

SIGOURNEY COMMUNITY SCHOOL DISTRICT
SIGOURNEY, IOWA

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

JUNE 30, 2015

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SIGOURNEY COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Mark O' Rourke	President	2015
Denise Conrad	Vice President	2015
Marsha Steinhart	Board Member	2015
Shellie Striegel	Board Member	2015
Ruth Manchester	Board Member	2017
Anne Arduser	Board Member	2017
Tom Hadley	Board Member (Resigned August 20, 2014)	
Justin Boender	Board Member (Appointed September 10, 2014)	2015
<u>School Officials</u>		
David Harper	Superintendent	2018
Susan Huls	District Secretary/Treasurer and Business Manager	2015
Lynch Dallas, P.C.	Attorney	2015

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Sigourney 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 Sigourney Community School District, Sigourney 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. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney 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 12 to the financial statements, Sigourney 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*Required Supplementary Information*

U.S. generally accepted accounting principles require 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 48 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted the Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sigourney 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 six years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the three years ended June 30, 2008 (which are not presented herein) were audited by other auditors who 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 financials 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2015 on our consideration of Sigourney Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 Sigourney Community School District's internal control over financial reporting and compliance.

Hunt & Associates, P.C.

Oskaloosa, Iowa
November 2, 2015

Basic Financial Statements

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 3,824,649	\$ 39,678	\$ 3,864,327
Receivables:			
Property tax:			
Current year	42,985	-	42,985
Succeeding year	2,358,204	-	2,358,204
Income surtax	27,846	-	27,846
Accounts	76,426	-	76,426
Due from other governments	171,974	-	171,974
Inventories	-	5,844	5,844
Capital assets, net of accumulated depreciation (note 4)	4,538,279	85,385	4,623,664
Total assets	11,040,363	130,907	11,171,270
Deferred Outflows of Resources			
Pension related deferred outflows	411,757	14,325	426,082
Liabilities			
Accounts payable	78,465	1,703	80,168
Unearned revenue	-	3,368	3,368
Accrued interest payable	70,871	-	70,871
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	76,207	-	76,207
Capital lease purchase agreements	125,280	-	125,280
Promissory note payable	33,028	-	33,028
Lighting capital lease	27,376	-	27,376
Portion due after one year:			
Capital lease purchase agreements	128,377	-	128,377
Promissory note payable	1,548,259	-	1,548,259
Lighting capital lease	18,636	-	18,636
Net pension liability	1,946,647	67,681	2,014,328
Net OPEB liability	238,000	-	238,000
Total liabilities	4,291,146	72,752	4,363,898

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 2,358,204	\$ -	\$ 2,358,204
Pension related deferred inflows	793,101	27,575	820,676
Total deferred inflows of resources	<u>3,151,305</u>	<u>27,575</u>	<u>3,178,880</u>
Net Position			
Net investment in capital assets	2,910,980	85,385	2,996,365
Restricted for:			
Categorical funding	93,000	-	93,000
Physical plant and equipment levy purposes	246,437	-	246,437
Management levy purposes	901,572	-	901,572
Student activities	76,811	-	76,811
Unrestricted	<u>(219,131)</u>	<u>(40,480)</u>	<u>(259,611)</u>
Total net position	<u>\$ 4,009,669</u>	<u>\$ 44,905</u>	<u>\$ 4,054,574</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 4,086,582	\$ 413,198	\$ 708,695	\$ -
Support services:				
Student	90,021	105,039	-	-
Instructional staff	216,439	13,589	2,600	-
Administration	696,834	12,287	-	-
Operation and maintenance of plant	512,230	-	-	-
Transportation	362,681	75,176	-	-
	<u>1,878,205</u>	<u>206,091</u>	<u>2,600</u>	<u>-</u>
Non-instructional programs	<u>22,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	50,579	18,000	-	5,290
Long-term debt interest and fiscal charges	85,615	-	-	-
AEA flowthrough	218,294	-	218,294	-
Depreciation (unallocated) *	168,150	-	-	-
	<u>522,638</u>	<u>18,000</u>	<u>218,294</u>	<u>5,290</u>
Total governmental activities	<u>6,509,936</u>	<u>637,289</u>	<u>929,589</u>	<u>5,290</u>

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,964,689)	\$ -	\$ (2,964,689)
15,018	-	15,018
(200,250)	-	(200,250)
(684,547)	-	(684,547)
(512,230)	-	(512,230)
(287,505)	-	(287,505)
(1,669,514)	-	(1,669,514)
(22,511)	-	(22,511)
(27,289)	-	(27,289)
(85,615)	-	(85,615)
-	-	-
(168,150)	-	(168,150)
(281,054)	-	(281,054)
(4,937,768)	-	(4,937,768)

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Operation and maintenance of plant	\$ 2,853	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	280,601	137,123	134,453	-
Total business-type activities	283,454	137,123	134,453	-
Total	\$ 6,793,390	\$ 774,412	\$ 1,064,042	\$ 5,290

General revenues:

Property tax levied for:

 General purposes

 Capital outlay

Income surtax

Statewide sales, services and use tax

Unrestricted state grants

Unrestricted investment earnings

Other

Special item - loss on sale of building and land

Total general revenues and special items

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

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (2,853)	\$ (2,853)
-	(9,025)	(9,025)
-	(11,878)	(11,878)
(4,937,768)	(11,878)	(4,949,646)
\$ 2,293,317	\$ -	\$ 2,293,317
54,248	-	54,248
37,637	-	37,637
498,570	-	498,570
2,453,742	-	2,453,742
5,764	25	5,789
24,619	-	24,619
(43,130)	-	(43,130)
5,324,767	25	5,324,792
386,999	(11,853)	375,146
3,622,670	56,758	3,679,428
\$ 4,009,669	\$ 44,905	\$ 4,054,574

SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 2,296,344	\$ 969,467	\$ 478,503	\$ 80,335	\$ 3,824,649
Receivables:					
Property tax:					
Current year	31,746	10,245	994	-	42,985
Succeeding year	1,768,518	535,001	54,685	-	2,358,204
Income surtax	27,846	-	-	-	27,846
Accounts	76,426	-	-	-	76,426
Due from other governments	93,588	-	78,386	-	171,974
 Total assets	 <u>\$ 4,294,468</u>	 <u>\$ 1,514,713</u>	 <u>\$ 612,568</u>	 <u>\$ 80,335</u>	 <u>\$ 6,502,084</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 72,365	\$ 1,933	\$ 643	\$ 3,524	\$ 78,465
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,768,518	535,001	54,685	-	2,358,204
Other	27,846	-	-	-	27,846
Total deferred inflows of resources	<u>1,796,364</u>	<u>535,001</u>	<u>54,685</u>	<u>-</u>	<u>2,386,050</u>
Fund balances:					
Restricted for:					
Categorical funding (note 10)	93,000	-	-	-	93,000
School infrastructure	-	-	310,803	-	310,803
Physical plant and equipment	-	-	246,437	-	246,437
Management levy purposes	-	977,779	-	-	977,779
Student activities	-	-	-	76,811	76,811
Assigned for specific instructional purposes	24,517	-	-	-	24,517
Unassigned	2,308,222	-	-	-	2,308,222
Total fund balances	<u>2,425,739</u>	<u>977,779</u>	<u>557,240</u>	<u>76,811</u>	<u>4,037,569</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,294,468</u>	<u>\$ 1,514,713</u>	<u>\$ 612,568</u>	<u>\$ 80,335</u>	<u>\$ 6,502,084</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2015

Total fund balances of governmental funds	\$	4,037,569
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.		4,538,279
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		27,846
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.		(70,871)
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	\$ 411,757
	Deferred inflows of resources	<u>(793,101)</u>
		(381,344)
Long-term liabilities, including early retirement, capital lease purchase agreements, promissory notes, lighting capital leases, net pension liability and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(4,141,810)</u>
Net position of governmental activities	\$	<u><u>4,009,669</u></u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 1,856,805	\$ 552,060	\$ 53,875	\$ -	\$ 2,462,740
Tuition	211,194	-	-	-	211,194
Other	198,944	15,389	27,642	173,836	415,811
State sources	3,172,300	3,867	498,944	-	3,675,111
Federal sources	278,487	-	-	-	278,487
Total revenues	<u>5,717,730</u>	<u>571,316</u>	<u>580,461</u>	<u>173,836</u>	<u>7,043,343</u>
Expenditures:					
Current:					
Instruction	<u>3,928,248</u>	<u>35,103</u>	<u>45,550</u>	<u>165,038</u>	<u>4,173,939</u>
Support services:					
Student	92,355	-	-	-	92,355
Instructional staff	225,082	-	-	-	225,082
Administration	708,921	9,109	-	-	718,030
Operation and maintenance of plant	484,219	70,316	16,392	338	571,265
Transportation	222,631	6,673	83,813	-	313,117
	<u>1,733,208</u>	<u>86,098</u>	<u>100,205</u>	<u>338</u>	<u>1,919,849</u>
Non-instructional programs	-	1,933	-	-	1,933
Other expenditures:					
Facilities acquisition	-	-	440,080	-	440,080
Long term debt:					
Principal	-	-	-	181,238	181,238
Interest and fiscal charges	-	-	-	87,603	87,603
AEA flowthrough	218,294	-	-	-	218,294
	<u>218,294</u>	<u>-</u>	<u>440,080</u>	<u>268,841</u>	<u>927,215</u>
Total expenditures	<u>5,879,750</u>	<u>123,134</u>	<u>585,835</u>	<u>434,217</u>	<u>7,022,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(162,020)</u>	<u>448,182</u>	<u>(5,374)</u>	<u>(260,381)</u>	<u>20,407</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of real property	\$ -	\$ -	\$ 115,000	\$ -	\$ 115,000
Compensation for loss of capital assets	-	-	5,200	-	5,200
Interfund transfers in (note 3)	-	-	1,000	268,841	269,841
Interfund transfers out (note 3)	-	(1,000)	(268,841)	-	(269,841)
Total other financing sources (uses)	-	(1,000)	(147,641)	268,841	120,200
Net change in fund balances	(162,020)	447,182	(153,015)	8,460	140,607
Fund balances beginning of year	2,587,759	530,597	710,255	68,351	3,896,962
Fund balances end of year	\$ 2,425,739	\$ 977,779	\$ 557,240	\$ 76,811	\$ 4,037,569

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 140,607

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. The amounts
of capital outlays and depreciation expense in the current year are as follows:

Capital outlays	\$ 490,787	
Depreciation expense	<u>(221,361)</u>	269,426

In the Statement of Activities, the loss on disposition of capital assets is
reported, whereas the governmental funds report the proceeds from the
disposition as an increase in financial resources. (158,130)

Income surtax revenue not received until several months after the District's
fiscal year end is not considered available revenue and is recognized as
deferred inflows of resources in the governmental funds. (108,478)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but it reduces long-term liabilities in the Statement of Net Position. 181,238

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, however, interest expense is recognized as the interest accrues,
regardless of when it is due. 1,988

The current year District employer share of IPERS contributions are reported
as expenditures in the governmental funds, but are reported as a deferred
outflow of resources in the Statement of Net Position. 18,723

SIGOURNEY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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 \$	(76,207)	
	Pension expense	155,832	
	Net OPEB liability	<u>(38,000)</u>	\$ <u>41,625</u>
Change in net position of governmental activities			\$ <u><u>386,999</u></u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
PROPRIETARY FUND

June 30, 2015

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 39,678
Inventories	5,844
Capital assets, net of accumulated depreciation (note 4)	<u>85,385</u>
Total assets	<u>130,907</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>14,325</u>
Liabilities	
Accounts payable	1,703
Unearned revenue	3,368
Net pension liability	<u>67,681</u>
Total liabilities	<u>72,752</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>27,575</u>
Fund Net Position	
Net investment in capital assets	85,385
Unrestricted	<u>(40,480)</u>
Total fund net position	<u>\$ 44,905</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2015

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>137,123</u>
Operating expenses:	
Support services:	
Operation and maintenance of plant	2,853
Non-instructional programs:	
Food service operations:	
Salaries	120,705
Benefits	38,562
Purchased services	124
Supplies	107,882
Depreciation	12,165
Other	<u>1,163</u>
Total operating expenses	<u>283,454</u>
Operating loss	(146,331)
Non-operating revenues:	
Interest on investments	25
State sources	2,429
Federal sources	<u>132,024</u>
Total non-operating revenues	<u>134,478</u>
Change in fund net position	(11,853)
Fund net position beginning of year, as restated	<u>56,758</u>
Fund net position end of year	\$ <u><u>44,905</u></u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2015

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 135,276
Cash received from miscellaneous operating activities	1,703
Cash paid to employees for services	(159,267)
Cash paid to suppliers for goods or services	<u>(91,496)</u>
Net cash used by operating activities	<u>(113,784)</u>
Cash flows from non-capital financing activities:	
State grants received	2,429
Federal grants received	<u>106,727</u>
Net cash provided by non-capital financing activities	<u>109,156</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(9,308)</u>
Cash flows from investing activities:	
Interest on investments	<u>25</u>
Net decrease in cash and cash equivalents	(13,911)
Cash and cash equivalents beginning of year	<u>53,589</u>
Cash and cash equivalents end of year	\$ <u><u>39,678</u></u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2015

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (146,331)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	12,165
Commodities used	25,297
Decrease in due from other governments	59
(Increase) in inventories	(2,285)
Increase in accounts payable	918
(Decrease) in unearned revenue	(203)
(Decrease) in net pension liability	(26,288)
(Increase) in deferred outflows of resources	(4,691)
Increase in deferred inflows of resources	<u>27,575</u>
Net cash used by operating activities	<u>\$ (113,784)</u>

Non-cash financing activities:

During the year ended June 30, 2015, the District received \$25,297 of federal commodities.

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	Private Purpose Trust
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>35,020</u>
Fiduciary Net Position:	
Restricted for scholarships	\$ <u>35,020</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 Year Ended June 30, 2015

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>36</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>1,000</u>
Change in fiduciary net position	(964)
Fiduciary net position beginning of year	<u>35,984</u>
Fiduciary net position end of year	\$ <u><u>35,020</u></u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies

Sigourney 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 City of Sigourney, Iowa, and agricultural territory in Keokuk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Sigourney 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. Sigourney Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but 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 Keokuk County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the 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 three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt 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.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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.

The District reports the following major governmental funds:

The General Fund is the main 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 Special Revenue, Management Levy Fund is used to account for the payments of casualty and workers' compensation insurance and certain other employee related liabilities, including unemployment benefits and early retirement.

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

The District reports the following 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 with restrictions of income earned to be used to benefit individuals through scholarship awards.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the 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 District considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

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

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

For purposes of the Statement of Cash Flows, all short-term 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 receivable is recognized in the governmental funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. 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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% 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.

Income Surtax Receivable – Income surtax receivable budgeted for the fiscal year ended June 30, 2015 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflows of resources on the modified accrual basis for the governmental funds. For the government-wide statements, on the Statement of Activities the income surtax revenue is recognized.

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.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

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

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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District’s policy is not to reimburse for vacation or sick leave. Vacation can only be used by the employee in the year that it is earned. The District has no compensated absences liability at June 30, 2015.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax 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:

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.

Assigned – Amounts the Board of Education intends to use for specific purposes.

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/expenses did not exceed the amounts budgeted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 2. Cash 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 ensure 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.

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 268,841
Capital Projects	Special Revenue: Management Levy	<u>1,000</u>
		<u>\$ 269,841</u>

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 147,865	\$ -	\$ 48,930	\$ 98,935
Construction in progress	-	169,887	-	169,887
Total capital assets not being depreciated	<u>147,865</u>	<u>169,887</u>	<u>48,930</u>	<u>268,822</u>
Capital assets being depreciated:				
Buildings	6,475,145	83,750	130,000	6,428,895
Improvements other than buildings	657,097	123,358	-	780,455
Furniture and equipment	1,113,204	113,792	-	1,226,996
Total capital assets being depreciated	<u>8,245,446</u>	<u>320,900</u>	<u>130,000</u>	<u>8,436,346</u>
Less accumulated depreciation for:				
Buildings	2,708,045	131,601	20,800	2,818,846
Improvements other than buildings	388,906	33,403	-	422,309
Furniture and equipment	869,377	56,357	-	925,734
Total accumulated depreciation	<u>3,966,328</u>	<u>221,361</u>	<u>20,800</u>	<u>4,166,889</u>
Total capital assets being depreciated, net	<u>4,279,118</u>	<u>99,539</u>	<u>109,200</u>	<u>4,269,457</u>
Governmental activities capital assets, net	<u>\$ 4,426,983</u>	<u>\$ 269,426</u>	<u>\$ 158,130</u>	<u>\$ 4,538,279</u>
	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Business-type activities:				
Furniture and equipment	\$ 243,196	\$ 9,308	\$ -	\$ 252,504
Less accumulated depreciation	154,954	12,165	-	167,119
Business-type activities capital assets, net	<u>\$ 88,242</u>	<u>\$ (2,857)</u>	<u>\$ -</u>	<u>\$ 85,385</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction \$ 23,498

Support services:

Administration 4,483

Operation and maintenance of plant 3,110

Transportation 22,120

53,211

Unallocated depreciation 168,150

Total depreciation expense - governmental activities \$ 221,361

Business-type activities:

Food service operations \$ 12,165

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities

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

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ -	\$ 76,207	\$ -	\$ 76,207	\$ 76,207
Capital lease purchase agreements	375,915	-	122,258	253,657	125,280
Promissory note	1,612,874	-	31,587	1,581,287	33,028
Lighting capital lease	73,405	-	27,393	46,012	27,376
Net pension liability	2,788,514	-	841,867	1,946,647	-
Net OPEB liability	200,000	38,000	-	238,000	-
Total	\$ 5,050,708	\$ 114,207	\$ 1,023,105	\$ 4,141,810	\$ 261,891
Business-type activities:					
Net pension liability	\$ 93,969	\$ -	\$ 26,288	\$ 67,681	\$ -

Early Retirement

The District offered a voluntary early retirement plan to its employees for fiscal year 2015 only. Eligible employees must be at least age fifty-five and employees must have completed ten years of service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible certified employee is equal to 50% of the employee's 2014-2015 salary excluding extra-curricular, TSS, or other payments not included in the salary schedule and subject to a maximum of \$25,000 per individual. The early retirement benefit for each eligible classified employee is equal to 50% of the employee's 2014-2015 wages, excluding overtime pay or other payments not related to the employee's non-certified position and subject to a maximum of \$20,000 per individual. Each eligible employee will also receive \$100 for each unused sick leave day the employee has accrued up to 100 days. Early retirement benefits will be paid in two equal payments in November 2015 and February 2016.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities (continued)

Early Retirement (continued)

At June 30, 2015, the District has obligations to three participants with a total liability of \$76,207. There were no actual early retirement expenditures for the year ended June 30, 2015. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

Capital Lease Purchase Agreements

During the year ended June 30, 2013, the District entered into an agreement for the lease purchase of computers and computer equipment totaling \$495,190. The agreement provides for eight semi-annual payments of \$65,374 every October 15 and April 15, with the first payment on October 15, 2013, and includes interest at 2.46%.

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 125,280	\$ 5,468	\$ 130,748
2017	128,377	2,370	130,747
	\$ 253,657	\$ 7,838	\$ 261,495

The total payments on capital lease purchase agreements for the year ended June 30, 2015 were \$130,748.

Promissory Note

On July 13, 2009, the District issued a promissory note of \$1,700,000. The note is a draw-down loan with the proceeds of the issuance used to construct the Career Academy building. The note is payable over sixteen years and includes interest at 4.5%.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities (continued)

Promissory Note (continued)

Details of the District's June 30, 2015 promissory note indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 33,028	\$ 72,146	\$ 105,174
2017	34,342	70,832	105,174
2018	36,102	69,072	105,174
2019	37,749	67,425	105,174
2020	39,471	65,703	105,174
2021	41,097	64,077	105,174
2022	43,147	62,027	105,174
2023	45,116	60,058	105,174
2024	47,174	58,000	105,174
2025	49,174	56,000	105,174
2026	1,174,887	53,604	1,228,491
	<u>\$ 1,581,287</u>	<u>\$ 698,944</u>	<u>\$ 2,280,231</u>

Lighting Capital Lease

During the year ended June 30, 2010, the District entered into a capital lease to purchase and install lighting equipment totaling \$170,503. The agreement provides for monthly payments of \$2,743.24 for 84 months ending January 15, 2017 and includes interest of 9.05%.

Details of the District's June 30, 2015 capital lease indebtedness is as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 27,376	\$ 2,800	\$ 30,176
2017	18,636	566	19,202
	<u>\$ 46,012</u>	<u>\$ 3,366</u>	<u>\$ 49,378</u>

Note 6. Pension Plan

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder.

Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$315,293.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

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 \$2,014,328 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s proportion was 0.050791 percent, which was an increase of 0.000588 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$138,508. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,892	\$ -
Changes of assumptions	88,897	-
Net difference between projected and actual earnings on pension plan investments	-	768,207
Changes in proportion and differences between District contributions and proportionate share of contributions	-	52,469
District contributions subsequent to the measurement date	315,293	-
Total	\$ 426,082	\$ 820,676

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

\$315,293 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 ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2016	\$	(179,284)
2017		(179,284)
2018		(179,284)
2019		(179,283)
2020		<u>7,248</u>
Total	\$	<u><u>(709,887)</u></u>

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
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan 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:

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

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

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, long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 3,806,017	\$ 2,014,328	\$ 501,958

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.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 76 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 57,000
Interest on net OPEB obligation	5,000
Adjustment to annual required contribution	<u>(16,000)</u>
Annual OPEB cost	46,000
Contributions made	<u>(8,000)</u>
Increase in net OPEB obligation	38,000
Net OPEB obligation beginning of year	<u>200,000</u>
 Net OPEB obligation end of year	 <u><u>\$ 238,000</u></u>

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

For the year ended June 30, 2015, the District contributed \$8,000 to the medical plan.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Other Postemployment Benefits (OPEB) (continued)

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:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2013	\$ 51,000	31.4%	\$ 166,000
2014	49,000	30.6%	200,000
2015	46,000	17.4%	238,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$313,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$313,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,573,000, and the ratio of the UAAL to covered payroll was 8.8%. 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, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis.

The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 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.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$218,294 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

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

Program	Amount
Home school assistance program	\$ 1,988
Gifted and talented programs	5,125
Beginning teacher mentoring and induction	9,013
Four year old preschool state aid	6,241
Teacher salary supplement	382
Successful progression for early readers	19,958
Professional development for model core curriculum	21,249
Professional development	22,088
Teacher leadership grants	6,956
Total	\$ 93,000

Note 11. Construction Commitments

The District has entered into various contracts totaling \$325,438 for remodeling the alternative high school and replacement of the high school boiler. As of June 30, 2015, costs of \$139,211 had been incurred against the contracts. The balance of \$186,227 remaining at June 30, 2015 will be paid as work on the projects progresses.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 12. Accounting Change/Restatement

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position June 30, 2014, as previously reported	\$ 6,125,216	\$ 141,093
Net pension liability at June 30, 2014	(2,788,514)	(93,969)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>285,968</u>	<u>9,634</u>
Net position July 1, 2014, as restated	\$ <u><u>3,622,670</u></u>	\$ <u><u>56,758</u></u>

Required Supplementary Information

SIGOURNEY COMMUNITY SCHOOL DISTRICT

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 - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 3,089,745	\$ 137,148	\$ 3,226,893	\$ 3,419,802	\$ 3,419,802	\$ (192,909)
State sources	3,675,111	2,429	3,677,540	3,419,349	3,419,349	258,191
Federal sources	278,487	132,024	410,511	356,450	356,450	54,061
Total revenues	7,043,343	271,601	7,314,944	7,195,601	7,195,601	119,343
EXPENDITURES/EXPENSES:						
Instruction	4,173,939	-	4,173,939	4,422,850	4,422,850	248,911
Support services	1,919,849	2,853	1,922,702	1,955,291	1,955,291	32,589
Non-instructional programs	1,933	280,601	282,534	284,000	284,000	1,466
Other expenditures	927,215	-	927,215	670,771	1,129,882	202,667
Total expenditures/expenses	7,022,936	283,454	7,306,390	7,332,912	7,792,023	485,633
Excess (deficiency) of revenues over (under) expenditures/ expenses	20,407	(11,853)	8,554	(137,311)	(596,422)	604,976
Other financing sources, net	120,200	-	120,200	-	-	120,200
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	140,607	(11,853)	128,754	(137,311)	(596,422)	725,176
Balance beginning of year, as restated	3,896,962	56,758	3,953,720	4,434,709	4,434,709	(480,989)
Balance end of year	<u>\$ 4,037,569</u>	<u>\$ 44,905</u>	<u>\$ 4,082,474</u>	<u>\$ 4,297,398</u>	<u>\$ 3,838,287</u>	<u>\$ 244,187</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2015

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by \$459,111.

During the year ended June 30, 2015, expenditures/expenses did not exceed the amounts budgeted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

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

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

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.050791
District's proportionate share of the net pension liability	\$ 2,014
District's covered-employee payroll	\$ 3,531
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.0%
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.

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SIGOURNEY COMMUNITY SCHOOL DISTRICT

Schedule of the District's Contributions

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

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 315	\$ 296	\$ 285	\$ 265
Contributions in relation to the statutorily required contribution	<u>(315)</u>	<u>(296)</u>	<u>(285)</u>	<u>(265)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,531	\$ 3,310	\$ 3,293	\$ 3,280
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.06%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 249	\$ 241	\$ 220	\$ 195	\$ 197	\$ 205
<u>(249)</u>	<u>(241)</u>	<u>(220)</u>	<u>(195)</u>	<u>(197)</u>	<u>(205)</u>
<u>\$ -</u>					
\$ 3,580	\$ 3,621	\$ 3,478	\$ 3,227	\$ 3,419	\$ 3,558
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY Year Ended June 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2015

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.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 372	\$ 372	0.0%	\$ 3,660	10.2%
2011	July 1, 2009	-	362	362	0.0%	3,758	9.6%
2012	July 1, 2009	-	338	338	0.0%	3,391	10.0%
2013	July 1, 2012	-	363	363	0.0%	3,431	10.6%
2014	July 1, 2012	-	339	339	0.0%	3,376	10.0%
2015	July 1, 2012	-	313	313	0.0%	3,573	8.8%

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

See accompanying independent auditor's report.

Supplementary Information

SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2015

	<u>Special Revenue</u> <u>Student Activity</u>
Assets	
Cash and pooled investments	\$ <u><u>80,335</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ <u>3,524</u>
Fund balances:	
Restricted for:	
Student activities	<u>76,811</u>
Total liabilities and fund balances	\$ <u><u>80,335</u></u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2015

	<u>Special Revenue</u>		
	<u>Student</u>	<u>Debt</u>	
	<u>Activity</u>	<u>Service</u>	<u>Total</u>
Revenues:			
Local sources:			
Other	\$ 173,836	\$ -	\$ 173,836
Expenditures:			
Current:			
Instruction	165,038	-	165,038
Support services:			
Operation and maintenance of plant	338	-	338
Other expenditures:			
Long term debt:			
Principal	-	181,238	181,238
Interest and fiscal charges	-	87,603	87,603
Total expenditures	<u>165,376</u>	<u>268,841</u>	<u>434,217</u>
Excess (deficiency) of revenues over (under) expenditures	8,460	(268,841)	(260,381)
Other financing sources:			
Interfund transfers in	<u>-</u>	<u>268,841</u>	<u>268,841</u>
Net change in fund balances	8,460	-	8,460
Fund balances beginning of year	<u>68,351</u>	<u>-</u>	<u>68,351</u>
Fund balances end of year	<u>\$ 76,811</u>	<u>\$ -</u>	<u>\$ 76,811</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 232,417	\$ 246,086	\$ 478,503
Receivables:			
Property tax:			
Current year	-	994	994
Succeeding year	-	54,685	54,685
Due from other governments	78,386	-	78,386
 Total assets	 \$ 310,803	 \$ 301,765	 \$ 612,568
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 643	\$ 643
 Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	54,685	54,685
 Fund balances:			
Restricted for:			
School infrastructure	310,803	-	310,803
Physical plant and equipment	-	246,437	246,437
Total fund balances	310,803	246,437	557,240
 Total liabilities, deferred inflows of resources and fund balances	 \$ 310,803	 \$ 301,765	 \$ 612,568

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 53,875	\$ 53,875
Other	4,305	23,337	27,642
State sources	498,570	374	498,944
Total revenues	<u>502,875</u>	<u>77,586</u>	<u>580,461</u>
Expenditures:			
Current:			
Instruction	-	45,550	45,550
Support services:			
Operation and maintenance of plant	-	16,392	16,392
Transportation	-	83,813	83,813
Other expenditures:			
Facilities acquisition	-	440,080	440,080
Total expenditures	<u>-</u>	<u>585,835</u>	<u>585,835</u>
Excess (deficiency) of revenues over (under) expenditures	502,875	(508,249)	(5,374)
Other financing sources (uses):			
Sale of real property	-	115,000	115,000
Compensation for loss of capital assets	-	5,200	5,200
Intrafund transfers in	-	525,000	525,000
Intrafund transfers out	(525,000)	-	(525,000)
Interfund transfers in	-	1,000	1,000
Interfund transfers out	(268,841)	-	(268,841)
Total other financing sources (uses)	<u>(793,841)</u>	<u>646,200</u>	<u>(147,641)</u>
Net change in fund balances	(290,966)	137,951	(153,015)
Fund balances beginning of year	<u>601,769</u>	<u>108,486</u>	<u>710,255</u>
Fund balances end of year	<u>\$ 310,803</u>	<u>\$ 246,437</u>	<u>\$ 557,240</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Drama	\$ 3,737	\$ 5,329	\$ 2,620	\$ 6,446
Speech	620	1,576	-	2,196
Spanish Club	2,919	4,712	5,124	2,507
Band Trip	571	7,830	3,398	5,003
Girls Basketball Fundraising	343	107	180	270
Boys and Girls Golf Fundraising	784	386	1,012	158
Boys Basketball	957	2	100	859
Trapshooting	3,041	4,541	5,007	2,575
Girls Track Fundraising	593	2	-	595
Softball	1,515	317	1,213	619
Cross Country	-	746	-	746
Baseball Fundraising	536	1,326	1,197	665
Volleyball Fundraising	2,396	1,551	1,726	2,221
Wrestling Fundraising	1,545	1	1,009	537
Athletics	12,834	70,038	66,522	16,350
Athletic Concessions	1,840	19,548	19,294	2,094
Sigourney - Keota	315	1,638	1,358	595
Junior High Student Council	8	2	-	10
Honor Society	256	2	90	168
FCCLA	5,694	752	98	6,348
FFA	12,431	36,287	36,940	11,778
Student Council	1,950	4,838	5,703	1,085
Cheerleaders	4,631	3,360	2,598	5,393
Wrestling Cheerleaders	457	1,126	1,004	579
Class of 2015	1,705	2	1,104	603
Class of 2016	2,988	1	2,368	621
Class of 2017	1,569	1,037	-	2,606
Class of 2018	928	1,198	1,407	719
Class of 2019	943	2,348	1,572	1,719
Class of 2020	-	2,033	1,441	592
Blood Drive	151	2	-	153
PBIS	94	1,198	1,291	1
	<u>\$ 68,351</u>	<u>\$ 173,836</u>	<u>\$ 165,376</u>	<u>\$ 76,811</u>

See accompanying independent auditor's report.

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SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2015	2014	2013	2012
Revenues:				
Local sources:				
Local tax	\$ 2,462,740	\$ 2,436,909	\$ 3,293,840	\$ 3,068,797
Tuition	211,194	228,595	190,397	128,854
Other	415,811	533,581	484,755	416,053
State sources	3,675,111	3,524,140	3,305,658	3,402,531
Federal sources	278,487	209,926	165,580	274,332
Total revenues	\$ 7,043,343	\$ 6,933,151	\$ 7,440,230	\$ 7,290,567
Expenditures:				
Instruction	\$ 4,173,939	\$ 3,995,208	\$ 4,397,799	\$ 3,896,609
Support services:				
Student	92,355	101,894	27,368	26,908
Instructional staff	225,082	231,257	127,916	150,352
Administration	718,030	681,949	912,056	787,903
Operation and maintenance of plant	571,265	521,067	453,645	600,485
Transportation	313,117	270,000	252,191	232,712
Non-instructional programs	1,933	-	-	-
Other expenditures:				
Facilities acquisition	440,080	154,482	69,979	66,565
Long-term debt:				
Principal	181,238	216,267	263,749	250,293
Interest and fiscal charges	87,603	95,199	88,494	89,250
AEA flowthrough	218,294	214,958	209,713	211,064
Total expenditures	\$ 7,022,936	\$ 6,482,281	\$ 6,802,910	\$ 6,312,141

See accompanying independent auditor's report.

	2011	2010	2009	2008	2007	2006
\$	2,803,383	\$ 2,614,121	\$ 2,678,543	\$ 2,630,254	\$ 2,310,889	\$ 2,461,134
	172,705	172,171	247,583	260,764	247,180	295,282
	437,802	294,740	402,271	527,109	328,882	313,145
	3,128,095	2,936,242	2,968,223	3,405,799	3,355,294	3,113,321
	732,782	791,398	292,943	488,958	318,873	331,662
\$	<u>7,274,767</u>	<u>6,808,672</u>	<u>6,589,563</u>	<u>7,312,884</u>	<u>6,561,118</u>	<u>6,514,544</u>
\$	4,749,758	\$ 4,613,137	\$ 4,147,399	\$ 3,918,372	\$ 4,132,620	\$ 4,461,857
	26,466	68,554	93,767	91,569	96,963	97,821
	152,780	192,804	195,697	183,197	203,032	189,373
	982,555	859,628	1,304,820	869,479	813,955	750,145
	594,917	534,704	644,265	574,375	535,287	551,149
	274,646	224,338	223,436	473,581	221,468	270,654
	2,055	-	1,640	652	2,632	694
	238,200	1,857,480	38,592	516,926	11,365	33,326
	198,160	111,954	260,000	255,000	160,000	320,000
	43,174	-	12,160	23,835	30,875	45,220
	237,125	234,365	216,486	213,973	210,712	193,955
\$	<u>7,499,836</u>	<u>8,696,964</u>	<u>7,138,262</u>	<u>7,120,959</u>	<u>6,418,909</u>	<u>6,914,194</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Sigourney Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney 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 November 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sigourney 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 Sigourney Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sigourney Community School District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether Sigourney Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 that are described in Part II of the accompanying Schedule of Findings.

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

Sigourney Community School District's Responses to the Findings

Sigourney Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Sigourney 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 report is not suitable for any other purpose.

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

Hunt & Associates, P.C.

Oskaloosa, Iowa
November 2, 2015

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

Part II: Other Findings Related to Statutory Reporting:

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Don Arduser, Spouse of Board Member	Coach	\$6,070
Michelle Boender, Spouse of Board Member	Cook	\$11,678
Shannon Greiner, Sibling of Board President	Teacher	\$51,127

In accordance with an Attorney General’s opinion dated November 9, 1976, the transactions do not appear to represent a conflict of interest.

- II-E-15 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- II-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-15 Supplementary Weighting –The supplementary weighting certified to the Iowa Department of Education was overstated by 0.424 due to two courses that were claimed but were short of accreditation during the fall of 2014.

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

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

Conclusion – Response accepted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

Part II: Other Findings Related to Statutory Reporting (continued):

- II-I-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-15 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- 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:

Beginning balance		\$	601,769
Revenues:			
Other local revenues	\$	4,305	
Statewide sales, services and use tax		<u>498,570</u>	502,875
Expenditures/transfers out:			
Transfers to other funds:			
Debt Service Fund		268,841	
Intrafund transfers to other Capital			
Projects accounts:			
Physical Plant and Equipment Levy		<u>525,000</u>	<u>793,841</u>
Ending balance		\$	<u><u>310,803</u></u>

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2015

Part II: Other Findings Related to Statutory Reporting (continued):

II-M-15 Financial Condition – The District’s governmental activities had a deficit unrestricted net position of \$219,131 at June 30, 2015. The District’s business-type activities and the Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$40,480 at June 30, 2015. These deficit balances arose due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, which requires the inclusion of the District’s proportionate share of the IPERS pension liability and the related deferred inflows of resources and deferred outflows of resources.

Recommendation – Even though the deficits arose due to the inclusion of the net pension liability and related deferred inflows and outflows of resources in the financial statements, the District should investigate ways to return the governmental and business-type activities and the School Nutrition Fund to sound financial conditions.

Response – We will look into this situation and try to investigate ways to return the governmental and business-type activities and the School Nutrition Fund to sound financial conditions.

Conclusion – Response accepted.