17,342</u>	<u>16,544</u>	<u>4.8%</u>
Deferred outflows of resources	556	---	14	---	570	---	100.0%
Long-term liabilities	2,984	723	72	6	3,056	729	319.2%
Other liabilities	113	147	7	6	120	153	-21.6%
Total liabilities	<u>3,097</u>	<u>870</u>	<u>79</u>	<u>12</u>	<u>3,176</u>	<u>882</u>	<u>260.1%</u>
Deferred inflows of resources	5,000	4,029	25	---	5,025	4,029	24.7%
Net position:							
Net investment in capital assets	7,754	6,563	16	6	7,770	6,569	18.3%
Restricted	2,675	2,203	---	---	2,675	2,203	21.4%
Unrestricted	(683)	2,844	(51)	17	(734)	2,861	-125.7%
Total net position	<u>\$ 9,746</u>	<u>11,610</u>	<u>(35)</u>	<u>23</u>	<u>9,711</u>	<u>11,633</u>	<u>-16.5%</u>

The District's total net position decreased 16.5% or approximately \$1,922,000, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$472,000, or 21.4%, from the prior year. The increase was primarily a result of the increase in categorical funding restricted balances and decreased expenditures in the Capital Projects Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$3,595,000, or 125.7%. This reduction in unrestricted net

position was primarily a result of the District's net pension liability and pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,357,299 and \$81,868, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Additionally, the beginning net position as of July 1, 2014 for governmental activities was restated by \$570,702 to restate capital assets because a new capital asset inventory was taken by an outside firm.

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**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change 2014-2015
	2014	2014	2014	2014	2014	2014	
	(Not restated)	(Not restated)	(Not restated)	(Not restated)	(Not restated)	(Not restated)	
<b>Revenues:</b>							
Program revenues:							
Charges for service	\$ 591	531	176	167	767	698	9.9%
Operating grants, contributions and restricted interest	1,135	1,142	176	180	1,311	1,322	-0.8%
Capital grants, contributions and restricted interest	---	66	11	---	11	66	-83.3%
General revenues:							
Property tax	4,037	3,757	---	---	4,037	3,757	7.5%
Statewide sales, services and use tax	647	597	---	---	647	597	8.4%
Income surtax	372	412	---	---	372	412	-9.7%
Unrestricted state grants	2,586	2,745	---	---	2,586	2,745	-5.8%
Unrestricted investment earnings	15	15	---	---	15	15	0.0%
Other	34	37	---	---	34	37	-8.1%
Gain (loss) on sale of capital asset	7	2	---	---	7	2	250.0%
Total revenues	<u>9,424</u>	<u>9,304</u>	<u>363</u>	<u>347</u>	<u>9,787</u>	<u>9,651</u>	<u>1.4%</u>
<b>Program expenses:</b>							
Instruction	5,541	5,411	---	---	5,541	5,411	2.4%
Support services	2,384	2,379	---	---	2,384	2,379	0.2%
Non-instructional programs	---	---	340	343	340	343	-0.9%
Other expenses	577	620	---	---	577	620	-6.9%
Total expenses	<u>8,502</u>	<u>8,410</u>	<u>340</u>	<u>343</u>	<u>8,842</u>	<u>8,753</u>	<u>1.0%</u>
Change in net position	922	894	23	4	945	898	5.2%
Net position beginning of year, as restated	<u>8,824</u>	<u>10,716</u>	<u>(58)</u>	<u>19</u>	<u>8,766</u>	<u>10,735</u>	<u>-18.3%</u>
Net position end of year	<u>\$ 9,746</u>	<u>11,610</u>	<u>(35)</u>	<u>23</u>	<u>9,711</u>	<u>11,633</u>	<u>-16.5%</u>

In fiscal 2015, property tax and unrestricted state grants account for 70.3% of governmental activities revenue while charges for service and operating and capital grants account for 100% of business type activities revenue. The District's total revenues were approximately \$10 million, of which approximately \$9.4 million was for governmental activities and less than \$1 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.4% increase in revenues and a 1.0% increase in expenses.

## Governmental Activities

Revenues for governmental activities were \$9,423,631 and expenses were \$8,501,337 for the year ended June 30, 2015.

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

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-2015	2015	2014 (Not restated)	Change 2014-2015
Instruction	\$ 5,541	5,411	2.4%	4,161	4,080	2.0%
Support services	2,384	2,379	0.2%	2,346	2,290	2.4%
Non-instructional programs	---	---	0.0%	---	---	0.0%
Other expenses	577	620	-6.9%	268	301	-11.0%
Total	\$ 8,502	8,410	1.1%	6,775	6,671	1.6%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$591,301.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,135,199.
- The net cost of governmental activities was financed with \$5,055,722 in property and other taxes and \$2,585,832 in unrestricted state grants.

## Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$363,426, representing a 4.9% increase from the prior year, while expenses totaled \$340,439, a 0.6% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,980,481, above last year's ending fund balances of \$4,955,601.

### **Governmental Fund Highlights**

- The General Fund balance decreased from \$2,668,995 to \$2,376,138, due in part, to an increase in negotiated salaries and benefits.
- The Debt Service Fund balance increased from \$14,803 at the end of fiscal 2014 to \$20,643 at the end of fiscal 2015, due in part to an increase in revenue and a decrease in expenditures.
- The Capital Projects Fund increased from \$1,852,786 in fiscal 2014 to \$2,048,828 in fiscal 2015, due in part to a decrease in expenditures.

### **Proprietary Fund Highlights**

School Nutrition Fund net position increased from a deficit of \$58,385 at June 30, 2014 to a deficit of \$35,398 at June 30, 2015, representing an increase of approximately 39.4%.

### **BUDGETARY HIGHLIGHTS**

The District's total revenues were \$103,211 more than total budgeted revenues, a variance of 1.1%.

Total expenditures were less than budgeted by \$1,118,157, due primarily to the District's budget for the General Fund. The District budgeted expenditures high to cover any unexpected expenditures during the year in the other expenditures functional area.

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

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2015, the District had invested approximately \$7.9 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 represents a net increase of 12.1% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$402,582.

The original cost of the District's capital assets was approximately \$12.8 million. Governmental funds account for approximately \$12.6 million, with the remainder of approximately \$0.2 million accounted for in the Proprietary, School Nutrition Fund.

**Figure A-6**  
**Capital Assets, net of Depreciation**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 122	118	---	---	122	118	3.4%
Construction in progress	264	---	---	---	264	---	100.0%
Buildings	6,478	5,853	---	---	6,478	5,853	10.7%
Improvements other than buildings	235	177	---	---	235	177	32.8%
Furniture and equipment	<u>794</u>	<u>900</u>	<u>16</u>	<u>6</u>	<u>810</u>	<u>906</u>	<u>-10.6%</u>
Totals	<u>\$7,893</u>	<u>7,048</u>	<u>16</u>	<u>6</u>	<u>7,909</u>	<u>7,054</u>	<u>12.1%</u>

### Long-Term Debt

At June 30, 2015, the District had \$199,010 in long-term debt outstanding. This represents a decrease of approximately 67% (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$34 million.

**Figure A-7**  
**Outstanding Long-Term Obligations**  
**(expressed in thousands)**

	Total District		Total Change
	June 30,		June 30,
	2015	2014	2014-2015
General obligation bonds	\$ 95	485	-80.4%
Lease obligation	44	---	100.0%
Early retirement	<u>60</u>	<u>125</u>	<u>-52.0%</u>
Total	<u>\$ 199</u>	<u>610</u>	<u>-67.4%</u>

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

### **Budget Enrollment Items**

2012-2013	721
2013-14	709
2014-15	680
2015-16	693.48
2016-17	676.10

The enrollment for the 2015-2016 school year reflected a decline from the previous year where we experienced some unexpected growth and fell only slightly from where we were two years ago. Department of Education projections for 2015 were for our enrollment to be 651 so we are staying ahead of projections. Looking into the future, the Department of Education is showing the following: 2016 – 637, 2017 – 636, 2018 – 635, and 2019 – 623.

### **Financial Items of Consideration**

The district has been able to maintain and build a strong financial position over the past five years due to efficiencies achieved through the reorganization process. However, we realize that through increased annual cost and reduced revenue (FY 2015 new money \$8,850, \$68,000 for FY 2016 and FY 2017 projected at \$45,091 if we receive the governors proposed 2.45% supplemental state aid) this will become more challenging. As we prepared the budget for FY 2017 we recognized the loss of 17.4 students from the previous budget year. The downward trend on enrollment coupled with multiple years of low supplemental state aid has created challenges because our increased cost for future years has been exceeding our new money. The fact that our enrollment declined and as a district we added an additional 1.5 staff members in FY16 to meet the demands of learners that may make us increasingly vulnerable to negative spending if we experience future enrollment declines.

During FY15 we closed out the year with \$2,270,922 in cash which is a significant decline from FY14 when we had \$2,671,290. The unassigned fund balance saw a decline from \$2,627,107 to \$2,244,888. We attribute some of this to overspending our special education revenue by roughly \$260,000 and not being able to levy due to our financial status.

### **Capital Projects Items of Consideration**

The West Fork Community School District Board of Education has elected to move forward with the construction of a nearly 29,000 square foot indoor wellness center, the demolition of the existing weight room and the addition of two blocks of paved parking. The low bid on this project was from Henkel Construction at \$3,423,200 and after the board eliminated some items in the bid valued at \$171,500 and Sukup Manufacturing made a donation of \$247,153 the actual district cost

was reduced to \$3,004,547 plus architectural fees, geothermal well drilling, equipment package, and asbestos abatement. The district will plan to use a combination of PPEL and SAVE reserves to fund approximately \$2.4 million of this project and the remainder will be funded by a three year loan we took out against future SAVE funds in the amount of \$1,149,000 at 1.39% interest. The payment moving forward will be approximately \$390,000 per year including interest beginning in FY17.

We realize this project will put some constraints on our PPEL/SAVE funds available for projects. Through our work with Piper Jaffray, we have accounted for future building maintenance, technology upgrades, and the purchase of a school bus for the beginning of FY17. Their projections show that our combined PPEL/SAVE funds will drop to a low point of approximately \$500,000 in August of 2016 before it begins to gradually increase.

Another point of concern is the Voted PPEL tax error that occurred with the District and the Department of Management during the assessed years 2012, 2013, 2014. This occurred as a result of new process for filling out the Aid and Levy document and the Department of Management accidentally not adjusting documents after the reorganization. The result was our district assessing \$1.00 per thousand instead of the \$0.67 limit imposed on the district beginning in 2011. This resulted in our over taxing our patrons \$332,322.84 over the three years and we are planning to reduce the \$0.67 cent levy by approximately \$0.47 over the next two years to pay this back. This will reduce our PPEL revenue by \$166,161.42 for the next two years.

## **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 Lacey Pueggel, District Secretary/Treasurer and Business Manager, West Fork Community School District, 210 South 2<sup>nd</sup> Street, P.O. Box 60, Rockwell, Iowa 50469.

## **Basic Financial Statements**

West Fork Community School District  
Rockwell, Iowa

Exhibit A

Statement of Net Position

June 30, 2015

	Primary Government			Component
	Governmental Activities	Business Type Activities	Total	Unit West Fork Booster Club
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 4,769,082	7,991	4,777,073	8,205
Restricted cash equivalents and pooled investments	129	-	129	-
Receivables:				
Property tax:				
Delinquent	43,759	-	43,759	-
Succeeding year	3,952,437	-	3,952,437	-
Accounts	480	3,465	3,945	-
Due from other governments	597,959	-	597,959	-
Prepaid expenses	30,655	2,282	32,937	-
Inventories	-	25,193	25,193	-
Capital assets, net of accumulated depreciation	7,892,766	16,291	7,909,057	-
<b>Total assets</b>	<u>17,287,267</u>	<u>55,222</u>	<u>17,342,489</u>	<u>8,205</u>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	<u>556,258</u>	<u>13,565</u>	<u>569,823</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable	110,263	16	110,279	-
Accrued interest payable	1,484	-	1,484	-
Unearned revenue	-	7,246	7,246	-
Early retirement payable	1,423	-	1,423	-
Long-term liabilities:				
Portion due within one year:				
General obligation bonds	95,000	-	95,000	-
Early retirement	60,080	-	60,080	-
Portion due after one year:				
Bus lease purchase obligation	43,770	-	43,770	-
Early retirement	160	-	160	-
Net pension liability	2,643,448	64,461	2,707,909	-
Net OPEB liability	141,685	6,911	148,596	-
<b>Total liabilities</b>	<u>3,097,313</u>	<u>78,634</u>	<u>3,175,947</u>	<u>-</u>

West Fork Community School District  
Rockwell, Iowa

Exhibit A

Statement of Net Position

June 30, 2015

	Primary Government			Component
	Governmental Activities	Business Type Activities	Total	Unit West Fork Booster Club
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	3,952,437	-	3,952,437	-
Pension related deferred inflows	1,047,828	25,551	1,073,379	-
<b>Total deferred inflows of resources</b>	<u>5,000,265</u>	<u>25,551</u>	<u>5,025,816</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	7,753,996	16,291	7,770,287	-
Restricted for:				
Categorical funding	131,251	-	131,251	-
Debt service	20,643	-	20,643	-
Management levy purposes	445,884	-	445,884	-
School infrastructure	1,405,973	-	1,405,973	-
Physical plant and equipment	642,855	-	642,855	-
Student activities	28,748	-	28,748	-
Booster Club purposes	-	-	-	8,205
Unrestricted	(683,403)	(51,689)	(735,092)	-
<b>Total net position</b>	<u>\$ 9,745,947</u>	<u>(35,398)</u>	<u>9,710,549</u>	<u>8,205</u>

See notes to financial statements.

West Fork Community School District  
 Rockwell, Iowa  
 Statement of Activities  
 Year ended June 30, 2015

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 3,325,624	267,233	439,287	-
Special instruction	1,141,866	91,576	95,711	-
Other instruction	1,073,290	231,192	254,531	-
	<u>5,540,780</u>	<u>590,001</u>	<u>789,529</u>	<u>-</u>
Support services:				
Student	174,951	-	15,241	-
Instructional staff	114,683	-	1,526	-
Administration	1,043,852	-	11,168	-
Operation and maintenance of plant	542,464	1,300	-	-
Transportation	507,819	-	8,979	-
	<u>2,383,769</u>	<u>1,300</u>	<u>36,914</u>	<u>-</u>
Non-instructional programs	255	-	-	-
Other expenditures:				
Facilities acquisition	55,287	-	-	-
Long-term debt interest	16,570	-	-	-
AEA flowthrough	308,756	-	308,756	-
Depreciation (unallocated)*	195,920	-	-	-
	<u>576,533</u>	<u>-</u>	<u>308,756</u>	<u>-</u>
Total governmental activities	<u>8,501,337</u>	<u>591,301</u>	<u>1,135,199</u>	<u>-</u>
Business type activities:				
Support services:				
Operation and maintenance of plant	700	-	-	-
Non-instructional programs:				
Food service operations	339,739	175,824	175,847	11,629
Total business type activities	<u>340,439</u>	<u>175,824</u>	<u>175,847</u>	<u>11,629</u>
Total	<u>\$ 8,841,776</u>	<u>767,125</u>	<u>1,311,046</u>	<u>11,629</u>
<b>Component Unit:</b>				
West Fork Booster Club	\$ 57,457	42,031	1,474	-
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Statewide sales, services and use tax				
Income surtax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Gain on sale of capital assets				
Total general revenues				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

\* This amount excludes the depreciation included in the direct expenses of the various programs.  
 See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	West Fork Booster Club
(2,619,104)	-	(2,619,104)	-
(954,579)	-	(954,579)	-
(587,567)	-	(587,567)	-
<u>(4,161,250)</u>	<u>-</u>	<u>(4,161,250)</u>	<u>-</u>
(159,710)	-	(159,710)	-
(113,157)	-	(113,157)	-
(1,032,684)	-	(1,032,684)	-
(541,164)	-	(541,164)	-
(498,840)	-	(498,840)	-
<u>(2,345,555)</u>	<u>-</u>	<u>(2,345,555)</u>	<u>-</u>
(255)	-	(255)	-
(55,287)	-	(55,287)	-
(16,570)	-	(16,570)	-
-	-	-	-
(195,920)	-	(195,920)	-
(267,777)	-	(267,777)	-
<u>(6,774,837)</u>	<u>-</u>	<u>(6,774,837)</u>	<u>-</u>
-	(700)	(700)	-
-	23,561	23,561	-
-	22,861	22,861	-
<u>(6,774,837)</u>	<u>22,861</u>	<u>(6,751,976)</u>	<u>-</u>
-	-	-	(13,952)
\$ 3,170,717	-	3,170,717	-
411,910	-	411,910	-
454,092	-	454,092	-
646,505	-	646,505	-
372,498	-	372,498	-
2,585,832	-	2,585,832	-
14,903	126	15,029	21
33,924	-	33,924	-
6,750	-	6,750	-
<u>7,697,131</u>	<u>126</u>	<u>7,697,257</u>	<u>21</u>
922,294	22,987	945,281	(13,931)
8,823,653	(58,385)	8,765,268	22,136
<u>\$ 9,745,947</u>	<u>(35,398)</u>	<u>9,710,549</u>	<u>8,205</u>

West Fork Community School District  
Rockwell, Iowa

Balance Sheet  
Governmental Funds

June 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 2,277,043	16,178	1,943,738
Restricted cash equivalents and pooled investments	-	-	129
Receivables:			
Property tax:			
Delinquent	30,680	4,465	4,922
Succeeding year	2,972,822	191,845	467,770
Accounts	-	-	-
Due from other governments	497,920	-	100,039
Prepaid expenses	30,655	-	-
<b>Total assets</b>	<u>\$ 5,809,120</u>	<u>212,488</u>	<u>2,516,598</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 110,263	-	-
Early retirement payable	-	-	-
<b>Total liabilities</b>	<u>110,263</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,972,822	191,845	467,770
Income surtax	349,897	-	-
<b>Total deferred inflows of resources</b>	<u>3,322,719</u>	<u>191,845</u>	<u>467,770</u>
Fund balances:			
Nonspendable for:			
Prepaid expenditures	30,655	-	-
Restricted for:			
Categorical funding	131,251	-	-
Debt service	-	20,643	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	1,405,973
Physical plant and equipment	-	-	642,855
Unassigned	2,214,232	-	-
<b>Total fund balances</b>	<u>2,376,138</u>	<u>20,643</u>	<u>2,048,828</u>
<b>Total liabilities, deferred inflows of     resources and fund balances</b>	<u>\$ 5,809,120</u>	<u>212,488</u>	<u>2,516,598</u>

See notes to financial statements.

Exhibit C

<u>Nonmajor</u>	<u>Total</u>
532,123	4,769,082
	129
3,692	43,759
320,000	3,952,437
480	480
-	597,959
-	30,655
<u>856,295</u>	<u>9,394,501</u>

-	110,263
<u>1,423</u>	<u>1,423</u>
<u>1,423</u>	<u>111,686</u>

320,000	3,952,437
-	349,897
<u>320,000</u>	<u>4,302,334</u>

-	30,655
-	131,251
-	20,643
506,124	506,124
28,748	28,748
-	1,405,973
-	642,855
-	2,214,232
<u>534,872</u>	<u>4,980,481</u>
<u>856,295</u>	<u>9,394,501</u>

West Fork Community School District  
Rockwell, Iowa

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

June 30, 2015

**Total fund balances of governmental funds (page 23)** \$ 4,980,481

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 7,892,766

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 349,897

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (1,484)

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	556,258	
Deferred inflows of resources	<u>(1,047,828)</u>	(491,570)

Long-term liabilities, including bonds payable, early retirement payable, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (2,984,143)

**Net position of governmental activities (page 19)** \$ 9,745,947

See notes to financial statements.

West Fork Community School District  
 Rockwell, Iowa  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year ended June 30, 2015

Exhibit E

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 3,185,905	411,910	454,092	340,601	4,392,508
Tuition	312,326	-	-	-	312,326
Other	97,625	457	4,911	224,809	327,802
State sources	3,557,856	1,926	648,628	1,593	4,210,003
Federal sources	157,533	-	-	-	157,533
Total revenues	<u>7,311,245</u>	<u>414,293</u>	<u>1,107,631</u>	<u>567,003</u>	<u>9,400,172</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,288,804	-	-	91,780	3,380,584
Special	1,168,178	-	-	-	1,168,178
Other	861,676	-	-	231,838	1,093,514
	<u>5,318,658</u>	<u>-</u>	<u>-</u>	<u>323,618</u>	<u>5,642,276</u>
Support services:					
Student	180,660	-	-	-	180,660
Instructional staff	58,689	-	69,645	1,584	129,918
Administration	864,367	-	121,955	77,550	1,063,872
Operation and maintenance of plant	431,967	-	132,608	47,937	612,512
Transportation	447,755	-	199,667	204	647,626
	<u>1,983,438</u>	<u>-</u>	<u>523,875</u>	<u>127,275</u>	<u>2,634,588</u>
Non-instructional programs	-	-	-	255	255
Other expenditures:					
Facilities acquisition	-	-	431,311	-	431,311
Long-term debt:					
Principal	-	431,127	-	-	431,127
Interest and fiscal charges	-	18,626	-	-	18,626
AEA flowthrough	308,756	-	-	-	308,756
	<u>308,756</u>	<u>449,753</u>	<u>431,311</u>	<u>-</u>	<u>1,189,820</u>
Total expenditures	<u>7,610,852</u>	<u>449,753</u>	<u>955,186</u>	<u>451,148</u>	<u>9,466,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(299,607)</u>	<u>(35,460)</u>	<u>152,445</u>	<u>115,855</u>	<u>(66,767)</u>
Other financing sources (uses):					
Sale of capital assets	6,750	-	-	-	6,750
Lease purchase obligation issued	-	-	84,897	-	84,897
Operating transfers in	-	41,300	-	-	41,300
Operating transfers out	-	-	(41,300)	-	(41,300)
Total other financing sources (uses)	<u>6,750</u>	<u>41,300</u>	<u>43,597</u>	<u>-</u>	<u>91,647</u>
Change in fund balances	<u>(292,857)</u>	<u>5,840</u>	<u>196,042</u>	<u>115,855</u>	<u>24,880</u>
Fund balances beginning of year	2,668,995	14,803	1,852,786	419,017	4,955,601
Fund balances end of year	<u>\$ 2,376,138</u>	<u>20,643</u>	<u>2,048,828</u>	<u>534,872</u>	<u>4,980,481</u>

See notes to financial statements.

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 25)** \$ 24,880

*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 in the current year, as follows:

Expenditures for capital assets	\$ 675,584	
Depreciation expense	<u>(401,133)</u>	274,451

Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 16,709

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

Issued	(84,897)	
Repaid	<u>431,127</u>	346,230

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. 2,056

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 Statements of Net Position. 410,868

West Fork Community School District  
Rockwell, Iowa

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2015

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

Early retirement	64,865	
Pension expense	(188,587)	
Other postemployment benefits	<u>(29,178)</u>	<u>(152,900)</u>
<b>Change in net position of governmental activities (page 21)</b>		<b><u>\$ 922,294</u></b>

See notes to financial statements.

West Fork Community School District  
Rockwell, Iowa

Exhibit G

Statement of Net Position  
Proprietary Fund

June 30, 2015

Enterprise,  
School  
Nutrition

**Assets**

Current assets:

Cash and cash equivalents	\$ 7,991
Accounts receivable	3,465
Inventories	25,193
Prepaid expenses	<u>2,282</u>
Total current assets	<u>38,931</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	<u>16,291</u>
<b>Total assets</b>	<u>55,222</u>

**Deferred Outflows of Resources**

Pension related deferred outflows	<u>13,565</u>
-----------------------------------	---------------

**Liabilities**

Current liabilities:

Accounts payable	16
Unearned revenue	<u>7,246</u>
Total current liabilities	<u>7,262</u>

Noncurrent liabilities:

Net pension liability	64,461
Net OPEB liability	<u>6,911</u>
Total noncurrent liabilities	<u>71,372</u>
<b>Total liabilities</b>	<u>78,634</u>

**Deferred Inflows of Resources**

Pension related deferred inflows	<u>25,551</u>
----------------------------------	---------------

**Net Position**

Net investment in capital assets	16,291
Unrestricted	<u>(51,689)</u>
<b>Total net position</b>	<u>\$ (35,398)</u>

See notes to financial statements.

West Fork Community School District  
Rockwell, Iowa

Exhibit H

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

Year ended June 30, 2015

	<u>Enterprise, School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 174,763
Miscellaneous	<u>1,062</u>
Total operating revenue	<u>175,825</u>
 Operating expenses:	
Support services:	
Operation and maintenance of plant	<u>700</u>
Non-instructional programs:	
Food service operations:	
Salaries	109,798
Benefits	39,505
Purchased services	3,785
Supplies	185,203
Depreciation	<u>1,448</u>
	<u>339,739</u>
Total operating expenses	<u>340,439</u>
Operating loss	<u>(164,614)</u>
Non-operating revenues:	
State sources	3,068
Federal sources	172,778
Interest income	<u>126</u>
Total non-operating revenues	<u>175,972</u>
 Income before capital asset contributions	11,358
 Capital asset contributions	<u>11,629</u>
 Increase in net position	22,987
 Net position beginning of year, as restated	<u>(58,385)</u>
Net position end of year	<u><u>\$ (35,398)</u></u>

See notes to financial statements.

West Fork Community School District  
Rockwell, Iowa

Exhibit I

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2015

	Enterprise, School <u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 175,908
Cash received from miscellaneous operating activities	1,062
Cash paid to employees for services	(153,583)
Cash paid to suppliers for goods or services	<u>(164,384)</u>
Net cash used by operating activities	<u>(140,997)</u>
Cash flows from non-capital financing activities:	
State grants received	3,068
Federal grants received	<u>138,134</u>
Net cash provided by non-capital financing activities	<u>141,202</u>
Cash flows from investing activities:	
Interest on investments	<u>126</u>
Net increase in cash and cash equivalents	331
Cash and cash equivalents beginning of year	<u>7,660</u>
Cash and cash equivalents end of year	<u>\$ 7,991</u>

See notes to financial statements.

West Fork Community School District  
Rockwell, Iowa

Exhibit I

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2015

Enterprise,  
School  
Nutrition

**Reconciliation of operating loss to net cash used by  
operating activities:**

Operating loss	\$ (164,614)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	34,644
Depreciation	1,448
(Increase) in inventories	(9,131)
(Increase) in accounts receivable	(84)
(Increase) in prepaid expenses	(225)
Increase in accounts payable	16
Increase in unearned revenue	1,229
(Decrease) in net pension liability	(26,905)
(Increase) in deferred outflows of resources	(4,067)
Increase in deferred inflows of resources	25,551
Increase in OPEB liability	<u>1,141</u>
Net cash used by operating activities	<u>\$ (140,997)</u>

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

During the year ended June 30, 2015, the District received \$34,644 of federal commodities.

See notes to financial statements.

West Fork Community School District  
Rockwell, Iowa

Exhibit J

Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2015

	<u>Private Purpose Trust Scholarship</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,882
<b>Liabilities</b>	<u>-</u>
<b>Net position</b>	
Reserved for scholarships	<u>\$ 2,882</u>

See notes to financial statements.

West Fork Community School District  
Rockwell, Iowa

Exhibit K

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year ended June 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 14,500
Total additions	14,500
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>15,700</u>
Total deductions	<u>15,700</u>
Change in net position	(1,200)
Net position beginning of year	<u>4,082</u>
Net position end of year	<u>\$ 2,882</u>

See notes to financial statements.

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

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

West Fork Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the cities of Chapin, Meservey, Rockwell, Sheffield, Swaledale and Thornton, Iowa, and the predominate agricultural territory in Cerro Gordo, Franklin, Hancock, and Wright counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Fork 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 financial statements present the West Fork Community School District and its component unit, the West Fork Booster Club. The component unit, discussed below, is included in the District's reporting entity because of the nature and significance of its operational or financial relationship with the District.

Discretely Presented Component Unit – The West Fork Booster Club is a separate nonprofit organization whose purpose is to help defray athletic costs of the West Fork Community School District by helping finance the cost of uniforms and equipment.

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

The records are maintained on the basis of cash receipts and disbursements. The West Fork Booster Club meets the definition of a component unit which should be discretely presented. The Booster Club's financial statements have not been audited and we do not express an opinion on them.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Franklin and Cerro Gordo county assessor's conference boards.

B. Basis of Presentation

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

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

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

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

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

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. 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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

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

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

The District reports the following major proprietary fund:

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

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

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

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.

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

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

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

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	25-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

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 hourly employees corresponding to the current school year, which are payable in July, have been accrued as liabilities.

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

Unearned Revenues – 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 in the Statement of Net Position in the Proprietary, School Nutrition Fund.

Compensated Absences – District employees accumulate a limited amount of earned but unused sick leave, personal and vacation benefits. Sick leave can only be used for time off for illness or injury. Employees that have accumulated the maximum number of allowable sick days and have used less than half of their yearly allotment and employees that have not used any sick days during the year receive a payment at year end. An accrual for earned but unused sick leave is not recorded in these financial statements because earned amounts have been paid at year end.

Employees may accumulate a limited number of personal days. Personal leave may be used for any purpose at the discretion of the employee with advanced notice to their principal. Employees are allowed to carry over half of their unused days to the next contract year and will be compensated per diem, per day for the other half of their unused personal leave. An accrual for earned but unused personal leave is not recorded in these financial statements because earned amounts have been paid at year end and any remaining personal leave will not be paid if the employee leaves during the year.

Vacation leave is earned by administration and office personnel and custodians. Office personnel may take their unused vacation in pay or carry it to the next year. Other

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

employees may carry over half of their unused vacation. An accrual for earned but unused vacation leave is not recorded in these financial statements because amounts have been paid at year end and the remaining vacation leave will not be paid if the employee leaves during the next year.

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

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

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

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

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

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the support service function.

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

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Diversified Fund which are valued at an amortized cost of \$1,363 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

**(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	\$ <u>41,300</u>

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

**(4) Capital Assets**

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

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 122,322	---	---	122,322
Construction in progress	<u>---</u>	<u>264,198</u>	<u>---</u>	<u>264,198</u>
Total capital assets not being depreciated	<u>122,322</u>	<u>264,198</u>	<u>---</u>	<u>386,520</u>
Capital assets being depreciated:				
Buildings	9,440,830	16,225	---	9,457,055
Improvements other than buildings	502,422	167,436	---	669,858
Furniture and equipment	<u>2,070,787</u>	<u>227,725</u>	<u>(252,927)</u>	<u>2,045,585</u>
Total capital assets being depreciated	<u>12,014,039</u>	<u>411,386</u>	<u>(252,927)</u>	<u>12,172,498</u>
Less accumulated depreciation for:				
Buildings	2,807,973	171,362	---	2,979,335
Improvements other than buildings	416,995	18,591	---	435,586
Furniture and equipment	<u>1,293,078</u>	<u>211,180</u>	<u>(252,927)</u>	<u>1,251,331</u>
Total accumulated depreciation	<u>4,518,046</u>	<u>401,133</u>	<u>(252,927)</u>	<u>4,666,252</u>
Total capital assets being depreciated, net	<u>7,495,993</u>	<u>10,253</u>	<u>---</u>	<u>7,506,246</u>
Governmental activities capital assets, net	<u>\$ 7,618,315</u>	<u>274,451</u>	<u>---</u>	<u>7,892,766</u>

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 229,349	11,629	---	240,978
Less accumulated depreciation	<u>223,238</u>	<u>1,449</u>	---	<u>224,687</u>
Business type activities capital assets, net	<u>\$ 6,111</u>	<u>10,180</u>	---	<u>16,291</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular

\$ 94,185

Other

8,202

Support services:

Instructional staff

3,726

Administration

12,668

Operation and maintenance of plant

14,196

Transportation

72,236

205,213

Unallocated

195,920

Total depreciation expense -- governmental activities

\$ 401,133

Business type activities:

Food service operations

\$ 1,449

**(5) Long-Term Liabilities**

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

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 485,000	---	390,000	95,000	95,000
Lease obligation	---	84,897	41,127	43,770	---
Early retirement	125,105	---	64,865	60,240	60,080
Net pension liability	3,746,787	---	1,103,339	2,643,448	---
Net OPEB liability	<u>112,507</u>	<u>29,178</u>	---	<u>141,685</u>	---
Total	<u>\$ 4,469,399</u>	<u>114,075</u>	<u>1,599,331</u>	<u>2,984,143</u>	<u>155,080</u>

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

	Balance Beginning of Year <u>restated</u>	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net pension liability	\$ 91,366	---	26,905	64,461	---
Net OPEB liability	<u>5,770</u>	<u>1,141</u>	<u>---</u>	<u>6,911</u>	<u>---</u>
Total	<u>97,136</u>	<u>1,141</u>	<u>26,905</u>	<u>71,372</u>	<u>---</u>

Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed twenty years of continuous service to the District and one of its predecessor Districts. Employees must complete an application which is required to be approved by the Board of Education.

Early retirement benefits paid to retirees of the former Meservey-Thornton Community School District were equal to a percentage, based on age at the time of retirement, of the employee's base salary calculated by using the current year regular salary, less any additional pay.

Early retirement benefits paid to retirees of the former Sheffield-Chapin Community School District were based on a percentage of annual health insurance benefits paid at the time of retirement.

Early retirement benefits paid to employees retiring in fiscal year 2008 of the former Sheffield Chapin Meservey Thornton Community School District are equal to a percentage of present health insurance costs based on two times the years employed with the district until they are eligible for Medicare.

Early retirement benefits paid to fiscal year 2009, 2010, and 2011 retirees of the former Sheffield Chapin Meservey Thornton Community School District are equal to the employee's monthly single health insurance premium at the time of retirement, for a period not to exceed five years or until eligible for Medicare, whichever is less.

Early retirement benefits paid to retirees of the former Rockwell-Swaledale Community School District were based on 40% of their current salary to be paid in the following year plus an amount equal to the monthly insurance premium at the time of their retirement paid over 60 months.

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

At June 30, 2015, the District has obligations to 10 participants with a total liability of \$60,240. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$63,924.

General Obligation Bonds

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

<u>Refunding Bond Issue of April 2007</u>				
<u>Year Ending</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u> 2016	3.70%	95,000	3,515	98,515

During the year ended June 30, 2015, the District made principal and interest payments totaling \$407,853 under the agreement.

Capital Lease Purchase Obligations

In September 2014, the District entered into a capital lease-purchase agreement with Santander Bank N. A. to finance the purchase of a bus totaling \$84,897. The lease was financed for three years at an interest rate of 2.46%. The following is a schedule of the future minimum lease payments, including interest per annum, and the net present value of future minimum lease payments under the agreement at June 30, 2015:

<u>Year ending June 30.</u>	<u>Amount</u>
2016	-
2017	-
2018	<u>47,000</u>
Total minimum lease payments	47,000
Less amount representing interest	<u>(3,230)</u>
Net present value of minimum lease payments	<u>43,770</u>

Payments under the agreement totaled \$41,300 for the year ended June 30, 2015.

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

**(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](http://www.ipers.org).

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

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

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 \$420,887.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015 the District reported a liability of \$2,707,909 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

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.0682797 percent, which was an increase of 0.001432 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$193,185. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,430	\$ -
Changes of assumptions	119,506	-
Net difference between projected and actual earnings on pension plan investments	-	1,032,718
Changes in proportion and differences between District contributions and proportionate share of contributions	-	40,661
District contributions subsequent to the measurement date	<u>420,887</u>	<u>-</u>
Total	<u>\$ 569,823</u>	<u>\$ 1,073,379</u>

\$420,887 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:

<u>Year Ended June 30,</u>	
2016	\$ (232,882)
2017	(232,882)
2018	(232,882)
2019	(232,882)
2020	<u>7,085</u>
Total	<u>\$ (924,443)</u>

There were no non-employer contributing entities at IPERS.

West Fork Community School District  
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June 30, 2015

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 Allocations</u>	<u>Long-Term Expected Real Rate 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	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(.069)
Total	100%	

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June 30, 2015

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

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

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
District’s proportionate share of the net pension liability	\$ 5,116,517	\$ 2,707,909	\$ 674,793

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](http://www.ipers.org).

Payables to the Pension Plan – At June 30, 2015, the District reported no payables to the defined benefit pension plan.

**(7) Other Postemployment Benefits (OPEB)**

Plan Description – The District operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 86 active and 11 retired members in the plan. Participants must be age 55 or older at retirement.

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June 30, 2015

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

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

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

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

Annual required contribution	\$ 72,236
Interest on net OPEB obligation	2,957
Adjustment to annual required contributions	<u>(14,534)</u>
Annual OPEB cost	60,659
Contributions made	<u>(30,340)</u>
Increase in net OPEB obligation	30,319
Net OPEB obligation beginning of year	<u>118,277</u>
Net OPEB obligation end of year	\$ <u>148,596</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$30,340 to the medical plan. Plan members eligible for benefits contributed \$21,402, or 41.4% of the premium costs.

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Notes to Financial Statements

June 30, 2015

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<u>June 30,</u>			
2013	\$ 118,012	61.7%	\$ 92,516
2014	104,329	75.3	118,277
2015	60,659	50.0	148,596

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$380,122, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$380,122. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,993,000 and the ratio of the UAAL to covered payroll was 9.5%. 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 health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2014 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

West Fork Community School District  
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June 30, 2015

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are \$538 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(8) Risk Management**

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

**(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 \$308,756 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Lease Commitments**

The District entered into an operating lease with Fiala Office Products, Ltd. for the rental of four copiers and five multi-functional printers on October 10, 2011 for a period of 48 months. The monthly payment amount is \$910 plus a charge for copies. The amount paid for the fiscal year ended June 30, 2015 was \$17,198. The fixed future rentals are as follows:

<u>Years Ending June 30,</u>	<u>Lease Payment</u>
2016	<u>5,460</u>

West Fork Community School District  
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June 30, 2015

The District entered in an agreement with Sukup Manufacturing Co. for the lease of a barn with approximately five acres of surrounding land for the FFA Ag Program. The lease was signed on April 23, 2014 terminating on May 31, 2015. The annual payment amount is \$300. Payments for the fiscal year ended June 30, 2015 totaled \$300. The fixed future rental is as follows:

<u>Years Ending June 30,</u>	<u>Lease Payment</u>
2016	\$ <u>300</u>

**(11) Categorical Funding**

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

<u>Program</u>	<u>Amount</u>
Teacher salary supplement	\$ 83,492
Professional development – core curriculum	8,172
Teacher Leadership	7,630
At-Risk	3,298
Gifted and Talented	12,280
Dropout prevention program	<u>16,379</u>
Total	\$ <u>131,251</u>

**(12) Construction Commitments**

The District entered into a contract totaling \$3,400,700 for the construction of a wellness center. The estimated total cost of the project is \$3.9 million. As of June 30, 2015, costs of \$264,198 had been incurred against the contract. The balance of \$3,136,502 remaining at June 30, 2015 will be paid as work on the projects progress.

**(13) Deficit Fund Balance**

The Enterprise, School Nutrition Fund had a deficit net position of \$35,398 at June 30, 2015. The reason for the deficit net position was due to the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

Pensions – an Amendment of GASB No. 27 during the fiscal year, which requires all school districts and other governmental entities in the state of Iowa who contribute to IPERS to show their proportionate share of the IPERS funding deficit as a liability on each entity's financials beginning in fiscal year 2015. (See Note 14, Accounting Change/Restatement).

**(14) Accounting Change/Restatement**

During the year ended June 30, 2015 the District had a new capital asset inventory taken by an outside company. The beginning net position for governmental activities was restated to reflect the new fixed assets schedule.

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

	Governmental <u>Activities</u>	Business Type <u>Activities</u>
Net position June 30, 2014, as previously reported	\$ 11,610,250	23,483
Capital assets	570,702	-
Net pension liability at June 30, 2014	(3,746,787)	(91,366)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>389,488</u>	<u>9,498</u>
Net position July 1, 2014, as restated	\$ <u>8,823,653</u>	<u>(58,385)</u>

West Fork Community School District  
Rockwell, Iowa

Notes to Financial Statements

June 30, 2015

**(15) New Governmental Accounting Standards Board (GASB) Statements**

As of June 30, 2015, GASB had issued several statements not yet required to be implemented by the District. The Statement which might impact the District is as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the District beginning with its year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Management has not yet determined the effect this GASB Statement will have on the District's financial statements.

**(16) Subsequent Event**

Subsequent events have been evaluated through March 22, 2016, which is the date the financial statements were available to be issued.

On September 21, 2015, the Board approved a bid from Shawver Well for geothermal work for the wellness center with a cost up to \$231,296.

On December 14, 2015, the Board approved a bid for athletic equipment and flooring for the indoor fitness center from Anderson Ladd Flooring and Iowa Direct Equipment for \$259,956.

On December 14, 2015, the Board approved the sale of \$1,149,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds.

During the course of the District's FY17 budget process it was discovered the Voted PPEL levy rate was being assessed at \$1.00 per thousand instead of \$0.67 per thousand over the prior three years resulting in the District receiving \$332,323 more in property tax revenue than should have been received. The District will be reducing the Voted PPEL levy rate over the next two fiscal years to pay this back. This results in the District receiving \$166,161 less in PPEL property tax revenue in each of the next two fiscal years.

**Required Supplementary Information**

West Fork Community School District  
Rockwell, Iowa

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

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 5,032,636	175,951
State sources	4,210,003	3,068
Federal sources	<u>157,533</u>	<u>172,778</u>
Total revenues	<u>9,400,172</u>	<u>351,797</u>
Expenditures/Expenses:		
Instruction	5,642,276	-
Support services	2,634,588	-
Non-instructional programs	255	340,439
Other expenditures	<u>1,189,820</u>	<u>-</u>
Total expenditures/expenses	<u>9,466,939</u>	<u>340,439</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(66,767)	11,358
Other financing sources, net	<u>91,647</u>	<u>11,629</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	24,880	22,987
Balances beginning of year	<u>4,955,601</u>	<u>(58,385)</u>
Balances end of year	<u>\$ 4,980,481</u>	<u>(35,398)</u>

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
5,208,587	5,731,600	5,731,600	(523,013)
4,213,071	3,581,158	3,581,158	631,913
330,311	336,000	336,000	(5,689)
<u>9,751,969</u>	<u>9,648,758</u>	<u>9,648,758</u>	<u>103,211</u>
5,642,276	6,450,000	6,450,000	807,724
2,634,588	2,592,000	2,592,000	(42,588)
340,694	380,000	380,000	39,306
1,189,820	1,503,535	1,503,535	313,715
<u>9,807,378</u>	<u>10,925,535</u>	<u>10,925,535</u>	<u>1,118,157</u>
(55,409)	(1,276,777)	(1,276,777)	1,221,368
<u>103,276</u>	<u>-</u>	<u>-</u>	<u>103,276</u>
47,867	(1,276,777)	(1,276,777)	1,324,644
<u>4,897,216</u>	<u>3,699,792</u>	<u>3,699,792</u>	<u>1,197,424</u>
<u>4,945,083</u>	<u>2,423,015</u>	<u>2,423,015</u>	<u>2,522,068</u>

West Fork Community School District  
Rockwell, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2015

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust 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 function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2015, expenditures in the support services function exceeded the amount budgeted.

West Fork Community School District  
Rockwell, Iowa

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

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

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.068280%
District's proportionate share of the net pension liability	\$ 2,708
District's covered-employee payroll	\$ 4,653
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.20%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

See accompanying independent auditor's report.

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

West Fork Community School District  
Rockwell, Iowa

Schedule of District Contributions

Iowa Public Employees' Retirement System  
Last 4 Fiscal Years  
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 421	399	380	361
Contributions in relation to the statutorily required contribution	<u>(421)</u>	<u>(399)</u>	<u>(380)</u>	<u>(361)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 4,744	4,653	4,436	4,513
Contributions as a percentage of covered-employee payroll	8.87%	8.58%	8.57%	8.00%

See accompanying independent auditor's report.

West Fork Community School District  
Rockwell, Iowa

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 3.0 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.

West Fork Community School District  
Rockwell, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

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.

West Fork Community School District  
Rockwell, Iowa

Schedule of Funding Progress for the  
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	July 1, 2011	-	\$569,919	569,919	0.00%	\$3,646,000	15.60%
2013	July 1, 2011	-	507,137	507,137	0.0%	3,445,000	14.7%
2014	July 1, 2011	-	426,222	426,222	0.0%	3,707,000	11.5%
2015	July 1, 2014	-	380,122	380,122	0.0%	3,993,000	9.5%

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

See accompanying independent auditor's report.

## **Supplementary Information**

West Fork Community School District  
Rockwell, Iowa

Schedule 1

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue		
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 28,748	503,375	532,123
Receivables:			
Property tax:			
Delinquent	-	3,692	3,692
Succeeding year	-	320,000	320,000
Accounts	-	480	480
<b>Total assets</b>	<b>\$ 28,748</b>	<b>827,547</b>	<b>856,295</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Early retirement payable	-	1,423	1,423
Total liabilities	-	1,423	1,423
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	320,000	320,000
Fund balances:			
Restricted for:			
Management levy purposes	-	506,124	506,124
Student activities	28,748	-	28,748
Total fund balances	28,748	506,124	534,872
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 28,748</b>	<b>827,547</b>	<b>856,295</b>

See accompanying independent auditor's report.

West Fork Community School District  
Rockwell, Iowa

Schedule 2

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue		
	Student Activity	Management Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	340,601	340,601
Other	223,763	1,046	224,809
State sources	-	1,593	1,593
Total revenues	223,763	343,240	567,003
Expenditures:			
Current:			
Instruction:			
Regular	-	91,780	91,780
Other	231,838	-	231,838
Support services:			
Instructional staff	-	1,584	1,584
Administration	-	77,550	77,550
Operation and maintenance of plant	-	47,937	47,937
Transportation	-	204	204
Non-instructional programs	-	255	255
Total expenditures	231,838	219,310	451,148
Excess (deficiency) of revenues over (under) expenditures	(8,075)	123,930	115,855
Fund balances beginning of year	36,823	382,194	419,017
Fund balances end of year	\$ 28,748	506,124	534,872

See accompanying independent auditor's report.

West Fork Community School District  
Rockwell, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
Annual - High School	\$ (3,444)	8,699	7,270	-	(2,015)
Annual - Middle School	49	1,888	1,998	-	(61)
Athletics - High School	(17,683)	116,918	121,058	(452)	(22,275)
Athletics - Middle School	(6,856)	20	4,598	-	(11,434)
Band Club	3,224	6,355	7,087	-	2,492
Cheerleaders	(912)	5,040	7,198	500	(2,570)
Class of 2014	3,068	-	-	(3,068)	-
Class of 2015	2,621	5,878	11,272	3,068	295
Class of 2016	41	15,044	11,016	-	4,069
Class of 2017	(1)	412	420	-	(9)
Class of 2018	-	484	450	-	34
Concessions - Middle School	4,442	4,859	2,879	-	6,422
Dance team	2,144	7,070	4,933	-	4,281
Drama	5,183	388	380	-	5,191
FFA	15,466	26,736	29,565	-	12,637
Interest - High School	-	48	-	(48)	-
Tech Club - High School	110	2,817	1,052	-	1,875
Music - Middle School	3,670	-	3,147	-	523
National Honor Society	904	-	159	-	745
Speech	(368)	-	196	-	(564)
Student Council - Elementary	20,735	17,482	14,327	-	23,890
Student Council - Middle School	972	458	343	-	1,087
Student Council - High School	3,458	3,167	2,490	-	4,135
Total	<u>\$ 36,823</u>	<u>223,763</u>	<u>231,838</u>	<u>-</u>	<u>28,748</u>

See accompanying independent auditor's report.

West Fork Community School District  
Rockwell, Iowa

Schedule 4

Combining Balance Sheet  
Capital Project Accounts

June 30, 2015

Assets	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Cash and cash equivalents	\$ 1,305,805	637,933	1,943,738
Restricted cash equivalents and pooled investments	129	-	129
Receivables:			
Property tax:			
Delinquent	-	4,922	4,922
Succeeding year	-	467,770	467,770
Due from other governments	100,039	-	100,039
<b>Total assets</b>	<b>1,405,973</b>	<b>1,110,625</b>	<b>2,516,598</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	467,770	467,770
Fund balances:			
Restricted for:			
School infrastructure	1,405,973	-	1,405,973
Physical plant and equipment	-	642,855	642,855
Total fund balances	1,405,973	642,855	2,048,828
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,405,973</b>	<b>1,110,625</b>	<b>2,516,598</b>

See accompanying independent auditor's report.

West Fork Community School District  
Rockwell, Iowa

Schedule 5

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

Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	454,092	454,092
Other	3,517	1,394	4,911
State sources	646,505	2,123	648,628
Total revenues	650,022	457,609	1,107,631
Expenditures:			
Support services:			
Instructional staff	69,645	-	69,645
Administration	32,641	89,314	121,955
Operation and maintenance of plant	8,725	123,883	132,608
Transportation	121,240	78,427	199,667
Other expenditures:			
Facilities acquisition	378,604	52,707	431,311
Total expenditures	610,855	344,331	955,186
Excess of revenues over expenditures	39,167	113,278	152,445
Other financing sources (uses):			
Lease purchase obligation issued	84,897	-	84,897
Transfer out	(41,300)	-	(41,300)
Total other financing sources (uses)	43,597	-	43,597
Change in fund balances	82,764	113,278	196,042
Fund balances beginning of year	1,323,209	529,577	1,852,786
Fund balances end of year	\$ 1,405,973	642,855	2,048,828

See accompanying independent auditor's report.

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

For the Last Four Years

	Modified Accrual Basis			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Local sources:				
Local tax	\$ 4,392,508	4,206,406	5,061,378	4,802,085
Tuition	312,326	234,670	251,443	191,229
Other	327,802	414,639	381,912	318,516
State sources	4,210,003	4,327,910	3,795,435	4,190,700
Federal sources	<u>157,533</u>	<u>156,679</u>	<u>171,123</u>	<u>248,174</u>
Total	<u>\$ 9,400,172</u>	<u>9,340,304</u>	<u>9,661,291</u>	<u>9,750,704</u>
Expenditures:				
Instruction:				
Regular	\$ 3,380,584	3,243,112	3,172,728	3,618,087
Special	1,168,178	973,973	945,982	925,017
Other	1,093,514	1,131,011	1,090,280	1,013,409
Support services:				
Student	180,660	160,293	132,126	189,531
Instructional staff	129,918	312,457	316,669	295,084
Administration	1,063,872	942,750	925,237	1,044,757
Operation and maintenance of plant	612,512	1,024,426	841,114	537,488
Transportation	647,626	516,200	448,901	442,713
Non-instructional programs	255	398	2,808	283
Other expenditures:				
Facilities acquisition	431,311	120,158	511,841	165,637
Long-term debt:				
Principal	431,127	540,373	435,537	415,511
Interest and other charges	18,626	33,484	49,262	64,249
AEA flowthrough	<u>308,756</u>	<u>309,017</u>	<u>300,387</u>	<u>311,991</u>
Total	<u>\$ 9,466,939</u>	<u>9,307,652</u>	<u>9,172,872</u>	<u>9,023,757</u>

See accompanying independent auditor's report.

# Cornwell, Frideres, Maher & Associates, P.L.C.

## Certified Public Accountants

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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  
West Fork Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Fork 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 March 22, 2016. Our report expressed unmodified opinions on the financial statements except for a disclaimer of opinion on the component unit, West Fork Booster Club, which was not audited.

### Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-C-15 to be a significant deficiency.

### Compliance and Other Matters

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

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

### West Fork Community School District's Responses to the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Fork 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.

*Cornwell, Frideres, Maher & Associates, P.L.C.*

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

March 22, 2016

West Fork Community School District  
Rockwell, Iowa

Schedule of Findings

Year ended June 30, 2015

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

I-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response – We are doing everything we can within our situation and make improvements as the situation changes. We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response acknowledged. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

I-B-15 Preparation of Financial Statements – The District does not have an internal control system designed to provide for preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Therefore, as auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for an entity similar in size to West Fork Community School District. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

West Fork Community School District  
Rockwell, Iowa

Schedule of Findings

Year ended June 30, 2015

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, it is the responsibility of the District’s management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources to remain current on reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue to evaluate the risks to be accepted in preparation of the financial statements.

Conclusion – Response accepted.

- I-C-15 Disbursement Approval – For two of the disbursements tested, there was no evidence of Board approval. For four disbursements, there was insufficient documentation to determine the date the Superintendent approved routine expenditures for advance payment in accordance with the District’s policy.

Recommendation – The District should ensure all expenditures are properly approved. For payments made in advance of Board meetings, the District should maintain documentation of the Superintendent’s approval of claims for payment, such as the Superintendent’s initials and date of approval. The District should also review the list of bills presented to the Board at regular meetings to ensure all claims are included.

Response – We will ensure all expenditures are properly approved and maintain documentation of the approval of disbursements made in advance of Board approval by having the Superintendent initial and date the claims.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

West Fork Community School District  
Rockwell, Iowa

Schedule of Findings

Year ended June 30, 2015

**Part II: Other Findings Related To Required Statutory Reporting:**

II-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 exceeded the certified budget amounts in the support services function.

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

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mary Schlichting, Board Member, Owns Country Designs	Flowers	\$ 1,096
Lacey Pueggel, Board Secretary, Father owns Weier’s Lawn Service	Lawn care services	\$ 4,013
Jack Amble, Teacher Owns Amble Home Inspections	Services	\$ 320

West Fork Community School District  
Rockwell, Iowa

Schedule of Findings

Year ended June 30, 2015

The transactions with Board Member, Schlichting, do not appear to violate Chapter 279.7A of the Code of Iowa as the transactions are less than \$2,500 in a fiscal year. In accordance with an Attorney General's opinion dated November 9, 1976, the transaction with the Board Secretary's father does not appear to represent a conflict of interest. The transaction with employee, Amble does not violate Chapter 301.28.

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

II-F-15 Board Minutes – As previously noted, two disbursements requiring Board approval had not been approved by the Board as required by Chapter 279.29 of the Code of Iowa and four additional disbursements had insufficient documentation they had been approved for payment by the Superintendent in advance of Board approval as allowed by Chapter 279.30 of the Code of Iowa.

Also, the minutes did not reference the specific exemption for a closed session as required by Chapter 21.5(2) of the Code of Iowa.

Recommendation – All disbursements should be approved by the Board and sufficient documentation should be maintained to evidence proper Superintendent approval of disbursements paid in advance of Board approval. Also, the specific exemption should be referenced for closed sessions.

Response – All disbursements will be approved by the Board and procedures have been revised to ensure the Superintendent's approval of disbursements prior to Board meetings is adequately documented. We will also reference the specific exemption for closed sessions.

Conclusion – Response accepted.

II-G-15 Certified Enrollment – The number of students reported to the Iowa Department of Education on Line 7 of the Certified Enrollment Certification Form for October 2014 was understated. The District did not include two students that should have been included.

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

West Fork Community School District  
Rockwell, Iowa

Schedule of Findings

Year ended June 30, 2015

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

Conclusion – Response accepted.

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

II-I-15 Deposits and Investments –No instances of non-compliance with the deposit and investment provisions of Chapter 12B of the Code of Iowa and the District's investment policy were noted. However, one instance of non-compliance with Chapter 12C was noted. The District exceeded its approved maximum depository amount stated in its depository resolution.

Recommendation - The District should review for sufficiency the maximum amount to be deposited at its depositories and increase the amount if needed.

Response - We have reviewed and increased the maximum amount stated in the depository resolution.

Conclusion-Response accepted.

II-J-15 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

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

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

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

West Fork Community School District  
Rockwell, Iowa

Schedule of Findings

Year ended June 30, 2015

Beginning balance		\$ 1,323,209
Revenues/transfers in:		
Sales tax revenues	\$ 646,505	
Other local revenues	<u>88,414</u>	<u>734,919</u>
		2,058,128
Expenditures/transfers out:		
School infrastructure construction	\$ 109,223	
Equipment	232,251	
Other	269,381	
Transfers to debt service fund	<u>41,300</u>	<u>652,155</u>
Ending balance		\$ <u>1,405,973</u>

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

II-M-15 Deficit Balances – The Enterprise, School Nutrition Fund had a deficit net position at June 30, 2015. The primary reason for this deficit net position is due to the implementation of GASB Statement No. 68 during the year. Also, seven student activity accounts had deficit balances at June 30, 2015.

Recommendation – The district should take steps to ensure the District’s administration and Board of Education understand this accounting change/restatement and how GASB Statement 68 will affect the District’s financial moving forward. Also, the District should continue to investigate alternatives to eliminate the deficits in the student activities accounts in order to return the accounts to a sound financial condition.

Response – The District’s business-type activities went into a deficit in fiscal year 2015 due to the implementation of GASB Statement 68 which required the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position. Also, the District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.