

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITORS' REPORTS  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2015**

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**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**

**OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**BOARD OF EDUCATION**

Kevin Lindquist	President	2015
Lory Krummen	Vice President	2017
Liza Gunnerson	Board Member	2015
Michelle Patten	Board Member	2015
Randy Ripke	Board Member	2017

**SCHOOL OFFICIALS**

Scott Williamson	Superintendent
Angela Smith	District Treasurer
Rebecca Johnson	Board Secretary

**Independent Auditors' Report**

To the Board of Education of the  
Sioux Central Community School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activity, each major fund and the aggregate remaining fund information of Sioux Central Community School District, Sioux Rapids, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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.

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activity, each major fund, and the aggregate remaining fund information of Sioux Central Community School District as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of the District Contributions, the Notes to Required Supplementary Information – Pension Liability, and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and pages 44 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sioux Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The other supplementary information is not a required part of the basic financial statements.

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2016 on our consideration of the Sioux Central Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sioux Central Community School District's internal control over financial reporting and compliance.

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 12, 2016

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## **SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **2015 FINANCIAL HIGHLIGHTS**

General fund revenues decreased from \$6,300,521 in fiscal 2014 to \$6,200,175 in fiscal 2015, while General fund expenditures increased from \$6,233,545 in fiscal 2014 to \$6,470,756. The District's General fund balance decreased from \$1,951,234 at the end of fiscal 2014 to \$1,680,653 at the end of fiscal 2015, a 13.9% decrease.

The decrease in General fund revenues was attributable mainly to the decrease in property taxes and tuition received. The increase in expenditures was due primarily to the increase of costs for educating our students, particularly the increase in salaries and employee benefits. An increase in expenses for transporting students was also a factor.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Sioux Central Community School District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Sioux Central Community School District's operations in more detail than the government-wide statements and provide information about the most significant funds. The remaining statements provide financial information about activities for which Sioux Central Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Other Supplementary Information provides detailed information about the general fund, the nonmajor governmental funds, and the student activity accounts.

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

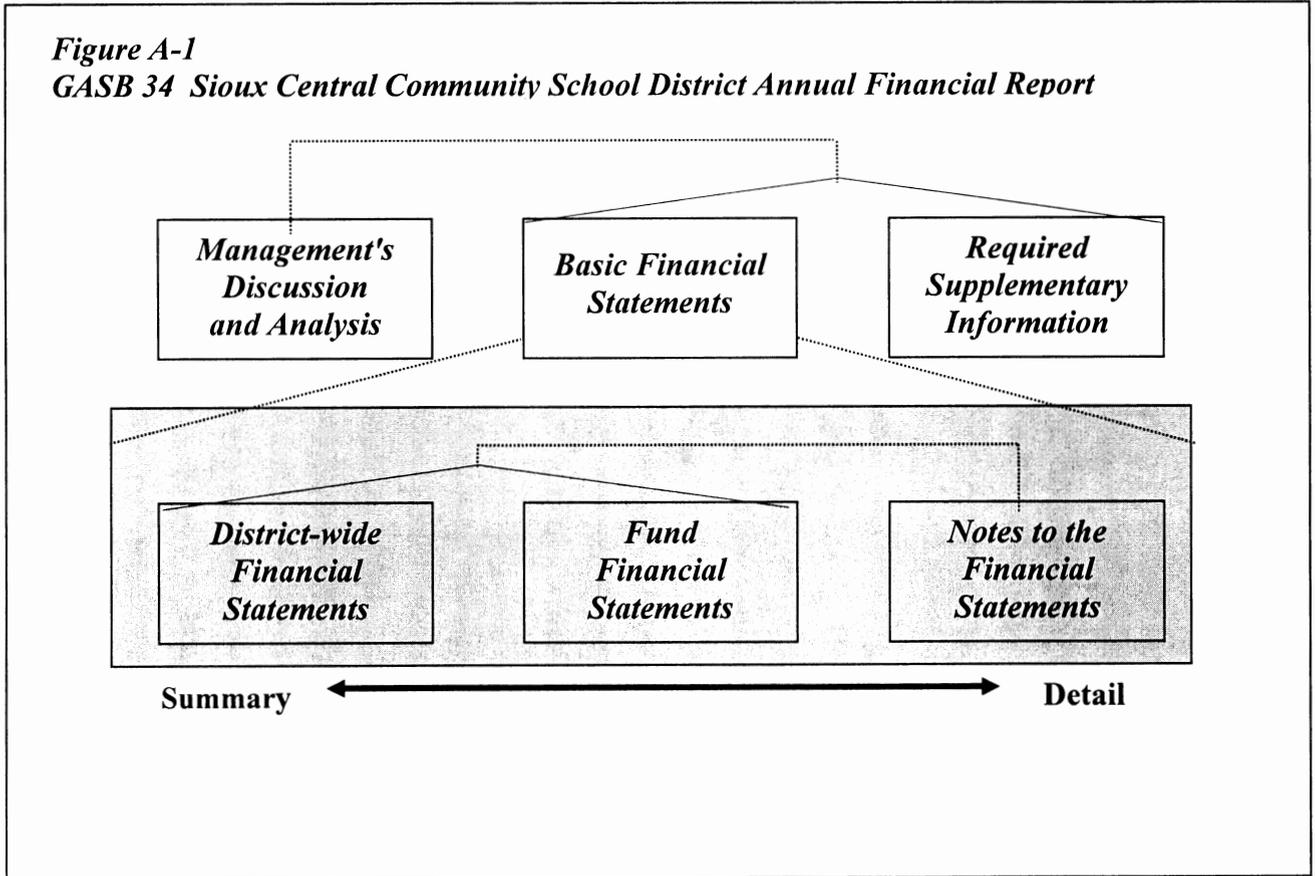


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statement*

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

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

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) *Fiduciary funds*: Fiduciary funds are custodial in nature and are used to account for funds held by the District on behalf of someone else. The District's fiduciary funds include a private purpose scholarship trust fund. The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement change in fiduciary net position.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**Figure A-3**  
**Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activity		Total District		Total % Change
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	
	Current and Other Assets	\$ 13,391,511	\$ 6,720,813	\$ 27,375	\$ 32,083	\$ 13,418,886	
Capital Assets	6,627,734	5,209,985	8,563	11,133	6,636,297	5,221,118	27.1%
<b>Total Assets</b>	<b>20,019,245</b>	<b>11,930,798</b>	<b>35,938</b>	<b>43,216</b>	<b>20,055,183</b>	<b>11,974,014</b>	<b>67.5%</b>
<b>Deferred Outflows of Resources</b>	<b>469,530</b>	<b>-</b>	<b>21,695</b>	<b>-</b>	<b>491,225</b>	<b>-</b>	<b>0.0%</b>
Current Liabilities	1,516,872	585,354	5,568	661	1,522,440	586,015	159.8%
Long-Term Liabilities	9,381,478	223,641	104,818	-	9,486,296	223,641	4141.8%
<b>Total Liabilities</b>	<b>10,898,350</b>	<b>808,995</b>	<b>110,386</b>	<b>661</b>	<b>11,008,736</b>	<b>809,656</b>	<b>1259.7%</b>
<b>Deferred Inflows of Resources</b>	<b>3,811,230</b>	<b>2,685,180</b>	<b>42,032</b>	<b>-</b>	<b>3,853,262</b>	<b>2,685,180</b>	<b>43.5%</b>
Net Position:							
Net Investment in							
Capital Assets	5,354,550	5,173,263	8,563	11,133	5,363,113	5,184,396	3.4%
Restricted	1,940,098	1,645,342	-	-	1,940,098	1,645,342	17.9%
Unrestricted	(1,515,453)	1,618,018	(103,348)	31,422	(1,618,801)	1,649,440	-198.1%
<b>Total Net Position</b>	<b>\$ 5,779,195</b>	<b>\$ 8,436,623</b>	<b>\$ (94,785)</b>	<b>\$ 42,555</b>	<b>\$ 5,684,410</b>	<b>\$ 8,479,178</b>	<b>-33.0%</b>

The District's combined net position increased 4.3%, or approximately \$232,000, from the prior year. The largest portion of the District's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment, less the related debt). The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$295,000, or 17.9%, from the prior year. The increase was primarily a result of a higher school infrastructure balance for future projects.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established debt covenants, enabling legislation or other legal requirements – decreased approximately \$3,164,893, or 198.1%. This decrease of unrestricted net position was largely due to the District’s net pension liability recorded in the current year as required by GASB 68 and also an increase in expenses in the General fund, particularly for the increase of costs for educating our students.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$2,893,927 and \$133,719, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position.

**Figure A-4**  
**Changes in Net Position from Operations**

	Governmental Activities		Business-Type Activity		Total District		Total % Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	
	<b>Revenue:</b>						
<b>Program Revenue:</b>							
Charges for Services	\$ 1,456,868	\$ 1,597,543	\$ 166,197	\$ 157,595	\$ 1,623,065	\$ 1,755,138	-7.52%
Operating Grants and Contributions	997,718	926,601	182,951	200,691	1,180,669	1,127,292	4.73%
<b>General Revenues:</b>							
Property Tax	2,687,152	2,903,797	-	-	2,687,152	2,903,797	-7.46%
SSSU Tax	468,779	423,810	-	-	468,779	423,810	10.61%
State Grants	1,952,620	1,904,858	-	-	1,952,620	1,904,858	2.51%
Interest Income	19,649	11,127	57	69	19,706	11,196	76.01%
Miscellaneous	14,373	38,064	-	-	14,373	38,064	-62.24%
Gain on Equipment Sales	1,051	800	-	-	1,051	-	0.00%
<b>Total Revenues</b>	<b>7,598,210</b>	<b>7,806,600</b>	<b>349,205</b>	<b>358,355</b>	<b>7,947,415</b>	<b>8,164,155</b>	<b>-2.65%</b>
<b>Expenses:</b>							
Instruction	4,741,295	4,513,542	-	-	4,741,295	4,513,542	5.05%
Support Services	2,010,118	2,007,202	-	-	2,010,118	2,007,202	0.15%
Non-Instructional	-	-	352,826	354,606	352,826	354,606	-0.50%
Other Expenses	610,298	385,547	-	-	610,298	385,547	58.29%
<b>Total Expenses</b>	<b>7,361,711</b>	<b>6,906,291</b>	<b>352,826</b>	<b>354,606</b>	<b>7,714,537</b>	<b>7,260,897</b>	<b>6.25%</b>
<b>Change in Net Position</b>	<b>\$ 236,499</b>	<b>\$ 900,309</b>	<b>\$ (3,621)</b>	<b>\$ 3,749</b>	<b>\$ 232,878</b>	<b>\$ 903,258</b>	<b>-74.22%</b>

Property tax and unrestricted state grants account for 58% of the total revenue. The District’s expenses primarily relate to instruction and support services which account for 88% of the total expenses.

The District’s total revenues were approximately \$7.9 million, of which \$7.6 million was for governmental activities and \$349,000 was for business-type activities.

As shown in Figure A-4, the district as a whole experienced a 2.65% decrease in revenues and a 6.25% increase in expenses. The decrease in General revenues was attributable mainly to the decrease in property taxes and state revenues received. The increase in expenditures was due primarily to the increase of costs for educating our students, particularly the increased costs of salaries and employee benefits.

**Governmental Activities**

Revenues for governmental activities for the year ended June 30, 2015 were \$7,598,210 and expenses were \$7,361,711.

Figure A-5 presents the total and net cost of the District’s major governmental activities: instruction, support services, non-instructional programs, and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

**Figure A-5 - Net Cost of Governmental Activities**

	Total Cost of Services 2014			Net Cost of Services 2014		
	2015	(Not Restated)	% Change	2015	(Not Restated)	% Change
Instruction	\$ 4,741,295	\$ 4,513,542	5.05%	\$ 2,506,083	\$ 2,201,428	13.84%
Support Services	2,010,118	2,007,201	0.15%	2,000,116	1,995,596	0.23%
Other Expenses	610,298	385,585	58.28%	400,926	185,160	116.53%
<b>Total</b>	<b>\$ 7,361,711</b>	<b>\$ 6,906,328</b>	<b>6.59%</b>	<b>\$ 4,907,125</b>	<b>\$ 4,382,184</b>	<b>11.98%</b>

For the year ended June 30, 2015:

- The cost financed by users of the District’s programs was \$1,456,868 in 2015.
- Federal and state governments subsidized certain programs and grants and contributions totaling \$997,718 in 2014.
- The net cost of governmental activities was financed with \$3,155,931 in property taxes and other taxes and \$1,952,620 in unrestricted state grants.

**Business-Type Activities**

Revenues of the District’s business-type activities (school food and nutrition services) totaled \$349,205 representing a 2.6% decrease from the prior year, while expenses totaled \$352,826, a 3.4% decrease over the prior year. (Refer to Figure A-4.) The District’s business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

A slight decrease in benefits and food costs account for the decrease in expenses, while a decrease in charges for services accounts for the decrease in revenue.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$9,338,464, a 158% increase over last year's ending fund balances of \$3,458,761. The reason for increase was mainly due to receiving the \$7.5 million of bond proceeds during the year and not using all of it for the facilities expansion in the fiscal year.

### **Governmental Fund Highlights**

The District employed additional staff due to additional student needs.

The General Fund balance decreased from \$1,951,234 to \$1,680,653 due, mainly, to the decrease in property taxes and tuition revenue received. The increase in expenditures was due primarily to the increase of costs for educating our students, particularly the increased costs of salaries and employee benefits. Another cost that continues to rise is the cost of transporting students to and from school.

The Debt Service Fund balance increased from \$0 at the end of fiscal year 2014 to \$8,571 at the end of fiscal year 2015. This was due to regular debt and interest payments being made.

The Facilities Expansion Fund balance increased from a negative \$75,947 at the end of fiscal year 2014 to \$5,905,056 at the end of fiscal year 2015. This was due to receiving the \$7.5 million of bond proceeds and not using all of it for the facilities expansion in the fiscal year.

### **Proprietary Fund Highlights**

The School Nutrition Fund balance decreased from a negative \$91,164 at the end of fiscal year 2014 to a negative \$94,785 at the end of fiscal year 2015. This was due to the increased costs for the new nutrition program guidelines.

### **Budgetary Highlights**

On May 27, 2015, an amendment to the fiscal year 2015 budget was approved in the amount of \$131,000 for instruction and \$2,544,182 for other expenditures.

The District's revenues were \$44,822 more than budgeted, primarily due to more taxes and federal revenues received than were budgeted.

Total expenditures were less than budgeted expenses primarily due to maintaining control over expenditures and there were less construction expenses than were budgeted.

## **CAPITAL AND DEBT ADMINISTRATION**

At June 30, 2015, the District had invested \$6.6 million, net of accumulated depreciation, in a broad range of assets, including land, construction in progress, buildings, athletic facilities, computers, audio-visual equipment, and transportation equipment. This represents a 27% increase from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Total depreciation expense for the year was \$248,246.

The original cost of the District’s capital assets was \$11,114,685. Governmental funds account for \$11,035,022 with the remainder of \$79,663 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity was due to the construction in progress on the facilities expansion.

**Figure A-6 - Capital Assets**

	Governmental Activities		Business-Type Activity		Total District		Total % Change
	2015	2014	2015	2014	2015	2014	
Land	\$ 125,495	\$ 125,495	\$ -	\$ -	\$ 125,495	\$ 125,495	0.00%
Construction in Progress	1,603,160	75,947	-	-	1,603,160	75,947	0.00%
Buildings & Improvements	4,275,005	4,413,242	-	-	4,275,005	4,413,242	-3.13%
Equipment, Furniture & Vehicles	624,074	595,301	8,563	-	632,637	595,301	6.27%
<b>Total</b>	<b>\$ 6,627,734</b>	<b>\$ 5,209,985</b>	<b>\$ 8,563</b>	<b>\$ -</b>	<b>\$ 6,636,297</b>	<b>\$ 5,209,985</b>	<b>27.38%</b>

**Long-Term Debt**

At year-end, the District had \$7,397,320 of long-term debt outstanding. This represents a large increase from last year due to the issuance of the \$7.5 M bonds. See Figure A-7 below. Additional information about the District’s long-term debt is presented in Note 4 to the financial statements.

The Lease Payable is for a copier lease and IPAD lease. The IPAD lease was issued during the year.

**Figure A-7 - Long-Term Debt**

	Total District		Total % Change
	2015	2014	
General Obligation Bonds	\$ 7,150,000	\$ -	0.00%
Lease Payable	247,320	36,722	573.49%
<b>Total</b>	<b>\$ 7,397,320</b>	<b>\$ 36,722</b>	<b>20044.11%</b>

**FACTORS BEARING ON THE DISTRICT’S FUTURE**

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

- The District continues its sharing agreement with Albert City – Truesdale Community School District for academics. The agreement is going well. The districts are currently reviewing the current agreement and preparing for its renewal.
- The administration is keeping communication lines open with other neighboring districts for the possibility of future sharing. A 28E agreement continues with Clay Central Everly Community School District to share the positions of Business Manager and Human Resources Director.

- The Sioux Central district continues to expand our one to one laptop initiative. The staff continues to work hard to use the technology as a tool for educating our students. All students in grades 3-12 are 1:1 with MacBooks, while our kindergarten through 2<sup>nd</sup> grade are 1:1 with iPads. Administration and staff are reviewing the costs to help determine the next step with replacing the MacBooks in the next year or two.
- The District enrollment showed a slight decrease this year. However, we continue to be a district of educational choice for students from neighboring districts. We continue to see a three to one ratio for students open enrolling into our district, versus open enrolling out to another district.
- The district continues to work on the facilities expansion project. This includes a new roof for the main building on campus, as well as adding special education classrooms, an elementary gymnasium, multi-purpose room and a football/track facility. This will continue the tax rate of approximately \$2.12 for the debt service fund.
- Health insurance continues to be a very costly item to the District. The rates are continuing to increase and are extremely high. Even though concessions have been made by employees in regard to deductibles, and coinsurance, other solutions need to be found. The skyrocketing cost of health care and the insurance to cover the cost could become a factor in hiring and retaining employees.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District with mandates such as the “No Child Left Behind” and “Student Achievement and Teacher Quality Act”.

## **CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District’s citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability of the money it receives. If you have questions about this report or need additional information, contact Sioux Central Community School District, 4440 US Hwy 71, Sioux Rapids, IA 50585.

## **BASIC FINANCIAL STATEMENTS**

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**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,224,206	\$ 14,094	\$ 9,238,300
Pooled Investments	460,772	-	460,772
Receivables:			
Property Tax	20,182	-	20,182
Property Tax - Succeeding Year	2,901,617	-	2,901,617
Other Accounts Receivable	61,844	-	61,844
Due from Other Governmental Agencies	716,638	-	716,638
Internal Balances	5,568	(5,568)	-
Accrued Interest	684	-	684
Inventories	-	13,281	13,281
Land	125,495	-	125,495
Construction in Progress	1,603,160	-	1,603,160
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	4,899,079	8,563	4,907,642
Total Assets	<u>20,019,245</u>	<u>30,370</u>	<u>20,049,615</u>
<b>Deferred Outflows of Resources</b>			
Pension Related Deferred Outflows	<u>469,530</u>	<u>21,695</u>	<u>491,225</u>
<b>Liabilities</b>			
Accounts Payable	799,053	-	799,053
Accrued Wages and Payroll Liabilities	96,223	-	96,223
Advances from Grantors	141,234	-	141,234
Accrued Interest Payable	34,896	-	34,896
Long-Term Liabilities:			
Debt Due Within One Year:			
Bonds Payable	300,000	-	300,000
Lease Payable	83,066	-	83,066
Early Retirement Payable	62,400	-	62,400
Debt Due in More Than One Year:			
Bonds Payable	6,850,000	-	6,850,000
Lease Payable	164,254	-	164,254
Early Retirement Payable	89,330	-	89,330
Net Pension Liability	2,268,465	104,818	2,373,283
Net OPEB Liability	9,429	-	9,429
Total Liabilities	<u>10,898,350</u>	<u>104,818</u>	<u>11,003,168</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenues:			
Succeeding Year Property Tax	2,901,617	-	2,901,617
Pension Related Deferred Inflows	909,613	42,032	951,645
Total Deferred Inflows of Resources	<u>3,811,230</u>	<u>42,032</u>	<u>3,853,262</u>
<b>Net Position</b>			
Net Investment in Capital Assets	5,354,550	8,563	5,363,113
Restricted for:			
Physical Plant and Equipment Levy	127,450	-	127,450
Categorical Funding	294,673	-	294,673
Student Activities	96,733	-	96,733
School Infrastructure	995,427	-	995,427
Management Levy	425,815	-	425,815
Unrestricted (Deficit)	(1,515,453)	(103,348)	(1,618,801)
Total Net Position	<u>\$ 5,779,195</u>	<u>\$ (94,785)</u>	<u>\$ 5,684,410</u>

See Accompanying Notes to Financial Statements

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Instruction:				
Regular Instruction	\$ 2,622,613	\$ 855,281	\$ 594,774	\$ -
Special Instruction	1,143,973	421,762	48,033	-
Other Instruction	974,709	179,825	135,537	-
Support Services:				
Student Services	130,171	-	-	-
Instructional Staff Services	171,930	-	9,595	-
Administration Services	528,382	-	-	-
Operations and Maintenance	564,507	-	-	-
Transportation Services	422,543	-	407	-
Central Support Services	192,585	-	-	-
Other Expenditures:				
Facilities Acquisition	54,238	-	-	-
Long-term Debt Interest and Fiscal Charges	195,744	-	-	-
AEA Flow-Through	209,372	-	209,372	-
Unallocated Depreciation*	150,944	-	-	-
Total Governmental Activities	<u>7,361,711</u>	<u>1,456,868</u>	<u>997,718</u>	<u>-</u>
<b>Business-Type Activities:</b>				
School Nutrition Fund	<u>352,826</u>	<u>166,197</u>	<u>182,951</u>	<u>-</u>
<b>Total School District</b>	<u><u>\$ 7,714,537</u></u>	<u><u>\$ 1,623,065</u></u>	<u><u>\$ 1,180,669</u></u>	<u><u>\$ -</u></u>

**General Revenues:**

Property Tax Levied For:  
    General Purposes  
    Debt Service  
    Capital Outlay  
    Management Levy  
Statewide Sales and Services Tax  
Unrestricted State Grants  
Interest on Investments  
Contributions  
Miscellaneous  
Gain on Equipment Sales  
Total General Revenues

**Change in Net Position**

**Net Position - Beginning**  
**Prior Period Adjustment - Accounting Change**  
**Net Position - Beginning, as Restated**  
  
**Net Position - Ending**

\* This amount excludes the depreciation included in the direct expenses of the various programs.

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,172,558)		\$ (1,172,558)
(674,178)		(674,178)
(659,347)		(659,347)
(130,171)		(130,171)
(162,335)		(162,335)
(528,382)		(528,382)
(564,507)		(564,507)
(422,136)		(422,136)
(192,585)		(192,585)
(54,238)		(54,238)
(195,744)		(195,744)
-		-
(150,944)		(150,944)
<u>(4,907,125)</u>		<u>(4,907,125)</u>
-	\$ (3,678)	(3,678)
<u>(4,907,125)</u>	<u>(3,678)</u>	<u>(4,910,803)</u>
1,992,262	-	1,992,262
514,716	-	514,716
80,100	-	80,100
100,074	-	100,074
468,779	-	468,779
1,952,620	-	1,952,620
19,649	57	19,706
6,000	-	6,000
8,373	-	8,373
1,051	-	1,051
<u>5,143,624</u>	<u>57</u>	<u>5,143,681</u>
236,499	(3,621)	232,878
8,436,623	42,555	8,479,178
<u>(2,893,927)</u>	<u>(133,719)</u>	<u>(3,027,646)</u>
<u>5,542,696</u>	<u>(91,164)</u>	<u>5,451,532</u>
<u>\$ 5,779,195</u>	<u>\$ (94,785)</u>	<u>\$ 5,684,410</u>

See Accompanying Notes to Financial Statements

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	General	Debt Service	Facilities Expansion	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 986,713	\$ 4,705	\$ 6,386,869	\$ 1,770,349	\$ 9,148,636
Pooled Investments	460,772	-	-	-	460,772
Receivables:					
Property Taxes	14,962	3,866	-	1,354	20,182
Property Taxes - Succeeding Year	2,151,098	518,438	-	232,081	2,901,617
Other Accounts Receivable	61,844	-	-	-	61,844
Accrued Interest	684	-	-	-	684
Due from Other Governmental Agencies	643,797	-	-	72,841	716,638
Due from Other Funds	18,825	-	-	1,343	20,168
<b>Total Assets</b>	<u>4,338,695</u>	<u>527,009</u>	<u>6,386,869</u>	<u>2,077,968</u>	<u>13,330,541</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	234,937	-	481,813	26,046	742,796
Accrued Wages and Payroll Liabilities	96,223	-	-	-	96,223
Early Retirement Payable	-	-	-	62,400	62,400
Advances from Grantors	141,234	-	-	-	141,234
Due to Other Funds	1,343	-	-	13,257	14,600
<b>Total Liabilities</b>	<u>473,737</u>	<u>-</u>	<u>481,813</u>	<u>101,703</u>	<u>1,057,253</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues:					
Succeeding Year Property Tax	2,151,098	518,438	-	232,081	2,901,617
Other	33,207	-	-	-	33,207
<b>Total Deferred Inflows of Resources</b>	<u>2,184,305</u>	<u>518,438</u>	<u>-</u>	<u>232,081</u>	<u>2,934,824</u>
<b>Fund Balances</b>					
Restricted for:					
Categorical Funding	294,673	-	-	-	294,673
Student Activities	-	-	-	96,733	96,733
Management Levy	-	-	-	524,574	524,574
School Infrastructure	-	-	5,905,056	995,427	6,900,483
Physical Plant and Equipment	-	-	-	127,450	127,450
Unassigned	1,385,980	-	-	-	1,385,980
<b>Total Fund Balances</b>	<u>1,680,653</u>	<u>8,571</u>	<u>5,905,056</u>	<u>1,744,184</u>	<u>9,338,464</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 4,338,695</u>	<u>\$ 527,009</u>	<u>\$ 6,386,869</u>	<u>\$ 2,077,968</u>	<u>\$ 13,330,541</u>

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 17)	\$ 9,338,464
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,627,734
Other assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	33,207
Accrued interest payable on long term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(34,896)
Internal service funds are used by management to charge the cost of certain activities, such as health insurance, to individuals. The assets and liabilities of the Internal service fund are:	
Current Assets	75,570
Current Liabilities	(56,257)
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	469,530
Deferred Inflows of Resources	(909,613)
Long-term liabilities, including bonds and notes payable, net pension liability, capital leases, compensated absences and other postemployment benefits payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(9,764,544)
Total Net Position - Governmental Activities (page 14)	\$ 5,779,195

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General	Debt Service	Facilities Expansion	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local Sources:					
Local Tax	\$ 1,992,262	\$ 514,716	\$ -	\$ 648,953	\$ 3,155,931
Tuition	1,133,593	-	-	-	1,133,593
Other	129,273	860	8,216	187,541	325,890
State Sources	2,602,197	3,364	-	1,178	2,606,739
Federal Sources	342,850	-	-	-	342,850
<b>Total Revenues</b>	<u>6,200,175</u>	<u>518,940</u>	<u>8,216</u>	<u>837,672</u>	<u>7,565,003</u>
<b>Expenditures</b>					
Instruction:					
Regular Instruction	2,426,095	-	-	365,623	2,791,718
Special Instruction	1,175,874	-	-	-	1,175,874
Other Instruction	835,129	-	-	169,181	1,004,310
Support Services:					
Student Services	135,131	-	-	-	135,131
Instructional Staff Services	174,480	-	-	884	175,364
Administration Services	544,075	750	-	6,126	550,951
Operations and Maintenance	398,818	-	-	160,007	558,825
Transportation Services	379,197	-	-	25,569	404,766
Central Support Services	192,585	-	-	-	192,585
Other Expenditures:					
Facilities Acquisition	-	-	1,527,213	158,941	1,686,154
Long-Term Debt:					
Principal	-	358,482	-	-	358,482
Interest and Fiscal Charges	-	160,848	-	-	160,848
AEA Flow-Through	209,372	-	-	-	209,372
<b>Total Expenditures</b>	<u>6,470,756</u>	<u>520,080</u>	<u>1,527,213</u>	<u>886,331</u>	<u>9,404,380</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(270,581)</u>	<u>(1,140)</u>	<u>(1,518,997)</u>	<u>(48,659)</u>	<u>(1,839,377)</u>
<b>Other Financing Sources (Uses)</b>					
Long-Term Debt Proceeds	-	-	7,500,000	219,080	7,719,080
Transfers In	-	9,711	-	-	9,711
Transfers Out	-	-	-	(9,711)	(9,711)
<b>Total Other Financing Sources</b>	<u>-</u>	<u>9,711</u>	<u>7,500,000</u>	<u>209,369</u>	<u>7,719,080</u>
<b>Net Change in Fund Balance</b>	(270,581)	8,571	5,981,003	160,710	5,879,703
<b>Fund Balances (Deficit) at Beginning of Year</b>	<u>1,951,234</u>	<u>-</u>	<u>(75,947)</u>	<u>1,583,474</u>	<u>3,458,761</u>
<b>Fund Balances at End of Year</b>	<u>\$ 1,680,653</u>	<u>\$ 8,571</u>	<u>\$ 5,905,056</u>	<u>\$ 1,744,184</u>	<u>\$ 9,338,464</u>

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

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

Net Change in Fund Balances - Total Governmental funds (page 19) \$ 5,879,703

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlays in the current year as follows:

Expenditures for capital assets	1,665,995	
Depreciation expense	<u>(248,246)</u>	1,417,749

Internal Service Funds are used by management to charge the costs of health insurance and benefits to individual funds. The net income of the Internal Service Fund is reported with governmental activities net of the amount allocated to business-type activities. 19,313

Accrued interest expense that does not require current financial resources. (34,896)

Certain revenues are not collected for several months after year end and are not considered available revenue and are deferred in the governmental funds. 33,207

Long-term debt proceeds provide current financial resources to governmental funds, but increase long-term liabilities in the Statement of Net Position (7,719,080)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds without affecting the net position. The Statement of Activities does not reflect the payment of principal on long-term debt. The principal paid on long-term debt during the current year was: 358,482

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are recorded as a deferred outflow of resources in the Statement of Net Position. 344,764

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	99,369	
Other Postemployment Benefits	(2,727)	
Pension Expense	<u>(159,385)</u>	<u>(62,743)</u>

Change in Net Position of Governmental Activities (page 16) \$ 236,499

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

	Enterprise Fund	Government Activities
	School Nutrition Fund	Internal Service Funds
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 14,094	\$ 75,570
Inventories	13,281	-
<b>Total Current Assets</b>	<u>27,375</u>	<u>75,570</u>
Noncurrent Assets:		
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	8,563	-
<b>Total Assets</b>	<u>35,938</u>	<u>75,570</u>
<b>Deferred Outflows of Resources</b>		
Pension Related Deferred Outflows	<u>21,695</u>	<u>-</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	-	56,257
Due to Other Funds	5,568	-
Noncurrent Liabilities:		
Net Pension Liability	104,818	-
<b>Total Liabilities</b>	<u>110,386</u>	<u>56,257</u>
<b>Deferred Inflows of Resources</b>		
Pension Related Deferred Inflows	<u>42,032</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in Capital Assets	8,563	-
Unrestricted	(103,348)	19,313
<b>Total Net Position</b>	<u>\$ (94,785)</u>	<u>\$ 19,313</u>

See Accompanying Notes to Financial Statements

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Fund	Governmental Activities
	School Nutrition Fund	Internal Service Funds
<b>Operating Revenues:</b>		
Charges for Services	\$ 160,264	\$ 67,860
Miscellaneous	5,933	-
Total Operating Revenue	<u>166,197</u>	<u>67,860</u>
<b>Operating Expenses:</b>		
Non-Instructional Programs:		
Food Service Operations:		
Salaries	121,750	-
Benefits	37,075	-
Food	178,396	-
Supplies	10,466	-
Other Expense	2,569	48,548
Depreciation	2,570	-
Total Operating Expenses	<u>352,826</u>	<u>48,548</u>
<b>Operating (Loss)</b>	(186,629)	19,312
<b>Non-Operating Revenue:</b>		
Interest Income	57	1
State Lunch Reimbursements	2,829	-
National School Lunch Program	145,729	-
Federal Food Commodities Received	34,393	-
Total Non-Operating Revenue	<u>183,008</u>	<u>1</u>
<b>Change in Net Position</b>	(3,621)	19,313
<b>Net Position - Beginning</b>	42,555	-
<b>Prior Period Adjustment</b>	(133,719)	-
<b>Net Position (Deficit) - Beginning, Restated</b>	<u>(91,164)</u>	-
<b>Net Position - Ending</b>	<u>\$ (94,785)</u>	<u>\$ 19,313</u>

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Fund	Governmental Activities
	School Nutrition Fund	Internal Service Funds
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$ 166,929	\$ 67,860
Cash Payments for Salaries and Benefits	(167,389)	7,709
Cash Payments for Goods and Services	(164,567)	-
Net Cash Provided (Used) by Operating Activities	<u>(165,027)</u>	<u>75,569</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Federal and State Appropriations Received	148,558	-
Net Cash Provided by Non-Capital Financing Activities	<u>148,558</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>		
Interest on Investments	57	1
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(16,412)	75,570
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>30,506</u>	<u>-</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 14,094</u>	<u>\$ 75,570</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:</b>		
Operating Income (Loss)	\$ (186,629)	\$ 19,312
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:		
Depreciation Expense	2,570	-
Commodities Used	34,393	-
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:		
Accounts Receivable	732	-
Inventory	(6,868)	-
Deferred Outflows	(6,251)	-
Accounts Payable	(661)	56,257
Net Pension Liability	(44,345)	-
Deferred Inflows	42,032	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (165,027)</u>	<u>\$ 75,569</u>
<b>Supplemental Schedule of Noncash Noncapital Financial Activities:</b>		
Federal Food Commodities Received	<u>\$ 34,393</u>	<u>\$ -</u>

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	Private Purpose Trust
	Scholarship
<b>Assets</b>	
Cash	\$ 2,150
<b>Total Assets</b>	2,150
<b>Net Position</b>	
Unrestricted	2,150
<b>Total Net Position</b>	\$ 2,150

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Private Purpose Trust Scholarship
<b>Additions</b>	
Local Sources: Contributions	\$ 3,700
<b>Deductions</b>	
Support Services: Scholarships Awarded	3,950
<b>Change in Net Position</b>	(250)
<b>Net Position- Beginning</b>	2,400
<b>Net Position - Ending</b>	\$ 2,150

See Accompanying Notes to Financial Statements

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Sioux Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. The geographic area served includes the Cities of Sioux Rapids, Rembrandt, Linn Grove, Webb, Gillett Grove, and Peterson, Iowa, and agricultural area in Buena Vista, Clay, Cherokee and O'Brien Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Sioux Central Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Sioux Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Buena Vista and Clay Counties Assessor's Conference Boards.

B. Basis of Presentation

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

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net position is reported in three categories:

- ***Net Investment in Capital Assets***, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- ***Restricted Net Position*** results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position*** consists of net position that does not meet the definition of the two preceding categories. Unrestricted Net Position often has constraints on resources that are imposed which can be removed or modified.

The District first uses restricted resources to finance qualifying activities.

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 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 first uses restricted resources to finance qualifying activities.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the General Fund consists primarily of local property taxes and state government aid.
- The **Debt Service Fund** is used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.
- The **Facilities Expansion Capital Projects Fund** is used to account for the infrastructure expenses related to the expansion and betterment of current district facilities.

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

The following accounting policies are followed in preparing the balance sheet:

Cash, Cash Equivalents, and Pooled Investments– The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost. For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2015 included certificates of deposits of \$460,772 with original maturity dates longer than three months.

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

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

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

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 1 – **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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

Land	\$ 1,000
Buildings	\$ 10,000
Improvements other than Buildings	\$ 10,000
Furniture and Equipment:	
School Nutrition Fund Equipment	\$ 500
Other Furniture and Equipment	\$ 2,500

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

Buildings	50 years
Improvements other than Buildings	20 – 50 years
Furniture and Equipment	5 – 15 years

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

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

Salaries and Benefits Payable – Payroll and related expenditures for non-certified staff corresponding to the current school year, have been accrued as liabilities.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of 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 imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classifications.

Restricted Net Position – In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**Note 2 – CASH, CASH EQUIVALENTS, AND POOLED INVESTMENTS**

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

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

**Custodial Credit Risk** – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less. The District's investments consist of certificates of deposit that have original maturities of less than 397 days.

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 3 – **CAPITAL ASSETS**

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

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2015</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 125,495	\$ -	\$ -	\$ 125,495
Construction In Progress	75,947	1,527,213	-	1,603,160
Total assets not being depreciated	<u>201,442</u>	<u>1,527,213</u>	<u>-</u>	<u>1,728,655</u>
Capital assets being depreciated:				
Buildings and Improvements	7,110,787	-	-	7,110,787
Furniture and Equipment	2,113,480	138,782	56,682	2,195,580
Total capital assets being depreciated	<u>9,224,267</u>	<u>138,782</u>	<u>56,682</u>	<u>9,306,367</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,697,545	138,237	-	2,835,782
Furniture and Equipment	1,518,179	110,009	56,682	1,571,506
Total Accumulated Depreciation	<u>4,215,724</u>	<u>248,246</u>	<u>56,682</u>	<u>4,407,288</u>
Total capital assets being depreciated, net	<u>5,008,543</u>	<u>(109,464)</u>	<u>-</u>	<u>4,899,079</u>
Governmental activities capital assets, net	<u>5,209,985</u>	<u>1,417,749</u>	<u>-</u>	<u>6,627,734</u>
<b>Business-type Activity:</b>				
Furniture and Equipment	79,663	-	-	79,663
Less Accumulated Depreciation	68,530	2,570	-	71,100
Business-type activity capital assets, net	<u>\$ 11,133</u>	<u>\$ (2,570)</u>	<u>\$ -</u>	<u>\$ 8,563</u>

Depreciation expense was charged to the following functions:

<b>Governmental Activities:</b>	
Transportation Services	\$ 52,038
Regular Instruction	24,454
Operation and Maintenance	20,810
Unallocated	150,944
Total depreciation expense - governmental activities	<u>\$ 248,246</u>
<b>Business-type Activities:</b>	
Food Service Operations	<u>\$ 2,570</u>

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 3 – CAPITAL ASSETS**

**Reconciliation of Net Investment in Capital Assets:**

	<b>Governmental Activities</b>	<b>Business-type Activity</b>
Land	\$ 125,495	\$ -
Construction In Progress	1,603,160	-
Unspent Cash on Bond Issue	5,905,056	-
Capital Assets (net of accumulated depreciation)	4,899,079	8,563
Less:		
Bonds Payable	(7,150,000)	-
Lease Payable	(28,240)	-
	<u>\$ 5,354,550</u>	<u>\$ 8,563</u>
Net Investment in Capital Assets	<u>\$ 5,354,550</u>	<u>\$ 8,563</u>

**Note 4 – LONG-TERM LIABILITIES**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ -	\$ 7,500,000	\$ 350,000	\$ 7,150,000	\$ 300,000
Capital Lease Payable	36,722	219,080	8,482	247,320	83,066
Early Retirement	269,457	-	117,727	151,730	62,400
Net Pension Liability	3,228,165	-	959,700	2,268,465	-
Net OPEB Liability	6,702	2,727	-	9,429	-
	<u>\$ 3,541,046</u>	<u>\$ 7,721,807</u>	<u>\$ 1,435,909</u>	<u>\$ 9,826,944</u>	<u>\$ 445,466</u>
Long-Term Liabilities	<u>\$ 3,541,046</u>	<u>\$ 7,721,807</u>	<u>\$ 1,435,909</u>	<u>\$ 9,826,944</u>	<u>\$ 445,466</u>
<b>Governmental Activities:</b>					
Net Pension Liability	<u>\$ 149,163</u>	<u>\$ -</u>	<u>\$ 44,345</u>	<u>\$ 104,818</u>	<u>\$ -</u>

**General Obligation Bonds**

The District adopted a resolution on August 5, 2014, providing for the issuance of \$7.5 million in General Obligation School Bonds, Series 2014. Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

Note 4 – **LONG TERM LIABILITIES (Continued)**

<u>Year Ending June 30</u>	<u>Interest Rates</u>	<u>Refunding Bond Issue of August 5, 2014</u>	
		<u>Principal</u>	<u>Interest</u>
2016	2.00%	\$ 300,000	\$ 209,025
2017	2.00%	305,000	203,025
2018	2.00%	315,000	196,925
2019	2.00%	320,000	190,625
2020	2.00%-3.00%	325,000	184,225
2021-2025	3.00%	1,735,000	800,275
2026-2030	3.00%-3.50%	1,990,000	527,175
2031-2034	3.50%	1,860,000	165,725
	Total	<u>\$ 7,150,000</u>	<u>\$ 2,477,000</u>

**Capital Leases**

As of June 30, 2015, equipment under a capital lease consists of multiple copiers and IPADS. The copiers had a capitalized cost of \$53,681. The IPADS were individually under the capitalization policy amount. Accumulated depreciation in the statement of net position and depreciation reported in the statement of activities in the amount of \$5,368 was recorded in 2015 relating to the copiers. Future lease payments are summarized as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 83,066	\$ 906
2017	80,939	3,033
2018	82,508	1,465
2019	807	3
	<u>\$ 247,320</u>	<u>\$ 5,407</u>

**Early Retirement**

The District has offered a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of service as a full-time licensed employee to the District. Employees must complete an application which is required to be approved by the Board of Education. The District will provide insurance premium assistance to age 65 for the retiree. The amount of the assistance is the single insurance premium rate at the time of the retiree's last year of employment. Early retirement benefits paid during the year ended June 30, 2015, totaled \$75,501. There were eight retired individuals receiving benefits at June 30, 2015.

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 5 – **PENSION AND RETIREMENT BENEFITS**

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

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 5 – **PENSION AND RETIREMENT BENEFITS (Continued)**

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.

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 \$2,373,283 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.0586420 percent, which was a decrease of 0.0010070 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$166,750. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,793	\$ -
Changes of assumptions	104,738	-
Net difference between projected and actual earnings on pension plan investments	-	905,103
Changes in proportion and differences between District contributions and proportionate share of contributions	-	46,542
District contributions subsequent to the measurement date	360,694	-
Total	\$ 491,225	\$ 951,645

\$360,694 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

Note 5 – PENSION AND RETIREMENT BENEFITS (Continued)

Year Ended June 30,	Total
2016	\$ (207,413)
2017	(207,413)
2018	(207,413)
2019	(207,413)
2020	8,538
Total	\$ (821,114)

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 5 – PENSION AND RETIREMENT BENEFITS (Continued)

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-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	\$ 4,484,251	\$ 2,373,283	\$ 591,407

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 6 – OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description.* An employee who has a minimum of 10 years of service and age 55 are provided single coverage health insurance until they reach the age of 65. Premiums are based on the full active employee premium rate.

*Funding Policy.* 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 other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 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 thirty years.

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

Annual required contribution	\$ 99,116
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>(20,888)</u>
Annual OPEB cost (Expense)	78,228
Contributions made	<u>(75,501)</u>
Increase in net OPEB obligation	2,727
Net OPEB obligation - beginning of year	<u>6,702</u>
Net OPEB obligation - end of year	<u><u>\$ 9,429</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2010	\$ 45,347	95.07%	\$ 2,234
2011	\$ 45,347	95.07%	\$ 4,468
2012	\$ 45,347	95.07%	\$ 6,702
2013	\$ 58,850	100.00%	\$ 6,702
2014	\$ 58,850	100.00%	\$ 6,702
2015	\$ 78,228	100.00%	\$ 9,429

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Funded Status and Funding Progress.* The funded status of the plan as of July 1, 2012 was as follows:

Actuarial accrued liability (AAL)	\$ 575,580
Actuarial value of plan assets	-
	<hr/>
Unfunded actuarial accrued liability (UAAL)	\$ 575,580
	<hr/>
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active members)	\$3,055,590
UAAL as a percentage of covered payroll	18.84%

*Actuarial Methods and Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan 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 and do not explicitly reflect the potential effect of legal or contractual funding limitation. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Note 7 – 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 \$209,372 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.

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 8 – RISK MANAGEMENT**

Sioux Central Community School District is a member in the Iowa School Employees Benefit Association, an Iowa Code Chapter 28E organization. The Iowa School Employees Benefits Association (ISEBA) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. ISEBA was formed in July 1999 for the purpose of managing and funding employee benefits. ISEBA provides coverage and protection in the following categories: medical, dental, vision and prescription drugs. Sioux Central Community School District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 9- CATEGORICAL FUNDING**

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

<u>Program</u>	<u>Amount</u>
Talented and Gifted	\$ 46,377
Dropout Prevention	102,862
Preschool	9,467
Teacher Quality Professional Development	56,166
Early Intervention	2,254
Early Literacy Program	18,222
Model Core Curriculum	53,769
Market Factor	2,121
Teacher Leadership	3,435
Total	<u>\$ 294,673</u>

**Note 10 – INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2015, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Nutrition Fund	\$ 5,568
General Fund	PPEL Fund	13,257
Statewide Sales, Services and Use Tax	General Fund	1,342
		<u>\$ 20,167</u>

The purpose of the interfund balance from the Nutrition Fund to the General Fund is reimbursement for insurance benefits that were paid out of the General Fund that are related to the Nutrition Fund. The interfund balances that the PPEL Fund owes the General Fund and the General Fund owes the Statewide Sales, Services, and Use Tax Fund are for accounts payables that were posted to the wrong funds.

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 11 – CONSTRUCTION COMMITMENT**

As of June 30, 2015, the following amounts remained to be paid for contracts that were entered into by the District: 1) Haselhof Construction: contract for the facilities upgrade project in the amount of \$3,994,500, of which \$3,733,506 remains to be paid at June 30, 2015 and 2) Beck Excavating: contract for the activities field and track in the amount of \$1,669,273, of which \$0 has been paid as of June 30, 2015.

**Note 12 – DEFICIT BALANCE**

The Nutrition Fund had a deficit fund balance as of June 30, 2015. The reason for this deficit net position is due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 during the fiscal year, which requires all school districts and other governmental entities in the state of Iowa who contribute to IPERS to show their proportionate share of the IPERS funding deficit as a liability on each entity's financials beginning in fiscal year 2015. See Note 13, Accounting Change/Restatement.

**Note 13 – ACCOUNTING CHANGE/RESTATEMENT**

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Beginning Net Position, as Previously Stated	\$ 8,436,623	\$ 42,555
Net Pension Liability at June 30, 2014	(3,228,165)	(149,163)
Deferred Outflows of Resources related to contributions made after the June 30, 2013 measurement date.	<u>334,238</u>	<u>15,444</u>
Net Position July 1, 2014, as Restated	<u>\$ 5,542,696</u>	<u>\$ (91,164)</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Amended	Final to Actual Variance
<b>Revenue</b>						
Local Sources:						
Local Taxes	\$ 3,155,931	\$ -	\$ 3,155,931	\$ 2,705,292	\$ 2,705,292	\$ 450,639
Tuition	1,133,593	-	1,133,593	1,350,000	1,350,000	(216,407)
Other	325,890	166,254	492,144	725,100	725,100	(232,956)
State Sources	2,606,739	2,829	2,609,568	2,671,165	2,671,165	(61,597)
Federal Sources	342,850	180,122	522,972	417,829	417,829	105,143
Total Revenue	<u>7,565,003</u>	<u>349,205</u>	<u>7,914,208</u>	<u>7,869,386</u>	<u>7,869,386</u>	<u>44,822</u>
<b>Expenditures/Expenses</b>						
Instruction	4,971,902	-	4,971,902	5,069,000	5,200,000	228,098
Support Services	2,017,622	-	2,017,622	2,375,700	2,375,700	358,078
Non-Instructional Programs	-	352,826	352,826	380,000	380,000	27,174
Other Expenditures	2,414,856	-	2,414,856	955,818	3,500,000	1,085,144
Total Expenditures	<u>9,404,380</u>	<u>352,826</u>	<u>9,757,206</u>	<u>8,780,518</u>	<u>11,455,700</u>	<u>1,698,494</u>
<b>Excess (Deficiency) of Revenues Over Expenditures/Expenses</b>	(1,839,377)	(3,621)	(1,842,998)	(911,132)	(3,586,314)	1,743,316
<b>Other Financing Sources (Uses)</b>						
Operating Transfers From Other Funds	9,711	-	9,711	10,200	10,200	(489)
Operating Transfers to Other Funds	(9,711)	-	(9,711)	(10,200)	(10,200)	489
Long-Term Debt Proceeds	7,719,080	-	7,719,080	-	-	7,719,080
Total Other Financing Sources (Uses)	<u>7,719,080</u>	<u>-</u>	<u>7,719,080</u>	<u>-</u>	<u>-</u>	<u>7,719,080</u>
<b>Change in Fund Balance</b>	5,879,703	(3,621)	5,876,082	(911,132)	(3,586,314)	9,462,396
<b>Fund Balance at Beginning of Year</b>	3,458,761	42,555	3,501,316	3,501,316	3,501,316	-
<b>Prior Period Adjustment</b>	-	(133,719)	(133,719)	(133,719)	(133,719)	-
<b>Fund Balance- Beginning of Year, Restated</b>	<u>3,458,761</u>	<u>(91,164)</u>	<u>3,367,597</u>	<u>3,367,597</u>	<u>3,367,597</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 9,338,464</u>	<u>\$ (94,785)</u>	<u>\$ 9,243,679</u>	<u>\$ 2,456,465</u>	<u>\$ (218,717)</u>	<u>\$ 9,462,396</u>

**SIOUX CENTRAL 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 Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted a budget amendment, increasing budgeted expenditures by \$2,675,182.

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

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**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR\*  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
District's proportion of the net pension liability	0.058642%
District's proportionate share of the net pension liability	\$ 2,373,283
District's covered-employee payroll	\$ 4,036,887
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.79%
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.

**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.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST 10 FISCAL YEARS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 360,694	\$ 360,494	\$ 331,002	\$ 284,301
Contributions in relation to the statutorily required contribution	<u>360,694</u>	<u>360,494</u>	<u>331,002</u>	<u>284,301</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,038,035	\$ 4,036,887	\$ 3,817,785	\$ 3,522,937
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 232,796	\$ 214,573	\$ 209,032	\$ 188,608	\$ 167,351	\$ 164,541
<u>232,796</u>	<u>214,573</u>	<u>209,032</u>	<u>188,608</u>	<u>167,351</u>	<u>164,541</u>
<u><u>\$ -</u></u>					
\$ 3,349,583	\$ 3,226,662	\$ 3,291,843	\$ 3,117,488	\$ 2,910,452	\$ 2,861,583
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

**SIoux CENTRAL 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.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015**

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

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
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	7/1/2009	\$ -	\$ 375,987	\$ 375,987	0%	\$ 2,778,746	13.5%
2011	7/1/2009	\$ -	\$ 375,987	\$ 375,987	0%	\$ 2,778,746	13.5%
2012	7/1/2009	\$ -	\$ 375,987	\$ 375,987	0%	\$ 2,778,746	13.5%
2013	7/1/2012	\$ -	\$ 575,580	\$ 575,580	0%	\$ 3,055,590	18.8%
2014	7/1/2012	\$ -	\$ 575,580	\$ 575,580	0%	\$ 3,055,590	18.8%
2015	7/1/2012	\$ -	\$ 575,580	\$ 575,580	0%	\$ 3,055,590	18.8%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**OTHER SUPPLEMENTARY  
INFORMATION**

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**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
GOVERNMENTAL NONMAJOR FUNDS  
JUNE 30, 2015**

**SCHEDULE 1**

	Special Revenue Funds		Capital Project Funds		Total
	Student Activity	Management	Physical Plant and Equipment Levy	Statewide Sales, Services and Use Tax	
<b>Assets</b>					
Cash and Cash Equivalents	\$ 105,841	\$ 586,222	\$ 140,105	\$ 938,181	\$ 1,770,349
Receivables:					
Property Tax	-	752	602	-	1,354
Succeeding Year Property Tax	-	150,000	82,081	-	232,081
Due from Other Governmental Agencies	-	-	-	72,841	72,841
Due from Other Funds	-	-	-	1,343	1,343
<b>Total Assets</b>	<b>105,841</b>	<b>736,974</b>	<b>222,788</b>	<b>1,012,365</b>	<b>2,077,968</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	9,108	-	-	16,938	26,046
Early Retirement Payable	-	62,400	-	-	62,400
Due to Other Funds	-	-	13,257	-	13,257
<b>Total Liabilities</b>	<b>9,108</b>	<b>62,400</b>	<b>13,257</b>	<b>16,938</b>	<b>101,703</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues:					
Succeeding Year Property Tax	-	150,000	82,081	-	232,081
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>150,000</b>	<b>82,081</b>	<b>-</b>	<b>232,081</b>
<b>Fund Balances</b>					
Restricted for:					
Student Activities	96,733	-	-	-	96,733
Management Levy	-	524,574	-	-	524,574
Physical Plant and Equipment	-	-	127,450	-	127,450
School Infrastructure	-	-	-	995,427	995,427
<b>Total Fund Balances</b>	<b>96,733</b>	<b>524,574</b>	<b>127,450</b>	<b>995,427</b>	<b>1,744,184</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 105,841</b>	<b>\$ 736,974</b>	<b>\$ 222,788</b>	<b>\$ 1,012,365</b>	<b>\$ 2,077,968</b>

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL NONMAJOR FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE 2**

	Special Revenue Funds		Capital Project Funds		Total
	Student Activity	Management	Physical Plant and Equipment Levy	Statewide Sales, Services and Use Tax	
<b>Revenues</b>					
Local Sources					
Local Tax	\$ -	\$ 100,074	\$ 80,100	\$ 468,779	\$ 648,953
Other	170,617	6,373	-	6,000	182,990
Interest	176	2,359	1,008	1,008	4,551
State Sources	-	654	524	-	1,178
<b>Total Revenues</b>	170,793	109,460	81,632	475,787	837,672
<b>Expenditures</b>					
Instruction:					
Regular Instruction	-	82,018	37,769	245,836	365,623
Other Instruction	169,181	-	-	-	169,181
Support Services:					
Instructional Staff Services	884	-	-	-	884
Administration Services	-	6,126	-	-	6,126
Operation and Maintenance	-	160,007	-	-	160,007
Transportation Services	-	-	-	25,569	25,569
Other Expenditures:					
Facilities Acquisition	-	-	71,309	87,632	158,941
<b>Total Expenditures</b>	170,065	248,151	109,078	359,037	886,331
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	728	(138,691)	(27,446)	116,750	(48,659)
<b>Other Financing Sources (Uses)</b>					
Long-Term Debt Proceeds	-	-	-	219,080	219,080
Transfers Out	-	-	-	(9,711)	(9,711)
<b>Total Other Financing Sources</b>	-	-	-	209,369	209,369
<b>Net Change in Fund Balances</b>	728	(138,691)	(27,446)	326,119	160,710
<b>Fund Balances at Beginning of Year</b>	96,005	663,265	154,896	669,308	1,583,474
<b>Fund Balances at End of Year</b>	\$ 96,733	\$ 524,574	\$ 127,450	\$ 995,427	\$ 1,744,184

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF INDIVIDUAL STUDENT ACTIVITY ACCOUNT ACTIVITY  
 FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE 3**

	Balance June 30, 2014	Revenues and Interfund Transfers	Expenditures	Balance June 30, 2015
Senior High/Junior High	\$ 41,947	\$ 100,529	\$ 103,001	\$ 39,475
Athletics	47,289	65,764	65,983	47,070
Elementary	6,769	4,500	1,081	10,188
Total for Activity Funds	<u>\$ 96,005</u>	<u>\$ 170,793</u>	<u>\$ 170,065</u>	<u>\$ 96,733</u>

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

Modified Accrual Basis of Accounting					
	2015	2014	2013	2012	2011
<b>Revenues:</b>					
Local Sources:					
Local Tax	\$ 3,155,931	\$ 3,327,608	\$ 3,230,641	\$ 3,315,163	\$ 3,265,777
Tuition	1,133,593	1,288,979	1,085,095	1,253,756	1,155,335
Other	325,890	358,337	333,037	312,808	649,242
State Sources	2,606,739	2,538,211	2,411,562	2,545,097	2,243,327
Federal Sources	342,850	293,466	317,903	325,629	333,253
<b>Total</b>	<b>\$ 7,565,003</b>	<b>\$ 7,806,601</b>	<b>\$ 7,378,238</b>	<b>\$ 7,752,453</b>	<b>\$ 7,646,934</b>
<b>Expenditures:</b>					
Instruction:					
Regular Instruction	\$ 2,791,718	\$ 2,430,404	\$ 2,421,082	\$ 2,225,366	\$ 2,277,927
Special Instruction	1,175,874	1,341,826	1,126,781	1,114,336	1,021,201
Other Instruction	1,004,310	866,118	918,623	1,122,083	727,608
Support Services:					
Student Services	135,131	162,410	150,719	103,514	155,029
Instructional Staff Services	175,364	135,534	181,719	181,419	141,741
Administration Services	550,951	525,880	517,220	549,537	505,791
Operations and Maintenance	558,825	609,156	579,660	529,119	488,137
Transportation Services	404,766	419,199	316,660	414,380	360,703
Central Support Services	192,585	170,427	153,300	165,387	103,071
Other Expenditures:					
Structural Improvements	-	30,632	49,757	3,509	-
Facilities Acquisition	1,686,154	99,092	25,094	19,232	103,621
Long-term Debt:					
Principal	358,482	266,053	662,643	656,930	641,276
Interest and Other Charges	160,848	9,886	19,960	30,543	38,478
AEA Flowthrough	209,372	200,425	190,165	187,670	200,352
<b>Total</b>	<b>\$ 9,404,380</b>	<b>\$ 7,267,042</b>	<b>\$ 7,313,383</b>	<b>\$ 7,303,025</b>	<b>\$ 6,764,935</b>

SCHEDULE 4

2010	2009	2008	2007	2006
\$ 2,591,183	\$ 2,479,566	\$ 2,459,303	\$ 2,660,552	\$ 2,441,883
1,453,296	1,386,709	1,371,175	874,283	1,084,802
281,107	331,802	333,626	440,522	257,772
1,760,473	2,033,568	1,890,883	1,783,152	1,776,118
286,339	233,461	261,894	266,668	579,219
<u>\$ 6,372,398</u>	<u>\$ 6,465,106</u>	<u>\$ 6,316,881</u>	<u>\$ 6,025,177</u>	<u>\$ 6,139,794</u>
\$ 2,811,463	\$ 2,230,833	\$ 2,410,734	\$ 2,181,684	\$ 2,025,004
942,415	768,164	696,382	697,452	602,269
825,001	855,769	708,080	661,804	626,805
112,565	67,669	126,873	121,965	123,217
134,200	121,392	129,937	97,055	288,543
530,641	474,403	490,359	431,054	613,163
612,037	581,890	664,229	691,900	520,064
215,210	286,986	236,172	235,680	257,341
130,799	148,039	121,399	136,057	115,021
-	-	-	-	-
-	-	-	-	10,000
647,976	405,000	390,000	392,889	452,804
56,865	106,610	122,795	138,121	156,047
177,644	162,232	157,411	153,027	161,131
<u>\$ 7,196,816</u>	<u>\$ 6,208,987</u>	<u>\$ 6,254,371</u>	<u>\$ 5,943,688</u>	<u>\$ 5,951,409</u>

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

To the Board of Education of the  
Sioux Central Community School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of Sioux Central Community School District, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 12, 2016.

**Internal Control Over Financial Reporting**

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

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

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 that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item 2015-002 to be a material weakness in internal control over financial reporting.

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

consider the deficiency described in the accompanying schedule of findings as item 2015-001 to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Sioux Central Community School District's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

*Williams + Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 12, 2016

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015**

**PART I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS**

- (A) An unmodified opinion was issued on the financial statements.
- (B) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (C) The audit did not disclose any non-compliance, which is material to the financial statements.

**PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**INSTANCES OF NON-COMPLIANCE:** No matters were reported.

**SIGNIFICANT DEFICIENCY:**

**2015-001 Segregation of Duties**

Criteria – The District is responsible for the establishment of adequate segregation of duties to help prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District’s financial statements.

Condition – The District has a small accounting staff and accordingly has not been able to achieve full segregation of duties over all accounting transactions. Employees who handle cash receipts are also involved with the posting of payments and reconciling the bank statements. Also, the same employee that is entering the payroll information is also processing the payroll.

Effect – As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected within a timely period. Internal controls that are in place could be averted, overridden, or not consistently implemented.

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

Response – The District is aware of the issues and is working with current personnel to implement new procedures to create better segregation in payroll and accounts receivable and continues to look at additional ways to improve internal controls.

Conclusion – Response accepted.

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015**

**PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)**

**MATERIAL WEAKNESS:**

**2015-002 Financial Reporting**

Criteria – The District is responsible for the accuracy and correct reporting of the financial statements.

Condition – During our audit, we identified material and immaterial amounts of cash, accounts receivables, capital assets, construction in progress, accounts payables, retirement benefits payable, deferred revenues, fund balances, lease payments, health insurance, revenues, and expenses not recorded properly in the District’s financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Effect – As a result of these misstatements, the financial statements were materially misstated.

Recommendation – The District should implement procedures to ensure all cash, receivables, capital assets, payables, fund balances, revenues, and expenses are identified and included in the District’s financial statements.

Response – The District will review these in the future to avoid missing any of these transactions.

Conclusion – Response accepted.

**PART III – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

15-III-A: Certified Budget – Expenditures for the year ended June 30, 2015, did not exceed the certified budget amounts.

15-III-B: Questionable Disbursements – No expenditures that did not meet the requirement of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

15-III-C: Travel Expense – No expenditures of Sioux Central Community School District were for travel expenses of spouses of District officials or employees.

15-III-D: Business Transactions – No business transactions between the Commission and the Commission officials or employees were noted.

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

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015**

**PART III – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING  
(CONTINUED)**

15-III-F: Board Minutes – No transactions were found that we believe should have been approved by the Board minutes but were not.

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

15-III-H: Deposits and Investments – An instance of non-compliance with regards to the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District’s investment policy was noted. The District was over their approved bank limit during the year.

Recommendation – The District should be aware of their bank limits and have the Board approve new limits when circumstances deem it to be necessary.

Response – We will amend the depository resolution if future instances arise that we need a higher bank limit.

Conclusion – Response accepted.

15-III-I: Certified Enrollment – The number of resident students reported to the Iowa Department of Education in row 1 of the Certified Enrollment Certification Form for October of 2014 was understated. The District’s certified enrollment count did not include 3 students who were in attendance in the Fall of 2014. This resulted in understating the total actual enrollment in row 7 by 3 students.

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

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

Conclusion – Response accepted.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015**

**PART III – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING  
(CONTINUED)**

15-III-J: Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provision of chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$ 669,308
Statewide Sales and Services Tax Revenue	468,779	
Other	226,088	694,867
		1,364,175
Expenditures/Transfers Out:		
School Infrastructure:		
Equipment	25,569	
Other Improvements	333,468	
Transfers to other funds:		
Debt Service Fund	9,711	368,748
Ending Balance		\$ 995,427

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.

15-III-K: Certified Annual Report – The Certified Annual Report was filed timely with the Department of Education.

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

15-III-M: Deficit Balances – The Nutrition Fund had a deficit balance at June 30, 2015.

Recommendation – The District should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial condition.

Response – The implementation of GASB Statement No. 68 had a negative impact on the Nutrition Fund. We will consider alternatives to eliminate the deficits.

Conclusion – Response accepted.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2014**

**PART III – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING  
(CONTINUED)**

15-III-N: Student Activity Fund: - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's education program. All moneys in Student Activity Fund appear to be extracurricular or co-curricular in nature.