

**WEST CENTRAL VALLEY
COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015**

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Introductory Section

Board of Education and School District Officials

As of June 30, 2015

Name	Title	Term Expires
Board of Education		
Harry Light	President	September, 2015
Jenyse Belden	Vice President	September, 2017
Neal Crawford	Board Member	September, 2017
Marty Doud	Board Member	September, 2017
Nyle Godwin	Board Member	September, 2017
Dianne Harwood	Board Member	September, 2015
Chad Waddell	Board Member	September, 2015
School Officials		
Dr. David Arnold	Superintendent	Indefinite
Symantha Crawford	District Secretary/Treasurer	Indefinite

Financial Section



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Certified Public Accountants and Consultants

Independent Auditor's Report

Board of Education
West Central Valley Community School District
Stuart, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District, Stuart, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 12 to the financial statements, West Central Valley Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of contributions and the schedule of funding progress for the retiree health plan on pages 5 through 14 and 44 through 50 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Valley Community School District's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2014 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The financial statements for the seven years ended June 30, 2012 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report who expressed unmodified opinions on those financial statements. The supplementary information on pages 51 through 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in our 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 auditing standards generally accepted in the United States of America. 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 a report dated January 12, 2016 on our consideration of West Central Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Central Valley Community School District's internal control over financial reporting and compliance.

HOGAN - HANSEN

HOGAN - HANSEN

Mason City, Iowa
January 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Valley 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.

FINANCIAL HIGHLIGHTS

- General Fund revenue decreased from \$9,483,897 in fiscal year 2014 to \$9,202,273 in fiscal year 2015, and General Fund expenditures increased from \$9,231,201 in fiscal year 2014 to \$9,689,923 in fiscal year 2015. The District's General Fund balance decreased from \$2,836,927 at the end of fiscal year 2014 to \$2,349,277 at the end of fiscal year 2015, a 17.2% decrease.
- The fiscal year 2015 General Fund revenue decrease was attributable to a large one-time donation from a local company received in the prior year. The increase in expenditures was due primarily to an increase in instruction expenditures in the District.

USING THIS ANNUAL REPORT

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

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of West Central Valley Community School District as a whole and present an overall view of the District's finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Central Valley Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which West Central Valley Community School District acts solely as an agent or custodian for the benefit of those outside of the District government.

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

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's share of the net pension liability and related contributions, as well as presenting the schedule of funding progress for the retiree health plan.

Supplementary information provides detailed information about the nonmajor governmental funds.

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

FIGURE A-1

**WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT**

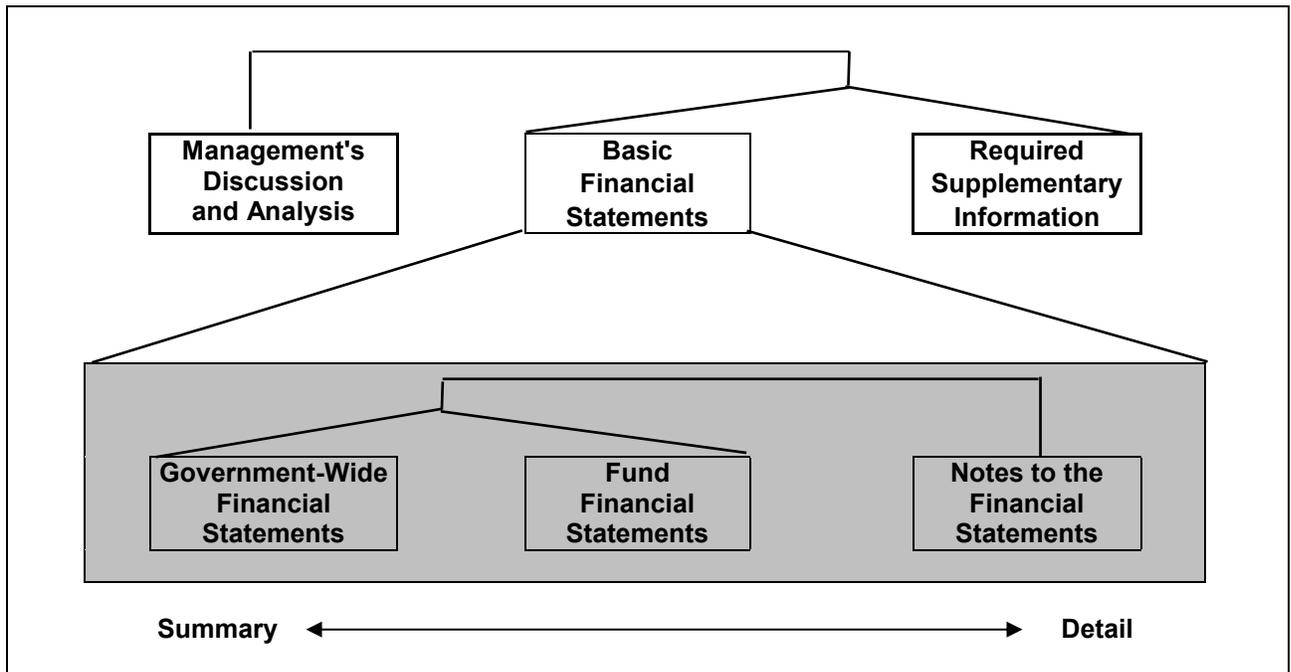


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 services	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 revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, 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, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue 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 revenue and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional nonfinancial 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 or by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for various student activity funds or to show it is properly using certain revenue, such as federal grants.

The District has three kinds of funds:

- **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 available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

The required financial statements for governmental funds include a balance sheet and a statement of revenue, expenditures and changes in fund balances.

Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District's enterprise fund is the School Nutrition Fund. Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District's Internal Service Fund is used to account for health insurance.

The required financial statements for proprietary funds include a statement of net position, a statement of revenue, expenses and changes in fund net position and a statement of cash flows.

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

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

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

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

FIGURE A-3
CONDENSED STATEMENT OF NET POSITION

	Governmental Activities June 30,		Business-Type Activities June 30,		Total District June 30,		Total Percentage Change June 30, 2014-2015
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	
Current and other assets	\$ 14,245,196	\$ 13,433,608	\$ 27,427	\$ (10,109)	\$ 14,272,623	\$ 13,423,499	6.3%
Capital assets	<u>23,820,310</u>	<u>24,281,759</u>	<u>28,364</u>	<u>31,242</u>	<u>23,848,674</u>	<u>24,313,001</u>	(1.9)
Total Assets	<u>38,065,506</u>	<u>37,715,367</u>	<u>55,791</u>	<u>21,133</u>	<u>38,121,297</u>	<u>37,736,500</u>	1.0
Deferred Outflows of Resources	<u>652,317</u>	<u>—</u>	<u>21,912</u>	<u>—</u>	<u>674,229</u>	<u>—</u>	100.0
Total Assets and Deferred Outflows of Resources	<u>\$ 38,717,823</u>	<u>\$ 37,715,367</u>	<u>\$ 77,703</u>	<u>\$ 21,133</u>	<u>\$ 38,795,526</u>	<u>\$ 37,736,500</u>	2.8%

**FIGURE A-3
CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities June 30,		Business-Type Activities June 30,		Total District June 30,		Total Percentage Change June 30,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-2015
Long-term liabilities	\$ 22,563,731	\$ 20,309,237	\$ 106,111	\$ 1,378	\$ 22,669,842	\$ 20,310,615	11.6%
Other liabilities	<u>1,401,019</u>	<u>1,249,513</u>	<u>76,764</u>	<u>5,319</u>	<u>1,477,783</u>	<u>1,254,832</u>	<u>17.8</u>
Total Liabilities	<u>23,964,750</u>	<u>21,558,750</u>	<u>182,875</u>	<u>6,697</u>	<u>24,147,625</u>	<u>21,565,447</u>	<u>12.0</u>
Deferred Inflows of Resources	<u>6,994,992</u>	<u>5,602,015</u>	<u>43,587</u>	<u>—</u>	<u>7,038,579</u>	<u>5,602,015</u>	<u>25.6</u>
Net Position							
Net investment in capital assets	5,254,335	4,835,784	28,364	31,242	5,282,699	4,867,026	8.5
Restricted	3,832,737	2,812,538	—	—	3,832,737	2,812,538	36.3
Unrestricted	<u>(1,328,991)</u>	<u>2,906,280</u>	<u>(177,123)</u>	<u>(16,806)</u>	<u>(1,506,114)</u>	<u>2,889,474</u>	<u>(152.1)</u>
Total Net Position	<u>7,758,081</u>	<u>10,554,602</u>	<u>(148,759)</u>	<u>14,436</u>	<u>7,609,322</u>	<u>10,569,038</u>	<u>(28.0)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 38,717,823</u>	<u>\$ 37,715,367</u>	<u>\$ 77,703</u>	<u>\$ 21,133</u>	<u>\$ 38,795,526</u>	<u>\$ 37,736,500</u>	<u>2.8%</u>

The District's total net position decreased 28%, or approximately \$2,960,000, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's total restricted net position increased by approximately \$1,020,000, or 36.3%, from the prior period. The increase was primarily a result of the debt service property tax levy being greater than the current debt service requirements.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by approximately \$4,396,000, or 152.1%. The decrease in unrestricted net position was primarily a result of the District's net pension liability recorded in the current year with the adoption of GASB Statement No. 68.

The 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 beginning net position as of July 31, 2014 for governmental activities and business-type activities were restated by \$4,035,921 and \$135,573, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows 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 June 30,		Business-Type Activities June 30,		Total June 30,		Total Percentage Change
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-2015
Revenue							
Program Revenue							
Charges for service	\$ 422,524	\$ 858,782	\$ 174,093	\$ 177,365	\$ 596,617	\$ 1,036,147	(42.4)%
Operating grants, contributions and restricted interest	1,624,884	1,685,426	256,473	257,532	1,881,357	1,942,958	(3.2)
General Revenue							
Property tax	5,600,816	5,544,728	—	—	5,600,816	5,544,728	1.0
Income surtax	242,755	213,150	—	—	242,755	213,150	13.9
Statewide sales, services and use tax	883,170	843,640	—	—	883,170	843,640	4.7
Unrestricted state grants	3,756,531	3,487,113	—	—	3,756,531	3,487,113	7.7
Unrestricted invest- ment earnings	4,161	3,938	1	1	4,162	3,939	5.7
Loss on sale of capital assets	(19,909)	—	—	—	(19,909)	—	100.0
Total Revenue	12,514,932	12,636,777	430,567	434,898	12,945,499	13,071,675	(1.0)
Program Expenses							
Instruction	6,842,589	6,526,234	—	—	6,842,589	6,526,234	4.8
Support services	2,870,207	2,917,737	—	—	2,870,207	2,917,737	(1.6)
Noninstructional programs	—	—	458,189	449,374	458,189	449,374	2.0
Other expenses	1,562,736	1,442,984	—	—	1,562,736	1,442,984	8.3
Total Expenses	11,275,532	10,886,955	458,189	449,374	11,733,721	11,336,329	3.5
Change in Net Position	1,239,400	1,749,822	(27,622)	(14,476)	1,211,778	1,735,346	(30.2)
Net Position - Beginning of Year, as restated	6,518,681	8,804,780	(121,137)	28,912	6,397,544	8,833,692	(27.6)
Net Position - End of Year	\$ 7,758,081	\$ 10,554,602	\$ (148,759)	\$ 14,436	\$ 7,609,322	\$ 10,569,038	(28.0)%

In fiscal year 2015, property tax and unrestricted state grants accounted for 74.8% of governmental activities revenue while charges for service, operating grants, contributions and restricted interest accounted for almost 100% of business-type activities revenue. The District's total revenue was approximately \$12.9 million, of which approximately \$12.5 million was for governmental activities and \$0.4 million was for business-type activities.

As shown in Figure A-4, the District as a whole experienced a 1.0% decrease in revenue and a 3.5% increase in expenses. The decrease in revenue was related to a large one-time donation received in the prior year. The increase in expenses is related to increased instruction expenses.

Governmental Activities

Revenue for governmental activities was \$12,514,932 and expenses were \$11,275,532 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, noninstructional programs and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

**FIGURE A-5
TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES**

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Percentage Change 2014-2015	2015	2014 (Not Restated)	Percentage Change 2014-2015
Instruction	\$ 6,842,589	\$ 6,526,234	4.8%	\$ 5,196,586	\$ 4,364,921	19.1%
Support services	2,870,207	2,917,737	(1.6)	2,853,534	2,902,424	(1.7)
Other expenses	<u>1,562,736</u>	<u>1,442,984</u>	<u>8.3</u>	<u>1,178,004</u>	<u>1,075,402</u>	<u>9.5</u>
Total	<u>\$ 11,275,532</u>	<u>\$ 10,886,955</u>	<u>3.6</u>	<u>\$ 9,228,124</u>	<u>\$ 8,342,747</u>	<u>10.6%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$422,524.
- Federal and state governments and local entities subsidized certain programs with grants and contributions totaling \$1,624,884.
- The net cost of governmental activities was financed with \$6,726,741 in property and other taxes and \$3,756,531 in unrestricted state grants.

Business-Type Activities

Revenue for business-type activities during the year ended June 30, 2015 was \$430,567, representing a 1.0% decrease from the prior year, while expenses were \$458,189, a 2.0% increase from the prior year. The District's business-type activities include the School Nutrition Fund. Revenue from these activities was comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$6,637,054 compared to last year's ending fund balances of \$6,091,109. The primary reason for the increase in combined fund balances in fiscal year 2015 is due to the debt service property tax levy being greater than the current debt service requirements.

Governmental Fund Highlights

- The General Fund reported a decrease in its fund balance of \$487,650 to \$2,349,277 as of the end of fiscal year 2015. The District's deteriorating General Fund financial position is the result of many factors. Decreases in revenue were primarily due to a one-time donation from a local company received during the prior year. Increases in expenditures were primarily related to additional instruction, wages, benefits and purchased services.

- The Debt Service Fund balance increased from \$1,565,392 at the end of fiscal year 2014 to \$2,175,403 at the end of fiscal year 2015 due to the debt service property tax levy being greater than the current debt service requirements.
- The Capital Projects Fund includes revenue from sales tax, the physical plant and equipment property tax levy and other miscellaneous revenue. These revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects Fund will be used for future capital improvements and equipment purchases.

The Physical Plant and Equipment Levy account balance decreased from \$109,950 as of June 30, 2014 to \$81,475 as of June 30, 2015.

The Statewide Sales, Services and Use Tax account balance increased from \$1,339,542 as of June 30, 2014 to \$1,634,771 as of June 30, 2015. Included in the fund balance at year end is a required reserve of \$499,025 as part of the issuance of the sales tax revenue bonds. The increase was related to a decrease in spending on facilities acquisition and construction.

The Construction account balance increased from \$(39,257) as of June 30, 2014 to \$1,000 as of June 30, 2015. The increase was related to a timing difference in revenue and expenditures.

Proprietary Funds Highlights

- The School Nutrition Fund net position decreased from (\$121,137) as of June 30, 2014 to (\$148,759) as of June 30, 2015. The decrease is due in part to a decrease in sale of lunches and recording the District's share of the net pension liability for IPERS.
- The Internal Service Fund net position increased from \$227,537 as of June 30, 2014 to \$266,915 as of June 30, 2015. The increase was a result of contributions in excess of premiums, claims and fees.

BUDGETARY HIGHLIGHTS

Over the course of the year, West Central Valley Community School District did not amend its budget.

The District's total revenue was \$282,335 more than total budgeted revenue, a variance of 2.2%. State and federal revenue sources were budgeted conservatively.

Total expenditures were \$1,627,343 less than budgeted, due primarily to the District's construction projects not progressing as expected, so less was spent in fiscal year 2015 than planned.

The certified budget was exceeded in the instruction function due to the timing of expenditures at year end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the District had invested \$23,848,674, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 1.9% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$660,092.

**FIGURE A-6
CAPITAL ASSETS, NET OF DEPRECIATION**

	Governmental Activities June 30,		Business-Type Activities June 30,		Total District June 30,		Total Percentage Change 2014-2015
	2015	2014	2015	2014	2015	2014	
Land	\$ 127,689	\$ 135,991	\$ —	\$ —	\$ 127,689	\$ 135,991	(6.1)%
Construction in progress	—	165,850	—	—	—	165,850	(100.0)
Buildings and improve- ments	23,352,870	23,644,735	—	—	23,352,870	23,644,735	(1.2)
Furniture and equipment	339,751	335,183	28,364	31,242	368,115	366,425	0.5
Total	<u>\$ 23,820,310</u>	<u>\$ 24,281,759</u>	<u>\$ 28,364</u>	<u>\$ 31,242</u>	<u>\$ 23,848,674</u>	<u>\$ 24,313,001</u>	<u>1.9%</u>

Long-Term Debt

As of June 30, 2015, the District had \$19,065,000 of total long-term debt outstanding. This represents a decrease of 4.4% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The constitution of the State of Iowa limits the amount of debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding bonded indebtedness is significantly below its constitutional debt limit of approximately \$35 million.

**FIGURE A-7
OUTSTANDING LONG-TERM OBLIGATIONS**

	Total District June 30,		Total Percentage Change June 30, 2014-2015
	2015	2014	
General obligation bonds	\$ 12,710,000	\$ 13,365,000	(4.9)%
Revenue bonds	6,355,000	6,580,000	(3.4)
Total	<u>\$ 19,065,000</u>	<u>\$ 19,945,000</u>	<u>(4.4)%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has experienced stable enrollment for the past few years but had a decline of 30 students in the October, 2015 enrollment count due to a larger graduating class. The District expects to see a further decrease in the immediate future but then expects enrollment to stabilize and stay at a consistent level after that.
- The District expects continued increases in insurance and health insurance premiums, along with price increases for utilities, gas and other everyday expenditures which presents a concern for the District as it tries to control spending in the individual funds.

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 Symantha Crawford, Business Manager, West Central Valley Community School District, 3299 White Pole Road, Stuart, IA 50250

Basic Financial Statements

Statement of Net Position

As of June 30, 2015

	Governmental Activities	Business- Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash, cash equivalents and pooled investments	\$ 7,743,768	\$ 19,017	\$ 7,762,785
Receivables			
Property Tax, Net of Allowance			
Current year delinquent	58,351	—	58,351
Succeeding year	5,697,424	—	5,697,424
Due from other governments	564,213	—	564,213
Inventories	—	8,410	8,410
Unamortized discount on bonds payable	181,440	—	181,440
Capital assets, net of accumulated depreciation	23,820,310	28,364	23,848,674
Total Assets	<u>38,065,506</u>	<u>55,791</u>	<u>38,121,297</u>
Deferred Outflows of Resources			
Pension-related deferred outflows	<u>652,317</u>	<u>21,912</u>	<u>674,229</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 38,717,823</u>	<u>\$ 77,703</u>	<u>\$ 38,795,526</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 195,332	\$ 218	\$ 195,550
Salaries and benefits payable	905,687	—	905,687
Internal balances	(70,009)	70,009	—
Due to other governments	201,276	—	201,276
Accrued interest payable	168,733	—	168,733
Unearned revenue	—	6,537	6,537
Long-Term Liabilities			
Portion Due Within One Year			
General obligation bonds	680,000	—	680,000
Revenue bonds	350,000	—	350,000
Compensated absences	19,863	—	19,863
Portion Due After One Year			
General obligation bonds	12,030,000	—	12,030,000
Revenue bonds	6,005,000	—	6,005,000
Unamortized premium on bonds payable	182,016	—	182,016
Net pension liability	3,117,829	104,733	3,222,562
Net OPEB liability	179,023	1,378	180,401
Total Liabilities	<u>23,964,750</u>	<u>182,875</u>	<u>24,147,625</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	5,697,424	—	5,697,424
Pension-related deferred inflows	1,297,568	43,587	1,341,155
Total Deferred Inflows of Resources	<u>6,994,992</u>	<u>43,587</u>	<u>7,038,579</u>
Net Position			
Net investment in capital assets	5,254,335	28,364	5,282,699
Restricted for			
Categorical funding	213,294	—	213,294
Debt service	2,006,094	—	2,006,094
School infrastructure	1,136,746	—	1,136,746
Physical plant and equipment	81,475	—	81,475
Management levy purposes	360,594	—	360,594
Student activities	34,534	—	34,534
Unrestricted	(1,328,991)	(177,123)	(1,506,114)
Total Net Position	<u>7,758,081</u>	<u>(148,759)</u>	<u>7,609,322</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 38,717,823</u>	<u>\$ 77,703</u>	<u>\$ 38,795,526</u>

See accompanying notes to the financial statements.

Statement of Activities

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue		Net (Expenses), Revenue and Changes in Net Position		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction						
Regular	\$ 4,729,064	\$ 230,772	\$ 1,111,755	\$ (3,386,537)	\$ —	\$ (3,386,537)
Special	1,391,709	—	46,083	(1,345,626)	—	(1,345,626)
Other	721,816	190,265	67,128	(464,423)	—	(464,423)
Total Instruction	<u>6,842,589</u>	<u>421,037</u>	<u>1,224,966</u>	<u>(5,196,586)</u>	<u>—</u>	<u>(5,196,586)</u>
Support Services						
Student	138,439	—	—	(138,439)	—	(138,439)
Instructional staff	287,511	—	15,186	(272,325)	—	(272,325)
Administration	883,318	—	—	(883,318)	—	(883,318)
Operation and maintenance of plant	1,017,696	567	—	(1,017,129)	—	(1,017,129)
Transportation	543,243	920	—	(542,323)	—	(542,323)
Total Support Services	<u>2,870,207</u>	<u>1,487</u>	<u>15,186</u>	<u>(2,853,534)</u>	<u>—</u>	<u>(2,853,534)</u>
Other Expenses						
Long-term debt interest and fiscal charges	783,010	—	14,770	(768,240)	—	(768,240)
AEA flowthrough	369,962	—	369,962	—	—	—
Depreciation - unallocated*	409,764	—	—	(409,764)	—	(409,764)
Total Other Expenses	<u>1,562,736</u>	<u>—</u>	<u>384,732</u>	<u>(1,178,004)</u>	<u>—</u>	<u>(1,178,004)</u>
Total Governmental Activities	<u>11,275,532</u>	<u>422,524</u>	<u>1,624,884</u>	<u>(9,228,124)</u>	<u>—</u>	<u>(9,228,124)</u>
Business-Type Activities						
Noninstructional Programs						
Food service operations	<u>458,189</u>	<u>174,093</u>	<u>256,473</u>	<u>—</u>	<u>(27,623)</u>	<u>(27,623)</u>
Total	<u>\$ 11,733,721</u>	<u>\$ 596,617</u>	<u>\$ 1,881,357</u>	<u>(9,228,124)</u>	<u>(27,623)</u>	<u>(9,255,747)</u>
General Revenue (Expense)						
Property Tax Levied for						
General purposes				3,410,084	—	3,410,084
Management levy				324,284	—	324,284
Debt service				1,725,825	—	1,725,825
Capital outlay				140,623	—	140,623
Income surtax				242,755	—	242,755
Statewide sales, services and use tax				883,170	—	883,170
Unrestricted state grants				3,756,531	—	3,756,531
Unrestricted investment earnings				4,161	1	4,162
Loss on sale of capital assets				(19,909)	—	(19,909)
Total General Revenue (Expense)				<u>10,467,524</u>	<u>1</u>	<u>10,467,525</u>
Change in Net Position				1,239,400	(27,622)	1,211,778
Net Position - Beginning of Year, as restated (Note 12)				6,518,681	(121,137)	6,397,544
Net Position - End of Year				<u>\$ 7,758,081</u>	<u>\$ (148,759)</u>	<u>\$ 7,609,322</u>

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

See accompanying notes to the financial statements.

Balance Sheet - Governmental Funds

As of June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 3,351,756	\$ 2,157,009	\$ 1,581,692	\$ 386,396	\$ 7,476,853
Receivables					
Property Tax, Net of Allowance					
Current year delinquent.....	35,192	18,394	1,499	3,266	58,351
Succeeding year	3,511,478	1,743,853	142,092	300,001	5,697,424
Due from other funds	70,009	—	—	7,931	77,940
Due from other governments	427,136	—	137,077	—	564,213
Total Assets	\$ 7,395,571	\$ 3,919,256	\$ 1,862,360	\$ 697,594	\$ 13,874,781
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable.....	\$ 189,845	\$ —	\$ 3,022	\$ 2,465	\$ 195,332
Salaries and benefits payable.....	905,687	—	—	—	905,687
Due to other funds.....	7,931	—	—	—	7,931
Due to other governments	201,276	—	—	—	201,276
Total Liabilities	1,304,739	—	3,022	2,465	1,310,226
Deferred Inflows of Resources					
Unavailable Revenue					
Succeeding year property tax.....	3,511,478	1,743,853	142,092	300,001	5,697,424
Income surtax.....	230,077	—	—	—	230,077
Total Deferred Inflows of Resources	3,741,555	1,743,853	142,092	300,001	5,927,501
Fund Balances					
Restricted for					
Categorical funding	213,294	—	—	—	213,294
Debt service.....	—	2,175,403	499,025	—	2,674,428
School infrastructure	—	—	1,136,746	—	1,136,746
Physical plant and equipment	—	—	81,475	—	81,475
Management levy purposes	—	—	—	360,594	360,594
Student activities	—	—	—	34,534	34,534
Committed for					
Technology	246,559	—	—	—	246,559
Transportation	265,691	—	—	—	265,691
Elementary reading and math	80,000	—	—	—	80,000
Unassigned	1,543,733	—	—	—	1,543,733
Total Fund Balances	2,349,277	2,175,403	1,717,246	395,128	6,637,054
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,395,571	\$ 3,919,256	\$ 1,862,360	\$ 697,594	\$ 13,874,781

See accompanying notes to the financial statements.

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

As of June 30, 2015

Total Fund Balances for Governmental Funds (Page 17).... **\$ 6,637,054**

***Amounts reported for governmental activities in the
statement of net position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds..... 23,820,310

An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position. 266,915

Income surtax receivable is not available to pay current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds..... 230,077

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds..... (168,733)

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	\$ 652,317	
Deferred inflows of resources	<u>(1,297,568)</u>	(645,251)

Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds	\$ (12,710,000)	
Revenue bonds	(6,355,000)	
Unamortized discount on bonds payable	181,440	
Unamortized premium on bonds payable	(182,016)	
Compensated absences	(19,863)	
Net pension liability	(3,117,829)	
Net OPEB liability	<u>(179,023)</u>	<u>(22,382,291)</u>

Net Position of Governmental Activities (Page 15) **\$ 7,758,081**

Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenue					
Local Sources					
Local tax	\$ 3,589,209	\$ 1,702,615	\$ 138,725	\$ 320,475	\$ 5,751,024
Tuition	174,731	—	—	—	174,731
Other	91,757	14,770	1,344	215,923	323,794
State sources	5,014,127	23,209	885,067	3,809	5,926,212
Federal sources	332,449	—	—	—	332,449
Total Revenue	<u>9,202,273</u>	<u>1,740,594</u>	<u>1,025,136</u>	<u>540,207</u>	<u>12,508,210</u>
Expenditures					
Current					
Instruction					
Regular	4,745,765	—	21,457	106,579	4,873,801
Special	1,435,331	—	—	—	1,435,331
Other	424,636	—	—	190,913	615,549
Total Instruction	<u>6,605,732</u>	<u>—</u>	<u>21,457</u>	<u>297,492</u>	<u>6,924,681</u>
Support Services					
Student	144,378	—	—	—	144,378
Instructional staff	291,038	—	—	—	291,038
Administration	915,151	—	—	—	915,151
Operation and maintenance of plant	840,375	—	65,099	104,889	1,010,363
Transportation	523,287	—	—	21,253	544,540
Total Support Services	<u>2,714,229</u>	<u>—</u>	<u>65,099</u>	<u>126,142</u>	<u>2,905,470</u>
Other Expenditures					
Facilities acquisition	—	—	131,862	—	131,862
Long-Term Debt					
Principal	—	880,000	—	—	880,000
Interest and fiscal charges	—	749,540	750	—	750,290
AEA flowthrough	369,962	—	—	—	369,962
Total Other Expenditures	<u>369,962</u>	<u>1,629,540</u>	<u>132,612</u>	<u>—</u>	<u>2,132,114</u>
Total Expenditures	<u>9,689,923</u>	<u>1,629,540</u>	<u>219,168</u>	<u>423,634</u>	<u>11,962,265</u>
Revenue Over (Under) Expenditures	<u>(487,650)</u>	<u>111,054</u>	<u>805,968</u>	<u>116,573</u>	<u>545,945</u>
Other Financing Sources (Uses)					
Transfers in	—	498,957	—	—	498,957
Transfers out	—	—	(498,957)	—	(498,957)
Total Other Financing Sources (Uses)	<u>—</u>	<u>498,957</u>	<u>(498,957)</u>	<u>—</u>	<u>—</u>
Change in Fund Balances	<u>(487,650)</u>	<u>610,011</u>	<u>307,011</u>	<u>116,573</u>	<u>545,945</u>
Fund Balances - Beginning of Year	2,836,927	1,565,392	1,410,235	278,555	6,091,109
Fund Balances - End of Year	<u>\$ 2,349,277</u>	<u>\$ 2,175,403</u>	<u>\$ 1,717,246</u>	<u>\$ 395,128</u>	<u>\$ 6,637,054</u>

See accompanying notes to the financial statements.

Reconciliation of the Statement of Revenue, 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 19) \$ 545,945

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the statement of activities and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlays and depreciation expense for the year are as follows:

Capital outlays.....	\$ 210,113	
Depreciation expense.....	<u>(651,653)</u>	(441,540)
The net book value of capital assets disposed of during the year.....		(19,909)
Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		26,631
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		880,000
Amortization of premiums and discounts on bonds payable did not provide or use current financial resources of the governmental funds but it decreases assets and liabilities in the statement of net position.		(39,836)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		7,116
The current year District employer share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as a deferred outflow of resources in the statement of net position.		480,835
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences.....	\$ (777)	
Pension expense.....	(207,994)	
Other post-employment benefits.....	<u>(30,449)</u>	(239,220)
An internal service fund is used by management to charge the costs of health insurance to individual funds. The change in net position of the internal service fund is reported in governmental activities in the statement of activities.		<u>39,378</u>

Change in Net Position of Governmental Activities (Page 16) \$ 1,239,400

Statement of Net Position - Proprietary Funds

Year Ended June 30, 2015

	<u>Enterprise</u> School Nutrition	<u>Internal Service</u> Self-Insurance
Assets and Deferred Outflows of Resources		
Current Assets		
Cash, cash equivalents and pooled investments	\$ 19,017	\$ 266,915
Inventories.....	<u>8,410</u>	<u>—</u>
Total Current Assets	<u>27,427</u>	<u>266,915</u>
Capital Assets, Net of Accumulated Depreciation	<u>28,364</u>	<u>—</u>
Total Assets	<u>55,791</u>	<u>266,915</u>
Deferred Outflows of Resources		
Pension-related deferred outflows	<u>21,912</u>	<u>—</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 77,703</u>	<u>\$ 266,915</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 218	\$ —
Due to other funds.....	70,009	—
Unearned revenue.....	<u>6,537</u>	<u>—</u>
Total Current Liabilities	<u>76,764</u>	<u>—</u>
Net Pension Liability	<u>104,733</u>	<u>—</u>
Net OPEB Liability	<u>1,378</u>	<u>—</u>
Total Liabilities	<u>182,875</u>	<u>—</u>
Deferred Inflows of Resources		
Pension-related deferred inflows	<u>43,587</u>	<u>—</u>
Net Position		
Net investment in capital assets	28,364	—
Unrestricted	<u>(177,123)</u>	<u>266,915</u>
Total Net Position	<u>(148,759)</u>	<u>266,915</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 77,703</u>	<u>\$ 266,915</u>

See accompanying notes to the financial statements.

Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Funds

Year Ended June 30, 2015

	<u>Enterprise</u> School Nutrition	<u>Internal Service</u> Self-Insurance
Operating Revenue		
Local Sources		
Charges for service	\$ 164,885	\$ —
Other receipts	9,208	—
Self-insurance contributions	—	626,398
Total Operating Revenue	<u>174,093</u>	<u>626,398</u>
Operating Expenses		
Noninstructional Programs		
Food Service Operations		
Salaries	185,433	—
Benefits	27,561	—
Purchased services	7,281	—
Supplies	229,437	—
Depreciation	8,439	—
Other	38	—
Self-insurance premiums, claims and fees	—	587,020
Total Operating Expenses	<u>458,189</u>	<u>587,020</u>
Income (Loss) From Operations	<u>(284,096)</u>	<u>39,378</u>
Nonoperating Revenue		
State sources	3,890	—
Federal sources	252,583	—
Interest on investments	1	—
Total Nonoperating Revenue	<u>256,474</u>	<u>—</u>
Change in Net Position	(27,622)	39,378
Net Position - Beginning of Year, as restated (Note 12)	<u>(121,137)</u>	<u>227,537</u>
Net Position - End of Year	<u>\$ (148,759)</u>	<u>\$ 266,915</u>

See accompanying notes to the financial statements.

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2015

	<u>Enterprise</u> <u>School Nutrition</u>	<u>Internal Service</u> <u>Self-Insurance</u>
Cash Flows From Operating Activities		
Cash received from sale of lunches and breakfasts	\$ 166,103	\$ —
Cash received from other	9,208	—
Cash received from assessments made to other funds	—	626,398
Cash paid to employees for services	(222,159)	—
Cash paid to suppliers for goods or services	(208,065)	—
Cash paid for self-insurance premiums, claims and fees	<u>—</u>	<u>(587,020)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(254,913)</u>	<u>39,378</u>
Cash Flows From Noncapital Financing Activities		
State grants received.....	3,890	—
Federal grants received.....	225,131	—
Loans from other funds.....	<u>35,967</u>	<u>—</u>
Net Cash Provided by Noncapital Financing Activities	<u>264,988</u>	<u>—</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets.....	<u>(5,561)</u>	<u>—</u>
Cash Flows From Investing Activities		
Interest on investments	<u>1</u>	<u>—</u>
Net Increase in Cash, Cash Equivalents and Pooled Investments	4,515	39,378
Cash, Cash Equivalents and Pooled Investments - Beginning of Year	<u>14,502</u>	<u>227,537</u>
Cash, Cash Equivalents and Pooled Investments - End of Year	<u>\$ 19,017</u>	<u>\$ 266,915</u>
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities		
Income (loss) from operations.....	\$ (284,096)	\$ 39,378
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities		
Commodities used.....	27,615	—
Depreciation.....	8,439	—
Changes in Assets and Liabilities		
Decrease in inventories	858	—
Increase in pension-related deferred outflows	(6,480)	—
Increase in accounts payable	218	—
Increase in unearned revenue	1,218	—
Decrease in net pension liability	(46,272)	—
Increase in pension-related deferred inflows	<u>43,587</u>	<u>—</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (254,913)</u>	<u>\$ 39,378</u>

Noncash Investing, Capital and Financing Activities

During the year ended June 30, 2015, the District received \$27,452 of federal commodities.

See accompanying notes to the financial statements.

Statement of Fiduciary Net Position - Fiduciary Fund

As of June 30, 2015

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash, cash equivalents and pooled investments	<u>\$ 202,492</u>
Net Position	
Reserved for scholarships	<u>\$ 202,492</u>

Statement of Changes in Fiduciary Net Position - Fiduciary Fund —————

Year Ended June 30, 2015

	Private Purpose Trust <hr style="border: 0.5px solid black;"/> Scholarship
Additions	
Local Sources	
Interest income	\$ 2,483
Contributions.....	<u>5,367</u>
Total Additions	<u>7,850</u>
Deductions	
Instruction	
Regular	
Scholarships awarded	<u>7,500</u>
Change in Net Position	350
Net Position - Beginning of Year.....	<u>202,142</u>
Net Position - End of Year	<u>\$ 202,492</u>

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

West Central Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Stuart, Menlo, Dexter and Redfield, Iowa, and the predominately agricultural territory in a portion of Adair, Dallas and Guthrie Counties. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board.

Reporting Entity

For financial reporting purposes, West Central Valley 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 District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Adair, Dallas and Guthrie County Assessor's Conference Boards.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all 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 revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

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

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

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

Unrestricted net position consists of net position that does not meet the definition of the 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 revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: (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 revenue are reported instead as general revenue.

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

The District's proprietary funds are the School Nutrition Fund, a major enterprise fund, used to account for the food service operations of the District and the Self-Insurance Fund, an internal service fund, used to account for the partially self-funded health insurance plan operated by the District.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund includes 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.

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. Revenue is 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.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

Property tax, intergovernmental revenue (shared revenue, 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 revenue. 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 revenue.

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 revenue and expenses from nonoperating items. Operating revenue 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 revenue 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 revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

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

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

Cash, Cash Equivalents and Pooled Investments

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

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

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

Property Tax Receivable

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1-1/2% 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 revenue, grants and reimbursements from other governments.

Inventories

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

Capital Assets

Capital assets, which include property, furniture and equipment 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District did not have any intangible assets as of June 30, 2015. 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.

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

Land.....	\$ 5,000
Buildings and improvements	5,000
Intangibles.....	25,000
Furniture and Equipment	
School Nutrition Fund equipment	500
Other furniture and equipment.....	5,000

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

Buildings and improvements	20 - 50 Years
Intangibles.....	5 - 10 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 teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Compensated Absences

District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General 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.

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.

(1) Summary of Significant Accounting Policies

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenue is measurable, it is not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax and income surtax receivable not collected within 60 days after year end.

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

Fund Equity

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

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

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

Budgeting and Budgetary Control

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

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated events through January 12, 2016, the date which the financial statements were available to be issued.

Notes to the Financial Statements

(2) Cash, Cash Equivalents and Pooled Investments

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

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

As of 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 \$2,074,527 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor's Financial Services.

(3) Due From and Due to Other Funds

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

Receivable Fund	Payable Fund	Amount
General	Enterprise	
	School Nutrition	\$ 70,009
Special Revenue		
Management Levy	General	<u>7,931</u>
		<u>\$ 77,940</u>

The balances were related to various reimbursements not made before year end and are to be repaid by October 31, 2015.

(4) Interfund Transfers

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

Transfer to	Transfer From	Amount
Debt Service	Capital Projects	<u>\$ 498,957</u>

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

Notes to the Financial Statements

(5) Capital Assets

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

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
Governmental Activities				
Capital Assets Not Being Depreciated				
Land.....	\$ 135,991	\$ —	\$ 8,302	\$ 127,689
Construction in progress	<u>165,850</u>	<u>6,000</u>	<u>171,850</u>	<u>—</u>
Total Capital Assets Not Being Depreciated.....	<u>301,841</u>	<u>6,000</u>	<u>180,152</u>	<u>127,689</u>
Capital Assets Being Depreciated				
Buildings and improvements	28,091,810	268,336	40,345	28,319,801
Furniture and equipment	<u>1,734,416</u>	<u>107,627</u>	<u>—</u>	<u>1,842,043</u>
Total Capital Assets Being Depreciated.....	<u>29,826,226</u>	<u>375,963</u>	<u>40,345</u>	<u>30,161,844</u>
Less Accumulated Depreciation for				
Buildings and improvements	4,447,075	548,594	28,738	4,966,931
Furniture and equipment	<u>1,399,233</u>	<u>103,059</u>	<u>—</u>	<u>1,502,292</u>
Total Accumulated Depreciation...	<u>5,846,308</u>	<u>651,653</u>	<u>28,738</u>	<u>6,469,223</u>
Total Capital Assets Being Depreciated, Net	<u>23,979,918</u>	<u>(275,690)</u>	<u>11,607</u>	<u>23,692,621</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 24,281,759</u>	<u>\$ (269,690)</u>	<u>\$ 191,759</u>	<u>\$ 23,820,310</u>
Business-Type Activities				
Furniture and equipment	\$ 176,564	\$ 5,561	\$ —	\$ 182,125
Less accumulated depreciation	<u>145,322</u>	<u>8,439</u>	<u>—</u>	<u>153,761</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 31,242</u>	<u>\$ (2,878)</u>	<u>\$ —</u>	<u>\$ 28,364</u>

Depreciation expense was charged to the following functions:

Governmental Activities	
Instruction	
Regular	\$ 6,827
Other.....	133,608
Support Services	
Operation and maintenance of plant	6,380
Transportation.....	<u>95,074</u>
Subtotal.....	241,889
Unallocated	<u>409,764</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 651,653</u>
Business-Type Activities	
Food Service Operations.....	<u>\$ 8,439</u>

Notes to the Financial Statements

(6) Long-Term Liabilities

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

	Balance - Beginning of Year (Restated)	Additions	Reductions	Balance - End of Year	Due Within One Year
Governmental Activities					
General obligation					
bonds	\$ 13,365,000	\$ —	\$ 655,000	\$ 12,710,000	\$ 680,000
Revenue bonds	6,580,000	—	225,000	6,355,000	350,000
Unamortized premium					
on bonds payable...	196,577	—	14,561	182,016	—
Compensated absences	19,086	19,863	19,086	19,863	19,863
Net pension liability.....	4,495,305	—	1,377,476	3,117,829	—
Net OPEB liability	148,574	30,449	—	179,023	—
Total	\$ 24,804,542	\$ 50,312	\$ 2,291,123	\$ 22,563,731	\$ 1,049,863
Business-Type Activities					
Net pension liability.....	\$ 151,005	\$ —	\$ 46,272	\$ 104,733	\$ —
Net OPEB liability	1,378	—	—	1,378	—
Total	\$ 152,383	\$ —	\$ 46,272	\$ 106,111	\$ —

General Obligation Bonds

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

Year Ending June 30,	Bonds Issued July, 2008			Bonds Issued May, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	4.375%	\$ 435,000	\$ 316,567	3.60%	\$ 245,000	\$ 248,753
2017	4.375	450,000	297,535	3.75	260,000	237,483
2018	4.375	470,000	277,848	3.90	265,000	225,783
2019	4.375	490,000	257,285	4.05	280,000	214,123
2020	4.375	510,000	235,848	4.15	295,000	202,783
2021-2025	4.375	2,900,000	824,865	4.25 - 4.50	1,670,000	813,848
2026-2029	4.375 - 4.450	1,970,000	172,699	4.60 - 4.85	2,470,000	354,564
Total		\$ 7,225,000	\$ 2,382,647		\$ 5,485,000	\$ 2,297,337

Year Ending June 30,	Total	
	Principal	Interest
2016	\$ 680,000	\$ 565,320
2017	710,000	535,018
2018	735,000	503,631
2019	770,000	471,408
2020	805,000	438,631
2021-2025	4,570,000	1,638,713
2026-2029	4,440,000	527,263
Total	\$ 12,710,000	\$ 4,679,984

Notes to the Financial Statements

(6) Long-Term Liabilities

Revenue Bonds

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

Year Ending June 30,	Bonds Issued October, 2012			
	Interest Rates	Principal	Interest	Total
2016	2.00%	\$ 350,000	\$ 145,525	\$ 495,525
2017	2.00	355,000	138,475	493,475
2018	2.00	360,000	131,325	491,325
2019	2.00	370,000	124,025	494,025
2020	2.00	375,000	116,575	491,575
2021-2025	2.00 - 2.50	2,000,000	462,358	2,462,358
2026-2030	2.60 - 3.00	2,545,000	204,720	2,749,720
		<u>\$ 6,355,000</u>	<u>\$ 1,323,003</u>	<u>\$ 7,678,003</u>

The District has pledged future statewide sales, services and use tax revenue to repay the \$6,580,000 of bonds issued in October, 2012. The bonds were issued for the purpose of financing the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60% of the statewide sales, services and use tax revenue. The total principal and interest remaining to be paid on the bonds is \$7,678,003. For the current year, principal of \$225,000 and interest of \$151,275 was paid on the bonds and total statewide sales, services and use tax revenue was \$883,170.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds included the following provisions:

- (a) \$499,025 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- (b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- (c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- (d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District was in compliance with all the revenue bond provisions during the year ended June 30, 2015.

(7) Pension and Retirement Benefits

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 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 informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time 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% 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% 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.

Notes to the Financial Statements

(7) Pension and Retirement Benefits

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 one 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% of pay and the District contributed 8.93% for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2015 were \$496,987.

Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported a liability of \$3,222,562 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. As of June 30, 2014, the District's proportion was 0.079627% which was a decrease of 0.002434% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$214,981. As of 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	\$ 35,023	\$ —
Changes of assumptions	142,219	—
Net difference between projected and actual earnings on pension plan investments.....	—	1,228,992
Changes in proportion and differences between District contributions and proportionate share of contributions	—	112,163
District contributions subsequent to the measurement date.....	496,987	—
Total	<u>\$ 674,229</u>	<u>\$ 1,341,155</u>

\$496,987 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Notes to the Financial Statements

(7) Pension and Retirement Benefits

Year Ending June 30,	
2016	\$ (292,043)
2017	(292,043)
2018	(292,043)
2019	(292,043)
2020	4,259
Total	\$ (1,163,913)

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%
Salary increases (effective June 30, 2014)	4%, average, including inflation
Investment rate of return (effective June 30, 1996)	7.5% per annum, compounded annually, net of pension plan investment expense, including inflation

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

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

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

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

(7) Pension and Retirement Benefits

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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%, 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 one percentage point lower (6.5%) or one percentage point higher (8.5%) 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	\$ 6,088,940	\$ 3,222,562	\$ 803,042

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

As of June 30, 2015, the District reported payables to the defined benefit pension plan of \$64,331 for legally required employer contributions and \$42,863 for legally required employee contributions which had been or will be withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan Description

The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 69 active and 8 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 United Health Care. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy

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

Notes to the Financial Statements

(8) Other Postemployment Benefits (OPEB)

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$ 42,086
Interest on net OPEB obligation.....	3,649
Adjustment to annual required contribution.....	<u>(9,598)</u>
Annual OPEB Cost	36,137
Contributions made	<u>(5,688)</u>
Increase in Net OPEB Obligation	30,449
Net OPEB Obligation - Beginning of Year.....	<u>149,952</u>
Net OPEB Obligation - End of Year	<u>\$ 180,401</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 plan's actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$5,688 to the medical plan. Plan members eligible for benefits contributed \$1,249, or 18%, 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, 2015 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 34,715	16.5%	\$ 121,314
June 30, 2014	35,176	18.6	149,952
June 30, 2015	36,137	15.7	180,401

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date for the period of July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$242,519, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$242,519. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,152,000, and the ratio of the UAAL to the covered payroll was 7.7%. As of June 30, 2015, there were no trust fund assets.

(8) Other Postemployment Benefits (OPEB)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the retiree health plan, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 25% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a 2/3 female to 1/3 male basis. The District pays for all or part of active employees' coverage, depending if the employee elects single or family coverage. Upon retirement, retired participants are assumed to pay 100% of required premiums. As a result, not all retiring members may elect to continue coverage within the plan upon retirement, and a Post Retirement Selection Rate of 80% has been assumed. Plan coverage for retirees terminates when the insured is eligible for Medicare.

The UAAL is being amortized as a level percentage of projected payroll expense on a closed basis over 30 years.

(9) Risk Management

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

(10) Area Education Agency Support

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 \$369,962 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.

Notes to the Financial Statements

(11) Categorical Funding

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

Program	Amount
Limited English proficiency	\$ 9,793
Gifted and talented	8,851
At-Risk.....	55,589
Returning dropout and dropout prevention program	11,767
Beginning teacher mentoring and induction	5,303
Statewide voluntary four-year-old preschool.....	82,728
STEM scale up	4,568
Teacher leadership.....	6,330
Successful progression for early readers.....	28,365
Total	<u>\$ 213,294</u>

(12) Accounting Change/Restatement

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

	Governmental Activities	Business-Type Activities
Net position - June 30, 2014, as previously reported	\$ 10,554,602	\$ 14,436
Net pension liability as of June 30, 2014.....	(4,495,305)	(151,005)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date.....	459,384	15,432
Net Position - July 1, 2014, as Restated.....	<u>\$ 6,518,681</u>	<u>\$ (121,137)</u>

Notes to the Financial Statements

(13) Commitments

The District has entered into various contracts for projects and equipment purchases which are primarily being funded by the statewide sales, services and use tax and physical plant and equipment property tax levy. The projects include roof repairs and parking lot paving along with the purchase of a bus and technology equipment. As of June 30, 2015, the remaining commitment on these contracts was approximately \$568,000.

(14) Deficit Balance

The District reported a business-type activities and Student Nutrition Fund deficit net position of \$148,759 as of June 30, 2015 due to recording the net pension liability and pension-related deferred outflows and inflows of resources.

Required Supplementary Information

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

Year Ended June 30, 2015

	<u>Actual</u>		<u>Budgeted</u>	<u>Original</u> <u>and Final</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Fund</u>	<u>Amounts</u> <u>Total</u>		
Revenue					
Local sources	\$ 6,249,549	\$ 174,094	\$ 6,423,643	\$ 7,131,521	\$ (707,878)
State sources	5,926,212	3,890	5,930,102	5,014,921	915,181
Federal sources	<u>332,449</u>	<u>252,583</u>	<u>585,032</u>	<u>510,000</u>	<u>75,032</u>
Total Revenue	<u>12,508,210</u>	<u>430,567</u>	<u>12,938,777</u>	<u>12,656,442</u>	<u>282,335</u>
Expenditures/Expenses					
Instruction.....	6,924,681	—	6,924,681	6,575,000	349,681
Support services	2,905,470	—	2,905,470	3,530,500	(625,030)
Noninstructional programs	—	458,189	458,189	470,000	(11,811)
Other expenditures.....	<u>2,132,114</u>	<u>—</u>	<u>2,132,114</u>	<u>3,472,297</u>	<u>(1,340,183)</u>
Total Expenditures/Expenses	<u>11,962,265</u>	<u>458,189</u>	<u>12,420,454</u>	<u>14,047,797</u>	<u>(1,627,343)</u>
Revenue Over (Under)					
Expenditures/Expenses	545,945	(27,622)	518,323	(1,391,355)	1,909,678
Balance - Beginning of Year, as restated (Note 12).....	<u>6,091,109</u>	<u>(121,137)</u>	<u>5,969,972</u>	<u>4,302,658</u>	<u>1,667,314</u>
Balance - End of Year	<u>\$ 6,637,054</u>	<u>\$ (148,759)</u>	<u>\$ 6,488,295</u>	<u>\$ 2,911,303</u>	<u>\$ 3,576,992</u>

Notes to Required Supplementary Information - Budgetary Reporting ---

Year Ended June 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2015, the District did not amend the budget.

During the year ended June 30, 2015, the District did not exceed its General Fund unspent authorized budget; however, expenditures in the instruction function exceeded the amount budgeted.

Schedule of Proportionate Share of the Net Pension Liability ————— Iowa Public Employees' Retirement System

Last Fiscal Year*

	2015
District's proportion of the net pension liability	0.079627%
District's proportionate share of the net pension liability	\$3,222,562
District's covered-employee payroll	\$5,317,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

Schedule of Contributions
Iowa Public Employees' Retirement System

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statorily required contribution	\$ 496,987	\$ 474,772	\$ 458,871	\$ 424,386	\$ 354,281	\$ 321,272	\$ 313,973	\$ 301,030	\$ 284,753	\$ 224,427
Contributions in relation to the statorily required contributions.....	<u>496,987</u>	<u>474,772</u>	<u>458,871</u>	<u>424,386</u>	<u>354,281</u>	<u>321,272</u>	<u>313,973</u>	<u>301,030</u>	<u>284,753</u>	<u>224,427</u>
Contribution Deficiency (Excess).....	<u>\$ —</u>									
District's covered-employee payroll	\$ 5,565,000	\$ 5,317,000	\$ 5,293,000	\$ 5,265,000	\$ 5,098,000	\$ 4,831,000	\$ 4,944,000	\$ 4,976,000	\$ 4,952,000	\$ 3,903,000
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.06%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

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% per year measured from the member's first unreduced retirement age to a 6% 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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% 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.

Notes to Required Supplementary Information - Pension Liability ---

Year Ended June 30, 2015

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

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

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

Schedule of Funding Progress for the Retiree Health Plan ---

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2010	7-1-09	\$ —	\$ 319,262	\$ 319,262	0%	\$ 2,846,000	11.2%
2011	7-1-09	—	320,751	320,751	0	3,187,000	10.1
2012	7-1-09	—	299,741	299,741	0	3,334,000	9.0
2013	7-1-12	—	286,627	286,627	0	3,100,000	9.2
2014	7-1-12	—	268,268	268,268	0	3,143,000	8.5
2015	7-1-12	—	242,519	242,519	0	3,152,000	7.7

See Note 8 in the accompanying notes to the financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds

As of June 30, 2015

	<u>Special Revenue</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$ 349,636	\$ 36,760	\$ 386,396
Receivables			
Property Tax, Net of Allowance			
Current year delinquent.....	3,266	—	3,266
Succeeding year	300,001	—	300,001
Due from other funds.....	<u>7,931</u>	<u>—</u>	<u>7,931</u>
Total Assets	<u>\$ 660,834</u>	<u>\$ 36,760</u>	<u>\$ 697,594</u>
 Liabilities Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	<u>\$ 239</u>	<u>\$ 2,226</u>	<u>\$ 2,465</u>
 Deferred Inflows of Resources			
Unavailable Revenue			
Succeeding year property tax.....	<u>300,001</u>	<u>—</u>	<u>300,001</u>
 Fund Balances			
Restricted for			
Management levy purposes	360,594	—	360,594
Student activities.....	—	<u>34,534</u>	<u>34,534</u>
Total Fund Balances	<u>360,594</u>	<u>34,534</u>	<u>395,128</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 660,834</u>	 <u>\$ 36,760</u>	 <u>\$ 697,594</u>

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

Year Ended June 30, 2015

	Special Revenue		Total
	Management Levy	Student Activity	
Revenue			
Local Sources			
Local tax	\$ 3,809	\$ —	\$ 3,809
Other	320,475	—	320,475
State sources	14,706	201,217	215,923
Total Revenue	338,990	201,217	540,207
Expenditures			
Current			
Instruction			
Regular	106,579	—	106,579
Other	—	190,913	190,913
Total Instruction	106,579	190,913	297,492
Support Services			
Operation and maintenance of plant	104,889	—	104,889
Transportation	21,253	—	21,253
Total Support Services	126,142	—	126,142
Total Expenditures	232,721	190,913	423,634
Change in Fund Balances	106,269	10,304	116,573
Fund Balances - Beginning of Year	254,325	24,230	278,555
Fund Balances - End of Year	\$ 360,594	\$ 34,534	\$ 395,128

Schedule of Changes in Special Revenue Fund, Student Activity Accounts —

Year Ended June 30, 2015

Account	Balance - Beginning of Year	Revenue	Expendi- tures	Intrafund Transfers	Balance - End of Year
Interest	\$ 51	\$ —	\$ —	\$ —	\$ 51
Athletics.....	(8,814)	97,970	99,500	10,344	—
Play	2,378	1,315	968	—	2,725
Musicals	1,960	2,915	2,819	(1,530)	526
Class of 2015	2,741	586	2,096	(400)	831
Class of 2016	1,107	15,232	12,352	—	3,987
Class of 2017	130	60	—	400	590
Class of 2018	—	290	—	—	290
FFA	9,709	50,832	45,117	(9,227)	6,197
FCCLA	812	131	244	—	699
Run club	1,187	9,891	9,105	—	1,973
Flag/drill team.....	1,157	—	128	—	1,029
HS student council.....	3,299	2,834	1,874	—	4,259
MS student council	7,466	13,216	12,021	413	9,074
HS yearbook.....	205	4,800	3,694	—	1,311
MS yearbook	842	1,145	995	—	992
Total	<u>\$ 24,230</u>	<u>\$ 201,217</u>	<u>\$ 190,913</u>	<u>\$ —</u>	<u>\$ 34,534</u>

Combining Balance Sheet - Capital Projects Accounts

As of June 30, 2015

	<u>Capital Projects</u>			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equip- ment Levy	Construction	
Assets				
Cash, cash equivalents and pooled investments	\$ 1,497,694	\$ 82,998	\$ 1,000	\$ 1,581,692
Receivables				
Property Tax, Net of Allowance				
Current year delinquent.....	—	1,499	—	1,499
Succeeding year	—	142,092	—	142,092
Due from other governments	<u>137,077</u>	<u>—</u>	<u>—</u>	<u>137,077</u>
Total Assets	<u>\$ 1,634,771</u>	<u>\$ 226,589</u>	<u>\$ 1,000</u>	<u>\$ 1,862,360</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	<u>\$ —</u>	<u>\$ 3,022</u>	<u>\$ —</u>	<u>\$ 3,022</u>
Deferred Inflows of Resources				
Unavailable Revenue				
Succeeding year property tax.....	<u>—</u>	<u>142,092</u>	<u>—</u>	<u>142,092</u>
Fund Balances				
Restricted for				
Debt service	1,135,746	—	1,000	1,136,746
School infrastructure	499,025	—	—	499,025
Physical plant and equipment	<u>—</u>	<u>81,475</u>	<u>—</u>	<u>81,475</u>
Total Fund Balances	<u>1,634,771</u>	<u>81,475</u>	<u>1,000</u>	<u>1,717,246</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,634,771</u>	<u>\$ 226,589</u>	<u>\$ 1,000</u>	<u>\$ 1,862,360</u>

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

Year Ended June 30, 2015

	<u>Capital Projects</u>			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equip- ment Levy	Construction	
Revenue				
Local Sources				
Local tax	\$ —	\$ 138,725	\$ —	\$ 138,725
Other	1,214	130	—	1,344
State sources	<u>883,170</u>	<u>1,897</u>	<u>—</u>	<u>885,067</u>
Total Revenue	<u>884,384</u>	<u>140,752</u>	<u>—</u>	<u>1,025,136</u>
Expenditures				
Current				
Instruction				
Regular	<u>—</u>	<u>21,457</u>	<u>—</u>	<u>21,457</u>
Support Services				
Operation and maintenance of plant	<u>—</u>	<u>65,099</u>	<u>—</u>	<u>65,099</u>
Other Expenditures				
Facilities acquisition	<u>—</u>	<u>82,671</u>	<u>49,191</u>	<u>131,862</u>
Long-term debt interest and fiscal charges	<u>750</u>	<u>—</u>	<u>—</u>	<u>750</u>
Total Other Expenditures	<u>750</u>	<u>82,671</u>	<u>49,191</u>	<u>132,612</u>
Total Expenditures	<u>750</u>	<u>169,227</u>	<u>49,191</u>	<u>219,168</u>
Revenue Over (Under) Expenditures	<u>883,634</u>	<u>(28,475)</u>	<u>(49,191)</u>	<u>805,968</u>
Other Financing Sources (Uses)				
Intrafund transfers in (out)	(89,448)	—	89,448	—
Transfers out	<u>(498,957)</u>	<u>—</u>	<u>—</u>	<u>(498,957)</u>
Total Other Financing Sources (Uses)	<u>(588,405)</u>	<u>—</u>	<u>89,448</u>	<u>(498,957)</u>
Change in Fund Balances	295,229	(28,475)	40,257	307,011
Fund Balances - Beginning of Year	<u>1,339,542</u>	<u>109,950</u>	<u>(39,257)</u>	<u>1,410,235</u>
Fund Balances - End of Year	<u>\$ 1,634,771</u>	<u>\$ 81,475</u>	<u>\$ 1,000</u>	<u>\$ 1,717,246</u>

**Schedule of Revenue by Source and Expenditures by Function -
All Governmental Fund Types (Modified Accrual Basis)**

For the Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenue										
Local Sources										
Local tax	\$ 5,751,024	\$ 5,774,800	\$ 6,877,117	\$ 6,995,815	\$ 6,874,702	\$ 5,751,207	\$ 5,498,529	\$ 4,120,801	\$ 3,988,719	\$ 3,522,895
Tuition	174,731	159,264	108,151	94,128	141,937	146,755	124,188	128,581	147,461	121,872
Other	323,794	808,285	263,204	232,457	322,363	417,971	633,340	458,015	458,195	307,626
Intermediate sources	—	—	—	—	—	—	—	364	—	—
State sources	5,926,212	5,613,208	4,704,896	4,700,812	4,482,731	4,103,480	5,214,600	4,921,040	4,651,132	4,341,906
Federal sources	<u>332,449</u>	<u>298,212</u>	<u>996,786</u>	<u>855,804</u>	<u>701,309</u>	<u>962,899</u>	<u>408,478</u>	<u>305,475</u>	<u>202,315</u>	<u>213,143</u>
Total	<u>\$ 12,508,210</u>	<u>\$ 12,653,769</u>	<u>\$ 12,950,154</u>	<u>\$ 12,879,016</u>	<u>\$ 12,523,042</u>	<u>\$ 11,382,312</u>	<u>\$ 11,879,135</u>	<u>\$ 9,934,276</u>	<u>\$ 9,447,822</u>	<u>\$ 8,507,442</u>
Expenditures										
Instruction										
Regular	\$ 4,873,801	\$ 4,601,188	\$ 4,800,127	\$ 4,235,414	\$ 3,834,868	\$ 3,841,948	\$ 3,991,648	\$ 3,792,635	\$ 3,882,469	\$ 3,329,571
Special	1,435,331	1,160,835	981,340	1,305,256	1,134,113	1,198,073	1,129,446	1,332,997	1,251,808	1,107,176
Other	615,549	691,733	589,035	1,147,608	1,163,389	1,098,407	945,097	777,642	637,728	828,574
Support Services										
Student	144,378	134,810	135,069	118,409	120,881	108,990	108,324	144,488	139,957	102,442
Instructional staff	291,038	288,512	202,588	196,411	194,730	97,716	165,103	200,167	171,850	163,859
Administration	915,151	931,327	883,797	863,725	851,755	851,240	960,530	906,492	838,715	984,124
Operations and maintenance of plant	1,010,363	911,947	971,133	1,006,313	937,606	744,754	759,254	930,697	999,165	746,436
Transportation	544,540	636,408	589,444	664,195	574,088	579,530	517,996	453,837	500,425	655,752
Other Expenditures										
Facilities acquisition	131,862	2,270,587	4,746,111	1,173,549	3,370,690	11,560,105	3,585,015	1,392,767	2,309,150	598,634
Long-Term Debt										
Principal	880,000	636,734	1,853,961	1,010,575	964,945	922,806	1,100,000	185,000	62,000	—
Interest and fiscal charges	750,290	818,537	816,163	750,960	793,656	836,353	450,969	134,618	69,768	—
Bond issue costs	—	—	—	—	—	—	338,467	—	—	—
AEA flowthrough	<u>369,962</u>	<u>358,567</u>	<u>349,159</u>	<u>347,122</u>	<u>382,935</u>	<u>368,318</u>	<u>344,252</u>	<u>324,150</u>	<u>306,198</u>	<u>285,713</u>
Total	<u>\$ 11,962,265</u>	<u>\$ 13,441,185</u>	<u>\$ 16,917,927</u>	<u>\$ 12,819,537</u>	<u>\$ 14,323,656</u>	<u>\$ 22,208,240</u>	<u>\$ 14,396,101</u>	<u>\$ 10,575,490</u>	<u>\$ 11,169,233</u>	<u>\$ 8,802,281</u>

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Certified Public Accountants and Consultants

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

Board of Education
West Central Valley Community School District
Stuart, Iowa

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Central Valley Community School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Central Valley Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Central Valley 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 finding, we identified certain deficiencies in internal control that we consider to be material weaknesses and a deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying schedule of findings as items 15-I-R-1 and 15-I-R-2 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying schedule of findings as item 15-I-R-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Central Valley 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying schedule of findings.

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

West Central Valley Community School District's Responses to Findings

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

Purpose of This Report

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

HOGAN - HANSEN

HOGAN - HANSEN

Mason City, Iowa
January 12, 2016

Schedule of Findings

Year Ended June 30, 2015

Part I: Findings Related to the Financial Statements

Instances of Noncompliance

There were no reported instances of noncompliance.

Internal Control Deficiencies

15-I-R-1 Segregation of Duties

Prior Year Finding and Recommendation - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The limited number of accounting personnel employed by the District makes it difficult to achieve adequate control procedures through segregation of duties. The concentration of closely related duties and responsibilities, such as recording and preparing cash receipts, preparing and recording checks and preparation of journals and financial information for posting makes it difficult to establish an adequate system of automatic internal checks on accounting record accuracy and reliability. The potential effect of this material weakness is an error or fraud occurring and not being detected in a timely manner. We also noted that journal entries and accounting entries are not reviewed by a person independent of the one entering them into the general ledger.

We realize that with a limited number of accounting employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances. We recommend all adjusting journal entries be reviewed by another employee. Additionally, management should review procedures to ensure receipt, disbursement and reconciliation functions are as separate as possible.

Current Year Finding - We found that the same condition still exists.

Auditor's Recommendation - We reiterate our prior year recommendation.

District's Response - We will review procedures and will implement additional controls where possible.

Auditor's Conclusion - Response accepted.

15-I-R-2 Financial Statement Preparation

Prior Year Finding and Recommendation - The District does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with accounting principles generally accepted in the United States of America. As is inherent in many entities of this size, the District has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully prepare financial statements and the related disclosures. The potential effect of this material weakness is financial statements and related disclosures may not be prepared in accordance with generally accepted accounting principles.

We recommend obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses.

Schedule of Findings

Year Ended June 30, 2015

Current Year Finding - We found that the same condition still exists.

Auditor's Recommendation - We reiterate our prior year recommendation.

District's Response - We will consider obtaining additional knowledge where practical and cost effective. However, we intend to continue to rely on assistance from our audit firm to draft financial statements and disclosures each year.

Auditor's Conclusion - Response accepted.

15-I-R-3 Inventory

Prior Year Finding and Recommendation - We noted that the District does not keep perpetual inventory records of commodities and other inventories received and, therefore, does not reconcile inventories to the actual inventory counts of the District on a timely basis. The potential effect of this significant deficiency is misstated inventory values.

The District should maintain perpetual inventory records and establish procedures to reconcile perpetual records with actual counts taken periodically through the year and at year end.

Current Year Finding - We found that the same condition still exists.

Auditor's Recommendation - We reiterate our prior year recommendation.

District's Response - The District has established procedures to track inventory records electronically on a weekly basis, as well as to check actual inventory on a periodic basis.

Auditor's Conclusion - Response accepted.

Part II: Other Findings Related to Statutory Reporting

15-II-A Certified Budget

Finding - Expenditures for the year ended June 30, 2015 exceeded the certified budget amount in the instruction function.

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

District's Response - Future budgets will be amended in sufficient amounts to ensure that the certified budget is not exceeded.

Auditor's Conclusion - Response accepted.

15-II-B Questionable Expenditures - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Schedule of Findings

Year Ended June 30, 2015

15-II-C 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. We noted one travel reimbursement of mileage paid to an employee for an incorrect amount.

Auditor's Recommendation - We recommend that the District recalculate all travel reimbursements before issuing checks.

District's Response - We will recalculate travel reimbursements before issuing payment.

Auditor's Conclusion - Response accepted.

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

Name, Title and Business Connection	Transaction Description	Amount
Marty Doud, Board Member	Loan officer at bank doing business with District	\$ 13,000,000

Auditor's Recommendation - The District should consult with its attorney regarding this situation.

District's Response - We will consult with our attorney when necessary.

Auditor's Conclusion - Response accepted.

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

15-II-F Board Minutes - No business transactions were found that we believe should have been approved in the Board minutes but were not.

15-II-G Certified Enrollment

Finding - The number of basic resident students reported to the Iowa Department of Education on the Certified Enrollment Form for October, 2014 was overstated by 1.00 student.

Auditor's Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

District's Response - We will contact the Iowa Department of Education and the Iowa Department of Management.

Auditor's Conclusion - Response accepted.

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

Schedule of Findings

Year Ended June 30, 2015

15-II-I Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted, except the District exceeded the maximum balance allowed per the depository resolution at Banker's Trust during the year ended June 30, 2015.

Auditor's Recommendation - The District should amend the depository resolution as necessary and monitor activity to ensure balances remain below the maximum balance approved.

District's Response - We will amend the depository resolution and monitor balances to ensure compliance with the depository resolution.

Auditor's Conclusion - Response accepted.

15-II-J Certified Annual Report - The Certified Annual Report (CAR) was filed with the Iowa Department of Education timely, but we noted differences between the amounts reported and the District's general ledger due to adjustments discovered after the CAR was filed.

Auditor's Recommendation - Procedures should be established to make sure the CAR is reconciled with accounting records and reviewed by a member of management prior to being filed.

District's Response - We will establish procedures to reconcile the report with accounting records.

Auditor's Conclusion - Response accepted.

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

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

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

Beginning balance.....		\$ 1,339,542
Revenue		
Sales tax revenue	\$ 883,170	
Other local revenue	<u>1,214</u>	884,384
Expenditure		
Debt service fees		750
Transfers Out		
Capital Projects Fund - construction account	\$ 89,448	
Debt Service Fund	<u>498,957</u>	<u>588,405</u>
Ending Balance		<u>\$ 1,634,771</u>

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

Schedule of Findings

Year Ended June 30, 2015

15-II-M Deficit Net Position - The District reported a \$148,759 deficit net position in the School Nutrition Fund as of June 30, 2015.

Auditor's Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate this deficit.

District's Response - This deficit is due to recording the net pension liability and pension-related deferred outflows and inflows of resources. We will continue to monitor this fund and are working on ways to eliminate this deficit.

Auditor's Conclusion - Response accepted.