

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

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Webster City Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Pamela Hayes	President	2017
Julie Jaycox	Vice President	2015
Dan Ryherd	Board Member	2015
Beth Van Diest	Board Member	2015
Michelle Zahn	Board Member	2017
School Officials		
Michael Sherwood	Superintendent	2015
Cathi Hildebrand	Business Manager/District Secretary and Treasurer	2015
Ahlers & Cooney P.C.	Attorney	2015

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Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Webster City 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 Webster City Community School District, Webster City, 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 of material misstatement.

The financial statements of Webster City Community School Foundation have not been audited, and we were not engaged to audit the Webster City Community School Foundation financial statements as part of our audit of Webster City Community School District's basic financial statements. The Webster City Community School Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because we were not engaged to audit the Webster City Community School Foundation's financial statements and because we did not apply any auditing procedures to the Webster City Community School Foundation's financial statements, we do not express an opinion on the discretely presented component unit.

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 Webster City Community School District at June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 17 to the financial statements, Webster City Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, Schedule of Funding Progress for the Retiree Health Plan, the Schedule of Funding Progress for the Supplemental Pension Plan and the combining statements for the discretely presented component unit on pages 7 through 16 and 48 through 56 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 Webster City Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for four years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those 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 five years ended June 30, 2010 (which are not presented herein) and expressed unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2016, on our consideration of Webster City Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Webster City Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 8, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Webster City Community School District provides the 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 \$17,318,535 in fiscal year 2014 to \$17,565,577 in fiscal year 2015, while General Fund expenditures decreased from \$17,700,223 in fiscal year 2014 to \$17,521,953 in fiscal year 2015. This resulted in an increase in the District's General Fund balance from deficit fund balance of \$36,549 at June 30, 2014 to \$7,075 at June 30, 2015, a 119.36% increase from the prior year.
- The increase in General Fund revenues is attributable in part to an increase in local tax and state source revenues received in fiscal year 2015 as compared to the prior year. The decrease in expenditures was due primarily to a decrease in support services expenditures incurred as compared to the prior year.

USING THIS ANNUAL REPORT

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan and the Schedule of Funding Progress for the Supplemental Pension Plan along with the combining statements for the discretely presented component unit, the Webster City Community School Foundation.

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

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

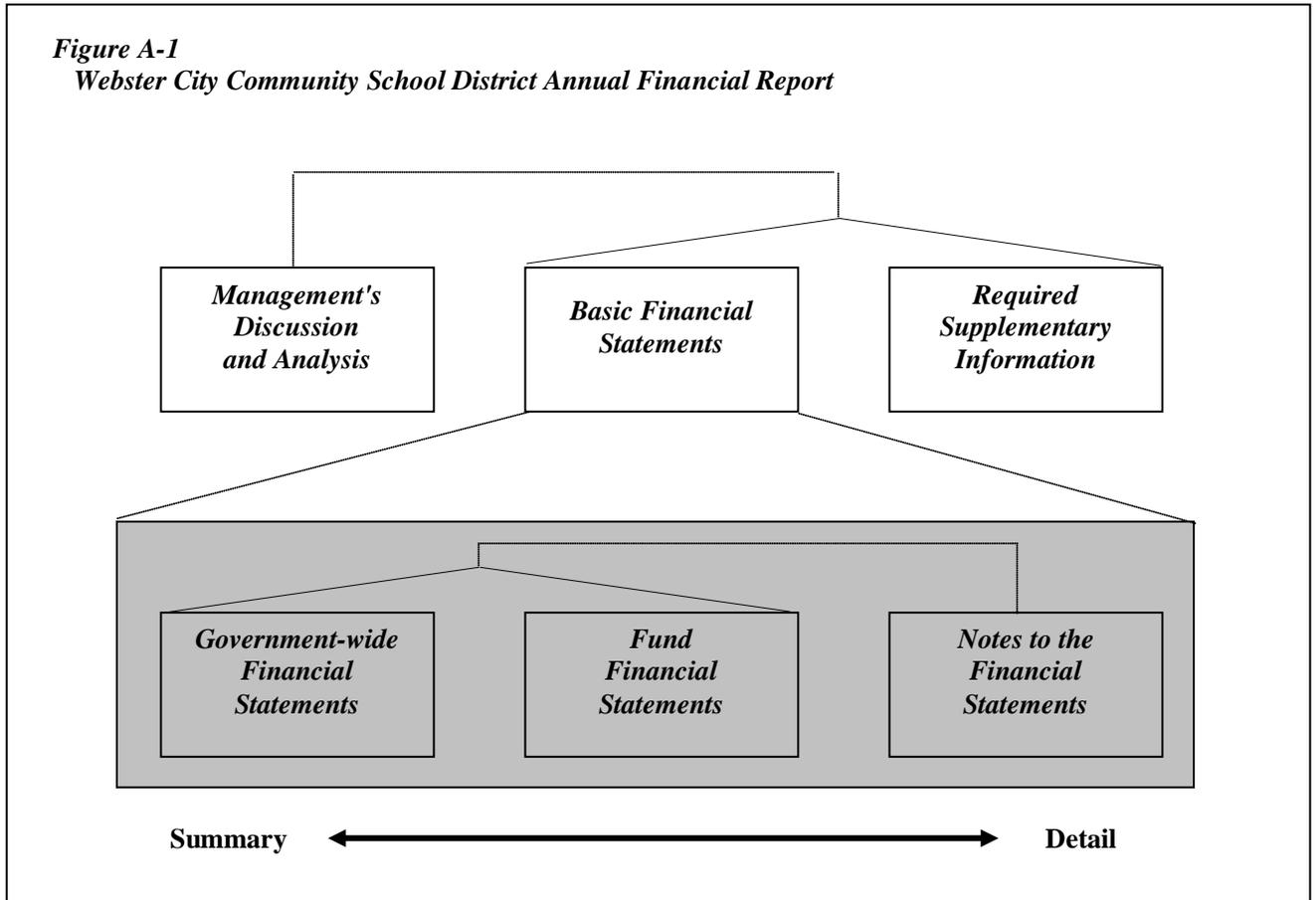


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

In the government-wide financial statements, the District's activities are divided into three 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 and building trades program are included here.
- *Component unit*: This includes the activities of the Webster City Community School Foundation. The District receives significant financial benefits from the Foundation although they are legally separate entities.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 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	\$ 9,509,539	9,877,108	27,965	25,951	9,537,504	9,903,059	-3.69%
Capital assets	24,238,862	24,478,267	38,489	47,950	24,277,351	24,526,217	-1.01%
Total assets	33,748,401	34,355,375	66,454	73,901	33,814,855	34,429,276	-1.78%
Deferred outflows of resources	1,432,343	-	39,934	-	1,472,277	-	100.00%
Long-term liabilities	21,944,527	16,056,367	212,092	30,250	22,156,619	16,086,617	37.73%
Other liabilities	2,207,055	2,153,460	69,598	64,783	2,276,653	2,218,243	2.63%
Total liabilities	24,151,582	18,209,827	281,690	95,033	24,433,272	18,304,860	33.48%
Deferred inflows of resources	8,400,375	5,925,109	70,032	-	8,470,407	5,925,109	42.96%
Net position:							
Net investment in capital assets	9,723,862	9,303,267	38,489	47,950	9,762,351	9,351,217	4.40%
Restricted	864,343	1,463,978	-	-	864,343	1,463,978	-40.96%
Unrestricted	(7,959,418)	(546,806)	(283,823)	(69,082)	(8,243,241)	(615,888)	-1238.43%
Total net position	\$ 2,628,787	10,220,439	(245,334)	(21,132)	2,383,453	10,199,307	-76.63%

The District's total net position decreased by 76.63%, or \$7,815,854 from the prior year. The largest portion of the District's net position is invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased 40.96%, or \$599,635, from the prior year. The decrease in restricted net position can be primarily attributed to the

decrease in restricted fund balances for the Capital Projects: Statewide Sales, Services and Use Tax and the Capital Projects: Physical Plant and Equipment Levy Funds.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$7,627,353, or 1,238.43%. The decrease in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$7,834,395 and \$225,683, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4
Changes in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
	Revenues:						
Program revenues:							
Charges for service	\$ 1,493,328	1,552,058	365,523	538,848	1,858,851	2,090,906	-11.10%
Operating grants, contributions and restricted interest	1,929,125	1,916,008	513,356	492,543	2,442,481	2,408,551	1.41%
Capital grants, contributions and restricted interest	-	12,930	-	-	-	12,930	-100.00%
General revenues:							
Property tax	5,947,944	5,970,027	-	-	5,947,944	5,970,027	-0.37%
Income surtax	533,295	559,897	-	-	533,295	559,897	-4.75%
Statewide sales, services and use tax	1,464,887	1,376,775	-	-	1,464,887	1,376,775	6.40%
Unrestricted state grants	8,723,329	8,470,595	-	-	8,723,329	8,470,595	2.98%
Unrestricted investment earnings	1,070	1,080	14	16	1,084	1,096	-1.09%
Gain on sale of capital assets	-	-	-	1,511	-	1,511	-100.00%
Other	127,936	129,928	1,285	593	129,221	130,521	-1.00%
Total revenues	20,220,914	19,989,298	880,178	1,033,511	21,101,092	21,022,809	0.37%
Program expenses:							
Instructional	11,945,634	12,109,523	3,964	-	11,949,598	12,109,523	-1.32%
Support services	6,212,568	6,929,902	39,730	38,582	6,252,298	6,968,484	-10.28%
Long-term debt interest	555,938	575,325	-	-	555,938	575,325	-3.37%
Non-instructional programs	-	-	835,003	1,020,410	835,003	1,020,410	-18.17%
Other expenses	1,264,031	999,059	-	-	1,264,031	999,059	26.52%
Total expenses	19,978,171	20,613,809	878,697	1,058,992	20,856,868	21,672,801	-3.76%
Excess(Deficiency) of revenues over(under) expenses	242,743	(624,511)	1,481	(25,481)	244,224	(649,992)	-137.57%
Transfers	-	(1,300)	-	1,300	-	-	0.00%
Change in net position	242,743	(625,811)	1,481	(24,181)	244,224	(649,992)	-137.57%
Net position beginning of year, as restated	2,386,044	10,846,250	(246,815)	3,049	2,139,229	10,849,299	-80.28%
Net position end of year	\$ 2,628,787	10,220,439	(245,334)	(21,132)	2,383,453	10,199,307	-76.63%

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 82.44% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.85% of the revenue from business type activities.

The District's total revenues were approximately \$21.10 million of which approximately \$20.22 million was for governmental activities and approximately \$0.88 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.37% increase in revenues and a 3.76% decrease in expenses. The increase in revenues was primarily due to an increase in unrestricted state grants received over the prior year and the decrease in expenses was due to a decrease in support services expenditures incurred when compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$20,220,914 and expenses were \$19,978,171 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, long-term debt interest and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2015	2014	Change 2014-15	2015	2014	Change 2014-15
		(Not Restated)			(Not Restated)	
Instruction	\$ 11,945,634	12,109,523	-1.35%	9,379,319	9,334,949	0.48%
Support services	6,212,568	6,929,902	-10.35%	6,028,316	6,882,453	-12.41%
Long-term debt interest	555,938	575,325	-3.37%	555,938	575,325	-3.37%
Other expenses	1,264,031	999,059	26.52%	592,145	340,086	74.12%
Totals	\$ 19,978,171	20,613,809	-3.08%	16,555,718	17,132,813	-3.37%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,493,328.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$1,929,125.
- The net cost of governmental activities was financed with \$5,947,944 in property tax, \$533,295 in income surtax, \$1,464,887 in statewide sales, services and use tax, \$8,723,329 in unrestricted state grants, \$1,070 in unrestricted investment earnings and \$127,936 in other general revenues.

Business type Activities

Revenues of the District's business type activity were \$880,178 and expenses were \$878,697 for the year ended June 30, 2015. The District's business type activities are the School Nutrition Fund and the Building Trades Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, unrestricted investment earnings and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Webster City 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 \$824,448 below last year's ending combined fund balances of \$1,365,240. The primary reason for the decrease in combined fund balances is due to the decrease in fund balance of the Capital Projects Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Increases in state source revenues attributed to an increase in total revenues. A decrease in support services expenditures incurred contributed to a decrease in total expenditure compared to the prior year. The result was an increase in fund balance from a deficit fund balance of \$36,549 at June 30, 2014 to a fund balance of \$7,075 at June 30, 2015.
- The Capital Projects Fund balance decreased from \$982,375 at June 30, 2014 to \$436,343 at June 30, 2015 primarily due to continued capital outlay expenditures incurred by the District during the year. At June 30, 2015, the Statewide Sales Services and Use Tax Fund had an ending fund balance of \$433,341 compared to \$768,320 at June 30, 2014. The Construction Projects Fund decreased from a fund balance of \$46,528 at June 30, 2014, to a fund balance of \$0 at June 30, 2015. The decrease is due to the completion of all District projects during the year and the closing of the fund to the Statewide Sales, Services and Use Tax Fund during the year. The Physical Plant and Equipment Levy Fund had an ending fund balance at June 30, 2015 of \$3,002 compared to \$167,527 at June 30, 2014. The decrease can be attributed to an increase in technology equipment purchased as compared to the prior year.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a restated deficit net position of \$250,779 at July 1, 2014 to a deficit net position of \$245,334 at June 30, 2015. This increase in ending net position was primarily due to a decrease in salary and benefit expenditures incurred compared to the prior year.

The Building Trades Fund net position decreased from \$3,964 at Jun 30, 2014 to a net position of \$0 at June 30, 2015. The District spent out the remaining funds on supplies for the building trades class and closed the fund at year end, after the building which was constructed with this fund was completed and sold during fiscal year 2014.

BUDGETARY HIGHLIGHTS

The District's revenues were \$255,161 less than budgeted revenues, a variance of 1.20%. The most significant variances resulted from the District receiving less from local sources than originally anticipated.

Total expenditures were less than budget, due 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 \$24,277,351, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.01% from last year. More detailed information about capital assets is available in Note 7 to the financial statements. Depreciation expense for the year was \$1,065,951.

The original cost of the District's capital assets was \$36,255,038. Governmental funds accounted for \$36,007,377 with the remainder of \$247,661 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$957,034 at June 30, 2015 compared to \$1,181,103 at June 30, 2014. This decrease is primarily due to depreciation expense incurred by the District during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 590,000	590,000	-	-	590,000	590,000	0.00%
Buildings	21,579,934	21,666,946	-	-	21,579,934	21,666,946	-0.40%
Land improvements	1,150,383	1,088,168	-	-	1,150,383	1,088,168	5.72%
Machinery and equipment	918,545	1,133,153	38,489	47,950	957,034	1,181,103	-18.97%
Total	\$ 24,238,862	24,478,267	38,489	47,950	24,277,351	24,526,217	-1.01%

Long-Term Debt

At June 30, 2015, the District had \$22,156,619 in total long-term debt outstanding, representing an increase of 37.73% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 8 to the financial statements.

- The District had total General Obligation Bond indebtedness of \$12,290,000 at June 30, 2015, payable from the Debt Service Fund.
- The District had total Revenue Bond indebtedness of \$2,225,000 at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.
- The District had a total compensated absences liability of \$161,667 at June 30, 2015. \$160,537 of the total is payable from the General Fund and \$1,130 payable from the School Nutrition Fund.
- The District had a supplemental pension plan liability associated with the District's early retirement incentive offerings of \$140,840 at June 30, 2015.
- The District had a net pension liability - IPERS of \$6,558,261 at June 30, 2015. \$6,374,629 of this total was attributed to the District's governmental activities and \$183,632 was attributed to the District's business type activities.
- The District had a net OPEB liability of \$780,851 at June 30, 2015. \$753,521 of this total was attributed to the District's governmental activities and \$27,330 was attributed to the District's business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
General obligation bonds	\$ 12,290,000	12,845,000	-	-	12,290,000	12,845,000	-4.32%
Revenue bonds	2,225,000	2,330,000	-	-	2,225,000	2,330,000	-4.51%
Compensated absences	160,537	154,882	1,130	1,582	161,667	156,464	3.33%
Net pension liability - early retirement	140,840	88,445	-	-	140,840	88,445	59.24%
Net pension liability - IPERS	6,374,629	-	183,632	-	6,558,261	-	100.00%
Net OPEB liability	753,521	638,040	27,330	28,668	780,851	666,708	17.12%
Total	\$ 21,944,527	16,056,367	212,092	30,250	22,156,619	16,086,617	37.73%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- District Enrollment continues to decline. Under Iowa's school funding formula, District funding is highly dependent upon enrollment. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The District will continue the sharing agreements with Northeast Hamilton and Stratford CSD for grades 7 thru 12. These sharing agreements will generate approximately \$400,000 in additional revenues for fiscal 2016.
- The District has sharing agreements with three districts to share our Transportation Director, Business Manager, Technology, Media Center Specialist, Band Instructor, Art Instructor, Guidance Counselor, and Superintendent. In fiscal 2017, we will begin to share our Curriculum Director with Northeast Hamilton CSD. These sharing agreements will generate approximately \$180,000 in additional revenues for fiscal 2016.
- Staff realignment due to the districts participation in the Teacher Leadership Compensation Grant state program and realignment of middle school staff will save the district approximately \$300,000 in attrition costs.
- Additional Modified Allowable Growth in the districts At Risk/Dropout Prevention Grant will allow the district to shift \$141,248 in expenditures from general fund to the grant.

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 Cathi Hildebrand, Business Manager/Board Secretary/Treasurer, Webster City Community School District, 825 Beach Street, Webster City, Iowa 50595.

BASIC FINANCIAL STATEMENTS

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			* Component Unit
	Governmental Activities	Business Type Activities	Total	Webster City Community School Foundation
ASSETS				
Cash and pooled investments	\$ 2,276,853	-	2,276,853	1,306,650
Receivables:				
Property tax:				
Delinquent	53,380	-	53,380	-
Succeeding year	5,969,275	-	5,969,275	-
Income surtax	514,150	-	514,150	-
Accounts	16,906	8,080	24,986	-
Due from other governments	644,475	16,799	661,274	-
Inventories	-	3,086	3,086	-
Unamortized bond discounts and issue costs	34,500	-	34,500	-
Capital assets, net of accumulated depreciation	24,238,862	38,489	24,277,351	216,000
TOTAL ASSETS	33,748,401	66,454	33,814,855	1,522,650
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	1,432,343	39,934	1,472,277	-
LIABILITIES				
Excess warrants issued over bank balance	-	15,479	15,479	-
Accounts payable	291,996	1,299	293,295	368
Salaries and benefits payable	1,849,219	42,982	1,892,201	-
Accrued interest payable	65,840	-	65,840	-
Unearned revenue	-	9,838	9,838	-
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	575,000	-	575,000	-
Revenue bonds payable	125,000	-	125,000	-
Compensated absences	160,537	1,130	161,667	-
Portion due after one year:				
General obligation bonds payable	11,715,000	-	11,715,000	-
Revenue bonds payable	2,100,000	-	2,100,000	-
Net pension liability - early retirement	140,840	-	140,840	-
Net pension liability - IPERS	6,374,629	183,632	6,558,261	-
Net OPEB liability	753,521	27,330	780,851	-
TOTAL LIABILITIES	24,151,582	281,690	24,433,272	368
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	5,969,275	-	5,969,275	-
Pension related deferred inflows	2,431,100	70,032	2,501,132	-
TOTAL DEFERRED INFLOWS OF RESOURCES	8,400,375	70,032	8,470,407	-
NET POSITION				
Net investment in capital assets	9,723,862	38,489	9,762,351	216,000
Restricted for:				
Categorical funding	112,810	-	112,810	-
Debt service	263,129	-	263,129	-
Management levy purposes	58,016	-	58,016	-
Student activities	172,983	-	172,983	-
School infrastructure	254,403	-	254,403	-
Physical plant and equipment levy	3,002	-	3,002	-
Unrestricted	(7,959,418)	(283,823)	(8,243,241)	1,306,282
TOTAL NET POSITION	\$ 2,628,787	(245,334)	2,383,453	1,522,282

* Information for the Webster Community School Foundation is for year ended December 31, 2014.

SEE NOTES TO FINANCIAL STATEMENTS.

**WEBSTER CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			** Component Unit Webster City Community School Foundation
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Primary Government		Total	
				Governmental Activities	Business Type Activities		
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 6,699,067	703,791	98,276	(5,897,000)	-	(5,897,000)	-
Special	2,807,596	182,169	315,605	(2,309,822)	-	(2,309,822)	-
Other	2,438,971	507,804	758,670	(1,172,497)	-	(1,172,497)	-
	11,945,634	1,393,764	1,172,551	(9,379,319)	-	(9,379,319)	-
Support services:							
Student	784,773	-	51,995	(732,778)	-	(732,778)	-
Instructional staff	1,257,092	43,370	26,205	(1,187,517)	-	(1,187,517)	-
Administration	1,973,315	54,187	-	(1,919,128)	-	(1,919,128)	-
Operation and maintenance of plant	1,477,603	-	-	(1,477,603)	-	(1,477,603)	-
Transportation	719,785	2,007	6,488	(711,290)	-	(711,290)	-
	6,212,568	99,564	84,688	(6,028,316)	-	(6,028,316)	-
Long-term debt interest	555,938	-	-	(555,938)	-	(555,938)	-
Other expenses:							
AEA flowthrough	671,886	-	671,886	-	-	-	-
Depreciation(unallocated)*	592,145	-	-	(592,145)	-	(592,145)	-
	1,264,031	-	671,886	(592,145)	-	(592,145)	-
Total governmental activities	19,978,171	1,493,328	1,929,125	(16,555,718)	-	(16,555,718)	-
Business type activities:							
Instruction:							
Regular instruction	3,964	-	-	-	(3,964)	(3,964)	-
Support services:							
Administration	39,730	-	-	-	(39,730)	(39,730)	-
Non-instructional programs:							
Food service operations	835,003	365,523	513,356	-	43,876	43,876	-
Total business type activities	878,697	365,523	513,356	-	182	182	-
Total primary government	\$ 20,856,868	1,858,851	2,442,481	(16,555,718)	182	(16,555,536)	-
Total component unit	\$ 19,039	17,871	-				(1,168)
General Revenues:							
Property tax levied for:							
General purposes				\$ 5,527,128	-	5,527,128	-
Capital outlay				420,816	-	420,816	-
Income surtax				533,295	-	533,295	-
Statewide sales, services and use tax				1,464,887	-	1,464,887	-
Unrestricted state grants				8,723,329	-	8,723,329	-
Unrestricted investment earnings				1,070	14	1,084	42,904
Other general revenues				127,936	1,285	129,221	-
Realized gain on investments				-	-	-	17,039
Unrealized loss on investments				-	-	-	(1,198)
Total general revenues				16,798,461	1,299	16,799,760	58,745
Change in net position				242,743	1,481	244,224	57,577
Net position beginning of year, as restated				2,386,044	(246,815)	2,139,229	1,464,705
Net position end of year				\$ 2,628,787	(245,334)	2,383,453	1,522,282

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

** Information for the Webster City Community School Foundation is for year ended December 31, 2014.

SEE NOTES TO FINANCIAL STATEMENTS.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 1,675,456	209,165	366,281	2,250,902
Receivables:				
Property tax:				
Delinquent	47,645	3,710	2,025	53,380
Succeeding year	5,224,134	415,141	330,000	5,969,275
Income surtax	514,150	-	-	514,150
Accounts	3,378	-	13,528	16,906
Due from other governments	416,568	227,907	-	644,475
TOTAL ASSETS	\$ 7,881,331	855,923	711,834	9,449,088
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 286,753	4,439	804	291,996
Salaries and benefits payable	1,849,219	-	-	1,849,219
Total liabilities	2,135,972	4,439	804	2,141,215
Deferred inflows of resources:				
Unavailable resources:				
Succeeding year property tax	5,224,134	415,141	330,000	5,969,275
Income surtax	514,150	-	-	514,150
Total deferred inflows of resources	5,738,284	415,141	330,000	6,483,425
Fund balances:				
Restricted for:				
Categorical funding	112,810	-	-	112,810
Debt service	-	178,938	150,031	328,969
Management levy purposes	-	-	58,016	58,016
Student activities	-	-	172,983	172,983
School infrastructure	-	254,403	-	254,403
Physical plant and equipment	-	3,002	-	3,002
Unassigned	(105,735)	-	-	(105,735)
Total fund balances	7,075	436,343	381,030	824,448
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,881,331	855,923	711,834	9,449,088

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 20)	\$	824,448
 <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.		24,238,862
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		25,951
Bond issue costs are reported as an asset in the statement of net position and are amortized over the life of the bonds.		34,500
Income surtax receivable is not available to pay current year expenditures and, therefore, is recognized as deferred inflows of resources in the governmental funds.		514,150
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.		(65,840)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources	\$ 1,432,343	
Deferred inflows of resources	<u>(2,431,100)</u>	(998,757)
Long-term liabilities, including bonds payable, early retirement pension benefits payable, compensated absences payable, other postemployment benefits payable, and the net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(21,944,527)</u>
Net position of governmental activities(page 18)	\$	<u><u>2,628,787</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 5,766,111	420,816	225,009	6,411,936
Tuition	835,094	-	-	835,094
Other	373,980	265	481,680	855,925
State sources	9,753,158	1,470,902	3,263	11,227,323
Federal sources	821,333	-	-	821,333
TOTAL REVENUES	17,549,676	1,891,983	709,952	20,151,611
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,512,803	119,888	192,335	6,825,026
Special	2,788,539	-	-	2,788,539
Other	2,020,147	-	455,100	2,475,247
	11,321,489	119,888	647,435	12,088,812
Support services:				
Student	731,005	-	-	731,005
Instructional staff	968,163	190,000	-	1,158,163
Administration	1,959,505	73,525	4,936	2,037,966
Operation and maintenance of plant	1,291,247	80,099	94,319	1,465,665
Transportation	578,658	39,378	19,152	637,188
	5,528,578	383,002	118,407	6,029,987
Capital outlay	-	700,212	-	700,212
Long-term debt:				
Principal	-	-	660,000	660,000
Interest and fiscal charges	-	-	557,407	557,407
	-	-	1,217,407	1,217,407
Other expenditures:				
AEA flowthrough	671,886	-	-	671,886
TOTAL EXPENDITURES	17,521,953	1,203,102	1,983,249	20,708,304
Excess(Deficiency) of revenues over(under) expenditures	27,723	688,881	(1,273,297)	(556,693)
Other financing sources(uses):				
Transfer in	-	-	1,234,913	1,234,913
Transfer out	-	(1,234,913)	-	(1,234,913)
Compensation for loss of capital assets	14,099	-	-	14,099
Sale of equipment	1,802	-	-	1,802
Total other financing sources(uses)	15,901	(1,234,913)	1,234,913	15,901
Change in fund balances	43,624	(546,032)	(38,384)	(540,792)
Fund balances beginning of year	(36,549)	982,375	419,414	1,365,240
Fund balances end of year	\$ 7,075	436,343	381,030	824,448

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 22)	\$	(540,792)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year, as follows:		
Capital outlay	\$ 817,085	
Depreciation expense	<u>(1,056,490)</u>	(239,405)
Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis.		4,690
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows.		660,000
Bond issue costs are reported as an expense in the government fund financial statements, but are capitalized and amortized over the life of the bonds in the government-wide financial statements.		(2,287)
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.		3,756
Income surtax account receivable is not available to finance expenditures of the current year period and is recognized as deferred inflows of resources in the governmental funds.		69,303
The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		965,331
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:		
Pension benefits - early retirement	(52,395)	
Pension benefits - IPERS	(504,322)	
Compensated absences	(5,655)	
Other postemployment benefits	<u>(115,481)</u>	<u>(677,853)</u>
Change in net position of governmental activities(page 19)	\$	<u>242,743</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business Type Activities Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
ASSETS		
Current assets:		
Cash and pooled investments	\$ -	25,951
Receivables:		
Accounts	8,080	-
Due from other governments	16,799	-
Inventories	3,086	-
Total current assets	<u>27,965</u>	<u>25,951</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	38,489	-
TOTAL ASSETS	<u>66,454</u>	<u>25,951</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension related deferred outflows	39,934	-
LIABILITIES		
Current liabilities:		
Excess warrants issued over bank balance	15,479	-
Accounts payable	1,299	-
Salaries and benefits payable	42,982	-
Unearned revenue	9,838	-
Total current liabilities	<u>69,598</u>	<u>-</u>
Noncurrent liabilities		
Compensated absences	1,130	-
Net OPEB liability	27,330	-
Net pension liability	183,632	-
Total noncurrent liabilities	<u>212,092</u>	<u>-</u>
TOTAL LIABILITIES	<u>281,690</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:		
Pension related deferred inflows	70,032	-
NET POSITION		
Net investment in capital assets	38,489	-
Unrestricted	(283,823)	25,951
TOTAL NET POSITION	<u>\$ (245,334)</u>	<u>25,951</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Building Trades	Total	
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 365,523	-	365,523	-
Miscellaneous	1,285	-	1,285	60,013
TOTAL OPERATING REVENUES	366,808	-	366,808	60,013
OPERATING EXPENSES:				
Instruction:				
Regular:				
Benefits	-	-	-	55,333
Supplies	-	3,964	3,964	-
	-	3,964	3,964	55,335
Support services:				
Administration:				
Salaries	31,535	-	31,535	-
Benefits	5,311	-	5,311	-
Services	1,530	-	1,530	-
Supplies	488	-	488	-
Other	866	-	866	-
	39,730	-	39,730	-
Non-instructional programs:				
Food service operations:				
Salaries	266,553	-	266,553	-
Benefits	98,199	-	98,199	-
Services	6,452	-	6,452	-
Supplies	453,629	-	453,629	-
Depreciation	9,461	-	9,461	-
Other	709	-	709	-
	835,003	-	835,003	-
TOTAL OPERATING EXPENSES	874,733	3,964	878,697	55,333
OPERATING LOSS	(507,925)	(3,964)	(511,889)	4,680
NON-OPERATING REVENUES:				
State sources	6,118	-	6,118	-
Federal sources	507,238	-	507,238	-
Interest income	14	-	14	10
TOTAL NON-OPERATING REVENUES	513,370	-	513,370	10
Change in net position	5,445	(3,964)	1,481	4,690
Net position beginning of year, as restated	(250,779)	3,964	(246,815)	21,261
Net position end of year	\$ (245,334)	-	(245,334)	25,951

SEE NOTES TO FINANCIAL STATEMENTS.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities			Governmental
	Enterprise Funds			Activities:
	School Nutrition	Building Trades	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 361,039	-	361,039	-
Cash received from miscellaneous operating activities	1,285	-	1,285	60,013
Cash payments to employees for services	(417,639)	-	(417,639)	(55,333)
Cash payments to suppliers for goods or services	(442,761)	(3,964)	(446,725)	-
Net cash provided by(used in) operating activities	(498,076)	(3,964)	(502,040)	4,680
Cash flows from non-capital financing activities:				
State grants received	6,118	-	6,118	-
Federal grants received	485,242	-	485,242	-
Net cash provided by non-capital financing activities	491,360	-	491,360	-
Cash flows from investing activities:				
Interest on investments	14	-	14	10
Net increase(decrease) in cash and pooled investments	(6,702)	(3,964)	(10,666)	4,690
Cash and pooled investments beginning of year	(8,777)	3,964	(4,813)	21,261
Cash and pooled investments end of year	\$ (15,479)	-	(15,479)	25,951
Reconciliation of operating income(loss) to net cash provided by (used in) operating activities:				
Operating income(loss)	\$ (507,925)	(3,964)	(511,889)	4,680
Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities:				
Commodities consumed	19,762	-	19,762	-
Depreciation	9,461	-	9,461	-
Decrease in inventories	763	-	763	-
Increase in accounts receivable	(4,507)	-	(4,507)	-
Increase in accounts payable	388	-	388	-
Decrease in salaries and benefits payable	(2,298)	-	(2,298)	-
Decrease in accrued compensated absences	(452)	-	(452)	-
Increase in unearned revenue	23	-	23	-
Decrease in net pension liability	(69,107)	-	(69,107)	-
Increase in deferred outflows of resources	(12,878)	-	(12,878)	-
Increase in deferred inflows of resources	70,032	-	70,032	-
Decrease in other postemployment benefits	(1,338)	-	(1,338)	-
Net cash provided by(used in) operating activities	\$ (498,076)	(3,964)	(502,040)	4,680

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$19,762.

SEE NOTES TO FINANCIAL STATEMENTS.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 2,741,205
LIABILITIES	<u>-</u>
NET POSITION	
Held in trust for scholarships	<u>\$ 2,741,205</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2015

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest on investments	\$ 39,533
Contributions	8,727
Total additions	48,260
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	42,550
Support services:	
Student	8,630
Total deductions	51,180
Change in net position before other financing sources	(2,920)
Other financing sources:	
Unrealized loss on investments	(42,398)
Change in net position	(45,318)
Net position beginning of year	2,786,523
Net position end of year	\$ 2,741,205

SEE NOTES TO FINANCIAL STATEMENTS.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

The Webster City Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Webster City, and Duncombe, Iowa, and the predominately agricultural territory in a portion of Hamilton, Webster, and Wright 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, Webster City 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.

These financial statements present the Webster City Community School District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit - The Webster City Community School Foundation was established to advance, support and assist in the development of curricular and extra-curricular activities, programs and facilities within the Webster City Community School District. The Foundation is a separate legal entity with its own accounting records and board of trustees. The Foundation does not produce separately prepared financial statements. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

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 Hamilton, Webster and Wright 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor proprietary funds:

The School Nutrition Fund is used to account for the food service operations of the District. The Building Trades Fund accounted for house building projects of the building and trade classes of the District.

The District reports one other proprietary fund:

The Internal Service Fund is used to account for the District's employee flexible benefit plan.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary fund is as follows:

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

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 is 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 nonoperating 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 nonoperating revenues and expenses.

The District maintains its financial records during the fiscal year on a cash basis. At the end of the fiscal year, for reporting purposes, the District prepares the financial statements on an accrual basis by making memorandum adjusting entries to the cash basis financial records.

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each

year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

Capital Assets - Capital assets, which include property, machinery 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	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	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.

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

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.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. The compensated absences liability attributable to the business type activities will be paid primarily by the School Nutrition Fund.

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgeting and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Government Obligations Portfolio which are valued at an amortized cost of \$1,015,801 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor's Financial Services.

Investments in common stock are stated at the approximate fair value based on the closing price for the stock on June 30, 2015. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2015, the District's investment in common stock that was donated to the District for scholarship awards to be awarded to students consisted of the following:

Name of Stock	Number of Shares	Fair Value
Bristol Myers Squibb	2,000	\$ 133,080
Exxon	4,000	332,800
Nextera Energy Inc.	1,000	98,030
WEC Energy	619	27,836
Teco Energy	1,600	28,256
Excel Energy	2,800	90,104
Total	12,019	\$ 710,106

The District also invested money donated for scholarship awards in the following:

	Fair Value
Federated Prime Management Obligations Fund	
Inst. Serv. Shares money Market Fund	\$ 392,471

Interest rate risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Note 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: Statewide Sales, Services and Use Tax	Capital Projects: Construction Projects	\$ 44,139
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	1,234,913
Total		\$ 1,279,052

The transfer from the Capital Projects: Construction Projects Fund to the Capital Projects: Statewide Sales, Services and Use Tax Fund was needed to close out the Construction Projects Fund at year end as the District had completed all outstanding projects.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax to the Debt Service Fund was needed to pay principal and interest on the District's revenue bond indebtedness and to provide \$1,064,701 in debt relief for the District's general obligation bond indebtedness.

Note 4. Iowa School Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds for participating entities during periods of cash deficits. ISCAP is funded by an annual issuance of anticipatory warrants. The warrant sizing of each school corporation based on a projection of cash flow needed during the fiscal year. Bankers Trust Co. NA is the trustee of the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The Series 2014-2015 ONE included taxable warrants only. The interest rates on the Series 2014-2015 INE warrants are variable rates, calculated daily, based on the one-month LIBOR rate plus 105 basis points. The LIBOR rate at June 30, 2015 was 0.1859%. A summary of the District's ISCAP activity for the year ended June 30, 2015 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2014-15 ONE	7/29/2014	4/30/2015	\$ -	1,000,000	1,000,000	-

During the year ended June 30, 2015, the District paid \$6,020 of interest on the ISCAP warrants.

Note 5. Categorical Funding

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

Programs	Amount
Four-year-old preschool state aid	\$ 45,571
Beginning teacher mentoring and induction program	3,646
Successful progression for early readers	26,279
Professional development	28,629
Teacher leadership grants	8,685
Total	<u>\$ 112,810</u>

Note 6. 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 \$671,886 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 7. 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	\$ 590,000	-	-	590,000
Total capital assets not being depreciated	<u>590,000</u>	<u>-</u>	<u>-</u>	<u>590,000</u>
Capital assets being depreciated:				
Buildings	28,795,508	441,388	-	29,236,896
Land improvements	1,424,875	125,960	-	1,550,835
Machinery and equipment	4,538,699	249,737	158,790	4,629,646
Total capital assets being depreciated	<u>34,759,082</u>	<u>817,085</u>	<u>158,790</u>	<u>35,417,377</u>
Less accumulated depreciation for:				
Buildings	7,128,562	528,400	-	7,656,962
Land improvements	336,707	63,745	-	400,452
Machinery and equipment	3,405,546	464,345	158,790	3,711,101
Total accumulated depreciation	<u>10,870,815</u>	<u>1,056,490</u>	<u>158,790</u>	<u>11,768,515</u>
Total capital assets being depreciated, net	<u>23,888,267</u>	<u>(239,405)</u>	<u>-</u>	<u>23,648,862</u>
Governmental activities capital assets, net	<u>\$ 24,478,267</u>	<u>(239,405)</u>	<u>-</u>	<u>24,238,862</u>
Business type activities:				
Machinery and equipment	\$ 247,661	-	-	247,661
Less accumulated depreciation	199,711	9,461	-	209,172
Business type activities capital assets, net	<u>\$ 47,950</u>	<u>(9,461)</u>	<u>-</u>	<u>38,489</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:	
Regular	\$ 124,587
Other	15,577
Support services:	
Instructional staff	130,017
Administration	18,612
Operation and maintenance of plant	48,932
Transportation	<u>126,620</u>
	464,345
Unallocated depreciation	<u>592,145</u>
Total governmental activities depreciation expense	<u>\$ 1,056,490</u>

Business type activities:

Food service operations	<u>\$ 9,461</u>
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Note 8. Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 12,845,000	-	555,000	12,290,000	575,000
Revenue bonds	2,330,000	-	105,000	2,225,000	125,000
Compensated absences	154,882	160,537	154,882	160,537	160,537
Net pension liability - early retirement	88,445	52,395	-	140,840	-
Net pension liability - IPERS	8,773,640	-	2,399,011	6,374,629	-
Net OPEB liability	638,040	115,481	-	753,521	-
Total	\$ 24,830,007	328,413	3,213,893	21,944,527	860,537
Business type activities:					
Compensated absences	\$ 1,582	1,130	1,582	1,130	1,130
Net pension liability - IPERS	252,739	-	69,107	183,632	-
Net OPEB liability	28,668	-	1,338	27,330	-
Total	\$ 282,989	1,130	72,027	212,092	1,130

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of June 2011			June 2010 Refunding Bonds Series A		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	2.15	% \$ 95,000	105,119	3.00	% \$ 80,000	\$ 61,737
2017	2.15	105,000	103,076	3.50	85,000	59,337
2018	3.00	105,000	100,819	3.50	85,000	56,367
2019	3.00	125,000	97,669	3.75	90,000	53,387
2020	3.00	125,000	93,919	3.75	90,000	50,012
2021-2025	3.00-3.75	560,000	411,074	4.00-4.13	510,000	193,787
2026-2030	3.75-4.13	725,000	305,995	4.13-4.38	610,000	80,554
2031	4.25	1,000,000	42,500		-	-
Subtotal		\$ 2,840,000	1,260,171		\$ 1,550,000	555,181

Year Ending June 30,	Bond Issue of June 2010 Series B			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	3.50	% \$ 400,000	322,842	\$ 575,000	489,698	1,064,698
2017	4.00	400,000	308,844	590,000	471,257	1,061,257
2018	4.00	425,000	292,844	615,000	450,030	1,065,030
2019	4.00	425,000	275,844	640,000	426,900	1,066,900
2020	4.00	450,000	258,844	665,000	402,775	1,067,775
2021-2025	4.00	2,625,000	1,009,220	3,695,000	1,614,081	5,309,081
2026-2030	4.13-4.38	3,175,000	418,969	4,510,000	805,518	5,315,518
2031		-	-	1,000,000	42,500	1,042,500
Total		\$ 7,900,000	2,887,407	\$ 12,290,000	4,702,759	16,992,759

Revenue Bonds Payable

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

Year Ending June 30,	Bond Issue of May 2013			Total
	Interest Rates	Principal	Interest	Total
2016	2.25%	\$ 125,000	48,656	173,656
2017	2.25	130,000	45,788	175,788
2018	2.25	130,000	42,862	172,862
2019	2.25	135,000	39,881	174,881
2020	2.25	140,000	36,788	176,788
2021-2025	2.25	735,000	135,506	870,506
2026-2030	2.25	830,000	47,587	877,587
Total		<u>\$ 2,225,000</u>	<u>397,068</u>	<u>2,622,068</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,225,000 bonds issued in May 2013. The bonds were issued for the purpose of financing school renovations. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 12% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$2,622,068. For the current year, \$105,000 of principal and \$52,556 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,464,887.

The resolution providing for the issuance of the statewide sales, services and use revenue bonds include the following provision:

- a) \$178,938 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking Account. The balance of the proceeds shall be deposited to the Project Account. The reserve fund is accounted for as part of the District’s Capital Projects Fund.
- b) A portion of the proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Note 9. 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 \$991,812.

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 \$6,558,261 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 0.162049 percent, which was an increase of 0.002629 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$518,850. 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	\$ 71,276	\$ -
Changes of assumptions	289,431	-
Net difference between projected and actual earnings on pension plan investments	-	2,501,132
Changes in proportion and differences between District contributions and proportionate share of contributions	119,758	-
District contributions subsequent to the measurement date	991,812	-
Total	\$ 1,472,277	\$ 2,501,132

\$991,812 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	\$ (513,025)
2017	(513,025)
2018	(513,025)
2019	(513,025)
2020	31,433
	<u>\$ (2,020,667)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 12,391,651	\$ 6,558,261	\$ 1,634,276

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 \$123,870 for legally required employer contributions and \$2,583 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 10. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. There are 222 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the dental benefit.

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

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

Annual required contribution	\$ 152,294
Interest on net OPEB obligation	16,668
Adjustment to annual required contribution	<u>(41,005)</u>
Annual OPEB cost	127,957
Contributions made	<u>(13,814)</u>
Increase in net OPEB obligation	114,143
Net OPEB obligation - beginning of year	<u>666,708</u>
Net OPEB obligation - end of year	<u><u>\$ 780,851</u></u>

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

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	\$ 131,442	16.87%	\$ 556,926
2014	129,974	15.54%	666,708
2015	127,957	10.80%	780,851

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,015,814, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,015,814. The covered payroll (annual payroll of active employees covered by the plan) was \$10,356,118, and the ratio of the UAAL to the covered payroll was 9.81%. 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 healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress For the Retiree Health Plan, presented as required supplementary information in the section following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2014 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The health cost trend rate for basis of the actuarial was 6% per year.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed from the retirement probabilities from the 2006 Society of Actuaries Study. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 11. Supplemental Pension Plan

Plan Description - The District offers a supplemental pension (early retirement incentive) for certified teaching staff and non-certified staff who attain age 55 with 15 or more years of service to the District, submit an application to the superintendent, receive Board approval and retire by June 30 of the same year.

There are 159 active members in the plan as of June 30, 2015. The pension benefit compensation is a one-time stipend payment based on the following per diem rates:

Years of Service	Days @ Per Diem
30 or more	75
26-29 years	68
22-25 years	60
18-21 years	45
16-17 years	30
15 years	15
Less than 15 years	0

Funding Policy - Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for future benefits. The District makes the contributions from the Special Revenue, Management Levy Fund.

Annual Pension Cost and Net Pension Obligation - The District's annual pension cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 27, as amended by GASB Statement No. 50. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal costs 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 pension cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net pension obligation:

Annual required contribution	\$ 114,270
Interest on NPL obligation	2,221
Adjustment to annual required contribution	(4,008)
Increase in net pension obligation	<u>112,483</u>
Contributions made	<u>(60,088)</u>
Increase in net pension obligation	52,395
Net pension obligation beginning of year	<u>88,445</u>
Net pension obligation end of year	<u><u>\$ 140,840</u></u>

For calculation of the net pension obligation, the actuary has set the transition day as July 1, 2012. The end of year net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$60,088 to the pension plan. The District's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation are summarized as follows:

Year Ended June 30,	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2013	\$ 95,241	58.83%	\$ 39,212
2014	99,434	45.82%	88,445
2015	112,483	53.42%	140,840

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,039,391 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,039,391 the covered payroll (annual payroll of active employees covered by the plan) was \$10,356,118 and the ratio of the UAAL to covered payroll was 10.04%. 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 reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and employee retirement age. 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 Supplemental Pension 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 actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between employer and plan members to a point. The actuarial methods and assumptions used include techniques that are 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 calculations.

As of July 1, 2014 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.50% discount rate based on the District's funding policy. The salary scale rate was assumed to be 3% per year. The actuarial assumptions used for mortality rates, employee termination by age and group, employee retirement by age and group and others are similar or identical to the GASB Statement No. 45 assumptions used to determine the net OPEB liability.

Note 12. Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, and prescription drugs.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$1,797,376.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

The District is exposed to various risks to 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13. Operating Lease Commitment

The District entered into a five year contract to lease copiers and printers from Access Systems in March 2015. The District's annual payment for this lease is \$4,864 per month or \$58,372 per year. The lease runs through fiscal year 2020.

Note 14. 28E Sharing Agreement

The District participates in a sharing agreement with Iowa Central Community College for the use of facilities. The agreement is for 10 years, pertaining to the use of approximately 6900 square feet of shared space located in the Science and Library Buildings on Iowa Central Community College campus in Webster City, Ia.

The following are the terms agreed upon by the District and the Iowa Central Community College concerning the use of facilities:

- The District shall pay \$5 per square foot, per year, payable in two equal installments. Payments are to be made before October 1st and February 1st of each year starting July 1, 2006 and ending on July 1, 2016. Total payments made by the District for the year ended June 30, 2015 totaled \$34,500.
- Iowa Central Community College shall pay all utilities for the term of the agreement and shall furnish all necessary maintenance, custodial services and snow removal for the facilities during the term of the agreement.
- The District, at its own cost, shall maintain fire and extended coverage insurance on the District's personal property, furniture, fixtures, equipment and all of the District's improvements to the facilities.
- The agreement may be terminated at any time by mutual agreement between the District and Iowa Central Community College. In the absence of a mutual agreement, either Iowa Central Community college or Webster City Community School District may terminate the agreement by giving 60 days written notice to the other party.

Note 15. Deficit Balances

At June 30, 2015, the District had deficit unrestricted net position of \$283,823 and deficit total net position of \$245,334 in the Enterprise, School Nutrition Fund. The District also had deficit unrestricted net position of \$7,959,418 in its governmental activities on the Statement of Net Position.

At June 30, 2015, the District also had deficit unassigned fund balance of \$105,735 in the General Fund.

Note 16. Reconciliation of Governmental Fund Balances to Net Position

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

	Net Investment In Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	328,969	(105,735)
Capital assets, net of accumulated depreciation	24,238,862	-	-
General obligation bond capitalized indebtedness	(12,290,000)	-	-
Revenue bond capitalized indebtedness	(2,225,000)	-	-
Internal service fund	-	-	25,951
Income surtax	-	-	514,150
Bond amortization asset	-	-	34,500
Compensated absences	-	-	(160,537)
Accrued interest payable	-	(65,840)	-
Net pension liability - early retirement	-	-	(140,840)
Net pension liability - IPERS	-	-	(6,374,629)
Pension related deferred outflows	-	-	1,432,343
Pension related deferred inflows	-	-	(2,431,100)
Net OPEB liability	-	-	(753,521)
Net position (Exhibit A)	\$ 9,723,862	263,129	(7,959,418)

Note 17. Accounting Change/Restatement

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

	Governmental Activities	Business Type Activities		
		School Nutrition	Building Trades	Total
Net position June 30, 2014, as previously reported	\$ 10,220,439	\$ (25,096)	3,964	(21,132)
Net pension liability at June 30, 2014	(8,773,640)	(252,739)	-	(252,739)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	939,245	27,056	-	27,056
Net position July 1, 2014, as restated	<u>\$ 2,386,044</u>	<u>\$ (250,779)</u>	<u>3,964</u>	<u>(246,815)</u>

REQUIRED SUPPLEMENTARY INFORMATION

WEBSTER CITY 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 Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 8,102,955	366,822	8,469,777	10,117,719	10,117,719	(1,647,942)
Intermediate sources	-	-	-	300	300	(300)
State sources	11,227,323	6,118	11,233,441	10,043,931	10,043,931	1,189,510
Federal sources	821,333	507,238	1,328,571	1,125,000	1,125,000	203,571
Total revenues	20,151,611	880,178	21,031,789	21,286,950	21,286,950	(255,161)
Expenditures/Expenses:						
Instruction	12,088,812	3,964	12,092,776	12,345,000	12,345,000	252,224
Support services	6,029,987	39,730	6,069,717	6,077,400	6,077,400	7,683
Non-instructional programs	-	835,003	835,003	852,554	852,554	17,551
Other expenditures	2,589,505	-	2,589,505	2,629,686	2,629,686	40,181
Total expenditures/expenses	20,708,304	878,697	21,587,001	21,904,640	21,904,640	317,639
Excess(Deficiency) of revenues over(under) expenditures/expenses	(556,693)	1,481	(555,212)	(617,690)	(617,690)	62,478
Other financing sources, net	15,901	-	15,901	5,000	5,000	10,901
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(540,792)	1,481	(539,311)	(612,690)	(612,690)	73,379
Balances beginning of year, as restated	1,365,240	(246,815)	1,118,425	925,294	925,294	193,131
Balances end of year	\$ 824,448	(245,334)	579,114	312,604	312,604	266,510

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

WEBSTER CITY 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	0.162049%
District's proportionate share of the net pension liability	\$ 6,558,261
District's covered-employee payroll	\$ 11,106,520
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.05%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 991,812	966,302	893,453	797,115	673,324	649,525	542,819	548,032	493,041	463,368
Contributions in relation to the statutorily required contribution	(991,812)	(966,302)	(893,453)	(797,115)	(673,324)	(649,525)	(542,819)	(548,032)	(493,041)	(463,368)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 11,106,520	10,820,851	10,305,110	9,877,509	9,688,115	9,345,683	8,548,331	9,058,380	8,574,626	8,058,574
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.

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

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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

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

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 1,036,715	\$ 1,036,715	0.0%	\$ 8,015,000	12.93%
2010	July 1, 2008	-	993,425	993,425	0.0%	9,071,000	10.95%
2011	July 1, 2010	-	994,162	994,162	0.0%	8,821,456	11.27%
2012	July 1, 2010	-	960,000	960,000	0.0%	9,077,717	10.58%
2013	July 1, 2012	-	1,022,665	1,022,665	0.0%	9,552,052	10.71%
2014	July 1, 2012	-	992,373	992,373	0.0%	10,096,684	9.83%
2015	July 1, 2014	-	1,015,814	1,015,814	0.0%	10,356,118	9.81%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
SUPPLEMENTAL PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2013	July 1, 2012	-	\$ 741,864	\$ 741,864	0.0%	\$ 8,623,226	8.60%
2014	July 1, 2012	-	692,432	692,432	0.0%	8,580,220	8.07%
2015	July 1, 2014	-	1,039,391	1,039,391	0.0%	10,356,118	10.04%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost and net supplemental pension obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS
 DISCRETE COMPONENT UNIT
 DECEMBER 31, 2014

	Webster City Community School Foundation
ASSETS	
Cash and pooled investments	\$ 1,306,650
Capital assets, net of accumulated depreciation	216,000
TOTAL ASSETS	\$ 1,522,650
 Liabilities	
Accounts payable	\$ 368
 NET POSITION	
Net investment in capital assets	216,000
Unrestricted	1,306,282
TOTAL NET POSITION	\$ 1,522,282

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENSES
AND CHANGES IN NET POSITION - CASH BASIS
DISCRETE COMPONENT UNIT
YEAR ENDED DECEMBER 31, 2014

	Webster City Community School Foundation
Revenue:	
Interest and dividends	\$ 42,904
Grants	100
Rental properties	17,771
Realized gain on investments	17,039
Total revenue	77,814
Expenses:	
Grants	11,011
Investment management fees	6,164
Accounting/tax preparation	1,780
Other	84
Total expenses	19,039
Excess of revenue over expenses	58,775
Other financing uses:	
Unrealized loss on investments	(1,198)
Change in net position	57,577
Net position beginning of year	1,464,705
Net position end of year	\$ 1,522,282

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue			Debt Service	Total
	Management Levy	Student Activity	Total		
ASSETS					
Cash and pooled investments	\$ 55,991	160,259	216,250	150,031	366,281
Receivables:					
Property tax:					
Delinquent	2,025	-	2,025	-	2,025
Succeeding year	330,000	-	330,000	-	330,000
Accounts	-	13,528	13,528	-	13,528
TOTAL ASSETS	\$ 388,016	173,787	561,803	150,031	711,834
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	804	804	-	804
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	330,000	-	330,000	-	330,000
Fund balances:					
Restricted for:					
Debt service	-	-	-	150,031	150,031
Management levy purposes	58,016	-	58,016	-	58,016
Student activities	-	172,983	172,983	-	172,983
Total fund balances	58,016	172,983	230,999	150,031	381,030
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 388,016	173,787	561,803	150,031	711,834

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue			Debt Service	Total
	Management Levy	Student Activity	Total		
REVENUES:					
Local sources:					
Local tax	\$ 225,009	-	225,009	-	225,009
Other	13,476	468,204	481,680	-	481,680
State sources	3,263	-	3,263	-	3,263
TOTAL REVENUES	241,748	468,204	709,952	-	709,952
EXPENDITURES:					
Current:					
Instruction:					
Regular	192,335	-	192,335	-	192,335
Other	-	455,100	455,100	-	455,100
Support services:					
Administration	4,936	-	4,936	-	4,936
Operation and maintenance of plant	94,319	-	94,319	-	94,319
Transportation	19,152	-	19,152	-	19,152
Long-term debt:					
Principal	-	-	-	660,000	660,000
Interest and fiscal charges	-	-	-	557,407	557,407
TOTAL EXPENDITURES	310,742	455,100	765,842	1,217,407	1,983,249
Excess(Deficiency) of revenues over(under) expenditures	(68,994)	13,104	(55,890)	(1,217,407)	(1,273,297)
Other financing sources:					
Transfer in	-	-	-	1,234,913	1,234,913
Change in fund balances	(68,994)	13,104	(55,890)	17,506	(38,384)
Fund balances beginning of year	127,010	159,879	286,889	132,525	419,414
Fund balances end of year	\$ 58,016	172,983	230,999	150,031	381,030

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant & Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 205,548	3,617	209,165
Receivables:			
Property tax			
Delinquent	-	3,710	3,710
Succeeding year	-	415,141	415,141
Due from other governments	227,907	-	227,907
TOTAL ASSETS	\$ 433,455	422,468	855,923
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 114	4,325	4,439
Deferred inflows of resources:			
Unavailable resources:			
Succeeding year property tax	-	415,141	415,141
Fund balances:			
Restricted for:			
Debt service	178,938	-	178,938
School infrastructure	254,403	-	254,403
Physical plant and equipment	-	3,002	3,002
Total fund balances	433,341	3,002	436,343
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 433,455	422,468	855,923

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEBSTER CITY 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	Construction Projects	Physical Plant & Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ -	-	420,816	420,816
Other	230	-	35	265
State sources	1,464,887	-	6,015	1,470,902
TOTAL REVENUES	1,465,117	-	426,866	1,891,983
EXPENDITURES:				
Current:				
Instruction:				
Regular	-	-	119,888	119,888
Support services:				
Instructional staff	190,000	-	-	190,000
Administration	-	-	73,525	73,525
Operation and maintenance of plant	-	-	80,099	80,099
Transportation	-	-	39,378	39,378
Capital outlay	419,322	2,389	278,501	700,212
TOTAL EXPENDITURES	609,322	2,389	591,391	1,203,102
Excess(Deficiency) of revenues over(under) expenditures	855,795	(2,389)	(164,525)	688,881
Other financing sources(uses):				
Transfer in	44,139	-	-	44,139
Transfer out	(1,234,913)	(44,139)	-	(1,279,052)
Total other financing sources(uses)	(1,190,774)	(44,139)	-	(1,234,913)
Change in fund balances	(334,979)	(46,528)	(164,525)	(546,032)
Fund balances beginning of year	768,320	46,528	167,527	982,375
Fund balances end of year	\$ 433,341	-	3,002	436,343

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEBSTER CITY 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	Intrafund Transfers	Balance End of Year
Concessions	\$ 1,383	77,645	78,379	494	1,143
Mock trial	83	-	-	-	83
Elementary PTO	23,592	49,790	44,834	-	28,548
Sunset student council	2,849	300	813	-	2,336
Interest	32	218	231	(19)	-
MS drama	110	-	-	-	110
MS band donations	865	-	-	-	865
MS annual	1,870	4,463	6,043	1,244	1,534
5th grade student council	2,669	400	874	-	2,195
6th grade student council	2,164	-	1,413	-	751
7th grade student council	1,434	-	727	-	707
8th grade student council	3,295	-	217	-	3,078
Yess mini society	133	-	-	-	133
MS student general account	3,801	19,994	16,512	-	7,283
MS exploratory account	2,538	332	1,129	-	1,741
MS choices and challenges	253	317	85	-	485
MS regional conference	32	-	-	-	32
HS drama	3,836	1,190	527	-	4,499
Forensics/speech club	688	-	174	-	514
HS vocal music	-	10	-	-	10
HS band	775	-	-	-	775
Cross country special fundraiser	6,348	6,286	5,334	-	7,300
Cheerleader special account	957	1,896	1,979	-	874
Boys basketball special fundraiser	1,274	2,696	3,970	-	-
Boys soccer special fundraiser	2,513	250	1,231	-	1,532
HS baseball boosters	-	3,045	1,203	-	1,842
Football special fundraisers	9,228	11,132	13,693	-	6,667
Boys track special fundraisers	82	689	707	-	64
Boys golf special fundraisers	31	800	758	-	73
Wrestling special fundraisers	-	7,740	3,507	(4,233)	-
Girls basketball special fundraiser	416	5,891	5,090	784	2,001
Volleyball special fundraisers	2,992	1,215	3,003	-	1,204
Girls soccer special fundraisers	425	-	-	-	425
Softball special fundraisers	5,091	4,570	7,063	375	2,973
HS girls tennis special fundraisers	2,208	1,788	1,788	-	2,208
Athletics	19,671	131,467	127,054	1,405	25,489
Athletic pop fund	160	-	160	-	-
HS annual	9,864	22,971	26,707	-	6,128
HS art club	93	-	-	-	93
Student honor program	46	-	-	-	46
FFA - test plot	1,930	5,938	1,280	-	6,588
Spanish club	3,054	5,433	5,145	-	3,342
French club	170	-	-	-	170
FFA	7,725	65,677	61,086	(50)	12,266
FFA-Greenhouse	9,421	8,181	8,451	-	9,151
Home ec club	993	1,000	157	-	1,836
HS science club	946	-	-	-	946
Environmental science club	114	-	-	-	114
Junior state of america	194	-	-	-	194
Multi occupational class	2,408	-	-	-	2,408
Jr class fund	1,880	-	58	-	1,822
National honor society	407	250	193	-	464
Class of 2015	1,190	-	-	(1,190)	-
Class of 2016	120	10,745	8,938	-	1,927
Class of 2017	45	100	132	-	13
Class of 2018	-	100	22	-	78
Class of 2019	-	100	1,290	1,190	-
HS student council	9,533	10,281	10,070	-	9,744
HS choir club	100	-	-	-	100
HS musical	1,994	2,295	2,212	-	2,077
Special projects	3,625	829	800	-	3,654
Hamilton regional student council	229	180	61	-	348
Total	<u>\$ 159,879</u>	<u>468,204</u>	<u>455,100</u>	<u>-</u>	<u>172,983</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST - SCHOLARSHIP ACCOUNTS
YEAR ENDED JUNE 30, 2015

Account	Beginning Net Position	Additions	Deductions	Ending Net Position
Gilf Golf Scholarship	\$ 1,157	-	-	1,157
Cessna Scholarship	1,953,879	35,882	69,003	1,920,758
Greg Bock Scholarship	-	740	-	740
E.K. Lowary Memorial Scholarship	2,359	-	-	2,359
Darwin Hartnett Memorial Scholarship	1,854	11	500	1,365
Class of 1942 Scholarship	510	-	510	-
Wilke Family Scholarship	1,000	-	1,000	-
Paul Johnston Memorial Scholarship	8,000	-	-	8,000
Kyle Bahrenfuss Family Memorial Scholarship	2,700	-	300	2,400
Webster City FFA Alumni	1,000	-	1,000	-
C. Warland-Eddy Scholarship	2,724	51	100	2,675
Julie Eggers Memorial Scholarship	9,780	80	500	9,360
Nissen-Evans Scholarship	83,330	800	-	84,130
Oliver Gore Scholarship	10,156	125	150	10,131
Chuck Hill Scholarship	1,020	100	100	1,020
McFarland Clinic Scholarship	250	-	-	250
E. McCollum-Jones Scholarship	48,481	362	1,500	47,343
Jeff Lehmann Scholarship	-	200	-	200
S.C. Withers-Book Scholarship	9,852	99	500	9,451
Spencer Lane Scholarship	95,262	1,082	1,200	95,144
Lynx Scholarship	28,354	251	250	28,355
Keith Maxon Scholarship	649	3	200	452
Howard Shepard Memorial Scholarship	9,908	111	1,000	9,019
Mary Spellmeyer Scholarship	50	-	-	50
Pioneer Hi-Bred Scholarship	1,000	-	1,000	-
Stratford Lion's Club Scholarship	-	1,000	500	500
Alfred Baird Scholarship	394,066	51	1,595	392,522
Patten Family Scholarship	-	800	500	300
L. Wells Athletic Camp Scholarship	1,401	74	-	1,475
Christine Trehune Scholarship Trust	58	-	-	58
Stanley Withers Scholarship	10,488	49	450	10,087
Thrivant for Lutherans Scholarship	1,600	-	-	1,600
Woods/Stark Scholarship	53,102	178	1,250	52,030
Helen Wehrheim Scholarship	550	300	300	550
Webster City Education Association Scholarship	300	300	300	300
Don and Esther Reimer Scholarship	16,668	90	1,500	15,258
Whit Hemmingway Scholarship	4,125	-	250	3,875
MS Improvements Donations	1,253	-	490	763
Nurse's Charity Fund	25,044	250	1,285	24,009
Early Childhood Assistance	122	-	-	122
Stearns/Morrison Needy Fund	368	1	290	79
Faine Reading Memorial Fund	538	-	-	538
Student Special Needs Fund	1,789	1,645	1,154	2,280
Dr. David Moore Student Academic Fund	500	-	-	500
District FFA Fund	1,276	3,625	4,901	-
Total	\$ 2,786,523	48,260	93,578	2,741,205

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 6,411,936	6,483,741	7,404,384	7,084,566	6,790,344	6,723,228	6,364,059	5,862,683	5,776,218	5,518,962
Tuition	835,094	940,583	866,061	873,131	894,362	877,221	1,002,025	993,992	947,275	911,446
Other	855,925	827,504	909,445	801,424	1,017,004	741,240	799,703	800,639	742,260	660,292
Intermediate sources	-	262	2,017	412	-	-	15,000	-	-	-
State sources	11,227,323	10,897,592	9,057,085	9,219,560	8,339,348	7,313,406	8,629,039	8,079,703	7,768,885	7,393,287
Federal sources	821,333	793,433	703,018	497,403	1,091,336	1,613,919	531,692	413,562	419,094	435,523
Total	\$ 20,151,611	19,943,115	18,942,010	18,476,496	18,132,394	17,269,014	17,341,518	16,150,579	15,653,732	14,919,510
Expenditures:										
Instruction:										
Regular	\$ 6,825,026	6,758,598	6,691,502	6,409,978	6,473,037	6,170,128	6,531,751	6,086,844	5,552,164	5,060,241
Special	2,788,539	2,682,165	2,653,060	2,299,065	2,211,617	2,212,585	2,450,409	2,280,758	2,228,925	2,220,759
Other	2,475,247	2,488,966	2,253,825	2,181,783	2,328,387	2,193,732	1,683,033	1,659,957	1,552,963	1,573,392
Support services:										
Student	731,005	672,724	663,845	657,448	626,647	590,549	575,735	603,833	587,005	475,109
Instructional staff	1,158,163	1,306,139	893,426	1,036,946	1,087,968	1,021,960	1,120,730	852,747	1,009,244	757,464
Administration	2,037,966	1,921,613	1,850,982	1,656,581	1,572,937	1,611,547	1,553,555	1,404,697	1,364,015	1,197,476
Operation and maintenance of plant	1,465,665	1,588,059	1,559,041	1,414,969	1,276,684	1,249,868	1,284,062	1,317,268	1,279,271	1,083,236
Transportation	637,188	606,975	653,003	690,739	742,737	572,911	768,609	556,619	509,057	557,243
Non-instructional programs	-	-	-	-	-	-	-	-	17,284	4,003
Capital outlay	700,212	2,520,251	2,705,322	7,080,219	3,431,794	335,476	433,151	1,185,973	300,271	569,187
Long-term debt:										
Principal	660,000	665,963	635,963	630,335	710,219	2,515,054	823,934	565,000	530,000	505,000
Interest and fiscal charges	557,407	559,991	546,270	564,991	478,801	123,283	184,947	176,062	190,197	218,470
Other expenditures:										
AEA flow-through	671,886	658,973	626,681	615,864	650,139	646,097	589,657	559,637	543,026	511,003
Total	\$ 20,708,304	22,430,417	21,732,920	25,238,918	21,590,967	19,243,190	17,999,573	17,249,395	15,663,422	14,732,583

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 15	\$ 78,089
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 15	386,190 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 15	42,959
			<u>507,238</u>
U.S. DEPARTMENT OF JUSTICE:			
IOWA JUVENILE COURT SERVICE:			
JUVENILE JUSTICE AND DELINQUENCY PREVENTION - ALLOCATION TO STATES	16.540	FY 15	15,000
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I - GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 15	362,117
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 15	3,690 **
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 15	25,023
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 15	54,925
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 15	8,005
PRAIRIE LAKES AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 15	79,381 **
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	FY 15	3,663
TOTAL			<u>\$ 1,059,042</u>

* Includes \$19,762 of non-cash awards

** Total Special Education Cluster (IDEA) is \$83,071.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of Webster City Community School District:

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Webster City Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 8, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control 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 described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster City 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 opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Webster City Community School District's Responses to Findings

Webster City Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Webster City 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 Webster City Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 8, 2016
Newton, Iowa

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

**Independent Auditor's Report on Compliance for
Each Major Federal Program, on Internal Control over Compliance
Required by OMB Circular A-133**

To the Board of Education of Webster City Community School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Webster City Community School District's compliance with those requirements.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 8, 2016
Newton, Iowa

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results

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

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 2) Capital assets - periodical testing and responsibility for the assets
- 3) Long-term debt - maintaining debt records and control of cash, reconciliations and approval.
- 4) Receipts - preparation of deposits and posting.
- 5) Wire transfers - processing and approving.
- 6) Payroll - approval of and recording employees added or deleted from the payroll system, write checks and post payroll to the general ledger.
- 7) 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 - We are constantly looking at ways to improve our segregation of duties and internal controls.

Conclusion - Response accepted.

II-B-15 Deficit Lunch Account Balances - We noted during the audit that the Nutrition Fund is carrying several deficit student lunch account balances.

Recommendation - The District should develop policies regarding the treatment of negative account balances aimed at discouraging accounts from becoming negative. The District may also wish to 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 - We will continue to work on collecting all negative lunch account balances and distribute free and reduced lunch applications to families to see if they qualify. The district will pursue small claims court for delinquent accounts.

Conclusion - Response accepted.

OTHER MATTERS:

II-C-15 Board Policies - We noted during our audit some of the District's board policies do not appear to have been kept up to date. All District board policies should be reviewed every five years and documented when approved and reviewed.

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

Response - We will work to keep our board policy books up to date and make sure all updates are documented. The district subscribes to the policy update services with Iowa Association of School Boards. A review schedule has been adopted by the board.

Conclusion - Response accepted.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

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

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

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

- 1) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 2) Receipts - preparation of deposits and posting.
- 3) Wire transfers - processing and approving.
- 4) Payroll - approval of and recording employees added or deleted from the payroll system, write checks and post payroll to the general ledger.
- 5) 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 and Corrective Action Plan - We are constantly looking at ways to improve our segregation of duties and internal controls.

Conclusion - Response accepted.

WEBSTER CITY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District expenditures for the year ended June 30, 2015 did not exceed the certified budgeted amounts in any of the four functional areas or in total.

IV-B-15 Questionable Disbursements - Disbursements noted which may not meet public purpose as defined by an Attorney General’s opinion dated April 25, 1979 are noted as follows:

Gift Cards: Noted the District purchased gift cards to Casey’s, Stoney Creek Landscapes, and Fareway out of the General Fund. The purchase of gift certificates/cards does not allow the board to “audit and allow” the final purchase as required by Iowa Code Section 279.29 and also does not appear to meet public purpose as defined in the Attorney General’s opinion dated April 25, 1979.

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

Response - We will refrain from purchasing gift cards in the future.

Conclusion - Response accepted.

Prizes - We noted the District purchased prizes given to students who were top sellers in District held fundraisers. Awarding prizes for being top sellers does not appear to meet public purpose as defined in the Attorney General’s opinion dated April 25, 1979.

Recommendation - The District should refrain from giving prizes to students for being top sellers in fundraisers, as performance incentives or for good behavior to comply with the Attorney General’s opinion dated April 25, 1979.

Response - We will refrain from giving prizes to students as incentives.

Conclusion - Response accepted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Dave Orton, Director of Building and Grounds Son Owns JCBuilders	Purchased Services	\$3,020

In accordance with the Attorney General’s opinion dated November 9, 1976, the above transactions with the son of a District employee do not appear to represent a conflict of interest.

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

IV-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-15 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported was overstated by 0.22 students for the fall 2014 count date.

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

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

Conclusion - Response accepted.

IV-H-15 Supplementary Weighting - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-I-15 Deposits and Investments - Currently the District maintains a diversified portfolio of several investments in the Private Purpose Trust Fund. Investments in the portfolio consist of certificates of deposit, savings accounts, stocks and money market accounts. Although these investments are allowable in accordance with the District's investment policy 704.3, the District's investments of stock do not appear to be allowable according to Chapter 12B and Chapter 12C of the Code of Iowa. The District's investment policy 704.3 cannot expand the allowability of investments according to Chapter 12B and 12C of the Code of Iowa.

Recommendation - The District should review Board Policy 704.3 and investments in the Private Purpose Trust Fund and make necessary adjustments to comply with Chapter 12B and 12C of the Code of Iowa.

Response - We will review board policy 704.3 and make necessary adjustments to comply with Chapter 12B and 12C of the Code of Iowa.

Conclusion - Response accepted.

IV-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

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

IV-L-15 Statewide Sales, Services, and Use Tax - No instance 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		\$	768,320
Revenues:			
Sales tax revenues	\$	1,464,887	
Other local revenues		230	
Transfer from Capital Projects: Construction Fund		44,139	1,509,256
			<u>2,277,576</u>
Expenditures/Transfers out:			
School infrastructure construction	\$	134,623	
Buildings		185,968	
Equipment		770	
Other		287,961	
Transfers to other funds:			
Debt service		1,234,913	1,844,235
			<u>1,844,235</u>
Ending balance			<u>\$ 433,341</u>

For the year ended June 30, 2015, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service	\$ 2.58000	\$ 1,064,701

IV-M-15 Signing of Contracts - We noted during our audit athletic official's contracts were signed by the Athletic Director and not signed by the Board President. We also noted a contract with a local Disc Jockey for DJ services at the District's prom was not signed by the Board President. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board president sign all contracts entered into by the District to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - The board president will sign all contracts. The board has approved the Business Manager and Superintendent's Secretary to use the Board President's signature stamp for all athletic official contracts.

Conclusion - Response accepted.

IV-N-15 Financial Condition - The District the following deficit balances at June 30, 2015: The District had deficit unassigned fund balance of \$105,735 in the General Fund. The District had deficit unrestricted net position of \$283,823 and deficit total net position of \$245,334 in the Enterprise, School Nutrition Fund. The District also had deficit unrestricted net position of \$7,959,418 in its governmental activities. The primary reason for the deficit net positions in the School Nutrition Fund and the District's governmental activities is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

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

Response - The district will take steps to ensure all administration and the Board of Education understand how GASB statements 68 and 71 affect our financial and we will continue to monitor all accounts and work to eliminate the deficit accounts and fund balances.

Conclusion - Response accepted.