

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

Table of Contents

			<u>Page</u>
Officials			3
Independent Auditor's Report			4-6
Management's Discussion and Analysis			7-15
Basic Financial Statements:	<u>Exhibit</u>		
Government-wide Financial Statements:			
Statement of Net Position	A		18
Statement of Activities	B		19
Governmental Fund Financial Statements:			
Balance Sheet	C		20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D		21
Statement of Revenues, Expenditures and Changes in Fund Balances	E		22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F		23
Proprietary Fund Financial Statements:			
Statement of Net Position	G		24
Statement of Revenues, Expenses and Changes in Fund Net Position	H		25
Statement of Cash Flows	I		26
Fiduciary Fund Financial Statements:			
Statement of Fiduciary Net Position	J		27
Statement of Changes in Fiduciary Net Position	K		28
Notes to Financial Statements			29-43
Required Supplementary Information:			
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund			46
Notes to Required Supplementary Information - Budgetary Reporting			47
Schedule of the District's Proportionate Share of the Net Pension Liability			48
Schedule of the District's Contributions			49
Notes to Required Supplementary Information - Pension Liability			50
Schedule of Funding Progress for the Retiree Health Plan			51
Supplementary Information:	<u>Schedule</u>		
Nonmajor Governmental Funds:			
Combining Balance Sheet	1		54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2		55
Capital Projects Accounts:			
Combining Balance Sheet	3		56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4		57
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5		58
Private Purpose Trust - Scholarship Accounts:			
Combining Schedule of Fiduciary Net Position	6		59
Combining Schedule of Changes in Fiduciary Net Position	7		60
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	8		61
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	9		62
Schedule of Expenditures of Federal Awards	10		63
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>			64-65
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133			66-67
Schedule of Findings and Questioned Costs			68-73

South Central Calhoun Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jim Brown	President	2015
Ron Maulsby	Vice-President	2017
Brad Assman	Board Member	2015
Judy Hungate	Board Member	2017
Mike Sexton	Board Member	2017
	(Resigned December 2014)	
Roger McKinney	Board Member	2015
	(Appointed January 2015)	
Roscoe Simpson	Board Member	2015
Mark Schleisman	Board Member	2015
School Officials		
Jeff Kruse	Superintendent	2015
Carol Collins	Board Secretary/ Treasurer	2015
Rick Franck	Attorney	2015
Brian Gruhn	Attorney	2015
David Willis	Attorney	2015

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(a professional corporation)
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education of
South Central Calhoun Community School District:**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of South Central Calhoun Community School District, Rockwell City, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 46 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Central Calhoun Community School District's basic financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2016 on our consideration of South Central Calhoun 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 South Central Calhoun Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

South Central Calhoun 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.

As of July 1, 2014, Rockwell City-Lytton Community School District and Sothern Cal Community School District merged to form South Central Calhoun Community School District; therefore, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues were \$10,355,956 during fiscal year 2015, while General Fund expenditures were \$8,970,665. Revenues outpaced expenditures causing the District's General Fund balance to increase from a restated balance of \$4,241,501 at July 1, 2014 to \$5,626,792 at June 30, 2015, a 32.66% increase.
- The District continues to receive incentive revenues related to former Whole Grade Sharing and current Reorganization which has temporarily greatly increased revenues. These incentives will expire after the 2018 fiscal year. The School Board has voted to hold the temporary incentives in an Assigned Fund Balance in order to track the incentives and not build them into a permanent budget.
- The District's solvency ratio (unassigned plus assigned fund balance /General Fund revenues minus AEA flowthrough) was 54.22% at June 30, 2015.

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

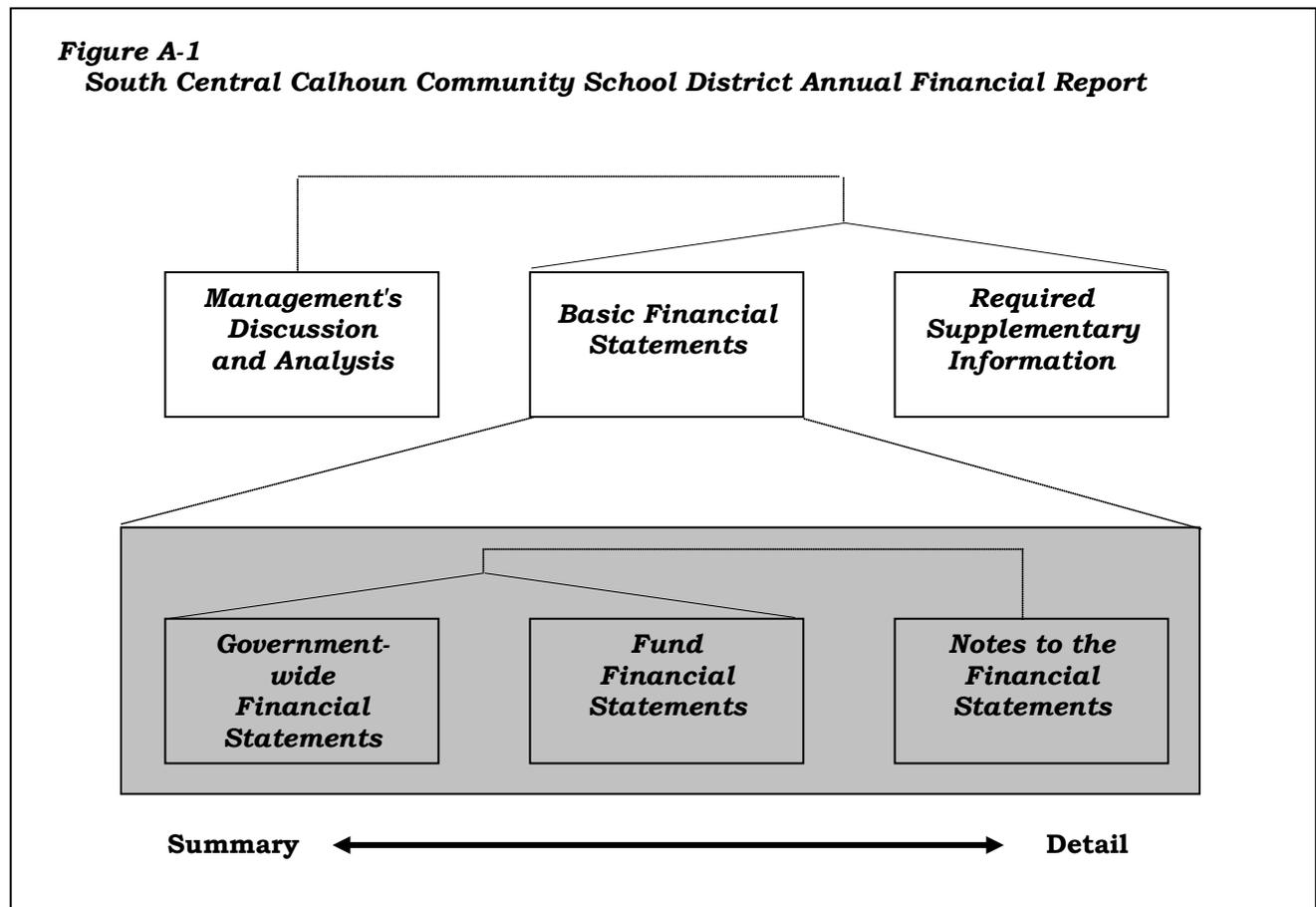


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private Purpose Trust and Agency Funds.
 - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - Agency Fund - The District administers and accounts for revenues collected and expenditures paid for other organizations.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Figure A-3 Condensed Statement of Net Position		
	Governmental Activities	Business Type Activities	Total District
	June 30, 2015	June 30, 2015	June 30, 2015
Current and other assets	\$ 12,806,793	201,824	13,008,617
Capital assets	6,498,973	107,404	6,606,377
Total assets	<u>19,305,766</u>	<u>309,228</u>	<u>19,614,994</u>
Deferred outflows of resources	<u>1,132,931</u>	<u>31,712</u>	<u>1,164,643</u>
Long-term liabilities	5,092,295	110,070	5,202,365
Other liabilities	407,927	24,202	432,129
Total liabilities	<u>5,500,222</u>	<u>134,272</u>	<u>5,634,494</u>
Deferred inflows of resources	<u>5,745,744</u>	<u>41,954</u>	<u>5,787,698</u>
Net position:			
Net investment in capital assets	5,218,973	107,404	5,326,377
Restricted	2,639,392	-	2,639,392
Unrestricted	<u>1,334,366</u>	<u>57,310</u>	<u>1,391,676</u>
Total net position	<u>\$ 9,192,731</u>	<u>164,714</u>	<u>9,357,445</u>

The District's total net position at June 30, 2015 was \$9,357,445. The largest portion of the District's net position is invested 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 sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position was \$2,639,392 at June 30, 2015.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - was \$1,391,676 at June 30, 2015.

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 after the combination, were restated by \$4,154,399 and \$122,993, 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 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 total net position for the year ended June 30, 2015.

	Figure A-4		
	Changes in Net Position		
	Governmental Activities 2015	Business Type Activities 2015	Total District 2015
Revenues:			
Program revenues:			
Charges for service	\$ 792,522	265,339	1,057,861
Operating grants, contributions and restricted interest	861,318	258,827	1,120,145
Capital grants, contributions and restricted interest	41,037	-	41,037
General revenues:			
Property tax	4,201,029	-	4,201,029
Statewide sales, services and use tax	857,748	-	857,748
Unrestricted state grants	5,144,200	-	5,144,200
Unrestricted investment earnings	14,308	64	14,372
Other	152,442	1,374	153,816
Total revenues	<u>12,064,604</u>	<u>525,604</u>	<u>12,590,208</u>
Program expenses:			
Instructional	5,341,884	-	5,341,884
Support services	3,546,562	27,715	3,574,277
Non-instructional programs	-	467,631	467,631
Other expenses	696,340	-	696,340
Total expenses	<u>9,584,786</u>	<u>495,346</u>	<u>10,080,132</u>
Change in net position	2,479,818	30,258	2,510,076
Net position beginning of year, as restated	<u>6,712,913</u>	<u>134,456</u>	<u>6,847,369</u>
Net position end of year	<u>\$ 9,192,731</u>	<u>164,714</u>	<u>9,357,445</u>

In fiscal year 2015, property tax and unrestricted state grants accounted for 77.46% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 99.73% of the revenue from business type activities.

The District's total revenues were approximately \$12.59 million, of which approximately \$12.06 million was for governmental activities and approximately \$0.53 million was for business type activities.

Governmental Activities

Revenues for governmental activities were \$12,064,604 and expenses were \$9,584,786 for the year ended June 30, 2015.

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

	Figure A-5	
	Total and Net Cost of Governmental Activities	
	Total Cost of Services	Net Cost of Services
	2015	2015
Instruction	\$ 5,341,884	4,204,231
Support services	3,546,562	3,370,324
Other expenses	696,340	315,354
Totals	<u>\$ 9,584,786</u>	<u>7,889,909</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$792,522.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$902,355.
- The net cost of governmental activities was financed with \$4,201,029 in property tax, \$5,144,200 in unrestricted state grants, \$857,748 in statewide sales, services and use tax, \$14,308 in interest income, and \$152,442 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$525,604 and expenses were \$495,346 for the year ended June 30, 2015. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income, and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$8,083,815.

Governmental Fund Highlights

- The General Fund balance increased from a restated balance of \$4,241,501 at July 1, 2014 to \$5,626,792 at June 30, 2015.
- The Capital Projects Fund balance increased from a restated balance of \$1,711,656 at July 1, 2014 to \$1,577,615 at June 30, 2015.
- The Special Revenue, Disaster Recovery Fund was established during the year and the fund balance was \$31,413 at June 30, 2015.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$134,456 restated as of July 1, 2014 to \$164,714 at June 30, 2015, representing an increase of 22.50%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$248,452 more than budgeted revenues, a variance of 2.01%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$6,606,377, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$525,423.

The original cost of the District's capital assets as \$16,659,594. Governmental funds accounted for \$16,414,354 with the remainder of \$245,240 in the Proprietary, School Nutrition Fund.

	Figure A-6 Capital Assets, Net of Depreciation		
	Governmental Activities	Business Type Activities	Total District
	June 30, 2015	June 30, 2015	June 30, 2015
Land	\$ 123,326	-	123,326
Construction in progress	679,575	-	679,575
Buildings	4,292,044	-	4,292,044
Land improvements	486,535	-	486,535
Machinery and equipment	917,493	107,404	1,024,897
Total	<u>\$ 6,498,973</u>	<u>107,404</u>	<u>6,606,377</u>

Long-Term Debt

At June 30, 2015, the District had \$5,202,365 in total long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

The District had outstanding revenue bonded indebtedness of \$1,280,000 at June 30, 2015 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had outstanding termination benefits of \$36,027 at June 30, 2015, payable from the Special Revenue, Management Levy Fund.

The District had a total net pension liability of \$3,861,452 at June 30, 2015. \$3,751,444 of this total was attributable to the District's governmental activities while the remaining \$110,008 was attributable to the District's business type activities.

The District had total outstanding net OPEB liability of \$24,886 as of June 30, 2015. Governmental activities accounted for \$24,824 of the total while business type activities accounted for the remaining \$62.

Figure A-7			
Outstanding Long-Term Liabilities			
	Governmental Activities	Business Type Activities	Total District
	June 30, 2015	June 30, 2015	June 30, 2015
Revenue bonds	\$ 1,280,000	-	1,280,000
Termination benefits	36,027	-	36,027
Net pension liability	3,751,444	110,008	3,861,452
Net OPEB liability	24,824	62	24,886
Total	<u>\$ 5,092,295</u>	<u>110,070</u>	<u>5,202,365</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District is committed to building a sustainable budget which does not include temporary funding as a permanent resource. This practice will keep the District in a stable financial position through minor changes in enrollment and staffing needs.
- The communities in the District have stable employment opportunities, and the District does not foresee substantial changes in job availability for families.
- The rural agricultural area of the District is experiencing the same economic downturn as all rural areas, but the District does not anticipate a dramatic effect on the finances or enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Collins, District Secretary, South Central Calhoun Community School District, 1000 Tonawanda St, Rockwell City, IA 50579.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 7,938,063	191,084	8,129,147
Receivables:			
Property tax:			
Delinquent	63,644	-	63,644
Succeeding year	4,315,051	-	4,315,051
Accounts	40,905	-	40,905
Due from other governments	449,130	-	449,130
Inventories	-	10,740	10,740
Capital assets, net of accumulated depreciation	6,498,973	107,404	6,606,377
Total assets	19,305,766	309,228	19,614,994
Deferred Outflows of Resources			
Pension related deferred outflows	1,132,931	31,712	1,164,643
Liabilities			
Accounts payable	406,398	11,360	417,758
Salaries and benefits payable	1,529	-	1,529
Unearned revenue	-	12,842	12,842
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	205,000	-	205,000
Termination benefits	14,109	-	14,109
Portion due after one year:			
Revenue bonds	1,075,000	-	1,075,000
Termination benefits	21,918	-	21,918
Net pension liability	3,751,444	110,008	3,861,452
Net OPEB liability	24,824	62	24,886
Total liabilities	5,500,222	134,272	5,634,494
Deferred Inflows of Resources			
Unavailable property tax revenue	4,315,051	-	4,315,051
Pension related deferred inflows	1,430,693	41,954	1,472,647
Total deferred inflows of resources	5,745,744	41,954	5,787,698
Net Position			
Net investment in capital assets	5,218,973	107,404	5,326,377
Restricted for:			
Categorical funding	218,396	-	218,396
Debt service	199,276	-	199,276
Disaster recovery	31,413	-	31,413
Management levy purposes	489,468	-	489,468
Student activities	123,224	-	123,224
School infrastructure	1,222,700	-	1,222,700
Physical plant and equipment	354,915	-	354,915
Unrestricted	1,334,366	57,310	1,391,676
Total net position	\$ 9,192,731	164,714	9,357,445

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 3,492,841	208,770	68,943	-	(3,215,128)	-	(3,215,128)
Special	799,976	72,838	66,755	-	(660,383)	-	(660,383)
Other	1,049,067	390,945	329,402	-	(328,720)	-	(328,720)
	<u>5,341,884</u>	<u>672,553</u>	<u>465,100</u>	<u>-</u>	<u>(4,204,231)</u>	<u>-</u>	<u>(4,204,231)</u>
Support services:							
Student	224,884	-	177	-	(224,707)	-	(224,707)
Instructional staff	164,902	-	7,695	-	(157,207)	-	(157,207)
Administration	824,516	110,380	2,383	-	(711,753)	-	(711,753)
Operation and maintenance of plant	1,882,580	-	-	41,037	(1,841,543)	-	(1,841,543)
Transportation	449,680	9,589	4,977	-	(435,114)	-	(435,114)
	<u>3,546,562</u>	<u>119,969</u>	<u>15,232</u>	<u>41,037</u>	<u>(3,370,324)</u>	<u>-</u>	<u>(3,370,324)</u>
Long-term debt interest	35,124	-	-	-	(35,124)	-	(35,124)
Other expenditures:							
AEA flowthrough	380,986	-	380,986	-	-	-	-
Depreciation(unallocated)*	280,230	-	-	-	(280,230)	-	(280,230)
	<u>661,216</u>	<u>-</u>	<u>380,986</u>	<u>-</u>	<u>(280,230)</u>	<u>-</u>	<u>(280,230)</u>
Total governmental activities	<u>9,584,786</u>	<u>792,522</u>	<u>861,318</u>	<u>41,037</u>	<u>(7,889,909)</u>	<u>-</u>	<u>(7,889,909)</u>
Business type activities:							
Support services:							
Operation and maintenance of plant	27,715	-	-	-	-	(27,715)	(27,715)
Non-instructional programs:							
Food service operations	467,631	265,339	258,827	-	-	56,535	56,535
Total business type activities	<u>495,346</u>	<u>265,339</u>	<u>258,827</u>	<u>-</u>	<u>-</u>	<u>28,820</u>	<u>28,820</u>
Total	<u>\$ 10,080,132</u>	<u>1,057,861</u>	<u>1,120,145</u>	<u>41,037</u>	<u>(7,889,909)</u>	<u>28,820</u>	<u>(7,861,089)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 4,061,101	-		4,061,101
Capital Projects				139,928	-		139,928
Statewide sales, services and use tax				857,748	-		857,748
Unrestricted state grants				5,144,200	-		5,144,200
Unrestricted investment earnings				14,308	64		14,372
Other				152,442	1,374		153,816
Total general revenues				<u>10,369,727</u>	<u>1,438</u>		<u>10,371,165</u>
Change in net position				2,479,818	30,258		2,510,076
Net position beginning of year, as restated				6,712,913	134,456		6,847,369
Net position end of year				<u>\$ 9,192,731</u>	<u>164,714</u>		<u>9,357,445</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Disaster Recovery	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 5,429,542	1,448,776	-	1,059,745	7,938,063
Receivables:					
Property tax:					
Delinquent	55,710	2,122	-	5,812	63,644
Succeeding year	3,920,764	144,287	-	250,000	4,315,051
Accounts	4,072	5,420	31,413	-	40,905
Due from other governments	315,069	134,061	-	-	449,130
Total assets	\$ 9,725,157	1,734,666	31,413	1,315,557	12,806,793
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 176,072	12,764	-	217,562	406,398
Salaries and benefits payable	1,529	-	-	-	1,529
Total liabilities	177,601	12,764	-	217,562	407,927
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,920,764	144,287	-	250,000	4,315,051
Fund balances:					
Restricted for:					
Categorical funding	218,396	-	-	-	218,396
Debt service	-	-	-	199,276	199,276
Disaster recovery	-	-	31,413	-	31,413
Management levy purposes	-	-	-	525,495	525,495
Student activities	-	-	-	123,224	123,224
School infrastructure	-	1,222,700	-	-	1,222,700
Physical plant and equipment	-	354,915	-	-	354,915
Assigned for operational sharing	799,614	-	-	-	799,614
Unassigned	4,608,782	-	-	-	4,608,782
Total fund balances	5,626,792	1,577,615	31,413	847,995	8,083,815
Total liabilities, deferred inflows of resources and fund balances	\$ 9,725,157	1,734,666	31,413	1,315,557	12,806,793

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 20)		\$ 8,083,815
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,498,973
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	\$ 1,132,931	
Deferred inflows of resources	<u>(1,430,693)</u>	(297,762)
Long-term liabilities, including revenue bonds payable, termination benefits payable, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(5,092,295)</u>
Net position of governmental activities(page 18)		<u><u>\$ 9,192,731</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Disaster Recovery	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,677,927	139,928	-	383,174	4,201,029
Tuition	312,569	-	-	-	312,569
Other	314,445	20,568	1,550	349,016	685,579
State sources	5,717,630	859,058	-	3,588	6,580,276
Federal sources	285,151	-	-	-	285,151
Total revenues	<u>10,307,722</u>	<u>1,019,554</u>	<u>1,550</u>	<u>735,778</u>	<u>12,064,604</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,175,097	97,946	-	101,824	4,374,867
Special	1,002,956	-	-	-	1,002,956
Other	989,403	15,032	-	338,611	1,343,046
	<u>6,167,456</u>	<u>112,978</u>	<u>-</u>	<u>440,435</u>	<u>6,720,869</u>
Support services:					
Student	264,941	4,920	-	-	269,861
Instructional staff	203,315	-	-	-	203,315
Administration	865,087	67,252	-	95,572	1,027,911
Operation and maintenance of plant	592,403	23,828	1,638,235	54,275	2,308,741
Transportation	430,263	179,320	-	17,294	626,877
	<u>2,356,009</u>	<u>275,320</u>	<u>1,638,235</u>	<u>167,141</u>	<u>4,436,705</u>
Capital outlay	-	603,075	-	-	603,075
Long-term debt:					
Principal	-	-	-	200,000	200,000
Interest and fiscal charges	-	-	-	35,124	35,124
	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,124</u>	<u>235,124</u>
Other expenditures:					
AEA flowthrough	380,986	-	-	-	380,986
Total expenditures	<u>8,904,451</u>	<u>991,373</u>	<u>1,638,235</u>	<u>842,700</u>	<u>12,376,759</u>
Excess(Deficiency) of revenues over(under) expenditures	1,403,271	28,181	(1,636,685)	(106,922)	(312,155)
Other financing sources(uses):					
Transfer in	-	66,214	-	233,606	299,820
Transfer out	(66,214)	(233,606)	-	-	(299,820)
Compensation for loss of capital assets	48,234	-	1,668,098	-	1,716,332
Proceeds from the sale of equipment	-	5,070	-	-	5,070
Proceeds from the sale of real property	-	100	-	-	100
Total other financing sources(uses)	<u>(17,980)</u>	<u>(162,222)</u>	<u>1,668,098</u>	<u>233,606</u>	<u>1,721,502</u>
Change in fund balances	1,385,291	(134,041)	31,413	126,684	1,409,347
Fund balances beginning of year, as restated	<u>4,241,501</u>	<u>1,711,656</u>	<u>-</u>	<u>721,311</u>	<u>6,674,468</u>
Fund balances end of year	<u>\$ 5,626,792</u>	<u>1,577,615</u>	<u>31,413</u>	<u>847,995</u>	<u>8,083,815</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds(page 22) \$ 1,409,347

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

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

Capital outlay	\$ 1,424,798	
Depreciation expense	(511,377)	
Loss on disposal of assets	<u>(215,425)</u>	697,996

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 200,000

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 488,369

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:

Termination benefits	92,106	
Pension expense	(383,176)	
Other postemployment benefits	<u>(24,824)</u>	<u>(315,894)</u>

Change in net position of governmental activities(page 19) \$ 2,479,818

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 191,084
Inventories	10,740
	201,824
Noncurrent assets:	
Capital assets, net of accumulated depreciation	107,404
Total assets	309,228
 Deferred Outflows of Resources	
Pension related deferred outflows	31,712
 Liabilities	
Current liabilities:	
Accounts payable	11,360
Unearned revenues	12,842
	24,202
Noncurrent liabilities:	
Net pension liability	110,008
Net OPEB liability	62
	110,070
Total liabilities	134,272
 Deferred Inflows of Resources	
Pension related deferred inflows	41,954
 Net Position	
Net investment in capital assets	107,404
Unrestricted	57,310
Total net position	\$ 164,714

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 265,339
Miscellaneous	1,374
Total operating revenues	266,713
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Salaries	11,201
Benefits	3,130
Services	5,518
Supplies	7,866
	27,715
Non-instructional programs:	
Food service operations:	
Salaries	147,244
Benefits	21,625
Services	300
Supplies	284,416
Depreciation	14,046
	467,631
Total operating expenses	495,346
Operating loss	(228,633)
Non-operating revenues:	
State sources	6,490
Federal sources	252,337
Interest income	64
Total non-operating revenues	258,891
Change in net position	30,258
Net position beginning of year, as restated	134,456
Net position end of year	\$ 164,714

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 271,370
Cash received from miscellaneous	1,374
Cash payments to employees for services	(185,881)
Cash payments to suppliers for goods or services	(272,523)
Net cash used in operating activities	(185,660)
Cash flows from non-capital financing activities:	
State grants received	6,490
Federal grants received	230,804
Net cash provided by non-capital financing activities	237,294
Cash flows from capital and other financing activities:	
Purchase of capital assets	(18,550)
Cash flows from investing activities:	
Interest on investments	64
Net increase in cash and pooled investments	33,148
Cash and pooled investments beginning of year	157,936
Cash and pooled investments end of year	\$ 191,084
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (228,633)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	27,871
Depreciation	14,046
Increase in inventories	(7,502)
Decrease in accounts receivable	8
Increase in accounts payable	5,208
Increase in unearned revenue	6,023
Decrease in net pension liability	(29,194)
Increase in deferred outflows of resources	(15,503)
Increase in deferred inflows of resources	41,954
Increase in other postemployment benefits	62
Net cash used in operating activities	\$ (185,660)

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

During the year ended June 30, 2015, the District received \$27,871 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash and pooled investments	\$ 6,772
Liabilities	<u>-</u>
Net Position	
Held in trust for scholarships	<u>\$ 6,772</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	<u>\$ 4,612</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u> 1,200</u>
Change in net position	3,412
Net position beginning of year, as restated	<u> 3,360</u>
Net position end of year	<u><u> \$ 6,772</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

The South Central Calhoun Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-preschool. The geographic area served includes the Cities of Lake City, Lohrville, Lytton and Rockwell City, Iowa, and the predominate agricultural territory in Calhoun, Sac, Greene and Carroll 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, South Central Calhoun Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The South Central Calhoun 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 Calhoun, Sac, Greene and Carroll Counties Assessors' Conference Boards.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The Special Revenue, Disaster Recovery Fund is utilized to account for the financial transactions related to disaster recovery that extend over more than one fiscal year.

The District reports the following non-major proprietary fund:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 500
Land improvements	500
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

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

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

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

Salaries and Benefits Payable - Payroll and related expenditures for extra duties and curriculum work for the current school year, which is paid in July and August, have been accrued as liabilities.

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

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

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

At June 30, 2015 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$973,157 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAA by Standard & Poor's Financial Services.

(3) Capital Assets

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

	Balance Beginning of Year Restated	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 123,326	-	-	123,326
Construction in progress	-	679,575	-	679,575
Total capital assets not being depreciated	123,326	679,575	-	802,901
Capital assets being depreciated:				
Buildings	8,822,175	348,703	316,651	8,854,227
Land improvements	1,722,561	88,657	26,190	1,785,028
Furniture and equipment	5,030,340	307,863	366,005	4,972,198
Total capital assets being depreciated	15,575,076	745,223	708,846	15,611,453
Less accumulated depreciation for:				
Buildings	4,518,505	183,920	140,242	4,562,183
Land improvements	1,226,174	96,310	23,991	1,298,493
Furniture and equipment	4,152,746	231,147	329,188	4,054,705
Total accumulated depreciation	9,897,425	511,377	493,421	9,915,381
Total capital assets being depreciated, net	5,677,651	233,846	215,425	5,696,072
Governmental activities capital assets, net	\$ 5,800,977	913,421	215,425	6,498,973
Business type activities:				
Furniture and equipment	\$ 226,690	18,550	-	245,240
Less accumulated depreciation	123,790	14,046	-	137,836
Business type activities capital assets, net	\$ 102,900	4,504	-	107,404

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 55,464
Special	720
Other	36,190
Support services:	
Instructional staff	2,582
Administration	926
Operation and maintenance of plant	27,407
Transportation	107,858
	231,147
Unallocated depreciation	280,230
Total depreciation expense - governmental activities	\$ 511,377
Business type activities:	
Food service operations	\$ 14,046

(4) Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 1,480,000	-	200,000	1,280,000	205,000
Termination benefits	128,133	-	92,106	36,027	14,109
Net pension liability	4,707,140	-	955,696	3,751,444	-
Net OPEB liability	-	24,824	-	24,824	-
Total	<u>\$ 6,315,273</u>	<u>24,824</u>	<u>292,106</u>	<u>5,092,295</u>	<u>219,109</u>
Business type activities:					
Net pension liability	\$ 139,202	-	29,194	110,008	-
Net OPEB liability	-	62	-	62	-
Total	<u>\$ 139,202</u>	<u>62</u>	<u>29,194</u>	<u>110,070</u>	<u>-</u>

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of August 1, 2011			
	Interest Rate	Principal	Interest	Total
2016	1.75%	\$ 205,000	30,625	235,625
2017	2.00	205,000	27,038	232,038
2018	2.25	205,000	22,937	227,937
2019	2.50	215,000	18,325	233,325
2020	2.75	220,000	12,950	232,950
2021	3.00	230,000	6,900	236,900
		<u>\$ 1,280,000</u>	<u>118,775</u>	<u>1,398,775</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,000,000 of bonds issued in August 2011. The bonds were issued for the purpose of financing a portion of the costs of school building additions. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2021. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 27% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,398,775. For the current year, \$200,000 of principal and \$33,625 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$857,748.

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

- a) \$200,000 of the proceeds from the issuance of the revenue bonds shall be deposited into a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Termination Benefits

The District did not offer early retirement during the year ended June 30, 2015. However, Rockwell City-Lytton Community School District offered a voluntary early retirement plan to its employees during fiscal years 2009 and 2011. Eligible employees had to be at least age fifty-five before July 1 of the year of retirement and completed twenty years of continuous service to the District. The application for early retirement was subject to approval by the Board of Education.

Retirees under the fiscal year 2009 offering received a one-time cash payment of \$10,000 plus \$25 for each unused sick day and \$491 per month contributed to the retirees’ health insurance premiums until they reach 65 years of age. Retirees under the fiscal year 2011 offering received a one-time cash payment of \$10,000 plus \$25 for each unused sick day and \$562 per month contributed to the retirees’ health insurance premiums until they reach 65 years of age.

As a result of the District merger discussed in Note 14, South Central Calhoun Community School District is now responsible for the remaining liability resulting from the prior offerings. As of June 30, 2015, the District had obligations to three participants with a total liability of \$36,027. Actual termination benefit expenditures for the year ended June 30, 2015 were \$92,106.

(5) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 233,606
Capital Projects: Physical Plant and Equipment Levy	General	66,214
		<u>\$ 299,820</u>

The transfer from the Capital Projects: Statewide Sales, Services, and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District’s revenue bonded indebtedness. The transfer from the General Fund to the Capital Projects: Physical Plant and Equipment Levy was for a demolition project expenses.

(6) Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$502,127.

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 \$3,861,452 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 0.095413 percent, which was an increase of 0.009819 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$394,191. 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	\$ 41,966	\$ -
Changes of assumptions	170,415	-
Net difference between projected and actual earnings on pension plan investments	-	1,472,647
Changes in proportion and differences between District contributions and proportionate share of contributions	450,135	-
District contributions subsequent to the measurement date	<u>502,127</u>	-
Total	<u>\$ 1,164,643</u>	<u>\$ 1,472,647</u>

\$502,127 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (213,368)
2017	(213,368)
2018	(213,368)
2019	(213,368)
2020	43,341
	<u>\$ (810,131)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 7,296,104	\$ 3,861,452	\$ 962,248

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$117 for legally required employer contributions and \$78 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(7) Other Postemployment Benefits

Plan Description - The District operates a single-employer health benefit plan which provides medical, prescription drug and dental benefits for employees, retirees, and their spouses. There are 72 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark Blue Cross Blue Shield and the dental benefits through Delta Dental. Retirees under age 65 pay the same premium for the medical and prescription drug as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 28,120
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>28,120</u>
Contributions made	<u>(3,234)</u>
Increase in net OPEB obligation	24,886
Net OPEB obligation beginning of year, as restated	<u>-</u>
Net OPEB obligation end of year	<u><u>\$ 24,886</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$3,234 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 28,120	11.5%	\$ 24,886

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$233,561, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$233,561. The covered payroll (annual payroll of active employees covered by the plan) was \$4,743,835, and the ratio of the UAAL to covered payroll was 4.92%. As of June 30, 2015 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of event far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2014 actuarial valuation date, the Entry Age Actuarial Cost Method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP 2000 Annuity Mortality Table, projected to 2015 and applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

The projected claim costs of the medical plan are \$1100 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: life and accidental death and dismemberment. District contributions to ISEBA for the year ended June 30, 2015 were \$532,934.

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$380,986 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Operating Lease

During the year ended June 30, 2015, the District entered into an operating lease with Marco, Inc. for District copiers/printers/scanners. Required payments are \$16,281 annually through May 2020.

(11) Categorical Funding

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

Program	Amount
Home School Assistance Program	\$ 1,779
Weighted At-Risk Programs	24,744
Returning Dropouts and Dropout Prevention Programs	109,668
Four-year-old Preschool State Aid	14,344
Beginning Teacher Mentoring and Induction Programs	1,703
Market Factor	2,910
Successful Progression for Early Readers	32,921
Professional Development for Model Core Curriculum	4,013
Professional Development	6,635
Market Factor Incentives	6,652
Teacher Leadership Grants	13,027
Total	<u>\$ 218,396</u>

(12) **Reconciliation of Governmental Fund Balances to Net Position**

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

	Net Investment in Capital Assets	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	525,495	4,608,782
Capital assets, net of accumulated depreciation	6,498,973	-	-
Revenue bond capitalized indebtedness	(1,280,000)	-	-
Termination benefits	-	(36,027)	-
Assigned for operational sharing	-	-	799,614
Pension related deferred outflows	-	-	1,132,931
Pension related deferred inflows	-	-	(1,430,693)
Net Pension liability	-	-	(3,751,444)
Net OPEB Liability	-	-	(24,824)
Net position (Exhibit A)	<u>\$ 5,218,973</u>	<u>489,468</u>	<u>1,334,366</u>

(13) **Construction Commitment**

As of June 30, 2015, the District had entered into contracts totaling \$745,007 for roof repairs. Costs of \$679,575 had been incurred by the District against these contracts. The remaining \$65,432 will be paid as the work progresses.

(14) **Restatements for Accounting Change and District Consolidation**

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

	Governmental Activities			Business Type Activities		
	Rockwell City- Lytton	Southern Cal	Total	Rockwell City- Lytton	Southern Cal	Total
Net position June 30, 2014, as previously reported	\$ 5,595,042	5,113,291	10,708,333	\$ 199,700	57,284	256,984
Net pension liability at June 30, 2014	(2,381,855)	(2,325,285)	(4,707,140)	(95,373)	(43,829)	(139,202)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	273,210	279,531	552,741	10,940	5,269	16,209
Net position July 1, 2014, as restated	<u>\$ 3,486,397</u>	<u>3,067,537</u>	<u>6,553,934</u>	<u>\$ 115,267</u>	<u>18,724</u>	<u>133,991</u>

South Central Calhoun Community School District is a new entity; therefore, the District opens with a net OPEB liability balance of \$0. The June 30, 2014 net OPEB liabilities for Rockwell City-Lytton Community School District and Southern Cal Community School District have been removed from the restated long-term liabilities of South Central Calhoun Community School District as follows:

	Governmental Activities			Business Type Activities		
	Rockwell City- Lytton	Southern Cal	Total	Rockwell City- Lytton	Southern Cal	Total
	Net OPEB liability at June 30, 2014	\$ (51,202)	(107,777)	(158,979)	\$ (314)	(151)

Effective July 1, 2014, the Rockwell City-Lytton Community School District and the Southern Cal Community School District merged to form South Central Calhoun Community School District. The ending fund balances for each District at June 30, 2014 have been combined to establish the restated July 1, 2014 beginning balances for South Central Calhoun Community School District as follows:

	Rockwell City- Lytton June 30, 2014	Southern Cal June 30, 2014	Restated Balance South Central Calhoun July 1, 2014
Governmental Funds:			
General Fund	\$ 2,507,903	1,733,598	4,241,501
Student Activity Fund	-	125,892	125,892
Management Levy Fund	244,778	151,366	396,144
Capital Projects: Statewide Sales, Services and Use Tax Fund	1,061,809	267,893	1,329,702
Capital Projects: Physical Plant and Equipment Levy Fund	160,467	221,487	381,954
Debt Service	-	199,275	199,275
Total governmental funds	\$ 3,974,957	2,699,511	6,674,468
Fiduciary Funds:			
Private Purpose Trust Fund	\$ -	3,360	3,360
Agency Fund	\$ 631	-	631
<i>Combination of Governmental Activities:</i>			
Fund Balance	\$ 3,974,957	2,699,511	6,674,468
Capital assets, net of accumulated depreciation	1,799,420	4,001,557	5,800,977
Termination benefits	(128,133)	-	(128,133)
Long-term liabilities	(51,202)	(1,587,777)	(1,638,979)
	5,595,042	5,113,291	10,708,333
GASB 68 Restatement Adjustment	(2,108,645)	(2,045,754)	(4,154,399)
	3,486,397	3,067,537	6,553,934
Net OPEB liability restatement adjustment	51,202	107,777	158,979
	\$ 3,537,599	3,175,314	6,712,913
<i>Combination of Business Type Activities:</i>			
School Nutrition Fund	\$ 199,700	57,284	256,984
GASB 68 restatement adjustment	(84,433)	(38,560)	(122,993)
	115,267	18,724	133,991
Net OPEB liability restatement adjustment	314	151	465
	\$ 115,581	18,875	134,456

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF
 REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2015

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 5,199,177	266,777	5,465,954	6,003,798	6,003,798	(537,844)
State sources	6,580,276	6,490	6,586,766	5,927,458	5,927,458	659,308
Federal sources	285,151	252,337	537,488	410,500	410,500	126,988
Total revenues	<u>12,064,604</u>	<u>525,604</u>	<u>12,590,208</u>	<u>12,341,756</u>	<u>12,341,756</u>	<u>248,452</u>
Expenditures/Expenses:						
Instruction	6,720,869	-	6,720,869	10,945,165	10,945,165	4,224,296
Support services	4,436,705	27,715	4,464,420	5,927,729	5,927,729	1,463,309
Non-instructional programs	-	467,631	467,631	809,302	809,302	341,671
Other expenditures	1,219,185	-	1,219,185	1,338,542	1,338,542	119,357
Total expenditures/expenses	<u>12,376,759</u>	<u>495,346</u>	<u>12,872,105</u>	<u>19,020,738</u>	<u>19,020,738</u>	<u>6,148,633</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(312,155)	30,258	(281,897)	(6,678,982)	(6,678,982)	6,397,085
Other financing sources, net	<u>1,721,502</u>	-	<u>1,721,502</u>	<u>208,000</u>	<u>208,000</u>	<u>1,513,502</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	1,409,347	30,258	1,439,605	(6,470,982)	(6,470,982)	7,910,587
Balances beginning of year, as restated	<u>6,674,468</u>	<u>134,456</u>	<u>6,808,924</u>	<u>6,674,032</u>	<u>6,674,032</u>	<u>134,892</u>
Balances end of year	<u>\$ 8,083,815</u>	<u>164,714</u>	<u>8,248,529</u>	<u>203,050</u>	<u>203,050</u>	<u>8,045,479</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.095413%
District's proportionate share of the net pension liability	\$ 3,861,452
District's covered-employee payroll	\$ 5,622,922
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.67%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*
 REQUIRED SUPPLEMENTARY INFORMATION

		<u>2015</u>
Statutorily required contribution	\$	502,127
Contributions in relation to the statutorily required contribution		<u>(502,127)</u>
Contribution deficiency (excess)	\$	<u><u>-</u></u>
District's covered-employee payroll	\$	5,622,922
Contributions as a percentage of covered-employee payroll		8.93%

* District was a new entity as of July 1, 2014.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2015	July 1, 2014	-	\$ 233,561	233,561	0.0%	\$ 4,743,835	4.92%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue			Debt Service	Total
	Student Activity	Management Levy	Total		
Assets					
Cash and pooled investments	\$ 123,224	519,683	642,907	416,838	1,059,745
Receivables:					
Property tax:					
Delinquent	-	5,812	5,812	-	5,812
Succeeding year	-	250,000	250,000	-	250,000
Total assets	\$ 123,224	775,495	898,719	416,838	1,315,557
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ -	-	-	217,562	217,562
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	250,000	250,000	-	250,000
Fund balances:					
Restricted for:					
Debt service	-	-	-	199,276	199,276
Management levy purposes	-	525,495	525,495	-	525,495
Student activities	123,224	-	123,224	-	123,224
Total fund balances	123,224	525,495	648,719	199,276	847,995
Total liabilities, deferred inflows of resources and fund balances	\$ 123,224	775,495	898,719	416,838	1,315,557

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue			Debt Service	Total
	Student Activity	Management Levy	Total		
Revenues:					
Local sources:					
Local tax	\$ -	383,174	383,174	-	383,174
Other	336,270	11,227	347,497	1,519	349,016
State sources	-	3,588	3,588	-	3,588
Total revenues	336,270	397,989	734,259	1,519	735,778
Expenditures:					
Current:					
Instruction:					
Regular	-	101,824	101,824	-	101,824
Other	338,611	-	338,611	-	338,611
Support services:					
Administration	327	95,245	95,572	-	95,572
Operation and maintenance of plant	-	54,275	54,275	-	54,275
Transportation	-	17,294	17,294	-	17,294
Long-term debt:					
Principal	-	-	-	200,000	200,000
Interest	-	-	-	35,124	35,124
Total expenditures	338,938	268,638	607,576	235,124	842,700
Excess(Deficiency) of revenues over(under) expenditures	(2,668)	129,351	126,683	(233,605)	(106,922)
Other financing sources:					
Transfer in	-	-	-	233,606	233,606
Change in fund balances	(2,668)	129,351	126,683	1	126,684
Fund balances beginning of year, as restated	125,892	396,144	522,036	199,275	721,311
Fund balances end of year	\$ 123,224	525,495	648,719	199,276	847,995

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 1,095,983	352,793	1,448,776
Receivables:			
Property tax:			
Delinquent	-	2,122	2,122
Succeeding year	-	144,287	144,287
Accounts	5,420	-	5,420
Due from other governments	134,061	-	134,061
Total assets	\$ 1,235,464	499,202	1,734,666
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 12,764	-	12,764
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	144,287	144,287
Fund balances:			
Restricted for:			
School infrastructure	1,222,700	-	1,222,700
Physical plant and equipment	-	354,915	354,915
Total fund balances	1,222,700	354,915	1,577,615
Total liabilities, deferred inflows of resources and fund balances	\$ 1,235,464	499,202	1,734,666

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	139,928	139,928
Other	20,568	-	20,568
State sources	857,748	1,310	859,058
Total revenues	<u>878,316</u>	<u>141,238</u>	<u>1,019,554</u>
Expenditures:			
Current:			
Instruction:			
Regular	97,946	-	97,946
Other	15,032	-	15,032
Support services:			
Student	4,920	-	4,920
Administration	67,252	-	67,252
Operation and maintenance of plant	23,828	-	23,828
Transportation	5,873	173,447	179,320
Capital outlay	536,861	66,214	603,075
Total expenditures	<u>751,712</u>	<u>239,661</u>	<u>991,373</u>
Excess(Deficiency) of revenues over(under) expenditures	126,604	(98,423)	28,181
Other financing sources(uses):			
Transfer in	-	66,214	66,214
Transfer out	(233,606)	-	(233,606)
Proceeds from the sale of equipment	-	5,070	5,070
Proceeds from the sale of real property	-	100	100
Total other financing sources(uses)	<u>(233,606)</u>	<u>71,384</u>	<u>(162,222)</u>
Change in fund balances	(107,002)	(27,039)	(134,041)
Fund balances beginning of year, as restated	<u>1,329,702</u>	<u>381,954</u>	<u>1,711,656</u>
Fund balances end of year	<u>\$ 1,222,700</u>	<u>354,915</u>	<u>1,577,615</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Administrative-postage	\$ -	432	327	(10)	95
Drama	4,426	1,057	1,040	-	4,443
Speech	1,251	1,728	1,960	-	1,019
Vocal Music	-	1,789	1,710	(79)	-
Band	1,743	3,969	3,907	160	1,965
Art Projects	206	105	204	-	107
9-12 Projects	1,213	2,879	3,125	-	967
4-8 Projects	953	5,346	4,751	-	1,548
Activity Tickets	155	130	40	-	245
Public Relations	-	235	235	-	-
Music Awards	-	554	554	-	-
Athletic Awards	-	2,844	2,844	-	-
Booster Club	-	507	507	-	-
Cross Country	2,191	4,433	3,325	(140)	3,159
FB & BB Cheerleaders	273	2,767	9,002	6,396	434
Wrestling Cheerleaders	707	917	826	-	798
Dance Team	1,832	4,748	4,633	72	2,019
Boys Drill Team	598	716	792	107	629
SCC Brotherhood Fundraisers	-	18,900	18,686	(214)	-
Boys Basketball	533	5,195	3,323	(284)	2,121
JH Boys Basketball	-	786	1,069	283	-
Football	76	10,162	9,695	1,891	2,434
JH Football	-	2,754	3,364	610	-
Baseball	-	12,945	10,927	(1,656)	362
JH Baseball	-	1,079	1,319	240	-
Boys Track	7,700	5,388	4,991	(1,069)	7,028
JH Boys Track	-	1,492	1,239	1,203	1,456
Boys Golf	625	1,673	1,555	(377)	366
Wrestling	1,399	7,174	9,270	697	-
JH Wrestling	-	800	615	130	315
Girls Basketball	1,395	4,690	5,321	(301)	463
JH Girls Basketball	-	802	1,103	301	-
Volleyball	1,982	10,716	9,218	(605)	2,875
JH Volleyball	-	1,035	779	605	861
Softball	-	8,159	6,618	(599)	942
JH Softball	-	-	480	480	-
Girls Track	4,536	5,213	3,238	(1,128)	5,383
JH Girls Track	-	1,467	1,214	1,058	1,311
Girls Golf	118	1,918	1,875	342	503
General Athletics	2,219	6,201	5,847	-	2,573
Football Camp	12,865	17,913	21,281	(4,310)	5,187
Boys Basketball Camp	672	1,648	2,879	559	-
Cheer Camp	650	18,749	12,506	(3,992)	2,901
Girls Basketball Camp	2,799	11,685	9,658	-	4,826
Baseball Camp	42	3,516	2,120	-	1,438
Titans Uniforms	1,421	2,177	3,780	1,747	1,565
State Athletic Competitions	-	38,970	36,979	(1,991)	-
National Honor Society	1,346	94	728	-	712
Student Council	3,809	979	758	-	4,030
Elementary Student Council	1,334	3,020	4,354	-	-
4-6 MS Student Council	577	3,673	2,063	-	2,187
7-8 MS Student Council	691	660	684	-	667
Leadership Activities	2,231	94	446	-	1,879
Annual	5,225	7,334	7,789	-	4,770
7-8 Yearbook	1,072	-	-	-	1,072
Class of 2015	2,994	645	3,318	(321)	-
Class of 2016	1,148	8,567	5,629	-	4,086
Class of 2017	1,060	1,120	26	-	2,154
Class of 2018	-	705	14	-	691
HS Pop Machines	200	3,501	3,501	-	200
Academic Competitions	42	326	563	195	-
HOSA	259	-	90	-	169
FFA	49,324	67,189	78,244	-	38,269
Total	\$ 125,892	336,270	338,938	-	123,224

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION -
 PRIVATE PURPOSE TRUST
 JUNE 30, 2015

	Private Purpose Trust - Scholarship Fund					
	Makinson Scholarship	Taylor Heuton Scholarship	FFA Scholarship	Eric Findley Scholarship	Buenting Scholarship	Total
Assets						
Cash and pooled investments	\$ 130	500	4,827	1,065	250	6,772
Liabilities	-	-	-	-	-	-
Net Position:						
Held in trust for scholarships	\$ 130	500	4,827	1,065	250	6,772

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION -
 PRIVATE PURPOSE TRUST
 FOR YEAR ENDED JUNE 30, 2015

	Private Purpose Trust - Scholarship Fund							Total
	Makinson Scholarship	Taylor Heuton Scholarship	FFA Scholarship	Eric Findley Scholarship	Gordon Scholarship	Buenting Scholarship	Miscellaneous Scholarship	
Additions:								
Local sources:								
Gifts and contributions	\$ -	-	2,997	865	500	-	250	4,612
Deductions:								
Instruction:								
Regular:								
Scholarships awarded	-	-	250	200	500	-	250	1,200
Change in net position	-	-	2,747	665	-	-	-	3,412
Net position beginning of year, as restated	130	500	2,080	400	-	250	-	3,360
Net position end of year	\$ 130	500	4,827	1,065	-	250	-	6,772

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Assets				
Cash and pooled investments	\$ 631	-	631	-
Liabilities				
Due to other groups	\$ 631	-	631	-

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2015

	Modified Accrual Basis
	Years Ended June 30,
	2015
Revenues:	
Local sources:	
Local tax	\$ 4,201,029
Tuition	312,569
Other	685,579
State sources	6,580,276
Federal sources	285,151
	12,064,604
Total	\$ 12,064,604
Expenditures:	
Current:	
Instruction:	
Regular	\$ 4,374,867
Special	1,002,956
Other	1,343,046
Support services:	
Student	269,861
Instructional	203,315
Administration	1,027,911
Operation and maintenance of plant	2,308,741
Transportation	626,877
Capital outlay	603,075
Long-term debt:	
Principal	200,000
Interest and fiscal charges	35,124
Other expenditures:	
AEA flowthrough	380,986
	12,376,759
Total	\$ 12,376,759

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Direct:			
U.S. Department of Education:			
Rural Education	84.358	FY15	\$ 24,285
U.S. Department of Health and Human Services:			
Head Start	93.600	FY15	12,810
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 15	55,849
National School Lunch Program	10.555	FY 15	196,488 *
			<u>252,337</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 15	126,905
Improving Teacher Quality State Grants	84.367	FY 15	36,858
Grants for State Assessments and Related Activities	84.369	FY 15	7,695
Prairie Lakes Area Education Agency:			
Special Education - Grants to States	84.027	FY 15	42,646
Iowa Central Community College:			
Career and Technical Education - Basic Grants to States	84.048	FY 15	9,666
University of Northern Iowa:			
State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund, Recovery Act	84.396	FY 12	177
Total			<u>\$ 513,379</u>

* Includes \$27,871 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

**To the Board of Education of
South Central Calhoun Community School District:**

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of South Central Calhoun Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 25, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

South Central Calhoun Community School District's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of South Central Calhoun Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

**To the Board of Education of
South Central Calhoun Community School District:**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

South Central Calhoun Community School District's responses to the internal control over compliance finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. South Central Calhoun Community School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016
Newton, Iowa

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) South Central Calhoun Community School District did not qualify as a low-risk auditee.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - initiating cash receipt disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, posting, and reconciling.
- 4) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting, and distribution.

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

Response - The District continues to look for ways to create a better system of segregation of duties and improve methods to prevent mishandling of responsibilities. Suggestions for improvement with current staffing levels would be considered for implementation.

Conclusion - Response accepted.

II-B-15 Bank Reconciliations - We noted during our audit that bank reconciliations for all funds were not completed or reconciled to the general ledger in a timely manner. Better internal controls would be achieved if the bank reconciliations were completed on a timely basis.

Recommendation - The District should reconcile bank statement balances to financial statement balances on a monthly basis. The bank reconciliation when performed timely, and reconciling items adjusted would provide support for the cash position. This would allow the user of the monthly financial statements a higher confidence in the amount of cash reflected on the balance sheet.

If the accounting staff is not comfortable using the accounting software to perform bank reconciliations, the District should consider sending their accounting staff to software training on bank reconciliations.

Response - The bank reconciliations are completed on a monthly basis and central office staff is considering reducing the number of accounts to improve efficiency.

Conclusion - Response accepted.

II-C-15 Supporting Documentation - We noted during our audit instances of payments to vendors that lacked an invoice or other form of supporting documentation for the payment made.

Recommendation - Chapter 279.29 of the Code of Iowa requires the District's Board to audit and allow all bills prior to payment. Lack of supporting documentation for the payment makes it impossible for the Board to audit and approve the bill. The Board may require alternative documentation when an invoice is not available, however, the Board should make notation on the documents of the approval by the Board.

Response - The central office staff inform staff members of purchasing and payment procedures on an on-going basis as well as at the beginning of the school year. The central office staff will require supporting documentation before processing purchases and payments.

Conclusion - Response accepted.

II-D-15 Purchase Orders - We noted during our audit several instances of transactions lacking purchase orders or purchase orders dated after the ordering of goods/services had already taken place in the Student Activity Fund.

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

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

Response - The central office staff inform staff members of purchasing and payment procedures on an on-going basis as well as at the beginning of the school year. The central office staff will require supporting documentation before processing purchases and payments. District administration is aware of the lack of purchase orders and may require the requesting employee to be responsible for payment if prior approval and purchase orders are not received.

Conclusion - Response accepted.

II-E-15 Bearer Paper - We noted during our audit checks issued for change boxes made payable to "cash" only. Checks made out to "cash" are considered bearer paper and in the event the check would be lost or stolen, could be cashed by anyone.

Recommendation - The District should review its procedures so that the "payable to" line on checks issued for start-up cash also include the name of the District custodian/sponsor that is responsible for going to the bank and obtaining the cash.

Response - The central office will eliminate payments to "cash" with such payments going to the sponsor. Petty cash reimbursements and gate cash checks will be made payable to the business manager on behalf of the District as recommended.

Conclusion - Response accepted.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 10.553 - School Breakfast Program
CFDA Number 10.555 - National School Lunch Program
Federal Award Year: 2015
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010 - Title I Grants to Local Educational Agencies
Federal Award Year: 2015
U.S. Department of Education
Passed through the Iowa Department of Education

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

- 1) Cash - initiating cash receipt disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, posting, and reconciling.
- 4) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting, and distribution.

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

Response and Corrective Action Planned - The District continues to look for ways to create a better system of segregation of duties and improve methods to prevent mishandling of responsibilities. Suggestions for improvement with current staffing levels would be considered for implementation.

Conclusion - Response accepted.

SOUTH CENTRAL CALHOUN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District expenditures for the year ended June 30, 2015, did not exceed the amounts budgeted.

IV-B-15 Questionable Disbursements - We noted during our audit that the District wrote a check from the Student Activity Fund for cash that was subsequently given to students to be used for spending money while attending a Dance Team trip to the Outback Bowl. Giving cash to students does not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply with the Attorney General's opinion. The District should refrain from giving spending cash to students from public funds.

Response - The District worked with the dance team sponsor of the voluntary non-school sponsored activity and had built trust with the sponsor due to many years of previous experience. The trip was completely voluntary and could have included others than dance team members. The District will change future fundraising practices for such voluntary activities to eliminate disbursement of district-held funds to individuals such as this finding and also not provide financial management for non-school sponsored activities such as a voluntary trip. Fundraisers for school sponsored activities with District management of the funds will continue.

Conclusion - Response accepted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Roscoe Simpson, Board Member Owns Ross Plumbing and Heating	Purchase services	\$ 1,152
David Birks, Teacher Owns Birks Family Mowing	Purchase services	\$ 4,695

In accordance with Chapter 279.7A of the Code of Iowa the above transactions with the Board Member do not appear to represent a conflict of interest.

In accordance with an Attorney General's opinion dated July 2, 1990, the above transactions with the District employee do not appear to represent a conflict of interest.

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

- IV-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-15 Certified Enrollment - We noted variances in the basic enrollment data certified to the Department of Education. The number of resident students appears to have been understated by 3.0 students.
- Recommendation - The Iowa Department of Education and the Department of Management should be contacted to resolve this matter.
- Response - Our auditors will be contacting the Iowa Department of Education and the Department of Management to resolve this matter.
- Conclusion - Response accepted.
- IV-H-15 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$	1,329,702
Revenues/transfers in:			
Sales tax revenues	\$	857,748	
Other local revenues		20,568	878,316
			<u>2,208,018</u>
Expenditures/transfers out:			
School infrastructure construction		418,349	
Equipment		182,167	
Other		151,196	
Transfer to other funds:			
Debt service		233,606	985,318
			<u>985,318</u>
Ending Balance			<u>\$ 1,222,700</u>

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