

WEST DELAWARE COUNTY 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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**West Delaware County Community School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
	Board of Education	
Linda Bessey	President	2015
Angie Corcoran	Vice President	2015
Steve Dudak	Board Member	2015
Tom King	Board Member	2017
Dr. John Tyrell	Board Member	2017
	<b>School Officials</b>	
Dr. Kristen Rickey	Superintendent	2015
Kelly Jared	Director of Finance/ Board Secretary	2015
Ahler's Law Firm	Attorney	2015

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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

**Members American Institute & Iowa Society of Certified Public Accountants**

### **Emphasis of Matter**

As discussed in Note 14 to the financial statements, West Delaware County 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 District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Delaware County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, 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 applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2016, on our consideration of West Delaware County Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that

testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering West Delaware County Community School District's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Nolte, Cornman & Johnson PC".

NOLTE, CORNMAN & JOHNSON, P.C.

February 1, 2016  
Newton, Iowa

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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West Delaware County Community School District provides this Management's Discussion and Analysis of its financial statements to assist in the viewer's comprehension of the overall document. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. The reader is encouraged to consider this information in conjunction with the District's financial statements, which follow.

### **2015 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$15,522,536 in fiscal year 2014 to \$15,453,662 in fiscal year 2015, while General Fund expenditures decreased from \$15,216,980 in fiscal year 2014 to \$14,974,464 in fiscal year 2015. Revenues still outpaced expenditures resulting in an increase in the District's General Fund balance from \$3,272,595 at June 30, 2014 to \$3,751,793 at June 30, 2015.
- The solvency ratio improved from 19.11% at June 30, 2014 to 22.71% at June 30, 2015. The District has taken steps to increase the solvency ratio, providing an adequate General Fund balance to weather unanticipated revenue reductions such as seen in FY10.
- The District sold \$5,800,000 of General Obligation Bonds in February 2008 and \$2,075,000 of PPEL Capital Loan Notes in January 2006. The outstanding obligation totals \$5,700,000 as of June 30, 2015.
- Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.
- The district has reduced categorical restricted balances from \$429,636 in FY14 to \$390,588 in FY15 and the restricted balances are projected to continue to decrease, resulting in a greater ratio of unrestricted funds in the General Fund balance.
- The addition of preschool in FY15 will generate state aid dollars in FY16.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of West Delaware County Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Delaware County 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 West Delaware County Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

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

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

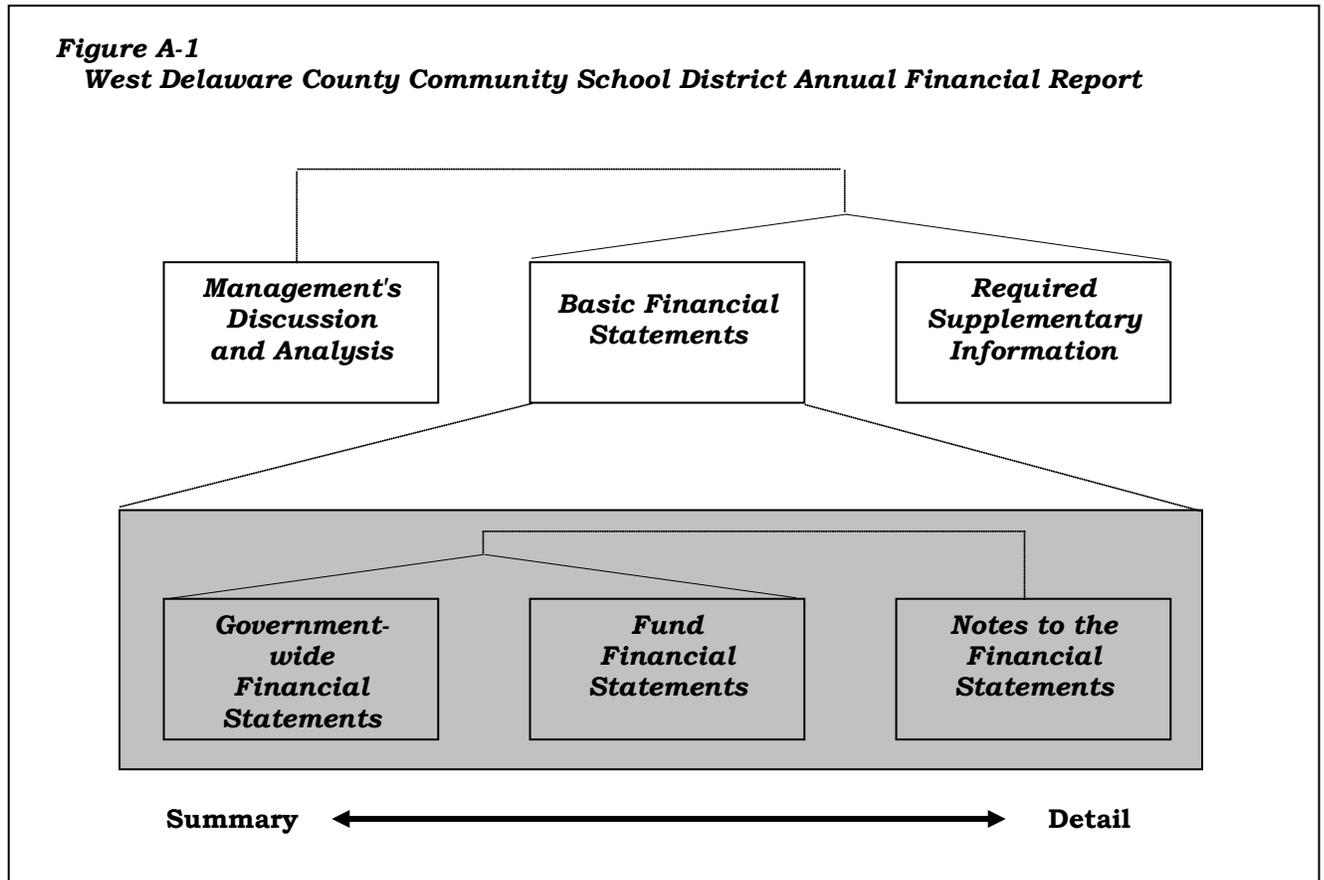


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2</b>				
<b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	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	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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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.

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

- Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain revenues collected for District employee purchases of pop, academic boosters and related expenditures.

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 Government-wide financial statements because it cannot use these assets to finance its operations.

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

Reconciliation 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, 2014 compared to June 30, 2015.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Current and other assets	\$ 13,997,632	13,416,414	407,284	410,760	14,404,916	13,827,174	4.18%
Capital assets	18,902,212	18,258,884	169,156	161,189	19,071,368	18,420,073	3.54%
Total assets	32,899,844	31,675,298	576,440	571,949	33,476,284	32,247,247	3.81%
Deferred outflows of resources	1,124,625	-	33,763	-	1,158,388	-	100.00%
Long-term liabilities	11,899,683	6,870,376	170,923	9,051	12,070,606	6,879,427	75.46%
Other liabilities	602,330	433,526	18,141	15,493	620,471	449,019	38.18%
Total liabilities	12,502,013	7,303,902	189,064	24,544	12,691,077	7,328,446	73.18%
Deferred inflows of resources	8,431,877	6,205,032	66,209	-	8,498,086	6,205,032	36.95%
Net position:							
Net investment in capital assets	13,203,232	11,979,904	169,156	161,189	13,372,388	12,141,093	10.14%
Restricted	3,303,690	3,280,268	-	-	3,303,690	3,280,268	0.71%
Unrestricted	(3,416,343)	2,906,192	185,774	386,216	(3,230,569)	3,292,408	-198.12%
Total net position	\$ 13,090,579	18,166,364	354,930	547,405	13,445,509	18,713,769	-28.15%

The District's total net position decreased by \$5,268,260, or 28.15%, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

The District's restricted net position increased \$23,422, or 0.71%, from the prior year. The increase in restricted net position was primarily due to the increase in the Management Levy Fund balance due to an increase local tax received compared to the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$6,522,977, or 198.12%. The decrease in unrestricted net position was due 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 \$7,284,774 and \$207,538, 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, 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.

	Governmental Activities		Business Type Activities		Total District		Total Change 2014-15
	2014		2014		2014		
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for service	\$ 1,183,677	1,151,204	434,519	428,584	1,618,196	1,579,788	2.43%
Operating grants, contributions and restricted interest	1,221,408	1,181,327	408,932	382,995	1,630,340	1,564,322	4.22%
Capital grants, contributions and restricted interest	70,000	-	-	-	70,000	-	100.00%
<b>General revenues:</b>							
Property tax	6,115,259	6,147,089	-	-	6,115,259	6,147,089	-0.52%
Income surtax	480,265	455,929	-	-	480,265	455,929	5.34%
Statewide sales, services and use tax	1,464,683	1,382,891	-	-	1,464,683	1,382,891	5.91%
Unrestricted state grants	8,041,861	8,175,317	-	-	8,041,861	8,175,317	-1.63%
Unrestricted investment earnings	70,846	61,678	3,954	3,909	74,800	65,587	14.05%
Other general revenues	235,842	125,715	3,033	2,854	238,875	128,569	85.80%
<b>Total revenues</b>	<b>18,883,841</b>	<b>18,681,150</b>	<b>850,438</b>	<b>818,342</b>	<b>19,734,279</b>	<b>19,499,492</b>	<b>1.20%</b>
<b>Program expenses:</b>							
Instruction	10,466,288	11,043,867	-	-	10,466,288	11,043,867	-5.23%
Support services	4,801,885	4,926,181	24,590	16,708	4,826,475	4,942,889	-2.36%
Non-instructional programs	22,145	28,556	810,785	782,701	832,930	811,257	2.67%
Other expenses	1,384,534	1,359,064	-	-	1,384,534	1,359,064	1.87%
<b>Total expenses</b>	<b>16,674,852</b>	<b>17,357,668</b>	<b>835,375</b>	<b>799,409</b>	<b>17,510,227</b>	<b>18,157,077</b>	<b>-3.56%</b>
<b>Change in net position</b>	<b>2,208,989</b>	<b>1,323,482</b>	<b>15,063</b>	<b>18,933</b>	<b>2,224,052</b>	<b>1,342,415</b>	<b>65.68%</b>
<b>Net position beginning of year, as restated</b>	<b>10,881,590</b>	<b>16,842,882</b>	<b>339,867</b>	<b>528,472</b>	<b>11,221,457</b>	<b>17,371,354</b>	<b>-35.40%</b>
<b>Net position end of year</b>	<b>\$ 13,090,579</b>	<b>18,166,364</b>	<b>354,930</b>	<b>547,405</b>	<b>13,445,509</b>	<b>18,713,769</b>	<b>-28.15%</b>

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 85.27% of the revenues from governmental activities while charges for service and sales and operating grants and contributions accounted for 99.18% of the revenue from business type activities.

The District's total revenues were \$19,734,279, of which \$18,883,841 was for governmental activities and \$850,438 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.20% increase in revenues and a 3.56% decrease in expenses. Other general revenue increased by \$110,306 to help fund the fund the increase in total revenues. The decrease in expenses was related to a decrease in instruction expenses incurred as compared to the previous year.

### Governmental Activities

Revenues for governmental activities were \$18,883,841 and expenses were \$16,674,852 for the year ended June 30, 2015.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Change 2014-15	2015	2014 (Not Restated)	Change 2014-15
Instruction	\$ 10,466,288	11,043,867	-5.23%	8,868,648	9,475,404	-6.40%
Support services	4,801,885	4,926,181	-2.52%	4,579,324	4,810,923	-4.81%
Non-instructional programs	22,145	28,556	-22.45%	22,145	28,556	-22.45%
Other expenses	1,384,534	1,359,064	1.87%	729,650	710,254	2.73%
Totals	<u>\$ 16,674,852</u>	<u>17,357,668</u>	<u>-3.93%</u>	<u>14,199,767</u>	<u>15,025,137</u>	<u>-5.49%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,183,677.
- Federal and state governments along with contributions from local sources subsidized certain programs with grant and contributions totaling \$1,291,408.
- The net cost of governmental activities was financed with \$6,115,259 in property tax, \$480,265 in income surtax, \$1,464,683 in statewide sales, services and use tax, \$8,041,861 in unrestricted state grants, \$70,846 in interest income and \$235,842 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2015 were \$850,438, an increase of 3.92% from the prior year and expenses were \$835,375, an increase of 4.50% from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were primarily comprised of charges for service, federal and state reimbursements investment income and other general revenues.

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## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$6,686,826, above last year's ending fund balances of \$6,252,486. The primary reason for the increase in combined fund balances in fiscal year 2015 is due to the increase in fund balance of the District's General Fund.

### **Governmental Fund Highlights**

- The District's General Fund financial position is the product of many factors. The state's student enrollment driven funding formula has not provided much "new money" over the course of the last several years, yet the District maintains a competitive hiring salary for each of its job classifications. However, this was the sixth time in nine years that General Fund revenues exceeded expenses. This resulted in the General Fund fund balance increasing by \$479,198 or 14.64%.
- The Management Levy Fund balance increased from \$712,926 at June 30, 2014 to \$902,311 at June 30, 2015. The primary reason for this increase in fund balance is an increase in local tax revenue received as compared to the prior year.
- The Capital Projects Fund balance decreased from \$1,946,757 at June 30, 2014 to \$1,689,635 at June 30, 2015. This decrease in fund balance was primarily a result of an increase in capital outlay expenditures incurred during the year due to continued work on District construction projects.

### **Proprietary Fund Highlights**

The Proprietary Fund net position increased from \$339,867 restated as of July 1, 2014 to \$354,930 at June 30, 2015, an increase of 4.43%. The increase in ending net position was due to an increase in federal source revenues received. School Nutrition Fund revenues increased 3.92% when compared with the prior year and expenses increased 4.50% when compared with the prior year.

## **BUDGETARY HIGHLIGHTS**

The District's revenues were \$201,535 more than budgeted revenues, a variance of 1.03%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2015, the District had invested \$19,071,368, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, furnishings athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents

a net increase of 3.54% from the prior year. More detailed information about the District's capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$748,580.

The original cost of the District's capital assets was \$28,467,874. Governmental funds account for \$27,984,719 with the remainder of \$483,155 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$17,503,241 at June 30, 2015, compared to \$16,799,511 reported at June 30, 2014. This increase is due to the District completing construction of a new bus barn and capitalizing it as part of the District's capital asset listing during the year.

	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	\$ 245,750	245,750	-	-	245,750	245,750	0.00%
Construction in progress	-	103,794	-	-	-	103,794	-100.00%
Buildings	17,503,241	16,799,511	-	-	17,503,241	16,799,511	4.19%
Land improvements	146,312	142,681	-	-	146,312	142,681	2.54%
Machinery and equipment	1,006,909	967,148	169,156	161,189	1,176,065	1,128,337	4.23%
Total	<u>\$ 18,902,212</u>	<u>18,258,884</u>	<u>169,156</u>	<u>161,189</u>	<u>19,071,368</u>	<u>18,420,073</u>	<u>3.54%</u>

### Long-Term Debt

At June 30, 2015, the District had \$12,070,606 in bonded and other long-term debt outstanding. This represents an increase of 75.46% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had general obligations bonds payable of \$5,455,000 at June 30, 2015 payable from the Debt Service Fund.

The District had capital loan notes payable of \$245,000 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District had termination benefits payable from the Special Revenue, Management Levy Fund of \$20,911 at June 30, 2015.

The District had compensated absences payable from the General Fund of \$43,239 at June 30, 2015.

The District had a total net pension liability of \$5,817,313 at June 30, 2015. Governmental activities account for \$5,656,173 of this total while Business Type activities account for the remaining \$161,140.

The District had a total net OPEB liability of \$489,143 at June 30, 2015. Governmental activities account for \$479,360 of this total while Business Type activities account for the remaining \$9,783.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	2014-15
General obligation bonds	\$ 5,455,000	5,800,000	-	-	5,455,000	5,800,000	-5.95%
Capital loan notes	245,000	480,000	-	-	245,000	480,000	-48.96%
Termination benefits	20,911	128,239	-	-	20,911	128,239	-83.69%
Compensated absences	43,239	36,045	-	-	43,239	36,045	19.96%
Net pension liability	5,656,173	-	161,140	-	5,817,313	-	100.00%
Net OPEB liability	479,360	426,092	9,783	9,051	489,143	435,143	12.41%
Totals	<u>\$ 11,899,683</u>	<u>6,870,376</u>	<u>170,923</u>	<u>9,051</u>	<u>12,070,606</u>	<u>6,879,427</u>	<u>75.46%</u>

## 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:

- RMC completed a major expansion in the Fall of 2015, investing \$21 million and adding 49,000 square feet. The expansion has led to hiring additional staff. Medical specialists from surrounding cities are seeing patients in Manchester.
- The white-water rafting park was completed and is a major tourism draw as well as a great addition to recreation for the community.
- Depressed agricultural prices continue to be a concern and are likely reducing the amount of money flowing through the community.
- The Delaware County Economic Development Office reports 400 jobs have been added to the Delaware County/Greater Manchester area in the last five years.
- Dynamic groups continue to analyze additional potential for the area. Citizens work hand-in-hand with government and school officials to continually improve the community.
- State Aid funding levels and continued uncertainty until well into the budgeting season continues to be a challenge.
- June 2015 unemployment for Delaware County was 3.10% compared to 3.7% for Iowa.

## 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 Kelly Jared, Director of Finance/Board Secretary, West Delaware County Community School District, 701 New Street, Manchester, Iowa, 52057.

## **BASIC FINANCIAL STATEMENTS**

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 6,858,416	375,369	7,233,785
Receivables:			
Property tax:			
Delinquent	70,146	-	70,146
Succeeding year	6,107,837	-	6,107,837
Income surtax	433,393	-	433,393
Accounts	5,399	-	5,399
Due from other governments	522,441	-	522,441
Inventories	-	31,915	31,915
Capital assets, net of accumulated depreciation	18,902,212	169,156	19,071,368
<b>Total Assets</b>	<b>32,899,844</b>	<b>576,440</b>	<b>33,476,284</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,124,625	33,763	1,158,388
<b>Liabilities</b>			
Accounts payable	474,075	3,481	477,556
Salaries and benefits payable	90,139	2,594	92,733
Accrued interest payable	38,116	-	38,116
Unearned revenue	-	12,066	12,066
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	360,000	-	360,000
Capital loan notes payable	245,000	-	245,000
Termination benefits payable	20,911	-	20,911
Compensated absences	43,239	-	43,239
Portion due after one year:			
General obligation bonds payable	5,095,000	-	5,095,000
Net pension liability	5,656,173	161,140	5,817,313
Net OPEB liability	479,360	9,783	489,143
<b>Total Liabilities</b>	<b>12,502,013</b>	<b>189,064</b>	<b>12,691,077</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	6,107,837	-	6,107,837
Pension related deferred inflows	2,324,040	66,209	2,390,249
<b>Total Deferred Inflows of Resources</b>	<b>8,431,877</b>	<b>66,209</b>	<b>8,498,086</b>
<b>Net Position</b>			
Net investment in capital assets	13,203,232	169,156	13,372,388
Restricted for:			
Categorical funding	390,588	-	390,588
Management levy purposes	881,400	-	881,400
Student activities	343,087	-	343,087
School infrastructure	1,079,098	-	1,079,098
Physical plant and equipment	609,517	-	609,517
Unrestricted	(3,416,343)	185,774	(3,230,569)
<b>Total Net Position</b>	<b>\$ 13,090,579</b>	<b>354,930</b>	<b>13,445,509</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 6,613,768	416,729	100,660	-	(6,096,379)	-	(6,096,379)
Special	1,864,487	89,207	147,059	-	(1,628,221)	-	(1,628,221)
Other	1,988,033	632,149	211,836	-	(1,144,048)	-	(1,144,048)
	<u>10,466,288</u>	<u>1,138,085</u>	<u>459,555</u>	<u>-</u>	<u>(8,868,648)</u>	<u>-</u>	<u>(8,868,648)</u>
Support services:							
Student	323,522	-	-	-	(323,522)	-	(323,522)
Instructional staff	840,115	-	28,890	-	(811,225)	-	(811,225)
Administration	1,341,017	-	72	-	(1,340,945)	-	(1,340,945)
Operation and maintenance of plant	1,477,474	-	-	70,000	(1,407,474)	-	(1,407,474)
Transportation	819,757	45,592	78,007	-	(696,158)	-	(696,158)
	<u>4,801,885</u>	<u>45,592</u>	<u>106,969</u>	<u>70,000</u>	<u>(4,579,324)</u>	<u>-</u>	<u>(4,579,324)</u>
Non-instructional programs:							
Food service operations	22,145	-	-	-	(22,145)	-	(22,145)
Long-term debt interest	252,758	-	-	-	(252,758)	-	(252,758)
Other expenditures:							
AEA flowthrough	654,884	-	654,884	-	-	-	-
Depreciation(unallocated)*	476,892	-	-	-	(476,892)	-	(476,892)
	<u>1,131,776</u>	<u>-</u>	<u>654,884</u>	<u>-</u>	<u>(476,892)</u>	<u>-</u>	<u>(476,892)</u>
Total governmental activities	<u>16,674,852</u>	<u>1,183,677</u>	<u>1,221,408</u>	<u>70,000</u>	<u>(14,199,767)</u>	<u>-</u>	<u>(14,199,767)</u>
Business Type activities:							
Support services:							
Instructional staff	300	-	-	-	-	(300)	(300)
Operation and maintenance of plant	24,290	-	-	-	-	(24,290)	(24,290)
Non-instructional programs:							
Food service operations	810,785	434,519	408,932	-	-	32,666	32,666
Total business type activities	<u>835,375</u>	<u>434,519</u>	<u>408,932</u>	<u>-</u>	<u>-</u>	<u>8,076</u>	<u>8,076</u>
Total	<u>\$ 17,510,227</u>	<u>1,618,196</u>	<u>1,630,340</u>	<u>70,000</u>	<u>(14,199,767)</u>	<u>8,076</u>	<u>(14,191,691)</u>
General Revenues:							
Property tax for:							
General purposes				\$ 5,627,129	-		5,627,129
Capital outlay				488,130	-		488,130
Income surtax				480,265	-		480,265
Statewide sales, services and use tax				1,464,683	-		1,464,683
Unrestricted state grants				8,041,861	-		8,041,861
Unrestricted investment earnings				70,846	3,954		74,800
Other general revenues				235,842	3,033		238,875
Total general revenues				<u>16,408,756</u>	<u>6,987</u>		<u>16,415,743</u>
Change in net position				2,208,989	15,063		2,224,052
Net position beginning of year, as restated				10,881,590	339,867		11,221,457
Net position end of year				<u>\$ 13,090,579</u>	<u>354,930</u>		<u>13,445,509</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Management Levy	Capital Projects	Nonmajor: Student Activity	Total
<b>Assets</b>					
Cash and pooled investments	\$ 3,877,715	895,092	1,524,940	355,307	6,653,054
Receivables:					
Property tax:					
Delinquent	56,757	7,791	5,598	-	70,146
Succeeding year	5,080,621	525,002	502,214	-	6,107,837
Income surtax	433,393	-	-	-	433,393
Accounts	445	-	-	4,954	5,399
Due from other governments	275,122	-	247,319	-	522,441
<b>Total Assets</b>	<b>\$ 9,724,053</b>	<b>1,427,885</b>	<b>2,280,071</b>	<b>360,261</b>	<b>13,792,270</b>
<b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 368,172	572	88,222	17,109	474,075
Salaries and benefits payable	90,074	-	-	65	90,139
Total liabilities	458,246	572	88,222	17,174	564,214
Deferred inflows of resources:					
Unavailable revenue:					
Succeeding year property tax	5,080,621	525,002	502,214	-	6,107,837
Income surtax	433,393	-	-	-	433,393
Total deferred inflows of resources	5,514,014	525,002	502,214	-	6,541,230
Fund balances:					
Restricted for:					
Categorical funding	390,588	-	-	-	390,588
Management levy purposes	-	902,311	-	-	902,311
Student activities	-	-	-	343,087	343,087
School infrastructure	-	-	1,080,118	-	1,080,118
Physical plant and equipment	-	-	609,517	-	609,517
Unassigned	3,361,205	-	-	-	3,361,205
Total fund balances	3,751,793	902,311	1,689,635	343,087	6,686,826
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,724,053</b>	<b>1,427,885</b>	<b>2,280,071</b>	<b>360,261</b>	<b>13,792,270</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2015

<b>Total fund balances of governmental funds(page 20)</b>		\$	6,686,826
 <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.			18,902,212
Blending of the Internal Service Funds to be reflected on an entity-wide basis.			205,362
Accounts receivable income surtax, are not yet available to finance current year expenditures, and therefore is recognized as a deferred inflow of resources in the governmental funds.			433,393
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.			(38,116)
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	\$	1,124,625	
Deferred inflows of resources		<u>(2,324,040)</u>	(1,199,415)
Long-term liabilities, including general obligation bonds payable, capital loan notes payable, termination benefits payable, compensated absences, other postemployment benefits and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			<u>(11,899,683)</u>
<b>Net position of governmental activities(page 18)</b>		\$	<u><u>13,090,579</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor: Student Activity	Nonmajor: Debt Service	Total
<b>Revenues:</b>						
<b>Local sources:</b>						
Local tax	\$ 5,375,557	678,996	488,130	-	-	6,542,683
Tuition	433,205	-	-	-	-	433,205
Other	429,634	24,525	18,059	628,845	-	1,101,063
Intermediate sources	1,031	-	-	-	-	1,031
State sources	8,784,056	6,103	1,468,936	-	-	10,259,095
Federal sources	423,923	-	70,000	-	-	493,923
Total revenues	15,447,406	709,624	2,045,125	628,845	-	18,831,000
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	6,692,826	225,054	-	-	-	6,917,880
Special	1,925,805	7,447	-	-	-	1,933,252
Other	1,422,057	-	-	605,966	-	2,028,023
	10,040,688	232,501	-	605,966	-	10,879,155
<b>Support services:</b>						
Student	350,146	6,982	-	-	-	357,128
Instructional staff	650,234	733	195,825	-	-	846,792
Administration	1,305,791	73,398	15,992	-	-	1,395,181
Operation and maintenance of plant	1,298,648	129,197	7,960	-	-	1,435,805
Transportation	674,073	55,283	126,554	-	-	855,910
	4,278,892	265,593	346,331	-	-	4,890,816
<b>Non-instructional programs:</b>						
Food service operations	-	22,145	-	-	-	22,145
Capital outlay	-	-	1,120,134	-	-	1,120,134
<b>Long-term debt:</b>						
Principal	-	-	-	-	580,000	580,000
Interest and fiscal charges	-	-	-	-	255,782	255,782
	-	-	-	-	835,782	835,782
<b>Other expenditures:</b>						
AEA flowthrough	654,884	-	-	-	-	654,884
Total expenditures	14,974,464	520,239	1,466,465	605,966	835,782	18,402,916
Excess(Deficiency) of revenues over(under)expenditures	472,942	189,385	578,660	22,879	(835,782)	428,084
<b>Other financing sources(uses):</b>						
Transfer in	-	-	-	-	835,782	835,782
Transfer out	-	-	(835,782)	-	-	(835,782)
Compensation for loss of capital assets	3,074	-	-	-	-	3,074
Sale of capital assets	3,182	-	-	-	-	3,182
Total other financing sources(uses)	6,256	-	(835,782)	-	835,782	6,256
Change in fund balances	479,198	189,385	(257,122)	22,879	-	434,340
Fund balances beginning of year	3,272,595	712,926	1,946,757	320,208	-	6,252,486
Fund balances end of year	\$ 3,751,793	902,311	1,689,635	343,087	-	6,686,826

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY 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)** \$ 434,340

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

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

Capital outlay	\$ 1,361,069	
Depreciation expense	(717,741)	643,328

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 19,404

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. 580,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,024

Income surtax account receivable is not considered available revenue and is recognized as a deferred inflow of resources in the governmental funds. 52,841

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflow of resources in the Statement of Net Position. 813,533

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.

Compensated absences	(7,194)	
Termination benefits	107,328	
Pension expense	(384,347)	
Other postemployment benefits	(53,268)	(337,481)

**Change in net position of governmental activities(page 19)** \$ 2,208,989

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Business Type	
	Enterprise Fund	Governmental Activities:
	School Nutrition	Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and pooled investments	\$ 375,369	205,362
Inventories	31,915	-
<b>Total current assets</b>	<b>407,284</b>	<b>205,362</b>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	169,156	-
<b>Total Assets</b>	<b>576,440</b>	<b>205,362</b>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	33,763	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	3,481	-
Salaries and benefits payable	2,594	-
Unearned revenue	12,066	-
<b>Total current liabilities</b>	<b>18,141</b>	<b>-</b>
Noncurrent liabilities:		
Net OPEB liability	9,783	-
Net pension liability	161,140	-
<b>Total noncurrent liabilities</b>	<b>170,923</b>	<b>-</b>
<b>Total Liabilities</b>	<b>189,064</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	66,209	-
<b>Net Position</b>		
Net investment in capital assets	169,156	-
Unrestricted	185,774	205,362
<b>Total Net Position</b>	<b>\$ 354,930</b>	<b>205,362</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type	
	Enterprise Fund	Governmental Activities:
	School Nutrition	Internal Service Funds
Operating revenues:		
Local sources:		
Charges for service	\$ 434,519	-
Miscellaneous	3,033	110,472
Total operating revenues	<u>437,552</u>	<u>110,472</u>
Operating expenses:		
Support services:		
Instructional staff:		
Services	300	-
Operation and maintenance of plant:		
Services	24,290	-
	<u>24,590</u>	<u>-</u>
Non-instructional programs:		
Food service operations:		
Salaries	286,506	-
Benefits	42,083	-
Services	2,526	-
Supplies	443,648	-
Other	5,183	-
Depreciation	30,839	-
	<u>810,785</u>	<u>-</u>
Other enterprise operations:		
Benefits	-	91,068
Total operating expenses	<u>835,375</u>	<u>91,068</u>
Operating income(loss)	(397,823)	19,404
Non-operating revenues:		
State sources	6,791	-
Federal sources	402,141	-
Interest on investments	3,954	-
Total non-operating revenues	<u>412,886</u>	<u>-</u>
Change in net position	15,063	19,404
Net position beginning of year, as restated	<u>339,867</u>	<u>185,958</u>
Net position end of year	<u>\$ 354,930</u>	<u>205,362</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business Type	
	Enterprise Fund School Nutrition	Governmental Activities: Internal Service Funds
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 435,089	-
Cash received from miscellaneous	3,033	110,472
Cash payments to employees for services	(340,672)	-
Cash payments to suppliers for goods or services	(397,497)	(91,068)
Net cash provided by(used in) operating activities	(300,047)	19,404
Cash flows from non-capital financing activities:		
State grants received	6,791	-
Federal grants received	321,043	-
Net cash provided by non-capital financing activities	327,834	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(38,806)	-
Cash flows from investing activities:		
Interest on investments	3,954	-
Net increase(decrease) in cash and pooled investments	(7,065)	19,404
Cash and pooled investments beginning of year	382,434	185,958
Cash and pooled investments end of year	\$ 375,369	205,362
<b>Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:</b>		
Operating income(loss)	\$ (397,823)	19,404
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	81,098	-
Depreciation	30,839	-
Increase in inventories	(3,589)	-
Increase in accounts payable	941	-
Increase in salaries and benefits payable	1,137	-
Increase in unearned revenue	570	-
Decrease in net pension liability	(70,140)	-
Increase in pension related deferred outflows	(10,021)	-
Increase in pension related deferred inflows	66,209	-
Increase in other postemployment benefits	732	-
Net cash provided by(used in) operating activities	\$ (300,047)	19,404

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2015, the District received \$81,098 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
<b>Assets</b>		
Cash and pooled investments	<u>\$ 29,050</u>	<u>25,145</u>
<b>Liabilities</b>		
Due to other groups	<u>-</u>	<u>25,145</u>
<b>Net Position</b>		
Held in trust for scholarships	<u>\$ 29,050</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$          4,713
Interest income	349
Total additions	<u>          5,062</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>          7,987</u>
Change in net position	(2,925)
Net position beginning of year	<u>          31,975</u>
Net position end of year	<u><u>          \$ 29,050</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**(1) Summary of Significant Accounting Policies**

The West Delaware County Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Manchester, Ryan, Dundee, Greeley, and Masonville, Iowa, and the predominate agricultural territory in Delaware and Buchanan 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, West Delaware County Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The West Delaware County Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

**B. Basis of Presentation**

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program 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 and Internal Service Funds.

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 Management Levy Fund is utilized to account for the revenues and expenses of unemployment benefits, termination benefits, and insurance agreements relating to such liabilities.

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 non-major proprietary funds:

The District's proprietary funds are the School Nutrition Fund and the Internal Service Funds. The Nutrition Fund is used to account for the food service operations of the District. The Internal Service Funds are used to account for the self-funded insurance and tax save flex benefit plans of the District. The Internal Service Fund are charged back to the Governmental Funds and shown combined in the Statement of Net Position and the Statement of Activities.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - restricted 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 on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes

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

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

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

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

Capital Assets - Capital assets, which include property, machinery, equipment and intangibles are reported in the appreciable governmental or business type activates 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 extended asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

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

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

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. 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.

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

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

#### E. Budgets and Budgetary Accounting

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

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

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

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

At June 30, 2015 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$0 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 & Poor’s Financial Services.

**(3) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide, Sales, Services and Use Tax	\$ 582,900
Debt Service	Capital Projects: Physical Plant and Equipment Levy	252,882
Total		<u>\$ 835,782</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for debt relief and principal and interest payments on the District’s general obligation bonded indebtedness.

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund were needed for principal and interest payments on the District’s capital loan note indebtedness.

**(4) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Machinery and equipment	\$ 453,163	38,806	8,814	483,155
Less accumulated depreciation	291,974	30,839	8,814	313,999
Business type activities capital assets, net	<u>\$ 161,189</u>	<u>7,967</u>	<u>-</u>	<u>169,156</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 245,750	-	-	245,750
	103,794	971,149	1,074,943	-
Total capital assets not being depreciated	349,544	971,149	1,074,943	245,750
Capital assets being depreciated:				
Buildings	21,788,771	1,161,663	27,500	22,922,934
Land improvements	439,486	22,590	-	462,076
Machinery and equipment	4,182,737	280,610	109,388	4,353,959
Total capital assets being depreciated	26,410,994	1,464,863	136,888	27,738,969
Less accumulated depreciation for:				
Buildings	4,989,260	457,933	27,500	5,419,693
Land improvements	296,805	18,959	-	315,764
Machinery and equipment	3,215,589	240,849	109,388	3,347,050
Total accumulated depreciation	8,501,654	717,741	136,888	9,082,507
Total capital assets being depreciated, net	17,909,340	747,122	-	18,656,462
Governmental activities capital assets, net	\$ 18,258,884	1,718,271	1,074,943	18,902,212

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 74,992
Other	18,782
Support services:	
Administration	6,887
Operation and maintenance of plant	14,442
Transportation	125,746
	240,849
Unallocated depreciation	476,892
Total depreciation expense - governmental activities	\$ 717,741
Business type activities:	
Food service operations	\$ 30,839

(5) **Long-Term Liabilities**

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

	Balance			Balance	Due
	Beginning			End of	Within
	of Year			Year	One Year
	Restated	Additions	Deletions		
<b>Governmental activities:</b>					
General obligation bonds	\$ 5,800,000	-	345,000	5,455,000	360,000
Capital loan notes	480,000	-	235,000	245,000	245,000
Termination benefits	128,239	20,911	128,239	20,911	20,911
Compensated absences	36,045	43,239	36,045	43,239	43,239
Net pension liability	8,118,161	-	2,461,988	5,656,173	-
Net OPEB liability	426,092	53,268	-	479,360	-
Total	\$ 14,988,537	117,418	3,206,272	11,899,683	669,150
<b>Business type activities:</b>					
Net pension liability	\$ 231,280	-	70,140	161,140	-
Net OPEB liability	9,051	732	-	9,783	-
Total	\$ 240,331	732	70,140	170,923	-

General Obligation Bonds

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

Year	Bond Issue of February 1, 2008				
	Ending	Interest	Principal	Interest	Total
June 30,	Rates				
2016	4.000	% \$	360,000	224,100	584,100
2017	4.000		375,000	209,700	584,700
2018	4.125		390,000	194,700	584,700
2019	4.125		405,000	178,614	583,614
2020	4.125		420,000	161,906	581,906
2021-2025	4.125		2,400,000	533,155	2,933,155
2026-2027	4.125		1,105,000	68,888	1,173,888
Total			\$ 5,455,000	1,571,063	7,026,063

Capital Loan Note

Details of the District's June 30, 2015 capital loan notes indebtedness payable from the Capital Projects: Physical Plant and Equipment Levy Fund is as follows:

Year	Capital Loan Note Issue of January 1, 2006				
	Ending	Interest	Principal	Interest	Total
June 30,	Rates				
2016	3.75%	\$	245,000	9,187	254,187

## Termination Benefits

During fiscal year 2015, The District offered a voluntary early retirement plan to its full-time and part-time employees. This plan was offered for fiscal year 2015 only. Eligible employees had to be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

Early retirement benefits included \$43 per day of unused sick leave. Part-time employees will be paid pro-rated determine by their F.T.E status as of June 30, 2015. Employees who worked more than 188 days during the 2014-15 contract year receive one to six additional days if the employee worked five to fifty-one plus days over 188 days. In addition, employees covered by the District's health insurance plan may elect to have the District contribute up to \$265 per month towards the employees continued participation in the health insurance plan offered by the District. The portion of the early retirement benefit associated with District contributions for retiree health insurance premiums is determined based on actuarial valuations and is reflected in the net OPEB liability.

Payments for the unused sick leave will be mailed by the District to Mid America Retirement Solutions Inc., prior to October 31, 2015 to an individual Special Pay Deferral Plan account established for each retiree.

At June 30, 2015, the District had obligations to three participants with a total liability of \$20,911. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$128,239.

## **(6) Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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 \$838,434.

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 \$5,817,313 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 0.143741 percent, which was an decrease of 0.003724 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$395,296. 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	\$ 63,223	\$ -
Changes of assumptions	256,731	-
Net difference between projected and actual earnings on pension plan investments	-	2,218,556
Changes in proportion and differences between District contributions and proportionate share of contributions	-	171,693
District contributions subsequent to the measurement date	838,434	-
<b>Total</b>	<b>\$ 1,158,388</b>	<b>\$ 2,390,249</b>

\$838,434 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	\$ (519,999)
2017	(519,999)
2018	(519,999)
2019	(519,999)
2020	9,701
	<u>\$ (2,070,295)</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-percentagepoint higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 10,991,650	\$ 5,817,313	\$ 1,499,637

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](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$8,144 for legally required employer contributions and \$5,426 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(7) Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 201 active and 33 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. 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. The District also offers early retirement benefits in the form of health insurance benefits resulting in an explicit rate subsidy to the OPEB liability.

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

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

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

Annual required contribution	\$	321,000
Interest on net OPEB obligation		17,406
Adjustment to annual required contribution		(16,406)
Annual OPEB cost (expense)		<u>322,000</u>
Contributions made		<u>(268,000)</u>
Increase in net OPEB obligation		54,000
Net OPEB obligation - beginning of year		<u>435,143</u>
Net OPEB obligation - end of year	\$	<u><u>489,143</u></u>

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

For the year ended June 30, 2015, the District contributed \$268,000 to the medical plan. Plan members eligible for benefits contributed \$292,000 or 52.1% of the premium costs.

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

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 364,883	57.3%	\$ 316,000
2014	366,143	67.5	435,143
2015	322,000	83.2	489,143

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 \$3,517,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,517,000. The covered payroll (annual payroll of active employees covered by the plan) was \$8,803,741, and the ratio of the UAAL to covered payroll was 39.9%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% discount rate based on the District's funding policy.

The projected annual medical trend rate is 8.0%. The medical trend rate is reduced by a percentage each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the RP-2014 Table projected to 2025 using Scale BB, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the withdrawal assumptions from the 2014 IPERS Actuarial Report.

Projected claim costs of the medical plan are for the \$784 per month for retirees who have attained age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(8) Street Assessment**

During the year ended June 30, 2013, the District entered into a street assessment agreement with Delaware County. The county agreed to provide parking spots in exchange for the District making annual payments to the county to cover some of the costs. Annual payments are listed below. The District made \$7,510 in payments towards this agreement during the year ended June 30, 2015.

Year Ended June 30,	Annual Payments
2016	\$ 7,361
2017	7,212
2018	7,063
2019	6,916
2020	6,766
Total	<u>\$ 35,318</u>

**(9) Risk Management**

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

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

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$654,884 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Deficit Net Position**

The District had deficit unrestricted net position of \$3,416,343 in its governmental activities on the Statement of Net Position at June 30, 2015.

**(12) Categorical Funding**

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

<u>Program</u>	<u>Amount</u>
Limited English Proficient	\$ 5,281
Homes School Assistance Program	12,340
Gifted and Talented Programs	45,730
Returning Dropouts and Dropout Prevention Programs	124,065
Beginning Teacher Mentoring and Induction Program	1,439
Teacher Salary Supplement	145,195
Textbook Aid for Nonpublic Students	88
Professional Development for Model Core Curriculum	1,087
Professional Development	55,363
Total	<u>\$ 390,588</u>

**(13) Reconciliation of Certain Governmental Fund Balances to Net Position**

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

	<u>Net Investment</u>	<u>Management</u>	<u>School</u>	<u>Unassigned/</u>
	<u>in Capital Assets</u>	<u>Levy</u>	<u>Infrastructure</u>	<u>Unrestricted</u>
Fund balance (Exhibit C)	\$ -	902,311	1,080,118	3,361,205
Invested in capital assets,				
net of accumulated depreciation	18,902,212	-	-	-
General obligation bond capitalized indebtedness	(5,453,980)	-	-	-
Unspent general obligation bond proceeds	-	-	(1,020)	-
Capital loan note capitalized indebtedness	(245,000)	-	-	-
Termination benefits	-	(20,911)	-	-
Accrued interest payable	-	-	-	(38,116)
Income Surtax	-	-	-	433,393
Internal service fund	-	-	-	205,362
Compensated absences	-	-	-	(43,239)
Net pension liability	-	-	-	(5,656,173)
Pension related deferred outflows	-	-	-	1,124,625
Pension related deferred inflows	-	-	-	(2,324,040)
Net OPEB liability	-	-	-	(479,360)
Net position (Exhibit A)	<u>\$ 13,203,232</u>	<u>881,400</u>	<u>1,079,098</u>	<u>(3,416,343)</u>

**(14) Accounting Change/Restatement**

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 18,166,364	\$ 547,405
Net pension liability at June 30, 2014	(8,118,161)	(231,280)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	833,387	23,742
Net position July 1, 2014, as restated	<u>\$ 10,881,590</u>	<u>\$ 339,867</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 8,076,951	441,506	8,518,457	9,709,346	9,709,346	(1,190,889)
Intermediate sources	1,031	-	1,031	2,000	2,000	(969)
State sources	10,259,095	6,791	10,265,886	8,967,657	8,967,657	1,298,229
Federal sources	493,923	402,141	896,064	800,900	800,900	95,164
Total revenues	18,831,000	850,438	19,681,438	19,479,903	19,479,903	201,535
Expenditures/Expenses:						
Instruction	10,879,155	-	10,879,155	11,828,869	11,828,869	949,714
Support services	4,890,816	24,590	4,915,406	5,331,636	5,331,636	416,230
Non-instructional programs	22,145	810,785	832,930	950,554	950,554	117,624
Other expenditures	2,610,800	-	2,610,800	3,000,415	3,000,415	389,615
Total expenditures/expenses	18,402,916	835,375	19,238,291	21,111,474	21,111,474	1,873,183
Excess(Deficiency) of revenues over(under) expenditures/expenses	428,084	15,063	443,147	(1,631,571)	(1,631,571)	2,074,718
Other financing sources, net	6,256	-	6,256	-	-	6,256
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	434,340	15,063	449,403	(1,631,571)	(1,631,571)	2,080,974
Balances beginning of year, as restated	6,252,486	339,867	6,592,353	6,014,439	6,014,439	577,914
Balances end of year	\$ 6,686,826	354,930	7,041,756	4,382,868	4,382,868	2,658,888

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2015

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

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

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

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS  
 LAST FISCAL YEAR\*  
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.143741%
District's proportionate share of the net pension liability	\$ 5,817,313
District's covered-employee payroll	\$ 9,388,954
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.96%
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 the table. However, until a full ten year trend is compiled, the District will present information for those years for which information is available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY 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	\$ 838,434	857,129	827,081	745,741	634,196	615,194	606,481	558,500	503,923	483,580
Contributions in relation to the statutorily required contribution	(838,434)	(857,129)	(827,081)	(745,741)	(634,196)	(615,194)	(606,481)	(558,500)	(503,923)	(483,580)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 9,388,954	9,598,309	9,539,573	9,240,905	9,125,122	8,851,712	9,550,882	9,231,405	8,763,878	8,410,087
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.

WEST DELAWARE COUNTY 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.

WEST DELAWARE COUNTY 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	-	\$ 2,601,000	2,601,000	0.0%	\$ 6,621,408	39.3%
2010	July 1, 2008	-	2,601,000	2,601,000	0.0	8,543,080	30.4
2011	July 1, 2010	-	3,005,000	3,005,000	0.0	9,125,124	32.9
2012	July 1, 2010	-	3,005,000	3,005,000	0.0	9,237,562	32.5
2013	July 1, 2012	-	3,480,000	3,480,000	0.0	8,951,218	38.9
2014	July 1, 2012	-	3,480,000	3,480,000	0.0	9,078,171	38.3
2015	July 1, 2014	-	3,517,000	3,517,000	0.0	8,803,741	39.9

See Note 7 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.

**WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Gymnasium Construction	Physical Plant and Equipment Levy	
<b>Assets</b>				
Cash and pooled investments	\$ 858,001	1,020	665,919	1,524,940
Receivables:				
Property tax:				
Delinquent	-	-	5,598	5,598
Succeeding year	-	-	502,214	502,214
Due from other governments	227,319	-	20,000	247,319
<b>Total Assets</b>	<b>\$ 1,085,320</b>	<b>1,020</b>	<b>1,193,731</b>	<b>2,280,071</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 6,222	-	82,000	88,222
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	502,214	502,214
Fund balances:				
Restricted for:				
School infrastructure	1,079,098	1,020	-	1,080,118
Physical plant and equipment	-	-	609,517	609,517
Total fund balances	1,079,098	1,020	609,517	1,689,635
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,085,320</b>	<b>1,020</b>	<b>1,193,731</b>	<b>2,280,071</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Gymnasium Construction	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	-	488,130	488,130
Other	10,662	-	7,397	18,059
State sources	1,464,683	-	4,253	1,468,936
Federal sources	-	-	70,000	70,000
Total revenues	<u>1,475,345</u>	<u>-</u>	<u>569,780</u>	<u>2,045,125</u>
Expenditures:				
Current:				
Support services:				
Instructional staff	195,825	-	-	195,825
Administration	14,010	-	1,982	15,992
Operation and maintenance of plant	7,960	-	-	7,960
Transportation	12,579	-	113,975	126,554
Capital outlay	1,004,170	-	115,964	1,120,134
Total expenditures	<u>1,234,544</u>	<u>-</u>	<u>231,921</u>	<u>1,466,465</u>
Excess of revenues over expenditures	240,801	-	337,859	578,660
Other financing uses:				
Transfer out	<u>(582,900)</u>	<u>-</u>	<u>(252,882)</u>	<u>(835,782)</u>
Change in fund balances	(342,099)	-	84,977	(257,122)
Fund balances beginning of year	<u>1,421,197</u>	<u>1,020</u>	<u>524,540</u>	<u>1,946,757</u>
Fund balances end of year	<u>\$ 1,079,098</u>	<u>1,020</u>	<u>609,517</u>	<u>1,689,635</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>District-wide:</u>				
General Activity	\$ 712	-	-	712
Special Programs Learning Aids	635	-	-	635
Special Programs Special Olympics	6,968	172	204	6,936
District-Wide Destination Imagination	893	7	220	680
	9,208	179	424	8,963
<u>Elementary:</u>				
Elem Vocal Music	737	-	-	737
Elem Activity	36,330	204	36,534	-
Elem Yearbook	2,402	2,448	2,203	2,647
	39,469	2,652	38,737	3,384
<u>Middle School:</u>				
MS Vocal Music	3,532	4,622	3,063	5,091
MS Band	4,355	2,049	954	5,450
MS Boys Basketball	-	1,950	1,950	-
MS Football	-	2,138	2,138	-
MS Boys Track	214	-	214	-
MS Boys Cross Country	242	345	473	114
MS Wrestling	1,013	2,936	2,140	1,809
MS Girls Basketball	-	2,269	2,269	-
MS Volleyball	1,560	1,555	847	2,268
MS Girls Track	-	5,721	5,071	650
MS Girls Cross Country	-	345	345	-
MS Activity	105,873	1,171	8,359	98,685
MS Rivers Day Activity	471	-	-	471
MS Peer Helpers	630	-	-	630
MS Student Council	92	-	-	92
MS Behavior Support	1,953	158	240	1,871
MS Yearbook	407	2,689	1,697	1,399
MS Concessions	5,634	10,509	13,477	2,666
	125,976	38,457	43,237	121,196
<u>High School:</u>				
HS Drama	9,302	17,824	21,780	5,346
HS Thespians	1,353	-	-	1,353
HS Speech	1,159	9,055	7,183	3,031
HS Vocal Music	-	25,048	23,792	1,256
HS Band-Instrumental	373	4,626	4,999	-
HS Band Fundraisers	5,329	-	2,198	3,131
HS Music Trip	1,343	-	-	1,343
HS Wrestling Cheerleading	2,185	7,083	4,974	4,294
HS Football Cheerleading	1,934	2,085	1,168	2,851
HS Basketball Cheerleading	1,486	169	908	747
HS Boys Basketball	2,936	25,895	21,473	7,358
HS Football	-	68,698	51,779	16,919

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance End of Year	Revenues	Expendi- tures	Balance End of Year
<u>High School(continued):</u>				
HS Boys Soccer	2,076	12,476	10,147	4,405
HS Baseball	-	31,423	23,440	7,983
HS Boys Track	3,443	3,030	3,968	2,505
HS Boys Cross Country	3,817	3,351	2,950	4,218
HS Boys Tennis	39	-	-	39
HS Boys Golf	-	1,008	1,008	-
HS Wrestling	-	26,373	26,373	-
HS Girls Basketball	-	24,350	17,278	7,072
HS Volleyball	4,460	26,899	24,602	6,757
HS Girls Soccer	7,291	9,033	7,165	9,159
HS Softball	690	28,368	27,988	1,070
HS Girls Track	2,222	10,110	12,174	158
HS Girls Cross Country	467	8,299	4,841	3,925
HS Girls Golf	1,019	220	1,239	-
HS Activity Tickets	8,675	24,799	9,700	23,774
HS Activity	14,201	11,842	7,118	18,925
HS Student Vending	78	-	-	78
HS After Prom	31	6,332	2,332	4,031
HS Art	2,834	3,214	1,936	4,112
HS SADD	1,306	-	-	1,306
HS Bowling	963	6,142	5,940	1,165
HS Prom	1,824	3,845	2,954	2,715
HS National Honor Society	3,945	3,007	2,920	4,032
HS Student Council	1,396	9,537	8,582	2,351
HS Dance Team	1,891	840	1,012	1,719
HS Show Choir	-	15,284	14,313	971
HS FBLA	-	18,586	17,216	1,370
HS FCCLA	4,560	8,755	10,764	2,551
HS Foreign Language Fundraising	2,508	1,135	434	3,209
HS Back to School Fundraiser	6,556	3,283	3,806	6,033
Class of 2014	314	35	-	349
Class of 2015	-	59	37	22
Class of 2016	26	27	-	53
Class of 2017	-	34	-	34
Class of 2018	-	133	-	133
HS FFA	14,768	30,631	39,345	6,054
Fodder FFA	72	6	78	-
HS Athletic Equipment	1,441	-	-	1,441
HS Yearbook	18,437	21,750	25,063	15,124
HS Concessions	4,217	72,436	65,786	10,867
HS YADC	855	-	-	855
HY industrial Tech	1,416	422	805	1,033
HS Woods	317	-	-	317
	145,555	587,557	523,568	209,544
Total	\$ 320,208	628,845	605,966	343,087

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF NET POSITION  
JUNE 30, 2015

	Governmental Activities: Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
<b>Assets</b>			
Cash and pooled investments	\$ 169,061	36,301	205,362
<b>Liabilities</b>	-	-	-
<b>Net Position</b>			
Unrestricted	\$ 169,061	36,301	205,362

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2015

	Governmental Activities: Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
Operating revenues:			
Local sources:			
Miscellaneous	\$ 26,850	83,622	110,472
Operating expenses:			
Non-instructional programs:			
Other enterprise operations:			
Benefits	11,271	79,797	91,068
Operatng income	15,579	3,825	19,404
Net position beginning of year	153,482	32,476	185,958
Net position end of year	\$ 169,061	36,301	205,362

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015

	Governmental Activities:		
	Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
Cash flows from operating activities:			
Cash received from miscellaneous	\$ 26,850	83,622	110,472
Cash payments to suppliers for goods or services	(11,271)	(79,797)	(91,068)
Net cash provided by operating activities	15,579	3,825	19,404
Net increase in cash and pooled investments	15,579	3,825	19,404
Cash and pooled investments beginning of year	153,482	32,476	185,958
Cash and pooled investments end of year	\$ 169,061	36,301	205,362
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 15,579	3,825	19,404
Adjustments to reconcile operating income to net cash provided by operating activities	-	-	-
Net cash provided by operating activities	\$ 15,579	3,825	19,404

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b><u>ACADEMIC BOOSTER</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 14,097	34,040	23,042	25,095
<b>Liabilities</b>				
Due to other groups	\$ 14,097	34,040	23,042	25,095
<b><u>CAMP INVENTION</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 50	1,100	1,100	50
<b>Liabilities</b>				
Due to other groups	\$ 50	1,100	1,100	50
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 14,147	35,140	24,142	25,145
<b>Liabilities</b>				
Due to other groups	\$ 14,147	35,140	24,142	25,145

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**WEST DELAWARE COUNTY 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	\$ 6,542,683	6,580,394	8,021,322	7,686,396	7,561,982	6,805,373	6,524,265	6,199,860	6,144,866	6,040,121
Tuition	433,205	417,374	425,320	437,213	467,462	520,630	588,931	530,119	475,862	469,363
Other	1,101,063	986,468	1,165,767	937,835	1,097,057	1,427,154	1,014,302	1,995,017	1,290,501	1,027,705
Intermediate sources	1,031	2,430	5,304	18,208	19,176	10,887	3,223	2,337	18,945	1,648
State sources	10,259,095	10,298,053	8,492,666	8,814,318	7,921,970	7,236,430	8,247,287	7,988,447	7,665,915	7,069,095
Federal sources	493,923	373,807	429,657	872,162	796,285	1,407,316	672,074	450,431	490,028	525,365
<b>Total</b>	<b>\$ 18,831,000</b>	<b>18,658,526</b>	<b>18,540,036</b>	<b>18,766,132</b>	<b>17,863,932</b>	<b>17,407,790</b>	<b>17,050,082</b>	<b>17,166,211</b>	<b>16,086,117</b>	<b>15,133,297</b>
Expenditures:										
Current:										
Instruction:										
Regular	\$ 6,917,880	7,139,276	6,859,211	6,789,004	6,580,516	6,653,142	6,814,274	6,761,292	6,245,118	5,876,112
Special	1,933,252	1,897,768	1,934,393	1,835,959	1,754,746	1,720,533	1,997,925	1,793,130	1,778,297	1,604,609
Other	2,028,023	2,012,703	2,207,661	1,954,790	2,035,421	1,921,074	1,788,129	1,740,027	1,791,278	1,668,535
Support services:										
Student	357,128	466,196	484,626	457,426	489,796	538,091	557,396	523,663	506,034	506,248
Instructional staff	846,792	762,972	737,555	688,408	618,515	514,011	577,663	587,147	627,900	637,959
Administration	1,395,181	1,350,586	1,357,696	1,299,678	1,245,175	1,335,154	1,327,736	1,244,674	1,231,530	1,655,746
Operation and maintenance of plant	1,435,805	1,489,843	1,399,508	1,339,023	1,296,930	1,253,102	1,224,170	1,201,451	1,295,088	1,119,330
Transportation	855,910	829,664	786,802	787,546	844,250	839,998	668,223	797,057	721,294	669,179
Non-instructional programs	22,145	28,556	22,426	26,908	18,565	16,129	14,077	12,588	12,005	10,773
Capital outlay	1,120,134	554,591	377,484	304,334	79,362	1,870,086	4,744,937	3,157,006	6,060,294	221,750
Long-term debt:										
Principal	580,000	230,000	1,270,000	710,000	690,000	665,000	640,000	620,000	555,000	22,428
Interest	255,782	264,293	306,043	345,521	370,886	396,786	481,196	207,975	261,468	52,292
Other expenditures:										
AEA flow-through	654,884	648,810	621,656	620,680	685,085	681,550	609,219	580,821	558,796	539,508
<b>Total</b>	<b>\$ 18,402,916</b>	<b>17,675,258</b>	<b>18,365,061</b>	<b>17,159,277</b>	<b>16,709,247</b>	<b>18,404,656</b>	<b>21,444,945</b>	<b>19,226,831</b>	<b>21,644,102</b>	<b>14,584,469</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2015

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DIRECT:			
U.S. ENVIRONMENTAL PROTECTION AGENCY			
NATIONAL CLEAN DIESEL EMISSIONS REDUCATION PROGRAM	66.039	FY 15	\$ 20,000
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 15	40,348
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 15	361,793 *
			<u>402,141</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6950-GC	46,761
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6950-G	157,323
			<u>204,084</u>
SPECIAL EDUCATION -GRANTS TO STATES	84.027	FY 15	4,422 **
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215	FY 15	20,720
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 15	64,132
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	84.369	FY 15	7,390
KEYSTONE AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES			
	84.027	FY 15	75,730 **
U.S. DEPARTEMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF EDUCATION:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH			
PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT			
HEALTH PROBLEMS			
	93.938	FY 14	339
TOTAL			<u>\$ 798,958</u>

\* - Includes \$81,098 of non-cash awards

\*\* - Total for Special Education Cluster (IDEA) is \$80,152.

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the West Delaware County 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 basic 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 the West Delaware County Community School District:**

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Delaware County 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 February 1, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West Delaware County 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 West Delaware County Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Delaware County 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 a deficiency in internal control we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Delaware County Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part 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.

### **West Delaware County Community School District's Responses to Findings**

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

### **Purpose of this Report**

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Delaware County 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.

February 1, 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 and on Internal Control over Compliance**  
**Required by OMB Circular A-133**

**To the Board of Education of West Delaware County Community School District:**

**Report on Compliance for Each Major Federal Program**

We have audited West Delaware County Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. West Delaware County 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 West Delaware County 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 West Delaware County 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 West Delaware County Community School District's compliance.

**Opinion on Each Major Federal Program**

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

## Report on Internal Control Over Compliance

The management of West Delaware County 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 West Delaware County 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 West Delaware County Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 a 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. 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.

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.

February 1, 2016  
Newton, Iowa

WEST DELAWARE COUNTY 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 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) No material weaknesses in internal control over major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any 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:
  - Child Nutrition Cluster
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Delaware County Community School District qualified as a low-risk auditee.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

II-A-15 Athletic Booster and FBWall Accounts - We noted during our audit, that the District's Athletic Booster and FBWall group uses the District's Federal Identification Number. Because these groups are using the District's Federal Identification Number, the District should be accounting for these groups within the District's uniform accounting system, specifically in the Student Activity Fund. The Athletic Booster and FBWall accounts and transactions should be included in the District's financial statements and subjected to the same Code of Iowa requirements as well as internal controls that the District follows.

Recommendation - The District should contact officials of the Athletic Booster and FBWall accounts and request these accounts to be turned over to the District. The groups may establish a 501(c)(3) organization with a federal identification number separate that of the District, however the current accounts are District assets and should be turned over to the District for proper recording. In addition, the Board of Directors should consider contacting local banks and request listings of accounts utilizing the District's Federal Identification Number. The District should research any unfamiliar accounts and make necessary changes.

Response - The District will work with the officials of the Athletic Booster and FBWall accounts to establish a 501(c)(3) organization with a federal identification number separate that of the District. Initial research suggests they may be under a 501(c)(3) umbrella and used an incorrect identification number on the accounts. The Director of Finance will contact local banks and request listings of accounts utilizing the District's Federal Identification Number and research any unfamiliar accounts and make necessary changes.

Conclusion - Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major programs were noted.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2015

**Part IV: Other Findings Related to Required Statutory Reporting:**

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

IV-B-15 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in Attorney General’s opinion dated April 25, 1979.

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 or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Thomas King, Board Member Worked as Substitute Teacher	Services	\$1,250

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Board Member Thomas King do not appear to be 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 no variances in the basic enrollment data certified to the Iowa Department of Education.

IV-H-15 Supplementary Weighting - We noted no variances regarding the supplementary weighting certified to the Iowa Department of Education.

IV-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

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

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

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,421,197
Revenues/transfers in:		
Sales tax revenues	\$ 1,464,683	
Other local revenues	10,662	1,475,345
		<u>2,896,542</u>
Expenditures/transfers out:		
School infrastructure construction	962,251	
Equipment	260,182	
Other	12,111	
Transfers to other funds:		
Debt service fund	582,900	1,817,444
		<u>1,817,444</u>
Ending balance		<u><u>\$ 1,079,098</u></u>

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

	<u>Rate of Levy</u>	<u>Property Tax</u>
	<u>Reduction</u>	<u>Dollars</u>
	<u>Per \$1000</u>	
	<u>of Taxable</u>	
	<u>Valuation</u>	
Debt Service Levy	<u>\$ 1.19236</u>	<u>\$ 582,900</u>

IV-M-15 Financial Condition - The District's governmental activities had deficit unrestricted net position of \$3,416,343 at June 30, 2015. The primary reason for this deficit net position is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

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

Response - The district will take steps to ensure the District's administration and Board of Education understand why the district now has a deficit unrestricted net position due to the implementation of GASB 68 and 71 during the year and how this accounting change will affect the District's financials moving forward.

Conclusion - Response accepted.