

VAN METER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Van Meter Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Dan Koster	President	2015
Mark Smith	Vice President	2017
Jim Folkerts	Board Member (Resigned)	2015
Dan Phillips	Board Member (Appointed)	2015
Brian Gordon	Board Member	2017
Liz Thompson	Board Member	2017
School Officials		
Deron Durflinger	Superintendent	2015
Shonna Trudo	Board Secretary/ District Treasurer	2015
Ahler's Law Firm	Attorney	2015

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(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 Meter Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Members American Institute & Iowa Society of Certified Public Accountants

Emphasis of Matter

As discussed in Note 15 to the financial statements, Van Meter Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for pensions- an Amendment of GASB Statement No. 27. Our Opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 46 through 52 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 required supplementary 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 Meter Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of the report, the financial statements for the year ended June 30, 2014 (Which are not presented herein) and expressed unmodified opinions on this financial statements. Another auditor previously audited in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 7, 2016, on our consideration of Van Meter Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that reports 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 and should be considered in assessing the results of our audit.



NOLTE, CORNMAN & JOHNSON, P.C.

January 7, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Meter 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 increased from \$6,078,654 in fiscal year 2014 to \$6,371,469 in fiscal year 2015, and General Fund expenditures increased from \$6,111,717 in fiscal year 2014 to \$6,437,401 in fiscal year 2015. This resulted in a decrease in the District's General Fund balance from \$1,948,674 at June 30, 2014 to \$1,882,742, at June 30, 2015, a 3.38% decrease from the prior year.
- The increase in General Fund revenues was attributable to an increase in state sources revenues received in fiscal year 2015 compared to fiscal year 2014. The increase in expenditures was due primarily to an increase in instruction expenditures compared to the prior year. This was an intentional spending down of the general fund reserve funds in an effort to utilize the district's resources to best serve the students of the growing district.'

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Van Meter 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 Meter 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 Meter Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Van Meter Community School District Annual Financial Report

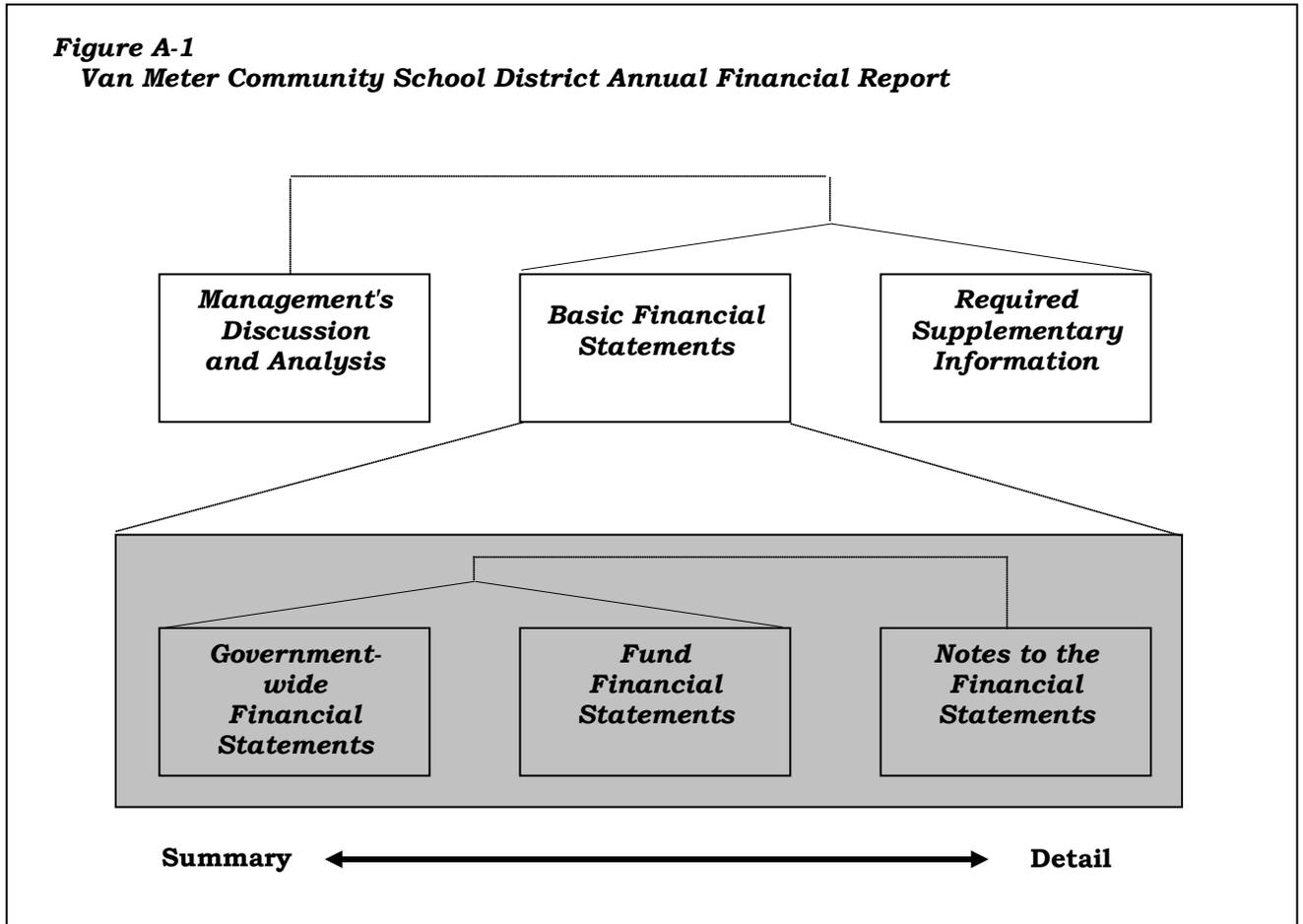


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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 or resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has 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, Capital Projects Fund, Debt Service fund, and Special Revenue Funds.

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

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

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

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,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
Current and other assets	\$ 12,463,588	13,401,160	35,759	15,534	12,499,347	13,416,694	-6.84%
Capital assets	10,741,109	10,227,849	20,827	22,959	10,761,936	10,250,808	4.99%
Total assets	23,204,697	23,629,009	56,586	38,493	23,261,283	23,667,502	-1.72%
Deferred outflows of resources	671,360	-	13,248	-	684,608	-	100.00%
Long-term liabilities	12,049,723	10,603,942	48,710	6,418	12,098,433	10,610,360	14.02%
Other liabilities	1,506,916	1,096,609	3,242	1,088	1,510,158	1,097,697	37.58%
Total liabilities	13,556,639	11,700,551	51,952	7,506	13,608,591	11,708,057	16.23%
Deferred inflows of resources	3,946,843	3,038,720	16,208	-	3,963,051	3,038,720	30.42%
Net position:							
Net investment in capital assets	5,036,358	5,579,833	20,827	22,959	5,057,185	5,602,792	-9.74%
Restricted	1,700,693	1,256,966	-	-	1,700,693	1,256,966	35.30%
Unrestricted	(364,476)	2,052,939	(19,153)	8,028	(383,629)	2,060,967	-118.61%
Total net position	\$ 6,372,575	8,889,738	1,674	30,987	6,374,249	8,920,725	-28.55%

The District's combined net position decreased by \$2,546,476 or by 28.55%, 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 investment in capital assets is liquidated with resources 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 \$443,727, or 35.30% over the prior year. The increase is primarily due to the increase in fund balances of the Capital Projects: Statewide Sales, Services and Use Tax, during the year.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$2,444,596, or 118.61%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and financial reporting for Pensions-an Amendments of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net pension as of July 1, 2014 for governmental activities and business type activities were restated by \$ 2,432,743 and \$ 47,876, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contribution 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 differed inflows of resource were not restated because the information was not available. In the past, pension expense was that amount of the employer contribution. Current reporting provided as 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 June 30, 2014.

	Figure A-4						
	Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 1,261,653	1,060,162	208,492	196,096	1,470,145	1,256,258	17.03%
Operating grants, contributions and restricted interest	354,950	391,430	81,393	83,620	436,343	475,050	-8.15%
Capital grants, contributions and restricted interest	-	40,000	-	-	-	40,000	-100.00%
General revenues:							
Property tax	3,035,591	3,006,726	-	-	3,035,591	3,006,726	0.96%
Income surtax	238,317	308,875	-	-	238,317	308,875	-22.84%
Statewide sales, services and use tax	551,437	485,001	-	-	551,437	485,001	13.70%
Unrestricted state grants	3,017,342	2,857,338	-	-	3,017,342	2,857,338	5.60%
Unrestricted investment earnings	11,170	13,188	17	16	11,187	13,204	-15.28%
Other	66,888	42,560	8,302	7,815	75,190	50,375	49.26%
Total revenues	8,537,348	8,205,280	298,204	287,547	8,835,552	8,492,827	4.04%
Program expenses:							
Instructional	5,339,488	4,548,700	-	-	5,339,488	4,548,700	17.38%
Support services	2,410,465	2,051,428	8,403	3,584	2,418,868	2,055,012	17.71%
Non-instructional programs	-	-	271,238	276,914	271,238	276,914	-2.05%
Other expenditures	871,815	793,285	-	-	871,815	793,285	9.90%
Total expenses	8,621,768	7,393,413	279,641	280,498	8,901,409	7,673,911	16.00%
Change in net position	(84,420)	811,867	18,563	7,049	(65,857)	818,916	108.04%
Net position beginning of year, as restated	6,456,995	8,077,871	(16,889)	23,938	6,440,106	8,101,809	-20.51%
Net position end of year	\$ 6,372,575	8,889,738	1,674	30,987	6,374,249	8,920,725	-28.55%

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 80.15% of the revenue from governmental activities while charges for service and operating grants and contributions account for 97.21 % of the revenue from business type activities.

The District's total revenues were approximately \$8.84 million of which approximately \$8.54 million was for governmental activities and approximately \$0.30 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 4.04% increase in revenues and an 16.00% increase in expenses. The increase in revenue is primarily due to the increase in unrestricted state grant revenue received while the increase in expenses was related to increases instructional expenditures incurred compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$8,537,348 and expenses were \$8,621,768 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 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	\$ 5,339,488	4,548,700	17.38%	3,962,527	3,332,799	18.89%
Support services	2,410,465	2,051,428	17.50%	2,398,975	1,997,557	20.10%
Other expenses	871,815	793,285	9.90%	643,663	571,465	12.63%
Totals	\$ 8,621,768	7,393,413	16.61%	7,005,165	5,901,821	18.69%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,261,653.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$354,950.
- The net cost of governmental activities was financed with \$3,035,591 in property tax, \$238,317 in income surtax, \$551,437 in statewide sales, services and use tax, \$3,017,342 in unrestricted state grants, \$11,170 in interest income, and \$66,888 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$298,204 and expenses were \$279,641 for the year ended June 30, 2015. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Van Meter 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 \$7,659,151, under last year's ending fund balances of \$9,067,612. The primary reason for the decrease in combined fund balances in fiscal year 2015 is due to contributed expenditures incurred on District construction projects.

Governmental Fund Highlights

- The General Fund Balance decreased from \$1,948,647 at June 30, 2014 to \$1,882,742 at June 30, 2015. The primary reason for this decrease in fund balance was an increase in instructional expenditures compared to fiscal year 2014. Also, General Fund expenditures outpaced revenues during the year.
- The Capital Projects Fund balance decreased from \$6,718,545 at June 30, 2014 to \$5,330,945 at June 30, 2015. The Capital Projects: Statewide Sales, Service and Use Tax Fund increased from \$847,174 at June 30, 2014 to \$1,161,183 at June 30, 2015 while the Capital Projects: Physical, Plant and Equipment Levy Fund increased from \$16,215 at June 30, 2014 to \$94,862 at June 30, 2015. The General Obligation Bond Construction Fund balance decreased for \$5,855,156 at June 30, 2014 to \$4,074,900 at June 30, 2015. The primary reasons for these decrease in fund balance is due to continued capital outlays expenditures associated with District construction projects.
- The Debt Service Fund balance increased from \$18,446 at June 30, 2014 to \$21,593 at June 30, 2015. The primary reason for this increase in fund balance was due to an increase in local tax revenue received.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a rested deficit net position of \$16,889 at July 1, 2014 to a net position of \$1,674 at June 30, 2015, representing an increase of 109.91%. Revenues increased over the prior year primarily due to increased revenue from charges for service.

BUDGETARY HIGHLIGHTS

The District's revenues were \$507,966 more than budgeted revenues, a variance of 6.08%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$10,761,936, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$579,096.

The original cost of the District's capital assets was \$16,026,929. Governmental funds account for \$15,915,235 with the remainder of \$111,694 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 \$1,508,874 at June 30, 2015 as compared to \$484,200 at June 30, 2014. This increase was due expenditures associated with the District's new building addition

	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	\$ 801,592	801,592	-	-	801,592	801,592	0.00%
Construction in progress	1,508,874	484,200	-	-	1,508,874	484,200	67.91%
Buildings	5,257,811	5,523,231	-	-	5,257,811	5,523,231	-5.05%
Land improvements	2,444,313	2,550,601	-	-	2,444,313	2,550,601	-4.35%
Machinery and equipment	728,519	868,225	20,827	22,959	749,346	891,184	-18.93%
Total	\$ 10,741,109	10,227,849	20,827	22,959	10,761,936	10,250,808	4.99%

Long-Term Debt

At June 30, 2015, the District had \$12,098,433 in general obligation bond, capital loan note and other long-term debt outstanding. This represents an increase of 14.02% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

- The District had total outstanding general obligation bond indebtedness at June 30, 2015 of \$9,155,000 payable from the Debt Service Fund.
- The District had total outstanding capital loan notes payable at June 30, 2015 of \$410,000 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.
- The District had total outstanding computer lease indebtedness of \$214,651 at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.
- The District had total outstanding vending machine lease of \$2,521 at June 30, 2015, payable from the Enterprise, School Nutrition Fund.
- The District had total outstanding compensated absences payable from the General Fund of \$1,744 at June 30, 2015.

- The District had total outstanding termination benefits payable from the Special Revenue, Management Levy Fund of \$14,916 at June 30, 2015.
- The District had a net OPEB liability of \$97,607 at June 30, 2015. Governmental activities account for \$93,917 and business type activities account for \$3,690 of the total.
- The District has outstanding Net Pension Liability at June 30, 2015 of \$2,201,994. The Governmental Activities accounted for \$2,159,495 of the total while the Business Type Activities accounted for \$42,499.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2014		June 30, 2014		June 30, 2014		June 30, 2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	2014-15
General obligation bonds	\$ 9,155,000	9,645,000	-	-	9,155,000	9,645,000	-5.08%
Capital loan note	410,000	540,000	-	-	410,000	540,000	-24.07%
Computer lease	214,651	318,172	-	-	214,651	318,172	-32.54%
Vending machine lease	-	-	2,521	4,181	2,521	4,181	-39.70%
Compensated absences	1,744	3,145	-	-	1,744	3,145	-44.55%
Termination benefits	14,916	40,689	-	-	14,916	40,689	-63.34%
Net Pension liability	2,159,495	-	42,499	-	2,201,994	-	100.00%
Net OPEB liability	93,917	56,936	3,690	2,237	97,607	59,173	64.95%
Total	\$ 12,049,723	10,603,942	48,710	6,418	12,098,433	10,610,360	14.02%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The enrollment count taken in October 2014 used for budget enrollment for fiscal year 2016 increased by 39 students. Students served in the district increased by 53 students, due to the continued increase in students open enrolling into the district. State education funding is primarily based on number of students, so a substantial increase in funding is expected for next fiscal year. The district will continue to monitor the expected, continual growth.
- The overall economic development of Dallas and Madison counties will directly impact the district. Historically the district's taxable valuation has increased 4% to 5% each year, but economic development and state legislation related to valuations will continue to be monitored by the district.
- The national economy, the State of Iowa's budget, and the future legislative decisions will impact schools significantly. Statewide one cent SAVE dollars are now divided per pupil statewide, rather than by individual county. These dollars have increased over the prior years for the district, but future trends will be impacted by how well the state economy does.
- The district will continue the construction project that began in the prior year which will include remodeling and adding additions to the current K-12 building. The district will need to monitor spending on this project and how the new construction impacts staffing needs and enrollment into 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 Shonna Trudo, Board Secretary/District Treasurer, Van Meter Community School District, 520 1st Avenue; PO Box 257, Van Meter, Iowa, 50261

VAN METER COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 8,725,107	26,956	8,752,063
Receivables:			
Property tax:			
Delinquent	10,076	-	10,076
Succeeding year	3,123,274	-	3,123,274
Income surtax	229,064	-	229,064
Accounts	7,587	654	8,241
Due from other governments	368,480	-	368,480
Inventories	-	8,149	8,149
Capital assets, net of accumulated depreciation	10,741,109	20,827	10,761,936
TOTAL ASSETS	23,204,697	56,586	23,261,283
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	671,360	13,248	684,608
LIABILITIES			
Accounts payable	810,193	-	810,193
Salaries and benefits payable	627,821	3,242	631,063
Deposits payable	14,085	-	14,085
Accrued interest payable	54,817	-	54,817
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	390,000	-	390,000
Capital loan payable	135,000	-	135,000
Computer lease	106,037	-	106,037
Vending machine lease payable	-	2,023	2,023
Compensated absences payable	1,744	-	1,744
Termination benefits payable	14,916	-	14,916
Portion due after one year:			
General obligation bonds payable	8,765,000	-	8,765,000
Capital loan note payable	275,000	-	275,000
Computer lease payable	108,614	-	108,614
Vending machine lease payable	-	498	498
Net pension liability	2,159,495	42,499	2,201,994
Net OPEB liability	93,917	3,690	97,607
TOTAL LIABILITIES	13,556,639	51,952	13,608,591
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	3,123,274	-	3,123,274
Pension related deferred inflows	823,569	16,208	839,777
TOTAL DEFERRED INFLOWS OF RESOURCES	3,946,843	16,208	3,963,051
NET POSITION			
Net investment in capital assets	5,036,358	20,827	5,057,185
Restricted for:			
Categorical funding	32,684	-	32,684
Management levy purposes	340,931	-	340,931
Student activities	71,033	-	71,033
School infrastructure	1,161,183	-	1,161,183
Physical plant and equipment	94,862	-	94,862
Unrestricted	(364,476)	(19,153)	(383,629)
TOTAL NET POSITION	\$ 6,372,575	1,674	6,374,249

SEE NOTES TO FINANCIAL STATEMENTS

**VAN METER 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	\$ 3,794,408	905,832	56,874	(2,831,702)	-	(2,831,702)
Special	712,997	134,065	26,269	(552,663)	-	(552,663)
Other	832,083	221,756	32,165	(578,162)	-	(578,162)
	<u>5,339,488</u>	<u>1,261,653</u>	<u>115,308</u>	<u>(3,962,527)</u>	<u>-</u>	<u>(3,962,527)</u>
Support services:						
Student	150,318	-	-	(150,318)	-	(150,318)
Instructional staff	232,514	-	-	(232,514)	-	(232,514)
Administration	761,674	-	-	(761,674)	-	(761,674)
Operation and maintenance of plant	828,827	-	-	(828,827)	-	(828,827)
Transportation	437,132	-	11,490	(425,642)	-	(425,642)
	<u>2,410,465</u>	<u>-</u>	<u>11,490</u>	<u>(2,398,975)</u>	<u>-</u>	<u>(2,398,975)</u>
Long-term debt interest	321,450	-	-	(321,450)	-	(321,450)
Other expenditures:						
AEA flowthrough	228,152	-	228,152	-	-	-
Depreciation(unallocated)*	322,213	-	-	(322,213)	-	(322,213)
	<u>550,365</u>	<u>-</u>	<u>228,152</u>	<u>(322,213)</u>	<u>-</u>	<u>(322,213)</u>
Total governmental activities	8,621,768	1,261,653	354,950	(7,005,165)	-	(7,005,165)
Business type activities:						
Support services:						
Administration	4,780	-	-	-	(4,780)	(4,780)
Operation and maintenance of plant	3,623	-	-	-	(3,623)	(3,623)
Non-instructional programs:						
Food Service operations	271,238	208,492	81,393	-	18,647	18,647
Total business type activities	<u>279,641</u>	<u>208,492</u>	<u>81,393</u>	<u>-</u>	<u>10,244</u>	<u>10,244</u>
Total primary government	<u>\$ 8,901,409</u>	<u>1,470,145</u>	<u>436,343</u>	<u>-</u>	<u>(7,005,165)</u>	<u>10,244</u>
General Revenues:						
Property tax levied for:						
General purposes	-	-	-	\$ 1,911,645	-	1,911,645
Debt service	-	-	-	795,773	-	795,773
Capital outlay	-	-	-	328,173	-	328,173
Income surtax	-	-	-	238,317	-	238,317
Statewide sales, services and use tax	-	-	-	551,437	-	551,437
Unrestricted state grants	-	-	-	3,017,342	-	3,017,342
Unrestricted investment earnings	-	-	-	11,170	17	11,187
Other general revenues	-	-	-	66,888	8,302	75,190
Total general revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,920,745</u>	<u>8,319</u>	<u>6,929,064</u>
Change in net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,420)</u>	<u>18,563</u>	<u>(65,857)</u>
Net position beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,456,995</u>	<u>(16,889)</u>	<u>6,440,106</u>
Net position end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 6,372,575</u>	<u>1,674</u>	<u>6,374,249</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

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

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 2,416,921	5,867,789	18,979	421,418	8,725,107
Receivables:					
Property tax:					
Delinquent	5,609	1,054	2,557	856	10,076
Succeeding year	1,714,814	338,725	819,734	250,001	3,123,274
Income surtax	229,064	-	-	-	229,064
Accounts	5,030	-	-	2,557	7,587
Due from other governments	283,360	85,044	57	19	368,480
TOTAL ASSETS	\$ 4,654,798	6,292,612	841,327	674,851	12,463,588
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 186,272	622,942	-	979	810,193
Salaries and benefits payable	627,821	-	-	-	627,821
Deposits payable	14,085	-	-	-	14,085
Total liabilities	828,178	622,942	-	979	1,452,099
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,714,814	338,725	819,734	250,001	3,123,274
Income surtax	229,064	-	-	-	229,064
Total deferred inflows of resources	1,943,878	338,725	819,734	250,001	3,352,338
Fund balances:					
Restricted for:					
Categorical funding	32,684	-	-	-	32,684
Debt service	-	-	21,593	-	21,593
Management levy purposes	-	-	-	355,847	355,847
Student activities	-	-	-	71,033	71,033
School infrastructure	-	5,236,083	-	-	5,236,083
Physical plant and equipment	-	94,862	-	-	94,862
Assigned	81,801	-	-	-	81,801
Unassigned:					
General	1,768,257	-	-	-	1,768,257
Student Activity	-	-	-	(3,009)	(3,009)
Total fund balances	1,882,742	5,330,945	21,593	423,871	7,659,151
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,654,798	6,292,612	841,327	674,851	12,463,588

SEE NOTES TO FINANCIAL STATEMENTS

VAN METER 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 22)	\$	7,659,151
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		10,741,109
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(54,817)
Accounts receivable income surtax, are not yet available to pay current year expenditures and there fore, are recognized as deferred inflows of resources in the govenemental funds.		229,064
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	\$ 671,360	
Deferred inflows of resources	<u>(823,569)</u>	(152,209)
Long-term liabilities, bonds payable, capital loan payable, capital lease payable, compensated absences, termination benefits, other postemployment benefits payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(12,049,723)</u>
Net position of governmental activities(page 20)	\$	<u><u>6,372,575</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 1,926,182	328,173	795,773	252,696	3,302,824
Tuition	1,021,395	-	-	-	1,021,395
Other	96,680	12,796	317	245,546	355,339
State sources	3,254,669	553,330	4,590	1,574	3,814,163
Federal sources	72,543	-	-	-	72,543
TOTAL REVENUES	6,371,469	894,299	800,680	499,816	8,566,264
EXPENDITURES:					
Current:					
Instruction:					
Regular	3,178,443	6,761	-	97,623	3,282,827
Special	631,749	-	-	-	631,749
Other	517,458	-	-	226,319	743,777
	4,327,650	6,761	-	323,942	4,658,353
Support services:					
Student	133,864	-	-	-	133,864
Instructional staff	209,283	-	-	-	209,283
Administration	670,133	-	1,101	20,193	691,427
Operation and maintenance of plant	596,012	32,589	-	102,657	731,258
Transportation	272,307	100,832	-	11,100	384,239
	1,881,599	133,421	1,101	133,950	2,150,071
Capital outlay	-	1,888,234	-	-	1,888,234
Long-term debt:					
Principal	-	-	723,521	-	723,521
Interest and fiscal charges	-	-	326,394	-	326,394
	-	-	1,049,915	-	1,049,915
Other expenditures:	228,152	-	-	-	228,152
AEA flowthrough					
TOTAL EXPENDITURES	6,437,401	2,028,416	1,051,016	457,892	9,974,725
Excess(Deficiency) of revenues over(under) expenditures	(65,932)	(1,134,117)	(250,336)	41,924	(1,408,461)
OTHER FINANCING SOURCES(USES):					
Transfer in	-	-	253,483	-	253,483
Transfer out	-	(253,483)	-	-	(253,483)
Total other financing sources(uses)	-	(253,483)	253,483	-	-
Change in fund balances	(65,932)	(1,387,600)	3,147	41,924	(1,408,461)
Fund balance beginning of year	1,948,674	6,718,545	18,446	381,947	9,067,612
Fund balance end of year	\$ 1,882,742	5,330,945	21,593	423,871	7,659,151

SEE NOTES TO FINANCIAL STATEMENTS

VAN METER 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 24) \$ (1,408,461)

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

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

Capital outlay	\$ 1,141,851	
Depreciation expense	(579,096)	
Loss on disposal	(49,495)	513,260

Repayments of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.
 repayments, are as follows: 723,521

Income surtax accounts receivable is not available revenue and is recognized as deferred inflows of resources in the governmental funds. (28,916)

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. 4,944

The current year District Employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflows of resources in the Statement of Net Position. 333,793

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	25,773	
Compensated absences	1,401	
Pension expense	(212,754)	
Other postemployment benefits	(36,981)	(222,561)

Change in net position of governmental activities(page 21) \$ (84,420)

SEE NOTES TO FINANCIAL STATEMENTS

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

	Enterprise School Nutrition
ASSETS	
Current assets:	
Cash and pooled investments	\$ 26,956
Accounts receivable	654
Inventories	8,149
	35,759
Noncurrent assets:	
Capital assets, net of accumulated depreciation	20,827
TOTAL ASSETS	56,586
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	13,248
LIABILITIES	
Current liabilities	
Salaries and benefits payable	3,242
Noncurrent liabilities:	
Vending machine lease payable	2,521
Net pension liability	42,499
Net OPEB liability	3,690
Total noncurrent liabilities	48,710
TOTAL LIABILITIES	51,952
DEFERRED INFLOWS OF RSOURCES	
Pension related deferred inflows	16,208
NET POSITION	
Net investment in capital assets	20,827
Unrestricted	(19,153)
TOTAL NET POSITION	\$ 1,674

SEE NOTES TO FINANCIAL STATEMENTS

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

	Enterprise School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 208,492
Miscellaneous	8,302
TOTAL OPERATING REVENUES	216,794
OPERATING EXPENSES:	
Support services:	
Administration:	
Other	4,780
Operation and maintenance of plant:	
Services	3,623
Total support services	8,403
Non-instructional programs:	
Food service operations:	
Salaries	75,258
Benefits	30,187
Services	941
Supplies	161,872
Depreciation	2,132
Other	20
Total non-instructional programs	270,410
TOTAL OPERATING EXPENSES	278,813
OPERATING LOSS	(62,019)
NON-OPERATING REVENUES(EXPENSES):	
Interest expense (lease)	(828)
State sources	2,564
Federal sources	78,829
Interest income	17
TOTAL NON-OPERATING REVENUES(EXPENSES)	80,582
Change in net position	18,563
Net position beginning of year, as restated	(16,889)
Net position end of year	\$ 1,674

SEE NOTES TO FINANCIAL STATEMENTS

VAN METER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 209,285
Cash received from miscellaneous activities	8,302
Cash payments to employees for services	(103,859)
Cash payments to suppliers for goods or services	(162,940)
Net cash used in operating activities	(49,212)
Cash flows from non-capital financing activities:	
State grants received	2,564
Federal grants received	64,597
Net cash provided by non-capital financing activities	67,161
Cash flows from capital financing activities:	
Principal payment on vending machine lease	(1,660)
Interest payment on vending machine lease	(828)
Net cash used in capital financing activities	(2,488)
Cash flows from investing activities:	
Interest on investments	17
Net increase in cash and cash equivalents	15,478
Cash and cash equivalents beginning of year	11,478
Cash and cash equivalents end of year	\$ 26,956
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (62,019)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	14,232
Depreciation	2,132
Increase in inventories	(5,936)
Decrease in accounts receivable	1,189
Decrease in salaries and benefits payable	2,550
Decrease in unearned revenue	(396)
Increase in other postemployment benefits	1,453
Decrease in net pension liability	(11,639)
Increase in deferred outflows of resources	(6,986)
Increase in deferred inflows of resources	16,208
Net cash used in operating activities	\$ (49,212)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$14,232.

SEE NOTES TO FINANCIAL STATEMENTS

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

(1) Summary of Significant Accounting Policies

The Van Meter 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 kindergarten. The geographic area served includes the city of Van Meter, Iowa and the predominately agricultural territory in a portion of Dallas and Madison Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Van Meter 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 Dallas and Madison 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 non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from Business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary 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 plus unspent bond proceeds reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Assets - Capital assets, which include property, machinery, and equipment, and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The 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	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 years
Land improvements	20-40 years
Intangibles	3-20 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 expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deposits Payable - Liability for deposits received from student for laptop use, will be paid back to students upon graduation.

Unearned Revenue - 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows or 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.

Assigned - Amounts are not available for appropriation but are set aside for a specific purposes by the District.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits 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 School Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$1,107,715 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa School Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
	Capital Projects: Physical Plant and Equipment Levy	\$ 142,228
Debt Service		
	Capital Projects: Statewide Sales, Services and Use Tax	111,255
Debt Service		
Total		<u>\$ 253,483</u>

The Capital Projects: Physical Plant and Equipment Levy Fund transferred money to the Debt Service Fund for principal and interest payments on the District's capital loan note indebtedness.

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 801,592	-	-	801,592
Construction in progress	484,200	1,024,674	-	1,508,874
Total capital assets not being depreciated	<u>1,285,792</u>	<u>1,024,674</u>	<u>-</u>	<u>2,310,466</u>
Capital assets being depreciated:				
Buildings	8,966,289	-	70,708	8,895,581
Land improvements	2,626,795	-	-	2,626,795
Machinery and equipment	2,010,062	117,177	44,846	2,082,393
Total capital assets being depreciated	<u>13,603,146</u>	<u>117,177</u>	<u>115,554</u>	<u>13,604,769</u>
Less accumulated depreciation for:				
Buildings	3,443,058	215,925	21,213	3,637,770
Land improvements	76,194	106,288	-	182,482
Machinery and equipment	1,141,837	256,883	44,846	1,353,874
Total accumulated depreciation	<u>4,661,089</u>	<u>579,096</u>	<u>66,059</u>	<u>5,174,126</u>
Total capital assets being depreciated, net	<u>8,942,057</u>	<u>(461,919)</u>	<u>49,495</u>	<u>8,430,643</u>
Governmental activities capital assets, net	<u>\$ 10,227,849</u>	<u>562,755</u>	<u>49,495</u>	<u>10,741,109</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 111,694	-	-	111,694
Less accumulated depreciation	88,735	2,132	-	90,867
Business type activities capital assets, net	<u>\$ 22,959</u>	<u>(2,132)</u>	<u>-</u>	<u>20,827</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 127,898
Other	5,315

Support services:

Administration	7,161
Operation and maintenance of plant	12,321
Transportation	104,188
	<u>256,883</u>

Unallocated depreciation	<u>322,213</u>
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Total governmental activities depreciation expense	<u>\$ 579,096</u>
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Business type activities:

Food service operations	<u>\$ 2,132</u>
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(5) Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Reduction	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 9,645,000	-	490,000	9,155,000	390,000
Capital loan note	540,000	-	130,000	410,000	135,000
Computer lease	318,172	-	103,521	214,651	106,037
Compensated absences	3,145	1,744	3,145	1,744	1,744
Termination benefits	40,689	-	25,773	14,916	14,916
Net pension liability	2,750,925	-	591,430	2,159,495	-
Net OPEB liability	56,936	36,981	-	93,917	-
Total	<u>\$ 13,354,867</u>	<u>38,725</u>	<u>1,343,869</u>	<u>12,049,723</u>	<u>647,697</u>
Business type activities					
Vending machine lease	\$ 4,181	-	1,660	2,521	2,023
Net pension liability	54,138	-	11,639	42,499	-
Net OPEB liability	2,237	1,453	-	3,690	-
	<u>\$ 60,556</u>	<u>1,453</u>	<u>13,299</u>	<u>48,710</u>	<u>2,023</u>

General Obligation Bonds

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

Year Ending June 30,	Bond Issue Dated November 1, 2005			Bond Issue Dated July 1, 2013				Total		
	Rate	Principal	Interest	Rate	Principal	Interest	Total	Principal	Interest	Total
2016	3.80 %	\$ 320,000	61,650	2.00 %	\$ 70,000	224,975	294,975	\$ 390,000	356,625	746,625
2017	3.85	335,000	50,050	2.00	65,000	223,575	288,575	400,000	338,625	738,625
2018	4.00	345,000	38,600	2.00	70,000	222,275	292,275	415,000	330,875	745,875
2019	4.00	360,000	24,800	2.00	70,000	220,875	290,875	430,000	315,675	745,675
2020	4.00	260,000	10,400	2.00	75,000	219,475	294,475	335,000	304,875	639,875
2021-2025		-	-	2.50-3.00	2,445,000	968,250	3,413,250	2,445,000	3,413,250	5,858,250
2026-2030		-	-	3.00	2,825,000	594,475	3,419,475	2,825,000	3,419,475	6,244,475
2031-2032		-	-	3.50	1,915,000	135,625	2,050,625	1,915,000	2,050,625	3,965,625
Total		\$ 1,620,000	185,500		\$ 7,535,000	2,809,525	10,344,525	\$ 9,155,000	10,530,025	19,685,025

Capital Loan Note

The District issued \$925,000 of capital loan notes during the year ended June 30, 2011. Details of the capital loan note indebtedness are as follows:

Year Ending June 30,	Capital Loan Note Dated June 1, 2011			
	Rate	Principal	Interest	Total
2016	2.05 %	\$ 135,000	9,583	144,583
2017	2.30	135,000	6,815	141,815
2018	2.65	140,000	3,710	143,710
Total		\$ 410,000	20,108	430,108

Computer Lease

Details of the District's June 30, 2015 computer lease indebtedness are as follows:

Year Ending June 30,	Computer Lease Dated June 1, 2013			
	Rate	Principal	Interest	Total
2016	1.15 %	\$ 106,037	5,218	111,255
2017	1.15	108,614	2,640	111,254
Total		\$ 214,651	7,858	222,509

Vending Machine Lease

Details of the District's June 30, 2015 computer lease indebtedness to be paid from the Enterprise, School Nutrition Fund are as follows:

Year Ending June 30,	Vending Machine Lease Dated October 18, 2012			
	Rate	Principal	Interest	Total
2016	15.24 %	\$ 2,023	384	2,407
2017	7.57	498	38	536
Total		\$ 2,521	422	2,943

Termination Benefits

The District did not offer any early retirement incentive to its employees for fiscal year 2015. However, the District offered a voluntary early retirement plan to its certified and classified employees for the years 2008 through 2012. Eligible employees must have been at least age fifty-five and the employees must have completed ten years of service to the District. Employees must have completed an application which was approved by the Board of Directors.

The early retirement benefit for each eligible employee was equal to 40% of the contract year's IPERS wages and \$30 per day of unused sick leave. Payments will were made twice a year over three years.

At June 30, 2015, the District has termination benefit obligation to two participants with a total liability of \$14,916. Actual termination benefit expenditures for the year ended June 30, 2015 totaled \$25,773. Termination benefits are recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

(6) Current Partial Bond Refunding

During the year ended June 30, 2014, as part of the district's budgeting process, the district approved an additional debt service levy tax to refund \$ 115,000 in principal of the November 1, 2005 general obligation bond issuance. The District levied at a rate of \$4.04654 per \$1,000 taxable valuation for fiscal year 2015. The additional amount of the Debt Service tax levy totaled \$115,000 which was used to pay \$115,000 in principal of the May 1, 2020 bond payment and corresponding interest on May 1, 2015. The economic savings from this bond refunding is approximately \$23,000.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$340,397.

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 \$2,201,994 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 0.054409 percent, which was an increase of 0.004868 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$216,941. 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	\$ 23,931	\$ -
Changes of assumptions	97,179	-
Net difference between projected and actual earnings on pension plan investments	-	839,777
Changes in proportion and differences between District contributions and proportionate share of contributions	223,101	-
District contributions subsequent to the measurement date	340,397	-
Total	<u>\$ 684,608</u>	<u>\$ 839,777</u>

\$340,397 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	\$ (129,521)
2017	(129,521)
2018	(129,521)
2019	(129,521)
2020	22,518
	<u>\$ (495,566)</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	2	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-percentagepoint higher (8.5 percent) than the current rate.

	1% Decrease (-6.5%)	Discount Rate (-7.5%)	1% Increase (-8.5%)
District's proportionate share of the net pension liability	\$ 4,160,606	\$ 2,201,994	\$ 548,723

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 \$43,197 for legally required employer contributions and \$28,927 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health plan which provides medical and prescription drug for employees, retirees and their spouses. There are 74 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the District's annual OPEB cost for 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	\$	67,000
Interest on net OPEB obligation		2,663
Adjustment to annual required contribution		(2,229)
Annual OPEB cost		67,434
Contributions made		(29,000)
Increase in net OPEB obligation		38,434
Net OPEB obligation beginning of year		59,173
Net OPEB obligation end of year	\$	<u>97,607</u>

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

For the ended June 30, 2015, the District contributed \$29,000 to the medical plan. Plan members eligible for benefits contributed \$28,000 or 49.12% 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	\$ 67,000	92.54%	\$ 12,084
2014	67,089	29.81%	59,173
2015	67,434	43.01%	97,607

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$292,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$292,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,384,654 and the ratio of UAAL to covered payroll was 12.2%. As of June 30, 2015 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of 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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy the projected annual medical rate is 10%. The ultimate medical tend rate is 5%. The medical tend rate is reduced 0.5% each year until reaching the 5% ultimate tend rate.

Mortality rates are from RP-2000 Group Annuity Mortality Table. The UAAL is being amortized as a level percentage projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$228,152 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

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

Program	Amount
Limited english proficeincy weighting	\$ 1,269
Beginning teacher mentoring and induction	8,055
Teacher salary supplement	18,313
Professional development	2,928
Competency-based instruction program grants	2,119
Total	<u>\$ 32,684</u>

(12) Construction Commitments

The district entered into a contract totaling \$ 8,776,443 for the construction of West Campus Addition. As of June 30, 2015, cost of \$1,508,874 had been incurred against the contract. The balance of \$7,267,569 remaining at June 30, 2015 will be as work on the project progresses.

(13) Deficit Balances

The student Activity Fund had four accounts with a total combined deficit unassigned fund balance of \$3,009 at June 30, 2015. The School Nutrition Fund has a deficit unrestricted fund balance of \$19,153 at June 30, 2015. The District’s governmental activities had a deficit unrestricted net position of \$364,476 at June 30, 2015.

(14) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is the following:

	Invested in Capital Assets	Management Levy	School Infrastructure	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	355,847	5,236,083	21,593	1,768,257
Invested in capital assets, net of accumulated depreciation	10,741,109	-	-	-	-
General obligation bond capitalized indebtedness	(5,080,100)	-	-	-	-
Unspent general obligation bond proceeds	-	-	(4,074,900)	-	-
Capital loan note capitalized indebtedness	(410,000)	-	-	-	-
Computer lease capitalized indebtedness	(214,651)	-	-	-	-
Termination benefits	-	(14,916)	-	-	-
Accrued compensated absences	-	-	-	-	(1,744)
Accrued interest payable	-	-	-	(21,593)	(33,224)
Income Surtax	-	-	-	-	229,064
Net OPEB liability	-	-	-	-	(93,917)
Assigned Fund Balance	-	-	-	-	81,801
Deficit Student activities	-	-	-	-	(3,009)
Pension related deferred outflows	-	-	-	-	671,360
Pension related deferred inflows	-	-	-	-	(823,569)
Net pension liability	-	-	-	-	(2,159,495)
Net position (Exhibit A)	\$ 5,036,358	340,931	1,161,183	-	(364,476)

(15) Accounting Change/Restatement Note

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

Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business type Activities</u>
Net position June 30, 2014, as previously reported	\$ 8,889,738	\$ 30,987
Net pension liability at June 30, 2014	(2,750,925)	(54,138)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	318,182	6,262
Net position July 1, 2014, as restated	<u>\$ 6,456,995</u>	<u>\$ (16,889)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 4,679,558	216,811	4,896,369	5,144,530	5,144,530	(248,161)
State sources	3,814,163	2,564	3,816,727	3,131,972	3,131,972	684,755
Federal sources	72,543	78,829	151,372	80,000	80,000	71,372
Total revenues	<u>8,566,264</u>	<u>298,204</u>	<u>8,864,468</u>	<u>8,356,502</u>	<u>8,356,502</u>	<u>507,966</u>
Expenditures/expenses:						
Instruction	4,658,353	-	4,658,353	5,730,000	5,730,000	1,071,647
Support services	2,150,071	8,403	2,158,474	2,504,000	2,504,000	345,526
Non-instructional programs	-	271,238	271,238	393,463	393,463	122,225
Other expenditures	3,166,301	-	3,166,301	7,043,964	7,043,964	3,877,663
Total expenditures/expenses	<u>9,974,725</u>	<u>279,641</u>	<u>10,254,366</u>	<u>15,671,427</u>	<u>15,671,427</u>	<u>5,417,061</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(1,408,461)	18,563	(1,389,898)	(7,314,925)	(7,314,925)	5,925,027
Other financing sources, net	-	-	-	(35,349)	(35,349)	35,349
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(1,408,461)	18,563	(1,389,898)	(7,350,274)	(7,350,274)	5,960,376
Balance beginning of year, as restated	<u>9,067,612</u>	<u>(16,889)</u>	<u>9,050,723</u>	<u>9,432,322</u>	<u>9,432,322</u>	<u>(381,599)</u>
Balance end of year	<u>\$ 7,659,151</u>	<u>1,674</u>	<u>7,660,825</u>	<u>2,082,048</u>	<u>2,082,048</u>	<u>5,578,777</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

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

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

VAN METER 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	0.054409%
District's proportionate share of the net pension liability	\$ 2,201,994
District's covered-employee payroll	\$ 3,811,838
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.77%
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: Only the current fiscal year is being represented using a June 30, 2014 measurement date because 10-year data is not yet available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

VAN METER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 340,397	324,444	278,191	268,199	225,328	224,033	206,403	184,064	158,376	144,781
Contributions in relation to the statutorily required contribution	\$ (340,397)	(324,444)	(278,191)	(268,199)	(225,328)	(224,033)	(206,403)	(184,064)	(158,376)	(144,781)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,811,838	3,622,191	3,208,662	3,323,408	3,242,130	3,223,496	3,250,441	3,042,380	2,754,365	2,517,930
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 METER 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.

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

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

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

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

VAN METER 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 (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 385,000	385,000	0.0%	\$ 1,700,000	22.6%
2011	July 1, 2009	-	385,000	385,000	0.0%	1,770,000	21.8%
2012	July 1, 2009	-	385,000	385,000	0.0%	1,780,000	21.6%
2013	July 1, 2012	-	292,000	292,000	0.0%	1,537,000	19.0%
2014	July 1, 2012	-	292,000	292,000	0.0%	1,987,000	14.7%
2015	July 1, 2012	-	292,000	292,000	0.0%	2,384,654	12.2%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SUPPLEMENTARY INFORMATION

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

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 352,415	69,003	421,418
Receivables:			
Property tax:			
Delinquent	856	-	856
Succeeding year	250,001	-	250,001
Accounts	2,557	-	2,557
Due from other governments	19	-	19
TOTAL ASSETS	\$ 605,848	69,003	674,851
LIABILITIES, DEFERRED INFLOWS OF RESROUCES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	979	979
Deferred revenue:			
Unavailalbe revenue:			
Succeeding year property tax	250,001	-	250,001
Fund Balances:			
Restricted for:			
Management levy purposes	355,847	-	355,847
Student activities	-	71,033	71,033
Unassigned	-	(3,009)	(3,009)
Total fund balances	355,847	68,024	423,871
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 605,848	69,003	674,851

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

VAN METER 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
REVENUES:			
Local sources:			
Local tax	\$ 252,696	-	252,696
Other	33,843	211,703	245,546
State sources	1,574	-	1,574
Total revenues	<u>288,113</u>	<u>211,703</u>	<u>499,816</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	97,623	-	97,623
Other	-	226,319	226,319
Support services:			
Administration	19,069	1,124	20,193
Operation and maintenance of plant	97,473	5,184	102,657
Transportation	11,100	-	11,100
Total expenditures	<u>225,265</u>	<u>232,627</u>	<u>457,892</u>
Change in Fund balances	62,848	(20,924)	41,924
Fund balances beginning of year	<u>292,999</u>	<u>88,948</u>	<u>381,947</u>
Fund balances end of year	<u>\$ 355,847</u>	<u>68,024</u>	<u>423,871</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	GO Bond Construction	
ASSETS				
Cash and pooled investments	\$ 1,076,163	135,615	4,656,011	5,867,789
Receivables:				
Property tax:				
Delinquent	-	1,054	-	1,054
Succeeding year	-	338,725	-	338,725
Due from other governments	85,020	24	-	85,044
TOTAL ASSETS	\$ 1,161,183	475,418	4,656,011	6,292,612
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	41,831	581,111	622,942
Deferred inflows of resources:				
Unavailable revenue:				
Succeeding year property tax	-	338,725	-	338,725
Fund balances:				
Restricted for:				
School infrastructure	1,161,183	-	4,074,900	5,236,083
Physical plant and equipment	-	94,862	-	94,862
Total fund balances	1,161,183	94,862	4,074,900	5,330,945
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,161,183	475,418	4,656,011	6,292,612

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

VAN METER 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	GO Bond Construction	
REVENUES:				
Local sources:				
Local tax	\$ -	328,173	-	328,173
Other	1,368	3,188	8,240	12,796
State sources	551,437	1,893	-	553,330
TOTAL REVENUES	552,805	333,254	8,240	894,299
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	966	5,795	-	6,761
Support services:				
Operation and maintenance of plant	25,568	7,021	-	32,589
Transportation	100,832	-	-	100,832
Capital outlay	175	99,563	1,788,496	1,888,234
TOTAL EXPENDITURES	127,541	112,379	1,788,496	2,028,416
Excess(Deficiency) of revenues over (under) expenditures	425,264	220,875	(1,780,256)	(1,134,117)
OTHER FINANCING USES:				
Transfer out	(111,255)	(142,228)	-	(253,483)
Change in fund balances	314,009	78,647	(1,780,256)	(1,387,600)
Fund balance beginning of year	847,174	16,215	5,855,156	6,718,545
Fund balance end of year	\$ 1,161,183	94,862	4,074,900	5,330,945

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
ART TO REMEMBER	\$ 4,950	-	4,950	-
ATHLETICS	10,602	99,310	108,806	1,106
BASEBALL	736	10,488	8,395	2,829
BASKETBALL - BOYS	3,956	5,884	6,084	3,756
BASKETBALL - GIRLS	1,633	1,952	3,192	393
BOOK TOURNAMENT	148	-	-	148
CAP AND GOWN	263	1,275	1,639	(101)
CLASS OF 2014	-	635	-	635
CLASS OF 2015	200	-	200	-
CLASS OF 2016	4,855	3,500	8,118	237
CLASS OF 2017	3,118	2,265	-	5,383
CLASS OF 2018	3,144	-	-	3,144
CLASS OF 2019	1,525	1,045	375	2,195
CLASS OF 2020	285	675	-	960
COFFEE SHOP	800	2,533	2,216	1,117
CROSS COUNTRY	127	946	869	204
DISTRICT FOOTBALL	740	-	386	354
DISTRICT MUSIC	387	-	-	387
DRAMA	5,080	2,651	7,094	637
DESTINATION IMAGINATION	-	-	435	(435)
ELEMENTARY DRAMA	385	-	385	-
ELEMENTARY MUSIC - RESALE	64	26	90	-
ELEMENTARY SCIENCE CLUB	3,217	800	4,017	-
ELEMENTARY SPANISH CLUB	875	-	875	-
ELEMENTARY YEARBOOK	915	480	754	641
ENGINEERING FAIR	500	-	500	-
FCCLA	235	1,518	3,145	(1,392)
FOOTBALL	8,023	31,849	24,998	14,874
GOLF	4,717	2,329	5,324	1,722
HEART ASSOCIATION	198	1,353	1,353	198
HUSS MEMORIAL	120	-	120	-
INTEREST- CHECKING	5	38	1,124	(1,081)
JUNIOR ACHEIVEMENT	162	-	162	-
JUNIOR HIGH BOYS BASKETBALL	142	-	-	142
JUNIOR HIGH SOFTBALL	289	-	-	289
KIDS IN CULTURE	1,048	1,029	2,077	-
NATIONAL HONOR SOCIETY	337	2,906	3,019	224
CHEERLEADING	1,553	6,399	4,196	3,756
POTTERY	635	-	635	-
READING INCENTIVE	308	-	308	-
READING NIGHT	202	-	202	-

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Schedule 5

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
SHES THE FIRST	40	-	40	-
SOFTBALL	976	10,479	6,345	5,110
SPANISH CLUB	456	-	-	456
STEELE MEMORIAL	475	-	475	-
STEWART MEMORIAL	4	-	4	-
STUDENT COUNCIL	5,545	3,398	5,109	3,834
STUDENT LEAD DRAMA	1,404	-	-	1,404
TECHNOLOGY CLUB	362	-	-	362
THIRD GRADE QUILT CLUB	1	-	-	1
TRACK- BOYS	255	440	-	695
TRACK - GIRLS	538	-	157	381
TRACK - JH GIRLS	23	-	-	23
VOLLEYBALL	3,597	5,460	6,933	2,124
WRESTLING	835	550	365	1,020
YEARBOOK	7,958	9,490	7,156	10,292
Total	\$ 88,948	211,703	232,627	68,024

VAN METER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES/EXPENSES 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	\$ 3,302,824	3,292,708	3,641,505	3,692,291	3,588,383	3,158,528	3,029,929	2,858,623	2,649,929	2,503,077
Tuition	1,021,395	820,756	682,010	536,289	545,009	460,649	390,142	432,871	472,837	391,969
Other	355,339	367,569	312,810	407,937	268,048	425,051	432,155	431,597	366,389	282,494
Intermediate sources	-	-	-	-	2,000	-	-	-	-	-
State sources	3,814,163	3,582,165	2,919,139	2,895,529	2,743,278	2,389,027	2,854,673	2,490,741	2,410,182	2,219,868
Federal sources	72,543	119,189	119,377	233,924	198,132	391,956	164,380	116,994	110,300	129,429
Total	\$ 8,566,264	8,182,387	7,674,841	7,765,970	7,344,850	6,825,211	6,871,279	6,330,826	6,009,637	5,526,837
Expenditures:										
Current:										
Instruction	\$ 4,658,353	4,433,334	4,580,844	3,765,992	3,644,839	3,704,413	4,368,960	3,373,847	2,997,996	2,858,668
Support services:										
Student	133,864	109,154	112,741	114,371	104,673	157,023	150,000	142,830	154,566	135,302
Instructional staff	209,283	278,060	212,639	324,500	322,051	343,009	232,771	227,309	218,482	233,523
Administration	691,427	706,552	675,129	859,613	731,409	724,426	712,564	726,008	662,177	646,254
Operation and maintenance										
of plant	731,258	629,058	617,719	609,774	521,570	447,452	499,358	415,721	372,945	486,722
Transportation	384,239	287,308	330,942	258,740	226,191	412,192	292,917	353,430	177,820	143,044
Non-instructional programs	-	-	17,783	9,172	-	3,092	3,751	-	-	-
Capital outlay	1,888,235	2,211,462	58,348	549,378	761,039	158,894	889,151	342,004	31,641	827,646
Long-term debt:										
Principal	723,521	735,271	592,860	627,837	489,874	3,604,500	255,746	330,967	280,000	270,000
Interest and fiscal charges	326,394	298,754	118,510	133,214	137,587	306,040	322,159	331,056	342,008	292,308
Other expenditures:										
AEA flow-through	228,152	221,820	212,046	210,235	228,297	220,114	202,486	177,738	169,033	152,401
Total	\$ 9,974,726	9,910,773	7,529,561	7,462,826	7,167,530	10,081,155	7,929,863	6,420,910	5,406,668	6,045,868

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Van Meter Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Meter Community School District's internal control over financial reporting as a basis for designing our auditing procedures 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 Meter Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Meter Community School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiencies in internal control over financial reporting 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 misstatement 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 in internal control described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Meter 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 II of the accompanying Schedule of Findings.

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

Van Meter Community School District's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Meter Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

January 7, 2016
Newton, Iowa

VAN METER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Receipts - collecting recording, journalizing, posting and reconciling.
- 2) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting.
- 3) Financial reporting - preparing, and, reconciling.
- 4) Computer systems - performing all general accounting functions and controlling all data input and output.

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

Response - The district is aware of the need to continue to improve internal control. With limited number of office employees, other staff including the Superintendent and other secretaries will continue to be involved in more dual control type activities wherever possible.

Conclusion - Response accepted.

I-B-15 Gate Receipts - We noted that the District does not use pre-numbered tickets for all events that require an admission.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to the individuals involved. The Board would of course, approve any policies that the District's business office should be involved in developing the detailed procedures. At a minimum the procedures should be:

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.
- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.

- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number, times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the “accounting” function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District’s vault or other secure location at the District’s office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - The district will work with the Activities Director to implement the use of pre numbered tickets for events requiring admission. The detailed procedures for receiving gate receipts in the Business Office Procedures Manual will be updated and shared with the appropriate personnel.

Conclusion - Response accepted.

OTHER MATTERS:

I-C-15 Deficit Lunch Account Balances - During our audit we noted that the Nutrition Fund is carrying several deficit student account balances. It was noted that some of the deficit accounts appear to be excessive in amount.

Recommendation - The District should develop policies regarding that treatment of negative account balances aimed at discouraging accounts from becoming negative. The District may also wish to encourage 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 - District policies will be reviewed regarding negative family lunch accounts. Notices will continue to be given to parents and the district office will continue to ensure families are given the option to complete free and reduced lunch applications. The district will begin using a collection agency to help collect large negative balances.

Conclusion - Response accepted.

VAN METER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-15 Certified Budget - District expenditures for the year ended June 30, 2015, did not exceed the amounts budgeted.
- II-B-15 Questionable Disbursements - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-15 Business Transactions - No business transactions between the District and District officials were noted.
- II-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-15 Certified Enrollment - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-H-15 Supplementary Weighting - No variance regarding the supplementary weighting certified to Iowa Department of Education were noted.
- II-I-15 Deposits and Investments - We noted no instances on noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$	847,174
Revenues:			
Sales tax revenues	\$	551,437	
Other local revenues		1,368	552,805
			<u>1,399,979</u>
Expenditures/transfers out:			
Other		175	
Equipment		127,366	
Transfers to other funds:			
Debt service fund		111,255	238,796
			<u>238,796</u>
Ending balance		\$	<u><u>1,161,183</u></u>

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

II-M-15 Financial Condition - The District had the following deficit balances at June 30, 2015:

The District has a deficit unrestricted net position of \$19,153 in the Enterprise: School Nutrition Fund and a deficit unrestricted net position in the District's Governmental Activities of \$ 364,476 at June 30, 2015. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

The District also had four deficit accounts in the Student Activity Fund totaling \$3,009 at June 30, 2015

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statement No. 68 and 71 will affect the District's financial moving forward. The District should also monitor the deficit accounts with in the Student Activity alternatives to eliminate the deficits balance.

Response - The District will continue to educate the administration and Board of Education regarding the impact on the financial statements due to the implementation of GASB Statements 68 and 71. The addition of these unfunded liabilities to the district's financials is primarily related to the State of Iowa's public retirement system (IPERS). Although they have a negative impact on certain district financial statements, it is important to note that the district will not be liable to actually fund these liabilities.

The district will also continue to monitor deficit accounts in the Student Activity Fund and make every effort to have all accounts positive by year end. Monitoring every aspect of the district's overall financial condition will continue to be a priority.

Conclusion - Response accepted.