

SOUTH PAGE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		4-6
Management's Discussion and Analysis (MD&A)		7-16
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 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 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 Balances	2	55
Capital Project Accounts		
Combining Balance Sheet	3	56
Combining Schedule of Revenues, Expenditures and Changes in Balances	4	57
Fiduciary Fund, Private Purpose Trust		
Combining Balance Sheet	5	58
Combining Schedule of Revenues, Expenditures and Changes in Balances	6	59
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	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 Fund Types	9	62
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>		63-64
Schedule of Findings		65-67

South Page Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Ron Peterman	President	2015
Chris Drennen	Vice President	2015
Jackie Autry	Board Member	2015
Darin McClarnon	Board Member	2017
Richard Perala	Board Member	2017
	(Resigned December 2014)	
Kenny Jackson	Board Member	2015
	(Appointed December 2014)	
School Officials		
Gregg Cruickshank	Superintendent	2015
Sherri Ruzek	District Secretary	2015
Rick Franck	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
South Page 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 Page Community School District, College Springs, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Page 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 13 to the financial statements, South Page 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 16 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 Page Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2016 on our consideration of South Page 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 Page Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$2,731,832 in fiscal year 2014 to \$2,708,837 in fiscal year 2015, while General Fund expenditures decreased from \$2,718,601 in fiscal year 2014 to \$2,690,145 in fiscal year 2015. This resulted in an increase in the District's General Fund balance from \$269,168 at June 30, 2014 to a balance of \$287,860 at June 30, 2015, a 6.94% increase from the prior year.

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 Page 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 Page 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 Page Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

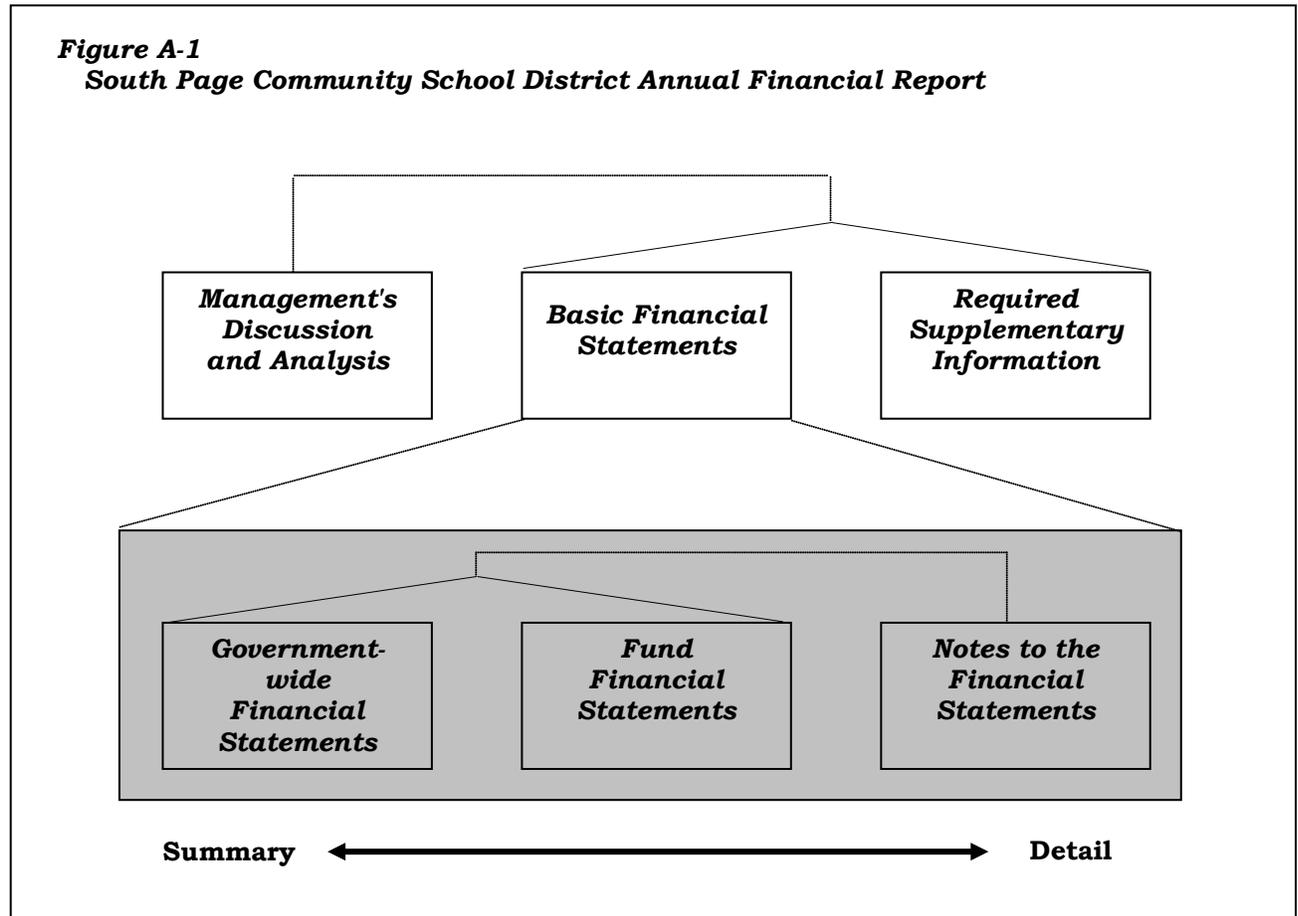


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • 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 net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or 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 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 two enterprise funds, the School Nutrition Fund and the Bradyville Little League Fund. The District also utilizes an Internal Service Fund, another kind of proprietary fund, to report activities associated with the District's self-funded insurance.

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

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

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

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

The required financial statements for fiduciary funds include a Statement 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 total net position at June 30, 2015 compared to June 30, 2014.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	June 30,		June 30,		June 30,	June 30,	
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Current and other assets	\$ 2,359,617	2,225,616	13,795	6,746	2,373,412	2,232,362	6.32%
Capital assets	1,251,532	1,284,885	13,047	13,511	1,264,579	1,298,396	-2.60%
Total assets	3,611,149	3,510,501	26,842	20,257	3,637,991	3,530,758	3.04%
Deferred outflows of resources	148,865	-	3,362	-	152,227	-	100.00%
Long-term liabilities	862,984	164,231	15,946	5,417	878,930	169,648	418.09%
Other liabilities	298,959	291,198	11,429	7,708	310,388	298,906	3.84%
Total liabilities	1,161,943	455,429	27,375	13,125	1,189,318	468,554	153.83%
Deferred inflows of resources	1,466,104	1,131,270	6,769	-	1,472,873	1,131,270	30.20%
Net position:							
Net investment in capital assets	1,251,532	1,284,885	13,047	13,511	1,264,579	1,298,396	-2.60%
Restricted	624,150	524,823	-	-	624,150	524,823	18.93%
Unrestricted	(743,715)	114,094	(16,987)	(6,379)	(760,702)	107,715	-806.22%
Total net position	\$ 1,131,967	1,923,802	(3,940)	7,132	1,128,027	1,930,934	-41.58%

The District's combined net position decreased by 41.58%, or \$802,907, from the prior year. The largest portion of the District's net position is the invested in capital assets, net of related debt category. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$99,327, or 18.93% from the prior year. The increase in restricted net position is primarily the result of the increases in the Capital Projects Fund balances.

Unrestricted net position - is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$868,417 or 806.22%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$946,873 and \$20,806, 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 net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 294,737	249,635	31,805	31,234	326,542	280,869	16.26%
Operating grants, contributions and restricted interest	238,955	254,656	61,186	58,492	300,141	313,148	-4.15%
General revenues:							
Property tax	1,128,873	1,072,956	-	-	1,128,873	1,072,956	5.21%
Income surtax	100,514	128,079	-	-	100,514	128,079	-21.52%
Statewide sales, services and use tax	186,852	189,365	-	-	186,852	189,365	-1.33%
Unrestricted state grants	1,038,992	1,136,057	-	-	1,038,992	1,136,057	-8.54%
Unrestricted investment earnings	768	393	-	-	768	393	95.42%
Other	12,734	8,148	447	1,596	13,181	9,744	35.27%
Total revenues	3,002,425	3,039,289	93,438	91,322	3,095,863	3,130,611	-1.11%
Program expenses:							
Instruction	1,942,576	2,138,203	-	-	1,942,576	2,138,203	-9.15%
Support services	751,355	823,523	-	-	751,355	823,523	-8.76%
Non-instructional programs	-	-	83,704	94,156	83,704	94,156	-11.10%
Other expenses	153,456	166,682	-	-	153,456	166,682	-7.93%
Total expenses	2,847,387	3,128,408	83,704	94,156	2,931,091	3,222,564	-9.04%
Excess(Deficiency) of revenues over(under) expenditures before transfers	155,038	(89,119)	9,734	(2,834)	164,772	(91,953)	-279.19%
Transfers	-	(2,473)	-	2,473	-	-	0.00%
Change in net position	155,038	(91,592)	9,734	(361)	164,772	(91,953)	-279.19%
Net position beginning of year, as restated	976,929	2,015,394	(13,674)	7,493	963,255	2,022,887	-52.38%
Net position end of year	\$ 1,131,967	1,923,802	(3,940)	7,132	1,128,027	1,930,934	-41.58%

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants accounted for 81.77% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 99.52% of the revenues from business type activities.

The District's total revenues were approximately \$3.09 million of which approximately \$3.00 million was for governmental activities and approximately \$0.09 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 1.11% in revenues and a 9.04% decrease in expenses. The decrease in expenses was caused by decreased expenses in the instruction functional area during the year.

Governmental Activities

Revenues for governmental activities were \$3,002,425 and expenses were \$2,847,387 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 as compared to the year ended June 30, 2014.

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 1,942,576	2,138,203	-9.15%	1,562,164	1,763,078	-11.40%
Support services	751,355	823,523	-8.76%	691,522	789,077	-12.36%
Other expenses	153,456	166,682	-7.93%	60,009	71,962	-16.61%
Totals	\$ 2,847,387	3,128,408	-8.98%	2,313,695	2,624,117	-11.83%

For the year ended June 30, 2015

- The cost financed by users of the District's programs was \$294,737.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$238,955.
- The net cost of governmental activities was financed with \$1,128,873 in property tax, \$100,514 in income surtax, \$186,852 in statewide sales, services and use tax, \$1,038,992 in unrestricted state grants, \$768 in unrestricted investment earnings and \$12,734 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$93,438 and expenses were \$83,704. The District's business type activities include the School Nutrition Fund and the Bradyville Little League Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and other income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$799,858, above last year's ending fund balance of \$700,361. The primary reason for the increase in combined fund balance in fiscal 2015 is due to the increase in the fund balance of the Capital Projects accounts.

Governmental Fund Highlights

- The District's General Fund balance increased from \$269,168 on June 30, 2014 to a balance of \$287,860 on June 30, 2015. The fluctuation in the District's General Fund financial position is the product of many factors. Increases in local revenue led to an increase in revenues. Revenues exceeded expenditures during the year resulting in an increase in fund balance of \$18,692 or 6.94%.
- The Capital Projects Fund balance increased from \$237,932 at June 30, 2014 to \$317,944 at June 30, 2015. The Statewide Sales, Services and Use Tax Fund balance increased from \$211,248 at June 30, 2014 to \$288,452 at June 30, 2015. The Physical Plant and Equipment Levy Fund balance increased from \$26,684 at June 30, 2014 to \$29,492 at June 30, 2015.

Proprietary Fund Highlights

The Proprietary Funds' net position increased from a restated deficit balance of \$13,674 at July 1, 2014 to a deficit balance of \$3,940 at June 30, 2015, representing an increase of 71.19%. Revenues from these activities were comprised of charges for service, federal and state reimbursements, and other revenues.

BUDGETARY HIGHLIGHTS

The District's revenues were \$65,275 more than budgeted revenues, a variance of 2.15%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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 \$1,264,579, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.60% from the prior year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$97,606.

The original cost of the District's capital assets was \$4,615,180. Governmental funds account for \$4,542,000 with the remainder of \$73,180 in the Proprietary funds.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment increased from \$107,086 at June 30, 2014, to \$130,157 at June 30, 2015, the increase was the result of equipment purchased during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 52,000	52,000	-	-	52,000	52,000	0.00%
Buildings	979,199	1,028,756	-	-	979,199	1,028,756	-4.82%
Land improvements	103,223	110,554	-	-	103,223	110,554	-6.63%
Machinery and equipment	117,110	93,575	13,047	13,511	130,157	107,086	21.54%
Total	\$ 1,251,532	1,284,885	13,047	13,511	1,264,579	1,298,396	-2.60%

Long-Term Debt

At June 30, 2015, the District had \$878,930 in long-term indebtedness outstanding. This represents an increase of 418.09% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had a \$40,053 computer lease at June 30, 2015 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had a net pension liability of \$741,650 at June 30, 2015. Of this amount \$725,704 is attributable to the governmental activities and \$15,946 is attributable to business type activities of the District.

The District had a net OPEB liability payable of \$97,227 at June 30, 2015 attributable to the governmental activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
		(Not restated)		(Not restated)		(Not restated)	
Computer lease	\$ 40,053	79,106	-	-	40,053	79,106	-49.37%
Dishwasher lease	-	1,157	-	-	-	1,157	-100.00%
Net pension liability	725,704	-	15,946	-	741,650	-	100.00%
Net OPEB liability	97,227	83,968	-	5,417	97,227	89,385	8.77%
Total	\$ 862,984	164,231	15,946	5,417	878,930	169,648	418.09%

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 has experienced declining enrollment, which has been stabilizing in recent years.
- The District will continue to maximize operational and teacher sharing agreements with surrounding Districts to generate supplementary weighting.
- The District will continue to explore opportunities to share sports and extracurricular activities with surrounding Districts to provide opportunities for students

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 Sherri Ruzek, District Secretary, South Page Community School District's District Office, Box 98, College Springs, Iowa, 51637.

BASIC FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSTION
JUNE 30, 2015

	Governmental Activities	Business type Activities	Total
Assets			
Cash and pooled investments	\$ 918,005	4,146	922,151
Receivables:			
Property tax:			
Delinquent	20,554	-	20,554
Succeeding year	1,158,022	-	1,158,022
Income surtax	102,504	-	102,504
Accounts	1,911	-	1,911
Due from other funds	4,328	-	4,328
Due from other governments	154,293	7,486	161,779
Inventories	-	2,163	2,163
Capital assets, net of accumulated depreciation	1,251,532	13,047	1,264,579
Total assets	3,611,149	26,842	3,637,991
Deferred Outflows of Resources			
Pension related deferred outflows	148,865	3,362	152,227
Liabilities			
Due to other funds	-	4,328	4,328
Accounts payable	97,206	-	97,206
Salaries and benefits payable	201,027	5,995	207,022
Accrued interest payable	726	-	726
Unearned revenue	-	1,106	1,106
Long-term liabilities:			
Portion due within one year:			
Computer lease payable	40,053	-	40,053
Portion due after one year:			
Net pension liability	725,704	15,946	741,650
Net OPEB liability	97,227	-	97,227
Total liabilities	1,161,943	27,375	1,189,318
Deferred Inflows of Resources			
Unavailable property tax revenue	1,158,022	-	1,158,022
Pension related deferred inflows	308,082	6,769	314,851
Total Deferred Inflows of Resources	1,466,104	6,769	1,472,873
Net position			
Net investment in capital assets	1,251,532	13,047	1,264,579
Restricted for:			
Categorical funding	112,152	-	112,152
Management levy	124,707	-	124,707
Student activities	69,347	-	69,347
School infrastructure	288,452	-	288,452
Physical plant and equipment	29,492	-	29,492
Unrestricted	(743,715)	(16,987)	(760,702)
Total net position	\$ 1,131,967	(3,940)	1,128,027

SEE NOTES TO FINANCIAL STATEMENTS.

**SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,221,077	158,461	17,368	(1,045,248)	-	(1,045,248)
Special	515,227	28,336	12,200	(474,691)	-	(474,691)
Other	206,272	58,697	105,350	(42,225)	-	(42,225)
	<u>1,942,576</u>	<u>245,494</u>	<u>134,918</u>	<u>(1,562,164)</u>	<u>-</u>	<u>(1,562,164)</u>
Support services:						
Student	88,654	32,277	-	(56,377)	-	(56,377)
Instructional staff	74,536	16,966	9,670	(47,900)	-	(47,900)
Administration	237,718	-	-	(237,718)	-	(237,718)
Operation and maintenance of plant	220,550	-	-	(220,550)	-	(220,550)
Transportation	129,897	-	920	(128,977)	-	(128,977)
	<u>751,355</u>	<u>49,243</u>	<u>10,590</u>	<u>(691,522)</u>	<u>-</u>	<u>(691,522)</u>
Long-term debt interest	1,481	-	-	(1,481)	-	(1,481)
Other expenses:						
AEA flowthrough	93,447	-	93,447	-	-	-
Depreciation(unallocated)*	58,528	-	-	(58,528)	-	(58,528)
	<u>151,975</u>	<u>-</u>	<u>93,447</u>	<u>(58,528)</u>	<u>-</u>	<u>(58,528)</u>
Total governmental activities	2,847,387	294,737	238,955	(2,313,695)	-	(2,313,695)
Business type activities:						
Non-instructional programs:						
Food service operations	80,343	26,260	61,186	-	7,103	7,103
Community service operations	3,361	5,545	-	-	2,184	2,184
Total business type activities	<u>83,704</u>	<u>31,805</u>	<u>61,186</u>	<u>-</u>	<u>9,287</u>	<u>9,287</u>
Total	\$ 2,931,091	326,542	300,141	(2,313,695)	9,287	(2,304,408)
General Revenues:						
Property tax for:						
General purposes				\$ 1,098,179	-	1,098,179
Capital outlay				30,694	-	30,694
Income surtax				100,514	-	100,514
Statewide sales, service and use tax				186,852	-	186,852
Unrestricted state grants				1,038,992	-	1,038,992
Unrestricted investment earnings				768	-	768
Other				12,734	447	13,181
Total general revenues				<u>2,468,733</u>	<u>447</u>	<u>2,469,180</u>
Change in net position				155,038	9,734	164,772
Net position beginning of year, as restated				<u>976,929</u>	<u>(13,674)</u>	<u>963,255</u>
Net position end of year				<u>\$ 1,131,967</u>	<u>(3,940)</u>	<u>1,128,027</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 435,117	288,481	193,407	917,005
Receivables:				
Property tax:				
Delinquent	19,081	559	914	20,554
Succeeding year	1,076,416	31,606	50,000	1,158,022
Income surtax	102,504	-	-	102,504
Accounts	1,911	-	-	1,911
Due from other funds	4,328	-	-	4,328
Due from other governments	125,389	28,904	-	154,293
Total assets	\$ 1,764,746	349,550	244,321	2,358,617
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 96,939	-	267	97,206
Salaries and benefits payable	201,027	-	-	201,027
Total liabilities	297,966	-	267	298,233
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,076,416	31,606	50,000	1,158,022
Income surtax	102,504	-	-	102,504
Total deferred inflows of resources	1,178,920	31,606	50,000	1,260,526
Fund balances:				
Reserved for:				
Categorical funding	112,152	-	-	112,152
Management levy purposes	-	-	124,707	124,707
Student activities	-	-	69,347	69,347
School infrastructure	-	288,452	-	288,452
Physical plant and equipment	-	29,492	-	29,492
Unassigned	175,708	-	-	175,708
Total fund balances	287,860	317,944	194,054	799,858
Total liabilities, deferred inflows of resources and fund balances	\$ 1,764,746	349,550	244,321	2,358,617

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH PAGE 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)	\$	799,858
 <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.		1,251,532
Blending of the Internal Service Fund to be reflected at an entity-wide basis.		1,000
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal year and, therefore, is recognized as deferred inflows of resources in the governmental funds.		102,504
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(726)
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	\$ 148,865	
Deferred inflows of resources	<u>(308,082)</u>	(159,217)
Long-term liabilities, including computer lease payable, net pension liability and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(862,984)</u>
Net position of governmental activities(page 18)	\$	<u><u>1,131,967</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 1,150,221	30,694	50,203	1,231,118
Tuition	54,917	-	-	54,917
Other	192,738	13	60,571	253,322
State sources	1,184,993	186,852	-	1,371,845
Federal sources	92,954	-	-	92,954
Total revenues	2,675,823	217,559	110,774	3,004,156
Expenditures:				
Current:				
Instruction:				
Regular	1,201,716	-	19,408	1,221,124
Special	494,464	-	-	494,464
Other	175,299	-	57,742	233,041
	1,871,479	-	77,150	1,948,629
Support services:				
Student	79,728	-	-	79,728
Instructional staff	42,408	23,350	-	65,758
Administration	231,401	3,800	231	235,432
Operation and maintenance of plant	216,362	5,811	25,820	247,993
Transportation	155,320	-	6,780	162,100
	725,219	32,961	32,831	791,011
Capital outlay	-	62,173	-	62,173
Long-term debt:				
Principal	-	-	40,210	40,210
Interest and fiscal charges	-	-	2,203	2,203
	-	-	42,413	42,413
Other expenditures:				
AEA flowthrough	93,447	-	-	93,447
Total expenditures	2,690,145	95,134	152,394	2,937,673
Excess(Deficiency) of revenues over(under) expenditures	(14,322)	122,425	(41,620)	66,483
Other financing sources(uses):				
Transfers in	-	-	42,413	42,413
Transfers out	-	(42,413)	-	(42,413)
Insurance proceeds	4,334	-	-	4,334
Sale of Equipment	28,680	-	-	28,680
Total other financing sources(uses)	33,014	(42,413)	42,413	33,014
Change in fund balances	18,692	80,012	793	99,497
Fund balances beginning of year	269,168	237,932	193,261	700,361
Fund balances end of year	\$ 287,860	317,944	194,054	799,858

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 22)	\$	99,497
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
 Capital outlay 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 and depreciation expense in the current year are as follows:		
Capital outlay	\$ 62,199	
Depreciation expense	<u>(95,552)</u>	(33,353)
 Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows:		
		40,210
 Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis		
		1,000
 Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		
		722
 Income surtax account receivable is not available to finance expenditures of the current year and is recognized as deferred inflows of resources in the governmental funds.		
		(1,731)
 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.		
		108,951
 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.		
Pension expense	(46,999)	
Other postemployment benefits	<u>(13,259)</u>	<u>(60,258)</u>
 Change in net position of governmental activities(page 19)	 \$	 <u>155,038</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds			Governmental
	Bradyville			Activities: Internal
	School Nutrition	Little League	Total	Service Fund
Assets				
Current assets:				
Cash and pooled investments	\$ -	4,146	4,146	1,000
Due from other governments	7,486	-	7,486	-
Inventories	2,163	-	2,163	-
Total current assets	9,649	4,146	13,795	1,000
Noncurrent assets:				
Capital assets, net of accumulated depreciation	13,047	-	13,047	-
Total assets	22,696	4,146	26,842	1,000
Deferred outflows of resources				
Pension related deferred outflows	3,362	-	3,362	-
Liabilities				
Current liabilities:				
Due to other funds	4,328	-	4,328	-
Salaries and benefits payable	5,995	-	5,995	-
Unearned revenue	1,106	-	1,106	-
Total current liabilities	11,429	-	11,429	-
Noncurrent liabilities:				
Net pension liability	15,946	-	15,946	-
Total liabilities	27,375	-	27,375	-
Deferred inflows of resources				
Pension related deferred inflows	6,769	-	6,769	-
Net position				
Net investment in capital assets	13,047	-	13,047	-
Unrestricted	(21,133)	4,146	(16,987)	1,000
Total net position	\$ (8,086)	4,146	(3,940)	1,000

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds			Governmental Activities:
	School Nutrition	Bradyville Little League	Total	Internal Service Fund
Operating revenues:				
Local sources:				
Charges for service	\$ 26,260	5,545	31,805	-
Miscellaneous	447	-	447	6,000
Total operating revenues	<u>26,707</u>	<u>5,545</u>	<u>32,252</u>	<u>6,000</u>
Operating expenses:				
Support services:				
Administration:				
Benefits	-	-	-	5,000
Non-instructional programs:				
Food service operations:				
Salaries	30,395	-	30,395	-
Benefits	3,304	-	3,304	-
Supplies	40,991	-	40,991	-
Other	39	-	39	-
Depreciation	2,054	-	2,054	-
	<u>76,783</u>	<u>-</u>	<u>76,783</u>	<u>-</u>
Community Service operations:				
Supplies	-	3,361	3,361	-
Total operating expenses	<u>76,783</u>	<u>3,361</u>	<u>80,144</u>	<u>5,000</u>
Operating income(loss)	<u>(50,076)</u>	<u>2,184</u>	<u>(47,892)</u>	<u>1,000</u>
Non-operating revenues(expenses):				
State sources	637	-	637	-
Federal sources	60,549	-	60,549	-
Loss on disposal	(3,560)	-	(3,560)	-
Total non-operating revenues(expenses)	<u>57,626</u>	<u>-</u>	<u>57,626</u>	<u>-</u>
Change in net position	7,550	2,184	9,734	1,000
Net position beginning of year, as restated	<u>(15,636)</u>	<u>1,962</u>	<u>(13,674)</u>	<u>-</u>
Net position end of year	<u>\$ (8,086)</u>	<u>4,146</u>	<u>(3,940)</u>	<u>1,000</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds			Governmental Activities:
	School Nutrition	Bradyville		Internal Service Fund
		Little League	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 26,506	-	26,506	-
Cash received from miscellaneous	447	5,545	5,992	6,000
Cash payments to employees for services	(41,312)	-	(41,312)	-
Cash payments to suppliers for goods or services	(36,016)	(3,471)	(39,487)	(5,000)
Net cash used in operating activities	(50,375)	2,074	(48,301)	1,000
Cash flows from non-capital financing activities:				
Borrowings from the General Fund	4,328	-	4,328	-
State grants received	637	-	637	-
Federal grants received	50,098	-	50,098	-
Net cash provided by non-capital financing activities	55,063	-	55,063	-
Cash flows from capital and related financing activities:				
Purchase of capital assets	(5,150)	-	(5,150)	-
Net cash used in capital and related financing activities	(5,150)	-	(5,150)	-
Net increase(decrease) in cash and cash equivalents	(462)	2,074	1,612	1,000
Cash and cash equivalents beginning of year	462	2,072	2,534	-
Cash and cash equivalents end of year	\$ -	4,146	4,146	1,000
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (50,076)	2,184	(47,892)	1,000
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	5,884	-	5,884	-
Depreciation	2,054	-	2,054	-
Increase in inventories	(870)	-	(870)	-
Increase in accounts payable	-	(110)	(110)	-
Decrease in salaries and benefits payable	(743)	-	(743)	-
Increase in unearned revenue	246	-	246	-
Decrease in net pension liability	(7,209)	-	(7,209)	-
Increase in deferred outflows of resources	(1,013)	-	(1,013)	-
Increase in deferred inflows of resources	6,769	-	6,769	-
Decrease in OPEB liability	(5,417)	-	(5,417)	-
Net cash used in operating activities	\$ (50,375)	2,074	(41,431)	1,000

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$5,884.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets		
Cash and pooled investments	\$ 3,516	1,461
Liabilities		
Due to other groups	-	1,461
Net position		
Held in trust for scholarships	3,516	-
Total net position	<u>\$ 3,516</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

SOUTH PAGE 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:	
Contributions	<u>\$ -</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>-</u>
Change in net position	-
Net position beginning of year	<u>3,516</u>
Net position end of year	<u><u>\$ 3,516</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

(1) Summary of Significant Accounting Policies

The South Page 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-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of College Springs, Iowa and the predominate agricultural territory in Page County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, South Page 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 Page 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 Page County Assessors' Conference Board.

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted 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 nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund account.

The District reports the following major governmental funds:

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

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

The District reports the following non-major proprietary funds:

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

The Enterprise: Bradyville Little League Fund. The Bradyville Little League fund is used to account for the Bradyville Little League operations.

The Internal Service Fund is used to account for the partially self-funded health insurance offered by the District. The Internal Service Fund is charged back to the Governmental funds and shown combined in the Statement of Net Position and the Statement of Activities.

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 do not involve measurement of such operations.

C. Measurement Focus and Basis of Accounting

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

are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 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 annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

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

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

Deferred inflows of resources 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.

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

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

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Nonspendable - Amounts which cannot be spent because they are not expected to be converted to cash. These items include inventory items.

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

Unassigned - All amounts not included in other spendable classifications.

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, collateralized with securities or letters of credit held by the District or the District’s agent in the District’s name, or by multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2015 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$545,807 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) Interfund Transfers

The detail of 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: Physical Plant and Equipment Levy	\$ 1,335
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	41,078
Total		<u>\$ 42,413</u>

The transfer from Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for the annual principal and interest payment on the District’s dishwasher lease indebtedness.

The transfer from Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for the annual principal and interest payment on the District’s computer lease indebtedness.

(4) Due To and Due From Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise: School Nutrition	<u>\$ 4,328</u>

The Enterprise: School Nutrition Fund is repaying the General Fund for salaries and benefits paid during the year.

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 52,000	-	-	52,000
Total capital assets not being depreciated	52,000	-	-	52,000
Capital assets being depreciated:				
Buildings	2,680,627	-	-	2,680,627
Land improvements	419,149	1,640	-	420,789
Machinery and equipment	1,425,896	60,559	97,871	1,388,584
Total capital assets being depreciated	4,525,672	62,199	97,871	4,490,000
Less accumulated depreciation for:				
Buildings	1,651,871	49,557	-	1,701,428
Land improvements	308,595	8,971	-	317,566
Machinery and equipment	1,332,321	37,024	97,871	1,271,474
Total accumulated depreciation	3,292,787	95,552	97,871	3,290,468
Total capital assets being depreciated, net	1,232,885	(33,353)	-	1,199,532
Governmental activities capital assets, net	\$ 1,284,885	(33,353)	-	1,251,532
Business type activities:				
Machinery and equipment	\$ 92,303	5,150	24,273	73,180
Less accumulated depreciation	78,792	2,054	20,713	60,133
Business type activities capital assets, net	\$ 13,511	3,096	44,986	13,047

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 1,427
Support services:	
Instructional staff	7,626
Operation and maintenance of plant	7,700
Transportation	20,271
	<u>37,024</u>
Unallocated depreciation	<u>58,528</u>
Total governmental activities depreciation expense	<u>\$ 95,552</u>
Business type activities:	
Food service operations	<u>\$ 2,054</u>

(6) Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
Computer lease	\$ 79,106	-	39,053	40,053	40,053
Dishwasher lease	1,157	-	1,157	-	-
Net pension liability	1,053,799	-	328,095	725,704	-
Net OPEB liability	83,968	13,259	-	97,227	-
Total	\$ 1,218,030	13,259	368,305	862,984	40,053
Business Type Activities:					
Net pension liability	\$ 23,155	-	7,209	15,946	-
Net OPEB liability	5,417	-	5,417	-	-
Total	\$ 28,572	-	12,626	15,946	-

Computer Lease

On October 12, 2013, the District entered into a lease for the purchase of computers. Details of the District's computer lease at June 30, 2015 are as follows:

Year Ending June 30,	Lease dated October 12, 2013			
	Interest Rate	Principal	Interest	Total
2016	2.56 %	\$ 40,053	1,025	41,078

(7) 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 \$111,436.

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 \$741,650 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 0.018326 percent, which was a decrease of 0.000695 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$48,031. 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	\$ 8,060	\$ -
Changes of assumptions	32,731	-
Net difference between projected and actual earnings on pension plan investments	-	282,844
Changes in proportion and differences between District contributions and proportionate share of contributions	-	32,007
District contributions subsequent to the measurement date	111,436	-
Total	<u>\$ 152,227</u>	<u>\$ 314,851</u>

\$111,436 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	\$ (68,659)
2017	(68,659)
2018	(68,659)
2019	(68,659)
2020	576
	<u>\$ (274,060)</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	<u>100%</u>	

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 1,401,327	\$ 741,650	\$ 184,814

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 \$14,735 for legally required employer contributions and \$9,818 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits

Plan Description - The District operates a single-employer health plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 22 active and 0 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. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which result 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	\$ 10,111
Interest on net OPEB obligation	2,235
Adjustment to annual required contribution	(4,504)
Annual OPEB cost	<u>7,842</u>
Contributions made	-
Increase in net OPEB obligation	<u>7,842</u>
Net OPEB obligation beginning of year	<u>89,385</u>
Net OPEB obligation end of year	<u><u>\$ 97,227</u></u>

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

For the year ended June 30, 2015, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 6,930	0.00%	\$ 82,388
2014	6,997	0.00%	89,385
2015	7,842	0.00%	97,227

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$72,505, with

no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$72,505. The covered payroll (annual payroll of active employees covered by the plan) was \$906,343, and the ratio of the UAAL to covered payroll was 8.00%. 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2012 actuarial valuation date, the Entry Age Actuarial Cost Method was used. The actuarial assumption includes a 2.5% discount rate based on the District's funding policy. The health cost trend rate is 6% per year.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) 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 \$93,447 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.

(11) Categorical Funding

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

Program	Amount
Professional development for the model core curriculum	\$ 65
Dropout and dropout prevention programs	20,068
Teacher salary supplement	26,994
Four-year-old preschool program	14,550
Professional development	24,051
Market factor incentives	2,019
Successful progression for early readers	18,595
Teacher leadership grants	5,810
Total	<u>\$ 112,152</u>

(12) Reconciliation of Governmental Fund Balances to Net Position

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

	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ 175,708
Internal service fund	1,000
Income surtax	102,504
Accrued interest payable	(726)
Computer lease payable	(40,053)
Pension related deferred outflows	148,865
Net pension liability	(725,704)
Pension related deferred inflows	(308,082)
Net OPEB liability	(97,227)
Net position (Exhibit A)	<u>\$ (743,715)</u>

(13) Accounting Change/Restatement Note

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 1,923,802	\$ 7,132
Net pension liability at June 30, 2014	(1,053,799)	(23,155)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	<u>106,926</u>	<u>2,349</u>
Net position July 1, 2014, as restated	<u>\$ 976,929</u>	<u>\$ (13,674)</u>

	<u>School Nutrition</u>	<u>Bradyville Little League</u>	<u>Total</u>
Net position June 30, 2014, as previously reported	\$ 5,170	\$ 1,962	\$ 7,132
Net pension liability at June 30, 2014	(23,155)	-	(23,155)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	<u>2,349</u>	<u>-</u>	<u>2,349</u>
Net position July 1, 2014, as restated	<u>\$ (15,636)</u>	<u>\$ 1,962</u>	<u>\$ (13,674)</u>

(14) Deficit Unrestricted Net Position

At June 30, 2015 the District has a deficit unrestricted net position of \$21,133 and a deficit total net position of \$8,086 in the School Nutrition Fund. The business type activities had a deficit unrestricted net position of \$16,987 and a deficit total net position of \$3,940. The governmental activities had a deficit unrestricted net position of \$743,715.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 1,539,357	32,252	1,571,609	1,674,245	1,674,245	(102,636)
State sources	1,371,845	637	1,372,482	1,246,074	1,246,074	126,408
Federal sources	92,954	60,549	153,503	112,000	112,000	41,503
Total revenues	<u>3,004,156</u>	<u>93,438</u>	<u>3,097,594</u>	<u>3,032,319</u>	<u>3,032,319</u>	<u>65,275</u>
Expenditures/Expenses:						
Instruction	1,948,629	-	1,948,629	2,043,100	2,043,100	94,471
Support services	791,011	-	791,011	849,300	849,300	58,289
Non-instructional programs	-	83,704	83,704	85,000	85,000	1,296
Other expenditures	198,033	-	198,033	264,356	264,356	66,323
Total expenditures/expenses	<u>2,937,673</u>	<u>83,704</u>	<u>3,021,377</u>	<u>3,241,756</u>	<u>3,241,756</u>	<u>220,379</u>
Excess(Deficiency) of revenues over(under) expenditures	66,483	9,734	76,217	(209,437)	(209,437)	285,654
Other financing sources, net	<u>33,014</u>	<u>0</u>	<u>33,014</u>	<u>-</u>	<u>-</u>	<u>33,014</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	99,497	9,734	109,231	(209,437)	(209,437)	318,668
Balances beginning of year, as restated	<u>700,361</u>	<u>(13,674)</u>	<u>686,687</u>	<u>519,629</u>	<u>519,629</u>	<u>167,058</u>
Balances end of year	<u>\$ 799,858</u>	<u>(3,940)</u>	<u>795,918</u>	<u>310,192</u>	<u>310,192</u>	<u>485,726</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. 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 PAGE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*
 (IN THOUSANDS)
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.018326%
District's proportionate share of the net pension liability	\$ 742
District's covered-employee payroll	\$ 1,248
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.46%
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 PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 111	109	107	98	84	75	94	85	80	78
Contributions in relation to the statutorily required contribution	(111)	(109)	(107)	(98)	(84)	(75)	(94)	(85)	(80)	(78)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 1,248	1,221	1,234	1,214	1,209	1,079	1,480	1,405	1,391	1,357
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE 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 PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 256,000	\$ 256,000	0.00%	\$ 865,640	29.57%
2011	July 1, 2009	-	256,000	256,000	0.00%	1,270,361	20.15%
2012	July 1, 2009	-	256,000	256,000	0.00%	916,228	27.94%
2013	July 1, 2012	-	78,271	78,271	0.00%	921,459	8.49%
2014	July 1, 2012	-	75,982	75,982	0.00%	1,014,017	7.49%
2015	July 1, 2012	-	72,505	72,505	0.00%	906,343	8.00%

See Note 8 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 PAGE COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 123,937	69,470	193,407
Receivables:			
Property tax:			
Delinquent	914	-	914
Succeeding year	50,000	-	50,000
Total assets	\$ 174,851	69,470	244,321
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 144	123	267
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	50,000	-	50,000
Fund balances:			
Restricted for:			
Management levy purposes	124,707	-	124,707
Student activities	-	69,347	69,347
Total fund balances	124,707	69,347	194,054
Total liabilities, deferred inflows of resources and fund balances	\$ 174,851	69,470	244,321

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue				Total
	Management Levy	Student Activity	Total Special Revenue	Debt Service	
Revenues:					
Local sources:					
Local tax	\$ 50,203	-	50,203	-	50,203
Other	2,915	57,656	60,571	-	60,571
Total revenues	53,118	57,656	110,774	-	110,774
Expenditures:					
Current:					
Instruction:					
Regular	19,408	-	19,408	-	19,408
Other	-	57,742	57,742	-	57,742
Support services:					
Administration services	231	-	231	-	231
Operation and maintenance of plant	25,820	-	25,820	-	25,820
Transportation	6,780	-	6,780	-	6,780
Long-term debt:					
Principal	-	-	-	40,210	40,210
Interest and fiscal charges	-	-	-	2,203	2,203
Total expenditures	52,239	57,742	109,981	42,413	152,394
Excess(Deficiency) of revenues over(under) expenditures	879	(86)	793	(42,413)	(41,620)
Other financing sources:					
Transfer in	-	-	-	42,413	42,413
Change in fund balances	879	(86)	793	-	793
Fund balances beginning of year	123,828	69,433	193,261	-	193,261
Fund balances end of year	\$ 124,707	69,347	194,054	-	194,054

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE 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	\$ 259,548	28,933	288,481
Receivables:			
Property tax:			
Delinquent	-	559	559
Succeeding year	-	31,606	31,606
Due from other governments	28,904	-	28,904
Total assets	\$ 288,452	61,098	349,550
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	31,606	31,606
Fund balances:			
Restricted for:			
School infrastructure	288,452	-	288,452
Physical plant and equipment	-	29,492	29,492
Total fund balances	288,452	29,492	317,944
Total liabilities, deferred inflows of resources and fund balances	\$ 288,452	61,098	349,550

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS 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	\$ -	30,694	30,694
Other	11	2	13
State sources	186,852	-	186,852
Total revenues	<u>186,863</u>	<u>30,696</u>	<u>217,559</u>
Expenditures:			
Current:			
Support services:			
Instructional staff	12,467	10,883	23,350
Administration services	-	3,800	3,800
Operation and maintenance of plant	5,633	178	5,811
Capital outlay	50,481	11,692	62,173
Total expenditures	<u>68,581</u>	<u>26,553</u>	<u>95,134</u>
Excess of revenues over expenditures	118,282	4,143	122,425
Other financing uses:			
Transfer out	<u>(41,078)</u>	<u>(1,335)</u>	<u>(42,413)</u>
Change in fund balances	77,204	2,808	80,012
Fund balances beginning of year	<u>211,248</u>	<u>26,684</u>	<u>237,932</u>
Fund balances end of year	<u>\$ 288,452</u>	<u>29,492</u>	<u>317,944</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 JUNE 30, 2015

		Private Purpose Trust - Scholarship Fund				
		Ron Warren Scholarship	Student Council	Joy Jones Scholarship	Corner Conference Scholarship	Total
Assets						
Cash and pooled investments	\$	538	300	500	2,178	3,516
Liabilities		-	-	-	-	-
Net position						
Held in trust for scholarships	\$	538	300	500	2,178	3,516

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust - Scholarship Fund				
	Ron Warren Scholarship	Student Council	Joy Jones Scholarship	Corner Conference Scholarship	Total
Additions:					
Local sources:					
Contributions	\$ -	-	-	-	-
Deductions:					
Instruction:					
Regular:					
Scholarships awarded	-	-	-	-	-
Change in net position	-	-	-	-	-
Net position beginning of year	538	300	500	2,178	3,516
Net position end of year	\$ 538	300	500	2,178	3,516

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE 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	Balance End of Year
Drama	\$ 128	1,343	902	569
Vocal	5	-	-	5
Athletics	6,237	11,239	15,481	1,995
Weightlifting Club	1,921	192	-	2,113
Girls Softball Club	318	-	-	318
Elementary Carnival	11,461	3,148	2,297	12,312
Class of 2015	4,176	767	4,821	122
Class of 2016	405	2,195	814	1,786
Class of 2017	435	150	30	555
Class of 2018	159	88	16	231
Class of 2019	13	70	16	67
Class of 2020	-	90	17	73
Yearbook	1,723	3,235	1,814	3,144
Corner Conference	1,131	-	-	1,131
National Honor Society	1,526	268	263	1,531
Concession Stand	2,637	7,519	6,409	3,747
Cheerleaders	1,328	1,135	852	1,611
Drill Team	1,341	971	1,976	336
Student Council	366	1,044	910	500
FCCLA	185	-	-	185
BPA	543	1,039	1,242	340
FFA	14,536	12,739	8,033	19,242
MS Student Council	673	72	150	595
Spanish Club	329	-	-	329
Booster Club	16,399	7,371	9,885	13,885
Music Booster Club	1,302	2,842	1,814	2,330
Activity interest	156	139	-	295
Total	\$ 69,433	57,656	57,742	69,347

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 1,238	697	474	1,461
Liabilities				
Due to other groups	\$ 1,238	697	474	1,461

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 1,231,118	1,203,431	1,364,953	1,558,072	1,280,190	1,191,552	1,214,460	1,073,491	1,122,128	1,053,799
Tuition	54,917	39,972	51,055	110,191	84,420	61,577	57,010	56,415	66,354	65,691
Other	253,322	219,351	206,651	98,949	117,242	124,293	150,121	124,501	164,487	171,058
Intermediate sources	-	-	-	-	-	-	-	-	85,000	3,797
State sources	1,371,845	1,477,844	1,285,716	1,226,980	1,293,489	1,024,714	1,269,665	1,348,724	1,198,545	1,191,256
Federal sources	92,954	101,087	189,168	129,498	252,144	355,308	147,298	146,570	183,652	137,597
Total	\$ 3,004,156	3,041,685	3,097,543	3,123,690	3,027,485	2,757,444	2,838,554	2,749,701	2,820,166	2,623,198
Expenditures:										
Instruction:										
Regular	\$ 1,221,124	1,230,447	1,219,492	1,094,785	1,054,141	1,119,005	1,121,478	1,201,674	1,067,806	1,092,910
Special	494,464	522,906	560,558	566,593	494,007	497,362	359,356	390,752	475,750	358,508
Other	233,041	240,411	207,974	209,970	287,082	304,895	285,572	247,985	190,477	322,403
Support services:										
Student	79,728	47,443	64,663	36,495	39,647	77,316	44,213	16,800	7,716	3,615
Instructional staff	65,758	76,068	62,079	49,218	25,787	32,743	39,499	89,522	136,776	69,140
Administration	235,432	287,401	267,941	252,920	277,594	315,668	331,525	306,779	410,434	334,274
Operation and maintenance of plant	247,993	254,341	221,916	245,575	235,358	275,301	286,422	270,375	267,555	244,677
Transportation	162,100	149,501	150,396	194,585	117,055	195,407	125,611	114,221	138,947	111,292
Capital outlay	62,173	194,568	137,640	140,073	101,449	285,792	64,835	91,740	76,661	165,545
Long-term debt:										
Principal	40,210	1,068	58,901	58,901	58,900	150,019	40,000	35,000	35,000	35,000
Interest	2,203	-	-	-	-	1,175	4,400	5,660	6,719	7,579
Other expenditures:										
AEA flow-through	93,447	94,720	91,025	90,297	105,573	103,857	97,571	94,850	91,837	90,274
Total	\$ 2,937,673	3,098,874	3,042,585	2,939,412	2,796,593	3,358,540	2,800,482	2,865,358	2,905,678	2,835,217

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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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 the South Page 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 Page Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2016.

Internal Control Over Financial Reporting

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

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

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

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 identified no deficiencies that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Page Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

South Page Community School District's Responses to Findings

South Page Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. South Page 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 Page 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.

March 18, 2016
Newton, Iowa

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.

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 will review internal controls in place and investigate available alternatives and implement a solution.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - Expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted.

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

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

II-D-15 Business Transactions - No business transactions between the District and District employees were noted.

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

II-F-15 Board Minutes - We noted no transactions requiring Board approval have not been approved by the Board. We did note an instance of the board minutes not being

published within two weeks following the adjournment of the meeting as required by Section 279.35 of the Code of Iowa.

Recommendation - The District should review procedures to ensure compliance with Section 279.35 of the Code of Iowa.

Response - The Board Secretary will submit all minutes timely.

Conclusion - Response accepted.

II-G-15 Certified Enrollment - We noted during our audit that the enrollment data certified to the Iowa Department of Education was understated by 1.00 students.

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

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

Conclusion - Response accepted.

II-H-15 Supplementary Weighting - We noted no variances in the supplementary weighting data certified to the Iowa Department of Education.

II-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.

II-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.

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

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the 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		\$ 211,248
Revenues:		
Sales tax revenues	\$ 186,852	
Other local revenues	11	186,863
		<hr/>
		398,111
Expenditures/transfers out:		
School infrastructure construction	\$ 22,313	
Equipment	39,682	
Other	6,586	
Transfers to other funds:		
Debt service fund	41,078	109,659
		<hr/>
Ending Balance		<u><u>\$ 288,452</u></u>

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

II-M-15 Financial Condition - We noted during our audit that the Enterprise, School Nutrition Fund had a deficit unrestricted net position of \$21,133 at June 30, 2015 and a total deficit net position of \$8,086. We noted the business type activities of the District had a deficit unrestricted net position of \$16,987 and a deficit total net position of \$3,940. We also noted the governmental activities had a deficit unrestricted net position of \$743,715. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward.

Response - GASB 68 and 71 were explained to the Board. The administration understands how these affect the District's finances.

Conclusion - Response accepted.