

VAN BUREN COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4-6
Management's Discussion and Analysis	7-16
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 18
Statement of Activities	B 19
Governmental Fund Financial Statements:	
Balance Sheet	C 20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 23
Proprietary Fund Financial Statements:	
Statement of Net Position	G 24
Statement of Revenues, Expenses and Changes in Fund Net Position	H 25
Statement of Cash Flows	I 26
Notes to Financial Statements	27-41
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	44
Notes to Required Supplementary Information - Budgetary Reporting	45
Schedule of the District's Proportionate Share of the Net Pension Liability	46
Schedule of District Contributions	47
Notes to Required Supplementary Information - Pension Liability	48
Schedule of Funding Progress for the Retiree Health Plan	49
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 53
Capital Projects Accounts:	
Combining Balance Sheet	3 54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4 55
Debt Service Accounts:	
Combining Balance Sheet	5 56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	6 57
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	7 58
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	8 59
Schedule of Expenditures of Federal Awards	9 60
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	61-62
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	63-64
Schedule of Findings and Questioned Costs	65-73

Van Buren Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Bob Steingreaber	President	2017
Kara McEntee	Vice President	2015
Sheila Parsons	Board Member	2017
Andrew Lydolph	Board Member	2015
Cindy Lowe	Board Member	2017
Rick Plowman	Board Member	2017
Stan Whitten	Board Member	2015

School Officials

Dr. Pam Ewell	Superintendent	2015
Dennis Gourley	School Business Official/Board Secretary	2015
Ahlers & Cooney, P.C.	Attorney	2015

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

Independent Auditor's Report

To the Board of Education of the Van Buren Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, Van Buren Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren 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 nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2016, on our consideration of the Van Buren 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 Van Buren Community School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive style with a large, stylized ampersand connecting the last names.

NOLTE, CORNMAN & JOHNSON, P.C.

March 11, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$7,186,278 in fiscal year 2014 to \$7,006,220 in fiscal year 2015, and General Fund expenditures increased from \$7,663,348 in fiscal year 2014 to \$7,810,960 in fiscal year 2015. The District's General Fund balance decreased from \$1,318,600 at June 30, 2014 to \$513,860 at June 30, 2015.
- The decrease in General Fund revenues was attributable to a decrease in local tax revenues received in fiscal year 2015 as compared to the prior year. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits for District staff.

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

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

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

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

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

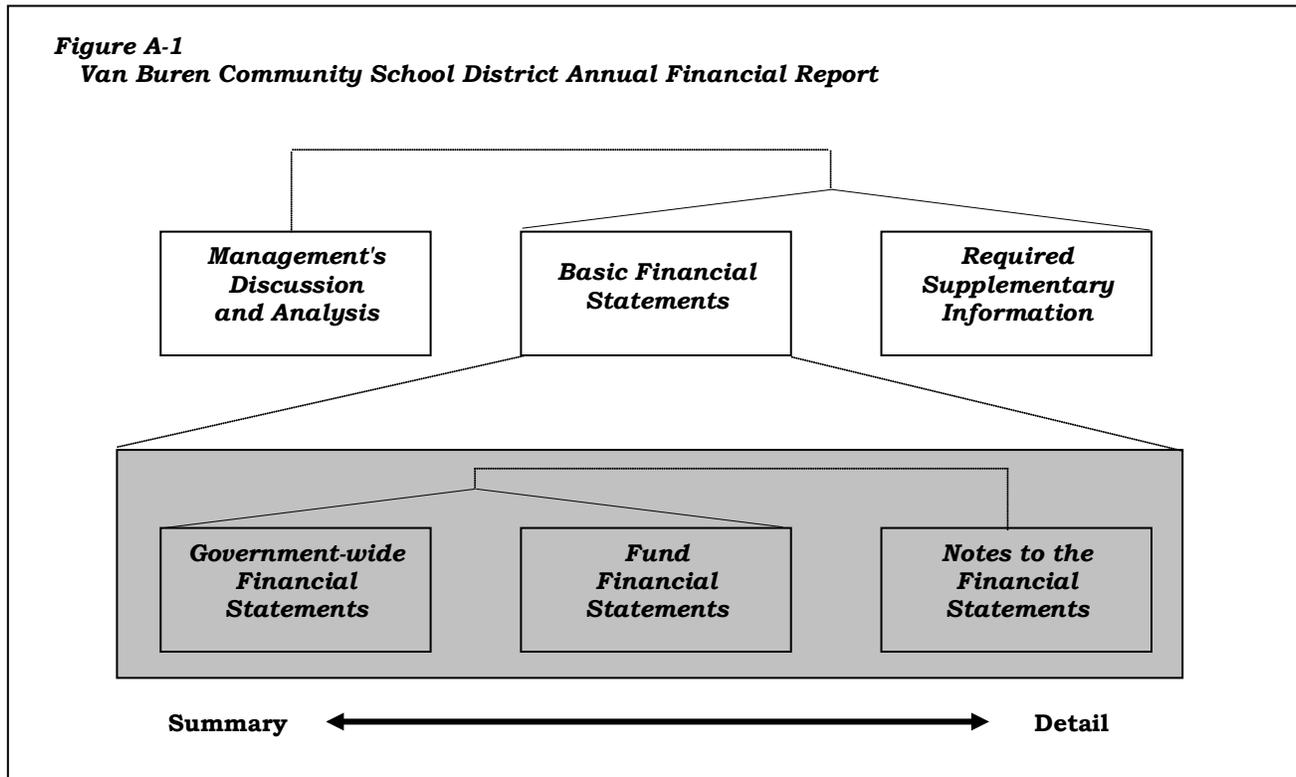


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

The District's governmental funds include the General Fund, 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 Revenues, Expenditures and Changes in Fund Balances.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Current and other assets	\$ 7,392,503	7,782,052	77,146	98,999	7,469,649	7,881,051	-5.22%
Capital assets	6,691,380	6,446,679	13,650	15,705	6,705,030	6,462,384	3.75%
Total assets	14,083,883	14,228,731	90,796	114,704	14,174,679	14,343,435	-1.18%
Deferred outflows of resources	536,266	-	15,395	-	551,661	-	100.00%
Long-term liabilities	3,428,175	695,503	80,496	1,702	3,508,671	697,205	403.25%
Other liabilities	950,056	1,015,064	37,590	21,833	987,646	1,036,897	-4.75%
Total liabilities	4,378,231	1,710,567	118,086	23,535	4,496,317	1,734,102	159.29%
Deferred inflows of resources	3,587,499	2,497,976	30,117	-	3,617,616	2,497,976	44.82%
Net position:							
Net investment in capital assets	6,191,380	5,946,679	13,650	15,705	6,205,030	5,962,384	4.07%
Restricted	3,494,537	3,225,486	-	-	3,494,537	3,225,486	8.34%
Unrestricted	(3,031,498)	848,023	(55,662)	75,464	(3,087,160)	923,487	-434.29%
Total net position	\$ 6,654,419	10,020,188	(42,012)	91,169	6,612,407	10,111,357	-34.60%

The District's combined net position decreased by 34.60%, or \$3,498,950, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$269,051, or 8.34%, from the prior year. The increase was primarily a result of the improvement the Capital Projects: Statewide Sales, Services and Use Tax Fund balances and an increase in the amount restricted for categorical funding compared to the prior year.

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 \$4,010,647, or 434.29%. This decrease was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,228,466 and \$98,477, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014

financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4								
Changes in Net Position								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	2014		2014		2014		2014-15	
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)		
Revenues:								
Program revenues:								
Charges for service	\$ 548,174	597,014	140,065	140,082	688,239	737,096	-6.63%	
Operating grants, contributions and restricted interest	927,495	921,875	173,533	184,168	1,101,028	1,106,043	-0.45%	
General revenues:								
Property tax	2,512,527	2,670,925	-	-	2,512,527	2,670,925	-5.93%	
Income surtax	346,405	355,212	-	-	346,405	355,212	-2.48%	
Statewide sales, services and use tax	595,000	551,106	-	-	595,000	551,106	7.96%	
Unrestricted state grants	3,280,710	3,177,082	-	-	3,280,710	3,177,082	3.26%	
Unrestricted investment earnings	23,697	22,710	4	1	23,701	22,711	4.36%	
Other	127,584	89,015	50	1,591	127,634	90,606	40.87%	
Total revenues	<u>8,361,592</u>	<u>8,384,939</u>	<u>313,652</u>	<u>325,842</u>	<u>8,675,244</u>	<u>8,710,781</u>	<u>-0.41%</u>	
Program expenses:								
Instruction	5,437,475	5,317,402	-	-	5,437,475	5,317,402	2.26%	
Support services	2,617,349	2,630,233	-	-	2,617,349	2,630,233	-0.49%	
Non-instructional programs	603	-	348,356	334,626	348,959	334,626	4.28%	
Other expenses	443,468	439,265	-	-	443,468	439,265	0.96%	
Total expenses	<u>8,498,895</u>	<u>8,386,900</u>	<u>348,356</u>	<u>334,626</u>	<u>8,847,251</u>	<u>8,721,526</u>	<u>1.44%</u>	
Change in net position	(137,303)	(1,961)	(34,704)	(8,784)	(172,007)	(10,745)	1500.81%	
Net position beginning of year, as restated	<u>6,791,722</u>	<u>10,022,149</u>	<u>(7,308)</u>	<u>99,953</u>	<u>6,784,414</u>	<u>10,122,102</u>	<u>-32.97%</u>	
Net position end of year	<u>\$ 6,654,419</u>	<u>10,020,188</u>	<u>(42,012)</u>	<u>91,169</u>	<u>6,612,407</u>	<u>10,111,357</u>	<u>-34.60%</u>	

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 80.54 % of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 99.98% of the revenue from business type activities.

The District's total revenues were approximately \$8.67 million of which approximately \$8.36 million was for governmental activities and approximately \$0.31 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.41% decrease in revenues and a 1.44% increase in expenses. The decrease in revenues is due primarily to the decrease in property tax revenues received as compared to the prior year. The increase in expenses is related to the increase of expenditures incurred in the instruction functional area primarily due to negotiated salaries and benefits of District employees.

Governmental Activities

Revenues for governmental activities were \$8,361,592 and expenses were \$8,498,895 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, non-instructional programs and other expenses, for the year ended June 30, 2015, compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Change 2014-15	2015	2014 (Not Restated)	Change 2014-15
Instruction	\$ 5,437,475	5,317,402	2.26%	4,392,113	4,230,507	3.82%
Support services	2,617,349	2,630,233	-0.49%	2,457,495	2,464,372	-0.28%
Non-instructional programs	603	-	100.00%	-	-	0.00%
Other expenses	443,468	439,265	0.96%	173,618	173,132	0.28%
Totals	\$ 8,498,895	8,386,900	1.34%	7,023,226	6,868,011	2.26%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$548,174.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$927,495.
- The net cost of governmental activities was financed with \$2,512,527 in property tax, \$346,405 in income surtax \$595,000 in statewide sales, services and use tax, \$3,280,710 in unrestricted state grants, \$23,697 in interest income and \$127,584 in other general revenues.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$313,652, representing a 3.74% decrease from the prior year, while expenses totaled \$348,356, a 4.10% increase from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, interest income, and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Van Buren 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 \$3,535,725, below last year's ending fund balances of a \$3,982,812. The decrease in combined fund balances was due primarily to the decrease in the fund balance of the General Fund during fiscal year 2015.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Local tax source revenue decreased, while total expenditures increased during fiscal year 2015. As a result, the District's General Fund balance decreased from \$1,318,600 at June 30, 2014 to \$513,860 at June 30, 2015.
- The Capital Projects Fund balance increased from \$1,931,630 at June 30, 2014 to \$2,073,217 at June 30, 2015. The primary reasons for this increase in ending fund balance is an increase in state revenue received as compared to the prior year. Expenditures increased due to an increase in capital outlay expenditures required for District construction projects; however, total revenues outpaced total expenditures ensuring an increase in ending fund balance.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from a restated deficit net position of \$7,308 at July 1, 2014 to a deficit net position of \$42,012 at June 30, 2015, representing a decrease of 474.88%. The primary reason for this decrease in net position is due to a decrease in federal source revenues received and an increase in expenses for supplies as compared to the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Van Buren Community School District amended its budget one time to reflect additional expenditures in the instruction, support services, non-instructional programs and for additional building and remodel costs incurred during the year.

The District's revenues were \$214,592 more than budgeted revenue, a variance of 2.54%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$6,705,030, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 3.75% from last year. More detailed information about the District's capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$339,811.

The original cost of the District's capital assets was \$11,230,199. Governmental funds accounted for \$11,117,549 with the remainder of \$112,650 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$21,953 at June 30, 2014, compared to \$350,169 reported at June 30, 2015. This increase is due to continued capital expenditures for the HS/MS renovation project. This project will be capitalized and reclassified by the District upon completion.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 19,165	19,165	-	-	19,165	19,165	0.00%
Construction in progress	350,169	21,953	-	-	350,169	21,953	1495.08%
Buildings	5,715,568	5,881,790	-	-	5,715,568	5,881,790	-2.83%
Land improvements	100,609	53,250	-	-	100,609	53,250	88.94%
Machinery and equipment	505,869	470,521	13,650	15,705	519,519	486,226	6.85%
Total	\$ 6,691,380	6,446,679	13,650	15,705	6,705,030	6,462,384	3.75%

Long-Term Debt

At June 30, 2015, the District had \$3,508,671 in total long-term debt outstanding. This represents an increase of 403.25% from the prior year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

At June 30, 2015, the District had outstanding qualified zone academy bonds of \$500,000 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

At June 30, 2015, the District had outstanding termination benefits of \$140,861 payable from the Management Levy Fund.

At June 30, 2015, the District had a total net pension liability of \$2,652,563. \$2,574,047 of this total was attributed to the District's governmental activities while the remaining \$78,516 was attributed to the District's business type activities.

At June 30, 2015, the District had a total net OPEB liability of \$215,247. \$213,267 of this total was attributed to the District's governmental activities while the remaining \$1,980 was attributed to the District's business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Qualified zone academy bonds	\$ 500,000	500,000	-	-	500,000	500,000	0.00%
Computer lease	-	12,205	-	-	-	12,205	-100.00%
Termination benefits	140,861	-	-	-	140,861	-	100.00%
Net pension liability	2,574,047	-	78,516	-	2,652,563	-	100.00%
Net OPEB liability	213,267	183,298	1,980	1,702	215,247	185,000	16.35%
Total	\$ 3,428,175	695,503	80,496	1,702	3,508,671	697,205	403.25%

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District receives a large amount of federal and state monies through grants and supplemental aid. The grants have to be approved and their continuation depends on federal and state funding. The supplemental aid should increase next year with the district approving a whole grading sharing agreement with the neighboring district.
- Enrollment as stabilized over the last couple of years which will allow the state aid to the district to also remain stable.
- The district will enter into a large construction project over the next couple of years. Most of the funding for this project will come from the Sales Tax Revenue Bond secured by the district.

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 Pam Morrissey, Business Manager/Board Secretary, Van Buren Community School District, 405 4th St, Keosauqua, Iowa, 52565.

Basic Financial Statements

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,038,509	74,645	4,113,154
Receivables			
Property tax:			
Delinquent	54,287	-	54,287
Succeeding year	2,600,170	-	2,600,170
Income surtax	306,552	-	306,552
Accounts	12,246	-	12,246
Due from other governments	380,739	-	380,739
Inventories	-	2,501	2,501
Capital assets, net of accumulated depreciation	6,691,380	13,650	6,705,030
TOTAL ASSETS	14,083,883	90,796	14,174,679
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	536,266	15,395	551,661
LIABILITIES			
Accounts payable	269,127	3,561	272,688
Salaries and benefits payable	680,929	28,703	709,632
Unearned revenue	-	5,326	5,326
Long-term liabilities:			
Portion due within one year:			
Qualified zone academy bonds	500,000	-	500,000
Termination benefits payable	97,013	-	97,013
Portion due after one year:			
Termination benefits payable	43,848	-	43,848
Net pension liability	2,574,047	78,516	2,652,563
Net OPEB liability	213,267	1,980	215,247
TOTAL LIABILITIES	4,378,231	118,086	4,496,317
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	2,600,170	-	2,600,170
Pension related deferred inflows	987,329	30,117	1,017,446
TOTAL DEFERRED INFLOWS OF RESOURCES	3,587,499	30,117	3,617,616
NET POSITION			
Net investment in capital assets	6,191,380	13,650	6,205,030
Restricted for:			
Categorical funding	613,533	-	613,533
Debt service	464,272	-	464,272
Management levy purposes	194,008	-	194,008
Student activities	149,507	-	149,507
School infrastructure	1,933,824	-	1,933,824
Physical plant and equipment	139,393	-	139,393
Unrestricted	(3,031,498)	(55,662)	(3,087,160)
TOTAL NET POSITION	\$ 6,654,419	(42,012)	6,612,407

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 3,422,434	256,729	96,231	(3,069,474)	-	(3,069,474)
Special	1,161,308	40,691	136,965	(983,652)	-	(983,652)
Other	853,733	236,236	278,510	(338,987)	-	(338,987)
	<u>5,437,475</u>	<u>533,656</u>	<u>511,706</u>	<u>(4,392,113)</u>	<u>-</u>	<u>(4,392,113)</u>
Support services:						
Student	266,635	-	129,654	(136,981)	-	(136,981)
Instructional staff	191,389	12,360	10,000	(169,029)	-	(169,029)
Administration	918,357	-	4,032	(914,325)	-	(914,325)
Operation and maintenance of plant	553,544	2,158	1,650	(549,736)	-	(549,736)
Transportation	687,424	-	-	(687,424)	-	(687,424)
	<u>2,617,349</u>	<u>14,518</u>	<u>145,336</u>	<u>(2,457,495)</u>	<u>-</u>	<u>(2,457,495)</u>
Non-instructional programs:						
Community service operations	603	-	603	-	-	-
Long-term debt interest	20	-	-	(20)	-	(20)
Other expenses:						
AEA flowthrough	269,850	-	269,850	-	-	-
Depreciation(unallocated)*	173,598	-	-	(173,598)	-	(173,598)
	<u>443,448</u>	<u>-</u>	<u>269,850</u>	<u>(173,598)</u>	<u>-</u>	<u>(173,598)</u>
Total governmental activities	<u>8,498,895</u>	<u>548,174</u>	<u>927,495</u>	<u>(7,023,226)</u>	<u>-</u>	<u>(7,023,226)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	348,356	140,065	173,533	-	(34,758)	(34,758)
Total	<u>\$ 8,847,251</u>	<u>688,239</u>	<u>1,101,028</u>	<u>(7,023,226)</u>	<u>(34,758)</u>	<u>(7,057,984)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,306,161	-	2,306,161
Capital outlay				206,366	-	206,366
Income surtax				346,405	-	346,405
Statewide sales, services and use tax				595,000	-	595,000
Unrestricted state grants				3,280,710	-	3,280,710
Unrestricted investment earnings				23,697	4	23,701
Other				127,584	50	127,634
Total general revenues				<u>6,885,923</u>	<u>54</u>	<u>6,885,977</u>
Change in net position				(137,303)	(34,704)	(172,007)
Net position beginning of year, as restated				<u>6,791,722</u>	<u>(7,308)</u>	<u>6,784,414</u>
Net position end of year				<u>\$ 6,654,419</u>	<u>(42,012)</u>	<u>6,612,407</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 1,119,413	1,980,312	938,784	4,038,509
Receivables:				
Property tax:				
Delinquent	44,404	4,449	5,434	54,287
Succeeding year	2,245,158	207,658	147,354	2,600,170
Income surtax	306,552	-	-	306,552
Accounts	235	-	12,011	12,246
Due from other governments	287,805	92,934	-	380,739
TOTAL ASSETS	\$ 4,003,567	2,285,353	1,103,583	7,392,503
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 257,068	4,478	7,581	269,127
Salaries and benefits payable	680,929	-	-	680,929
Total liabilities	937,997	4,478	7,581	950,056
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,245,158	207,658	147,354	2,600,170
Income surtax	306,552	-	-	306,552
Total deferred inflows of resources	2,551,710	207,658	147,354	2,906,722
Fund balances:				
Restricted for:				
Categorical funding	613,533	-	-	613,533
Debt service	-	-	464,272	464,272
Management levy purposes	-	-	334,869	334,869
Student activities	-	-	149,507	149,507
School infrastructure	-	1,933,824	-	1,933,824
Physical plant and equipment	-	139,393	-	139,393
Unassigned	(99,673)	-	-	(99,673)
Total fund balances	513,860	2,073,217	948,648	3,535,725
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,003,567	2,285,353	1,103,583	7,392,503

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 20)	\$	3,535,725
 <i>Amounts reported for governmental activities in the Statement of Net Position is different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,691,380
Accounts receivable income surtax, are not yet available to finance current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds.		306,552
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	\$ 536,266	
Deferred inflows of resources	<u>(987,329)</u>	(451,063)
Long-term liabilities, including qualified zone academy bonds payable, termination benefits, other postemployment benefits payable and the net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(3,428,175)</u>
Net position of governmental activities(page 18)	\$	<u><u>6,654,419</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,381,448	206,366	251,456	2,839,270
Tuition	282,818	-	-	282,818
Other	155,657	5,740	277,148	438,545
State sources	3,644,585	595,000	-	4,239,585
Federal sources	541,712	-	-	541,712
Total revenues	<u>7,006,220</u>	<u>807,106</u>	<u>528,604</u>	<u>8,341,930</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,385,992	4,478	-	3,390,470
Special	1,190,684	-	-	1,190,684
Other	656,609	-	220,573	877,182
	<u>5,233,285</u>	<u>4,478</u>	<u>220,573</u>	<u>5,458,336</u>
Support services:				
Student	275,990	-	-	275,990
Instructional staff	184,187	-	-	184,187
Administration	823,096	23,425	72,390	918,911
Operation and maintenance of plant	493,975	-	34,495	528,470
Transportation	529,974	175,248	14,274	719,496
	<u>2,307,222</u>	<u>198,673</u>	<u>121,159</u>	<u>2,627,054</u>
Non-instructional programs:				
Community service operations	603	-	-	603
Capital outlay	-	420,259	-	420,259
Long-term debt:				
Principal	-	-	12,205	12,205
Interest and fiscal charges	-	-	710	710
	<u>-</u>	<u>-</u>	<u>12,915</u>	<u>12,915</u>
Other expenditures:				
AEA flowthrough	269,850	-	-	269,850
Total expenditures	<u>7,810,960</u>	<u>623,410</u>	<u>354,647</u>	<u>8,789,017</u>
Excess(Deficiency) of revenues over(under)expenditures	(804,740)	183,696	173,957	(447,087)
Other financing sources(uses):				
Transfer in	-	-	42,109	42,109
Transfer out	-	(42,109)	-	(42,109)
Total other financing sources(uses)	<u>-</u>	<u>(42,109)</u>	<u>42,109</u>	<u>-</u>
Change in fund balances	(804,740)	141,587	216,066	(447,087)
Fund balances beginning of year	<u>1,318,600</u>	<u>1,931,630</u>	<u>732,582</u>	<u>3,982,812</u>
Fund balances end of year	<u>\$ 513,860</u>	<u>2,073,217</u>	<u>948,648</u>	<u>3,535,725</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 22) \$ (447,087)

*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 outlay and depreciation expense for the current year are as follows:

Capital outlay	\$ 581,512	
Depreciation expense	<u>(336,811)</u>	244,701

Repayment of long-term liabilities in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		12,205
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Income surtax account receivable is not available to finance expenditures of the current year and is recognized as deferred inflows of resources in the governmental funds.		19,662
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		690
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The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		394,692
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	(140,861)	
Pension expense	(191,336)	
Other postemployment benefits	<u>(29,969)</u>	<u>(362,166)</u>

Change in net position of governmental activities(page 19) \$ (137,303)

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise, School Nutrition
ASSETS	
Current assets:	
Cash and pooled investments	\$ 74,645
Inventories	2,501
Total current assets	77,146
Noncurrent assets:	
Capital assets, net of accumulated depreciation	13,650
TOTAL ASSETS	90,796
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	15,395
LIABILITIES	
Current liabilities:	
Accounts payable	3,561
Salaries and benefits payable	28,703
Unearned revenue	5,326
Total current liabilities	37,590
Noncurrent liabilities:	
Net pension liability	78,516
Net OPEB liability	1,980
Total noncurrent liabilities	80,496
TOTAL LIABILITIES	118,086
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	30,117
NET POSITION	
Net investment in capital assets	13,650
Unrestricted	(55,662)
TOTAL NET POSITION	\$ (42,012)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 140,065
Contributions	3,170
Miscellaneous	50
Total operating revenues	143,285
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	137,626
Benefits	28,390
Services	2,665
Supplies	176,675
Depreciation	3,000
Total operating expenses	348,356
Operating loss	(205,071)
Non-operating revenues:	
State sources	2,878
Federal sources	167,485
Interest income	4
Total non-operating revenues	170,367
Change in net position	(34,704)
Net position beginning of year, as restated	(7,308)
Net position end of year	\$ (42,012)

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 140,063
Cash received from miscellaneous	3,220
Cash payments to employees for services	(158,551)
Cash payments to suppliers for goods or services	(157,429)
Net cash used in operating activities	(172,697)
Cash flows from non-capital financing activities:	
State grants received	2,878
Federal grants received	152,650
Net cash provided by non-capital financing activities	155,528
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(945)
Cash flows from investing activities:	
Interest on investments	4
Net decrease in cash and pooled investments	(18,110)
Cash and pooled investments beginning of year	92,755
Cash and pooled investments end of year	\$ 74,645
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (205,071)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	14,835
Depreciation	3,000
Decrease in inventories	3,743
Increase in accounts payable	3,333
Increase in salaries and benefits	12,426
Decrease in unearned revenue	(2)
Decrease in net pension liability	(31,530)
Increase in deferred outflows of resources	(3,826)
Increase in deferred inflows of resources	30,117
Increase in other postemployment benefits	278
Net cash used in operating activities	\$ (172,697)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$14,835 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

The Van Buren Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Keosauqua, Stockport, Douds, Birmingham, Mount Sterling, Milton and Cantril, Iowa, and the predominate agricultural territory in Van Buren and Davis counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Van Buren 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 which meet the Governmental Accounting Standards Board Criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Van Buren and Davis County Assessor's Conference Board.

B. Basis of Presentation

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization 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.

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

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

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

The District reports the following major governmental funds:

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

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

The District also reports the following nonmajor proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments - The cash balance 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.

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

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

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

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

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

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

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

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangible assets	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangible assets	5-20 years
Machinery 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 payroll taxes and benefits for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as a liabilities.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint investment Trust and Direct Government Obligations portfolio which are valued at an amortized cost of \$107,016 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor's Financial Services.

Note 3. Capital Assets

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

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,165	-	-	19,165
Construction in progress	21,953	328,216	-	350,169
Total capital assets not being depreciated	41,118	328,216	-	369,334
Capital assets being depreciated:				
Buildings	8,354,766	-	-	8,354,766
Land improvements	92,790	54,735	-	147,525
Machinery and equipment	2,163,541	198,561	116,178	2,245,924
Total capital assets being depreciated	10,611,097	253,296	116,178	10,748,215
Less accumulated depreciation for:				
Buildings	2,472,976	166,222	-	2,639,198
Land improvements	39,540	7,376	-	46,916
Machinery and equipment	1,693,020	163,213	116,178	1,740,055
Total accumulated depreciation	4,205,536	336,811	116,178	4,426,169
Total capital assets being depreciated, net	6,405,561	(83,515)	-	6,322,046
Governmental activities capital assets, net	\$ 6,446,679	244,701	-	6,691,380
Business type activities:				
Machinery and equipment	\$ 111,705	945	-	112,650
Less accumulated depreciation	96,000	3,000	-	99,000
Business type activities capital assets, net	\$ 15,705	(2,055)	-	13,650

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 3,549
Other	3,741

Support services:

Instructional staff	4,887
Administration	7,802
Transportation	143,234

Unallocated depreciation

163,213
173,598

Total governmental activities depreciation expense

\$ 336,811

Business type activities:

Food service operations	\$ 3,000
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Note 4. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 12,895
Debt Service	Capital Projects: Physical Plant and Equipment Levy	29,214
Total		\$ 42,109

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

The transfer from the Capital Projects: Physical, Plant and Equipment Levy Fund to the Debt Service Fund was needed for the annual payment on the District's Qualified Zone Academy Bond indebtedness.

Note 5. 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:					
Qualified zone academy bonds	\$ 500,000	-	-	500,000	500,000
Computer lease	12,205	-	12,205	-	-
Termination benefits	-	140,861	-	140,861	97,013
Net pension liability	3,607,728	-	1,033,681	2,574,047	-
Net OPEB liability	183,298	29,969	-	213,267	-
Total	\$ 4,303,231	170,830	1,045,886	3,428,175	597,013
Business type activities:					
Net pension liability	\$ 110,046	-	31,530	78,516	-
Net OPEB liability	1,702	278	-	1,980	-
Total	\$ 111,748	278	31,530	80,496	-

Qualified Zone Academy Bonds Payable

During the year ended June 30, 2002, the District issued zero interest Qualified Zone Academy Bonds (QZAB). Annual transfers of \$29,214 will be made from the Capital Projects: Physical Plant and Equipment Levy Fund to a debt sinking fund to pay the indebtedness due January 31, 2016, of \$500,000.

Termination Benefits

2014-2015 and 2015-2016 Retirement Incentives

In December 2014, the District offered a voluntary early retirement plan for employees for the 2014-2015 school year. This plan was only offered for one year. Eligible employees must have met the rule of 63, (minimum of 55 years old plus years of service at Van Buren Community School District must be greater than 63) and be active and a full-time employee during the last fiscal year. The application for early retirement was subject to approval by the Board of Education.

In March 2015, the District offered a voluntary early retirement plan for employees for the 2015-2016 fiscal year with the same requirements listed in the preceding paragraph and the same benefits as described in the paragraph below.

Early retirement benefits equaled a \$10,000 lump sum incentive plus reimbursement for \$200 per day for each day of accumulated unused sick leave remaining at the date of retirement up to a maximum of 105 days.

The 2014-2015 policy requires the benefits to be paid in four or fewer semi-annual installments beginning on July 1, 2015 to a HRA tax deferred compensation plan which will be used to pay for qualified medical expenses of retirees. The 2015-2016 plan requires the benefit to be paid in four or fewer semi-annual installments to the HRA beginning on September 1, 2015.

At June 30, 2015, the District had early retirement obligations to six participants with a total liability of \$140,861.

Note 6. Pension Plan

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the

reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$405,769.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,652,563 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.065543 percent, which was a decrease of 0.000119 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$197,174. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,828	\$ -
Changes of assumptions	117,064	-
Net difference between projected and actual earnings on pension plan investments	-	1,011,611
Changes in proportion and differences between District contributions and proportionate share of contributions	-	5,835
District contributions subsequent to the measurement date	405,769	-
Total	<u>\$ 551,661</u>	<u>\$ 1,017,446</u>

\$405,769 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (220,179)
2017	(220,179)
2018	(220,179)
2019	(220,179)
2020	9,162
	<u>\$ (871,554)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 5,011,943	\$ 2,652,563	\$ 661,002

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$55,363 for legally required employer contributions and \$36,888 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer, health benefit plan which provides medical, prescription drug, and dental benefits for employees, retirees and their spouses. There are 119 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug and dental coverage are provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug and dental benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 76,000
Interest on net OPEB obligation	8,325
Adjustment to annual required contribution	<u>(7,078)</u>
Annual OPEB cost	77,247
Contributions made	<u>(47,000)</u>
Increase in net OPEB obligation	30,247
Net OPEB obligation beginning of year	<u>185,000</u>
Net OPEB obligation end of year	<u><u>\$ 215,247</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$47,000 to the medical plan. Plan members eligible for benefits contributed \$41,000, or 46.59% 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 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 54,766	69.39%	\$ 135,360
2014	76,640	35.23%	185,000
2015	77,247	60.84%	215,247

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$575,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$575,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,032,005 and the ratio of the UAAL to covered payroll was 18.96%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress 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, 2013 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the ultimate 5% ultimate trend rate.

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were taken from the IPERS actuarial valuation as of June 30, 2014. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Risk Management

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$269,850 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Property Lease

The District currently has a lease agreement with Barker Farm Supply to rent a facility used for a bus barn. Payments are \$1,000 per month until either the District or the landlord terminates the contract.

Note 11. Operating Lease

On August 11, 2011 the District entered into an agreement with CCA Financial to lease 56 laptops for District staff. The District will pay CCA Financial \$22,300 annually until the District returns the laptops at a time to be determined by the District.

Note 12. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Home School Assistance Program	\$ 185,686
Gifted and Talented Programs	59,037
Returning Dropouts and Dropout Prevention Programs	113,432
Beginning Teacher Mentoring and Induction Program	648
Four-year-old Preschool State Aid	196,910
Successful Progression for Early Readers	17,292
Professional Development for Model Core Curriculum	33,010
Professional Development	7,518
Total	<u>\$ 613,533</u>

Note 13. Construction Commitments

As of June 30, 2015, the District had entered into contracts totaling \$630,201 for a High School/Middle School renovation project and various roof projects throughout the District. As of June 30, 2015, \$350,169 had been incurred against these contracts. The balance remaining will be paid out as work on the projects progresses.

Note 14. Reconciliation of Governmental Fund Balances to Net Position

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

	<u>Net investment in capital assets</u>	<u>Management Levy</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	334,869	(99,673)
Capital assets, net of accumulated depreciation	6,691,380	-	-
Qualified zone academy bond capitalized indebtedness	(500,000)	-	-
Termination benefits payable	-	(140,861)	-
Income surtax receivable	-	-	306,552
Pension related deferred outflows	-	-	536,266
Pension related deferred inflows	-	-	(987,329)
Net pension liability	-	-	(2,574,047)
Net OPEB liability	-	-	(213,267)
Net position (Exhibit A)	<u>\$ 6,191,380</u>	<u>194,008</u>	<u>(3,031,498)</u>

Note 15. Deficit Balances

At June 30, 2015 the District had the following deficit balances: The District had deficit unassigned fund balance of \$99,673 in the General Fund. The District also had deficit unrestricted net position of \$55,662 and deficit total net position of \$42,012 in the Enterprise, School Nutrition Fund. The District also had deficit unrestricted net position of \$3,031,498 in its governmental activities.

Note 16. Accounting Change/Restatement

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 10,020,188	\$ 91,169
Net pension liability at June 30, 2014	(3,607,728)	(110,046)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	379,262	11,569
Net position July 1, 2014, as restated	<u>\$ 6,791,722</u>	<u>\$ (7,308)</u>

VAN BUREN COMMUNITY SCHOOL DISTRICT

Required Supplementary Information

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,560,633	143,289	3,703,922	3,907,809	3,907,809	(203,887)
State sources	4,239,585	2,878	4,242,463	3,708,181	3,708,181	534,282
Federal sources	541,712	167,485	709,197	825,000	825,000	(115,803)
Total revenues	8,341,930	313,652	8,655,582	8,440,990	8,440,990	214,592
Expenditures/expenses:						
Instruction	5,458,336	-	5,458,336	5,400,000	5,730,000	271,664
Support services	2,627,054	-	2,627,054	2,536,000	2,800,000	172,946
Non-instructional programs	603	348,356	348,959	321,000	381,000	32,041
Other expenditures	703,024	-	703,024	1,460,521	4,648,465	3,945,441
Total expenditures/expenses	8,789,017	348,356	9,137,373	9,717,521	13,559,465	4,422,092
Excess(Deficiency) of revenues over(under) expenditures/expenses	(447,087)	(34,704)	(481,791)	(1,276,531)	(5,118,475)	(4,636,684)
Other financing sources, net	-	-	-	3,500,000	3,500,000	3,500,000
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(447,087)	(34,704)	(481,791)	2,223,469	(1,618,475)	(1,136,684)
Balances beginning of year, as restated	3,982,812	(7,308)	3,975,504	3,432,575	3,432,575	542,929
Balances end of year	\$ 3,535,725	(42,012)	3,493,713	5,656,044	1,814,100	1,679,613

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$3,841,944.

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

	2015
District's proportion of the net pension liability	0.065543%
District's proportionate share of the net pension liability	\$ 2,652,563
District's covered-employee payroll	\$ 4,543,886
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.38%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 405,769	390,831	368,527	349,534	329,187	357,121	324,280	318,517	284,415	266,571
Contributions in relation to the statutorily required contribution	<u>(405,769)</u>	<u>(390,831)</u>	<u>(368,527)</u>	<u>(349,534)</u>	<u>(329,187)</u>	<u>(357,121)</u>	<u>(324,280)</u>	<u>(318,517)</u>	<u>(284,415)</u>	<u>(266,571)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 4,543,886	4,376,607	4,250,600	4,331,276	4,736,504	5,138,432	5,106,772	5,264,744	4,946,348	4,636,017
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 532,000	532,000	0.0%	\$ 3,304,996	16.10%
2010	July 1, 2008	-	532,000	532,000	0.0%	5,022,230	10.59%
2011	July 1, 2010	-	467,000	467,000	0.0%	2,805,464	16.65%
2012	July 1, 2010	-	467,000	467,000	0.0%	2,976,682	15.69%
2013	July 1, 2010	-	467,000	467,000	0.0%	3,354,976	13.92%
2014	July 1, 2013	-	575,000	575,000	0.0%	2,873,253	20.01%
2015	July 1, 2013	-	575,000	575,000	0.0%	3,032,005	18.96%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT

Supplementary Information

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue				
	Manage- ment Levy	Student Activity	Total	Debt Service	Total
ASSETS					
Cash and pooled investments	\$ 317,456	157,056	474,512	464,272	938,784
Receivables:					
Property tax:					
Delinquent	5,434	-	5,434	-	5,434
Succeeding year	147,354	-	147,354	-	147,354
Accounts	12,011	-	12,011	-	12,011
TOTAL ASSETS	\$ 482,255	157,056	639,311	464,272	1,103,583
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 32	7,549	7,581	-	7,581
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	147,354	-	147,354	-	147,354
Fund balances:					
Restricted for:					
Debt service	-	-	-	464,272	464,272
Management levy purposes	334,869	-	334,869	-	334,869
Student activities	-	149,507	149,507	-	149,507
Total fund balances	334,869	149,507	484,376	464,272	948,648
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 482,255	157,056	639,311	464,272	1,103,583

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue				
	Manage- ment Levy	Student Activity	Total	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ 251,456	-	251,456	-	251,456
Other	27,781	236,235	264,016	13,132	277,148
Total revenues	279,237	236,235	515,472	13,132	528,604
Expenditures:					
Current:					
Instruction:					
Other	-	220,573	220,573	-	220,573
Support services:					
Administration	72,390	-	72,390	-	72,390
Operation and maintenance of plant	34,495	-	34,495	-	34,495
Transportation	14,274	-	14,274	-	14,274
Long-term debt:					
Principal	-	-	-	12,205	12,205
Interest and fiscal charges	-	-	-	710	710
Total expenditures	121,159	220,573	341,732	12,915	354,647
Excess of revenues over expenditures	158,078	15,662	173,740	217	173,957
Other financing sources:					
Transfer in	-	-	-	42,109	42,109
Change in fund balances	158,078	15,662	173,740	42,326	216,066
Fund balances beginning of year	176,791	133,845	310,636	421,946	732,582
Fund balances end of year	\$ 334,869	149,507	484,376	464,272	948,648

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 1,845,368	134,944	1,980,312
Receivables:			
Property tax:			
Delinquent	-	4,449	4,449
Succeeding year	-	207,658	207,658
Due from other governments	92,934	-	92,934
TOTAL ASSETS	\$ 1,938,302	347,051	2,285,353
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,478	-	4,478
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	207,658	207,658
Fund balances:			
Restricted for:			
School infrastructure	1,933,824	-	1,933,824
Physical plant and equipment	-	139,393	139,393
Total fund balances	1,933,824	139,393	2,073,217
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,938,302	347,051	2,285,353

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local sources:			
Local tax	\$ -	206,366	206,366
Other	5,160	580	5,740
State sources	595,000	-	595,000
Total revenues	<u>600,160</u>	<u>206,946</u>	<u>807,106</u>
Expenditures:			
Current:			
Instruction:			
Regular	4,478	-	4,478
Support services:			
Administration	23,425	-	23,425
Transportation	175,248	-	175,248
Capital outlay	200,204	220,055	420,259
Total expenditures	<u>403,355</u>	<u>220,055</u>	<u>623,410</u>
Excess(Deficiency) of revenues over(under) expenditures	196,805	(13,109)	183,696
Other financing uses:			
Transfer out	(12,895)	(29,214)	(42,109)
Change in fund balances	183,910	(42,323)	141,587
Fund balances beginning of year	<u>1,749,914</u>	<u>181,716</u>	<u>1,931,630</u>
Fund balances end of year	<u>\$ 1,933,824</u>	<u>139,393</u>	<u>2,073,217</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 DEBT SERVICE ACCOUNTS
 JUNE 30, 2015

	Debt Service		
	Schoolhouse	QZAB	Total
ASSETS			
Cash and pooled investments	\$ 1,584	462,688	464,272
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities	\$ -	-	-
Deferred inflows of resources	-	-	-
Fund balances:			
Restricted for:			
Debt service	1,584	462,688	464,272
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,584	462,688	464,272

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 DEBT SERVICE ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Debt Service		
	Schoolhouse	QZAB	Total
Revenues:			
Local sources:			
Other	\$ 58	13,074	13,132
Expenditures:			
Long-term debt:			
Principal	12,205	-	12,205
Interest and fiscal charges	710	-	710
Total expenditures	12,915	-	12,915
Excess(Deficiency)of revenues over(under)expenditures	(12,857)	13,074	217
Other financing sources:			
Transfer in	12,895	29,214	42,109
Change in fund balances	38	42,288	42,326
Fund balances beginning of year	1,546	420,400	421,946
Fund balances end of year	\$ 1,584	462,688	464,272

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2015

Account	Balance End of Year	Revenues	Expendi- tures	Intra- fund transfers	Balance End of Year
Athletics:					
General Athletics	\$ 36,264	67,738	62,282	425	42,145
Clubs and Organizations:					
Yearbook	6,074	7,933	10,085	-	3,922
The Udder Choice	(40)	40	-	-	-
Concessions	16,669	-	5,354	-	11,315
Drama	1,374	2,806	2,511	-	1,669
FCCLA	676	-	-	-	676
Football	1,207	6,317	6,009	-	1,515
Weightlifting	270	2,083	1,601	-	752
FFA	(1,206)	1,206	-	-	-
Art Club	2,417	1,025	117	-	3,325
Magazine fundraiser	419	-	-	-	419
Boys Track	528	1,625	1,251	-	902
National Honor Society	337	300	91	-	546
Golf	12	255	267	-	-
CAPS	1,168	1,285	-	-	2,453
Rhythm Squad	315	6,245	4,227	-	2,333
Softball	4,440	7,274	8,221	-	3,493
Baseball	577	6,486	6,566	-	497
Spanish Club	1,452	885	629	-	1,708
Student Council	321	1,207	871	-	657
Girls Track	572	1,642	1,280	-	934
YLC	80	1,689	1,121	-	648
Rachel's Challenge	493	-	15	-	478
Young Inventors	(937)	4,376	3,439	-	-
Wrestling	4,196	1,070	720	-	4,546
Volleyball Fundraising	2,699	5,520	5,357	-	2,862
Wrestling Cheerleaders	1,697	670	658	(25)	1,684
Boys Basketball	656	1,383	1,055	-	984
Girls Basketball	2,038	2,681	2,889	-	1,830
Football Cheerleaders	(2,319)	5,324	3,030	25	-
Orange Crush Crew	1,075	14	768	-	321
Total Clubs and Organizations	47,260	71,341	68,132	-	50,469
Classes:					
Class of 2011	97	-	97	-	-
Class of 2012	858	-	858	-	-
Class of 2013	1,237	-	1,237	-	-
Class of 2014	1,993	-	1,993	-	-
Class of 2015	1,516	-	1,516	-	-
Class of 2016	2,083	1,330	3,413	-	-
Class of 2017	1,205	-	-	-	1,205
Class of 2018	1,860	100	28	-	1,932
Class of 2019	802	1,743	1,138	-	1,407
Class of 2020	-	643	407	-	236
Total Classes	11,651	3,816	10,687	-	4,780
Miscellaneous:					
Elementary PTO	16,079	14,186	12,495	(425)	17,345
After Prom	3,094	11,472	10,592	-	3,974
Boosters	3,532	45,877	41,215	-	8,194
Band	113	1,393	1,401	-	105
Chorus	13,636	19,701	13,394	-	19,943
Chorus/Band Fundraiser	2,216	711	375	-	2,552
Total Miscellaneous	38,670	93,340	79,472	(425)	52,113
Total	\$ 133,845	236,235	220,573	-	149,507

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,839,270	3,011,507	3,861,626	3,618,752	3,517,906	3,278,663	3,197,618	3,126,418	3,179,100	3,250,277
Tuition	282,818	345,382	257,742	327,821	267,002	345,672	252,777	222,799	166,372	211,770
Other	438,545	386,125	322,057	456,968	476,482	257,557	374,009	434,974	407,840	474,432
State sources	4,239,585	4,115,384	3,360,087	3,760,786	3,971,390	3,461,520	4,061,582	4,305,337	3,928,194	3,943,463
Federal sources	541,712	511,911	642,363	783,923	1,028,174	1,319,502	1,032,806	1,534,805	1,881,611	1,785,221
Total	<u>\$ 8,341,930</u>	<u>8,370,309</u>	<u>8,443,875</u>	<u>8,948,250</u>	<u>9,260,954</u>	<u>8,662,914</u>	<u>8,918,792</u>	<u>9,624,333</u>	<u>9,563,117</u>	<u>9,665,163</u>
Expenditures:										
Current:										
Instruction:										
Regular	\$ 3,390,470	3,346,196	3,433,239	3,207,182	3,053,198	3,098,414	3,210,087	3,340,406	2,858,666	2,809,494
Special	1,190,684	1,090,394	923,151	1,129,701	851,299	1,136,552	1,158,329	1,056,026	973,391	988,857
Other	877,182	848,689	849,464	976,780	949,941	1,061,867	966,280	982,738	1,047,846	1,059,783
Support services:										
Student	275,990	284,089	120,119	100,926	136,032	174,482	259,278	421,877	418,812	253,214
Instructional staff	184,187	172,370	175,800	194,287	180,080	244,470	325,575	327,129	560,370	333,161
Administration	918,911	867,296	973,785	980,617	1,108,630	1,048,959	1,125,560	1,150,891	1,175,818	1,126,076
Operation and maintenance of plant	528,470	524,033	511,165	546,368	571,724	607,111	702,860	693,692	618,791	635,398
Transportation	719,496	758,089	666,230	590,558	815,724	822,615	722,389	612,371	700,995	686,920
Non-instructional programs	603	-	101	1,403	599	12,742	1,442	5,320	647	1,907
Capital outlay	420,259	193,632	153,304	120,871	149,025	226,459	119,669	101,364	407,382	584,711
Long-term debt:										
Principal	12,205	32,655	285,091	255,000	250,000	240,000	235,000	215,000	210,000	195,000
Interest and fiscal charges	710	2,540	10,449	16,618	23,687	29,973	37,969	58,967	71,435	79,935
Other expenditures:										
AEA flow-through	269,850	266,133	260,930	265,846	297,726	290,048	262,789	257,558	245,305	242,151
Total	<u>\$ 8,789,017</u>	<u>8,386,116</u>	<u>8,362,828</u>	<u>8,386,157</u>	<u>8,387,665</u>	<u>8,993,692</u>	<u>9,127,227</u>	<u>9,223,339</u>	<u>9,289,458</u>	<u>8,996,607</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Direct:			
U.S. Department of Education:			
Rural Education	84.358	FY 15	\$ <u>29,215</u>
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants	93.276	FY 15	<u>112,008</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 15	34,906
National School Lunch Program	10.555	FY 15	130,890 *
Summer Food Service Program for Children	10.559	FY 15	<u>1,244</u>
			<u>167,040</u>
Team Nutrition Grants	10.574	FY 15	<u>445</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 15	<u>180,260</u>
Career and Technical Education - Basic Grants to States	84.048	FY 15	<u>11,160</u>
Safe and Drug-Free Schools and Communities - National Programs	84.184	FY 15	<u>10,000</u>
Improving Teacher Quality State Grants	84.367	FY 15	<u>43,760</u>
Grants for State Assessments and Related Activities	84.369	FY 15	<u>2,885</u>
Great Prarie Area Educaton Agency:			
Special Education - Grants to States	84.027	FY 15	<u>30,110</u>
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	FY 15	<u>15,459</u>
Total			<u>\$ 602,342</u>

* Includes \$14,835 in non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of Van Buren Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Van Buren 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, and have issued our report thereon dated March 11, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Van Buren Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 11, 2016
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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117 West 3rd Street North, Newton, Iowa 50208-3040
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Board of Education of Van Buren Community School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our opinion on compliance for each federal program. However, our audit does not provide a legal determination on Van Buren Community School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of Van Buren Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Van Buren Community

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School District's internal control over compliance with requirements with the type of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of Van Buren Community School District's internal control over compliance.

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

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

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

Van Buren Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Van Buren Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 11, 2016
Newton, Iowa

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Programs:
 - Child Nutrition Cluster:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
 - Individual Programs:
 - CFDA Number 84.010 - Title I - Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Van Buren Community School District did not qualify as a low-risk auditee.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

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

- 1) Receipts - collecting receipts, recording and depositing in the Student Activity Fund.
- 2) School lunch program - collecting receipts, recording and depositing.

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

Response - The District will review procedures and make changes where possible.

Conclusion - Response accepted.

II-B-15 Supporting Documentation for Credit Card Purchases - We noted during our audit instances of payments to vendors made with the District credit card lacking an invoice or receipt as supporting documentation for the payment made. According to District Board policy 802.2, employees that charge expenses to District credit cards must attach a detailed receipt to the claim form otherwise the expense becomes the employees'.

Recommendation - The District should review Board Policy 802.2 with employees to ensure receipts for all credit card purchases are attached as supporting documentation. The District should enforce District policy and invoice employees that do not have documentation for purchases made on the District's credit card.

Response - The District will review and work toward implementation and enforcement of Board Policy 802.2 regarding credit card purchases.

Conclusion - Response accepted.

OTHER MATTERS:

II-C-15 Deficit Lunch Account Balances - During our audit we noted that the Nutrition Fund is carrying several deficit student lunch account balances.

Recommendation - The District should develop policies regarding the treatment of negative account balances aimed at discouraging accounts from becoming negative. The District may also wish to investigate alternatives to bring deficit accounts back to a positive balance, such as trying various collection techniques to collect the balances from the families. Another option would be to give these families a free/reduced lunch application to see if they qualify.

Response - The District will continue to try various collection techniques to improve lunch account balances.

Conclusion - Response accepted.

II-D-15 Board Policies - We noted during our audit some of the District's policies appear to be out of date. All board policies should be reviewed every five years and documented in the District's minutes as well as on the board policy when they were approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take steps to review board policies in a timely manner.

Response - The District will work on reviewing board policies and update as needed.

Conclusion - Response accepted.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program for Children
Federal Award Year: 2015
U.S. Department of Agriculture
Passed through the Iowa Department of Education

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

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

- 1) Receipts - collecting receipts, recording and depositing in the Student Activity Fund.
- 2) School lunch program - collecting receipts recording and depositing.

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

Response and Corrective Action Planned - The District will continue to review procedures and make adjustments when the opportunity arises.

Conclusion - Response accepted.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

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

IV-B-15 Questionable Disbursements - We noted disbursement that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979, they are as follows:

Gift Cards: We noted during our audit that the District purchased gift certificates to Subway, Circle B, and Osborne Amoco from the Post Prom account within the Student Activity Fund. Giving cash or gift certificates/cards does not allow the board to "audit and allow" final purchases in accordance with Iowa Code Section 279.29 and does not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - Gift cards are not an appropriate District purchase since Iowa Code Section 279.29 requires districts to "audit and allow" all bills and the gift card does not provide the board with the ability to perform the required function of approval of the final purchase. The District should refrain from purchasing gift cards for any purpose to be in accordance with the Attorney General's opinion dated April 25, 1979.

Response - The District will refrain from purchasing gift cards.

Conclusion - Response accepted.

Sales Tax Payments: We noted four purchases made by the District for the full purchase price, including sales tax. As the District is a tax-exempt entity reimbursements for sales tax would not appear to meet public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their procedures in place, and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The District will continue to monitor invoices for sales tax and make necessary adjustments to the invoices when needed.

Conclusion - Response accepted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Marnie Starnes, Teacher Husband owner of Fesler Automotive	Parts for Vehicles	\$ 1,699
Kathleen Humble, Teacher Husband owner of Fesler Automotive	Parts for Vehicles	\$ 1,699
Chuck Banks, Secondary Principal Wife is Part-Owner of Flower Market	Supplies	\$ 664
Wife owns Flower House	Supplies	\$ 816
Robin Lyons, Secretary Brother owns Boyd Grocery	Supplies	\$ 3,911
Julie Chapuis, Teacher Father-in-law owns Keosauqua Lumber	Building materials	\$ 2,574
Erin Bass, Teacher Husband owns Bass Landscaping	Purchased services	\$ 950
Pam Osborne, Para-Educator Owner of Osborne Amoco	Fuel and Services	\$ 12,220

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouses, siblings and in-laws of District employees do not appear to represent a conflict of interest.

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

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

IV-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - The District will submit minutes for publication within two weeks of the Board meetings as required by the Code of Iowa.

Conclusion - Response accepted.

- IV-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policies were noted.
- IV-J-15 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely and we noted not significant deficiencies in the amounts reported.
- IV-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales services, and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$	1,749,914
Revenues/transfers in:			
Sales tax revenues	\$	595,000	
Other local revenues		5,160	600,160
			<u>2,350,074</u>
Expenditures/transfers out:			
School infrastructure construction	\$	200,204	
Equipment		166,093	
Other		37,058	
Transfers to other funds:			
Debt service fund		12,895	416,250
			<u>416,250</u>
Ending balance		\$	<u>1,933,824</u>

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

- IV-M-15 Financial Condition - The District the following deficit balances at June 30, 2015: The District had deficit unassigned fund balance of \$99,673 in the General Fund. The District had deficit unrestricted net position of \$55,662 and deficit total net position of \$42,012 in the Enterprise, School Nutrition Fund. The District also had deficit unrestricted net position of \$3,031,498 in its governmental activities. The primary reason for the deficit net positions in the School Nutrition Fund and the District's governmental activities is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and No. 71 will affect the District's financials moving forward. The District should also monitor the General Fund and ensure this fund operates at positive balances each year.

Response - The District will educate the administration and Board of Education regarding the implementation and effects of GASB Statements of No. 68 and No. 71.

Conclusion - Response accepted.

IV-N-15 Student Activity Fund - During our audit concerns arose about the propriety of certain receipts, expenditures and accounts within the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more appropriately included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules (298A.9). More specific examples of findings are listed below.

Box Tops Donations: We noted Box Top revenues receipted into the Elementary PTO account within the Student Activity Fund. Donations given to the District should be expended according to donor request. According to information contained on the website for Box Tops, the donation can be used for items such as books, computers or playground equipment

Recommendation - Since the items listed for purchase with Box Top donations appear more instructional in nature, the General Fund would be the more appropriate fund to receipt these revenues.

Response - The District will receipt these types of expenditures into the General Fund.

Conclusion - Response accepted.

Instructional Items Purchased: We noted a Elementary PTO account in the Student Activity Fund. In this account we noted purchases for admission to a museum, apple orchard, farm, the YMCA, and Fairfield parks and recreation as part of District field trips. Field trip expenditures would appear to be more instructional in nature, and would be more appropriately handled in the General Fund.

We also noted receipts and expenditures for PSAT testing fees were purchased out of the Class of 2016 account in the Student Activity Fund. PSAT testing fees would appear to be instructional in nature and therefore, expenditures for PSAT testing are more appropriately handled in the General Fund.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. The expenditures in the Elementary PTO account for District field trips appears to be instructional in nature and would be more appropriate in the General Fund. The District should review this account and move the remaining balance in the PTO account to the appropriate account or fund.

PSAT revenues and expenditures appear instructional in nature and would be more appropriately recoded in the General Fund.

Response - The District will review these student activity accounts and move the balances to the appropriate fund.

Conclusion - Response accepted.

IV-O-15 Non-certified Time Sheets - We noted during our audit that the District does not maintain documentation of hours worked by coaches who are non-certified staff. This creates a situation where calculating wage per hour amounts is not possible.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches. The District should then determine if wages paid comply with minimum wage and overtime requirements.

Response - The District will comply with this requirement.

Conclusion - Response accepted.