

WEST MONONA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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West Monona Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Christine Kennedy	President	2015
Allen Carrier	Vice President	2015
Geri Johnson	Board Member	2017
Josh Lander	Board Member	2017
Troy Johnston	Board Member	2017
School Officials		
Lyle Schwartz	Superintendent	2015
Roxane Bales	District Secretary/ Treasurer	2015
Ahlers Law Firm	Attorney	2015

WEST MONONA COMMUNITY SCHOOL DISTRICT

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 Monona 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 the West Monona Community School District, Onawa, Iowa, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implantation 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 risks 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 the West Monona Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management’s Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District’s Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 18 and 46 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Monona 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 opinion on those financial statements. Supplementary information included in Schedules 1 through 8, 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 related 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 29, 2016, on our consideration of the West Monona Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 Monona Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

February 29, 2016
Newton, Iowa

WEST MONONA COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$7,401,942 in fiscal 2014 to \$7,111,427 in fiscal 2015, while General Fund expenditures decreased from \$7,315,429 in fiscal year 2014 to \$7,131,153 in fiscal year 2015. The District's General Fund balance decreased from \$975,553 at June 30, 2014 to \$955,827 at June 30, 2015.
- The decrease in General Fund revenues was primarily attributable to a decrease in state and federal sources of revenue. Decreased expenditures for support services represented the largest portion of the decrease in expenditures.

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 Monona 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 Monona 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 Monona Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

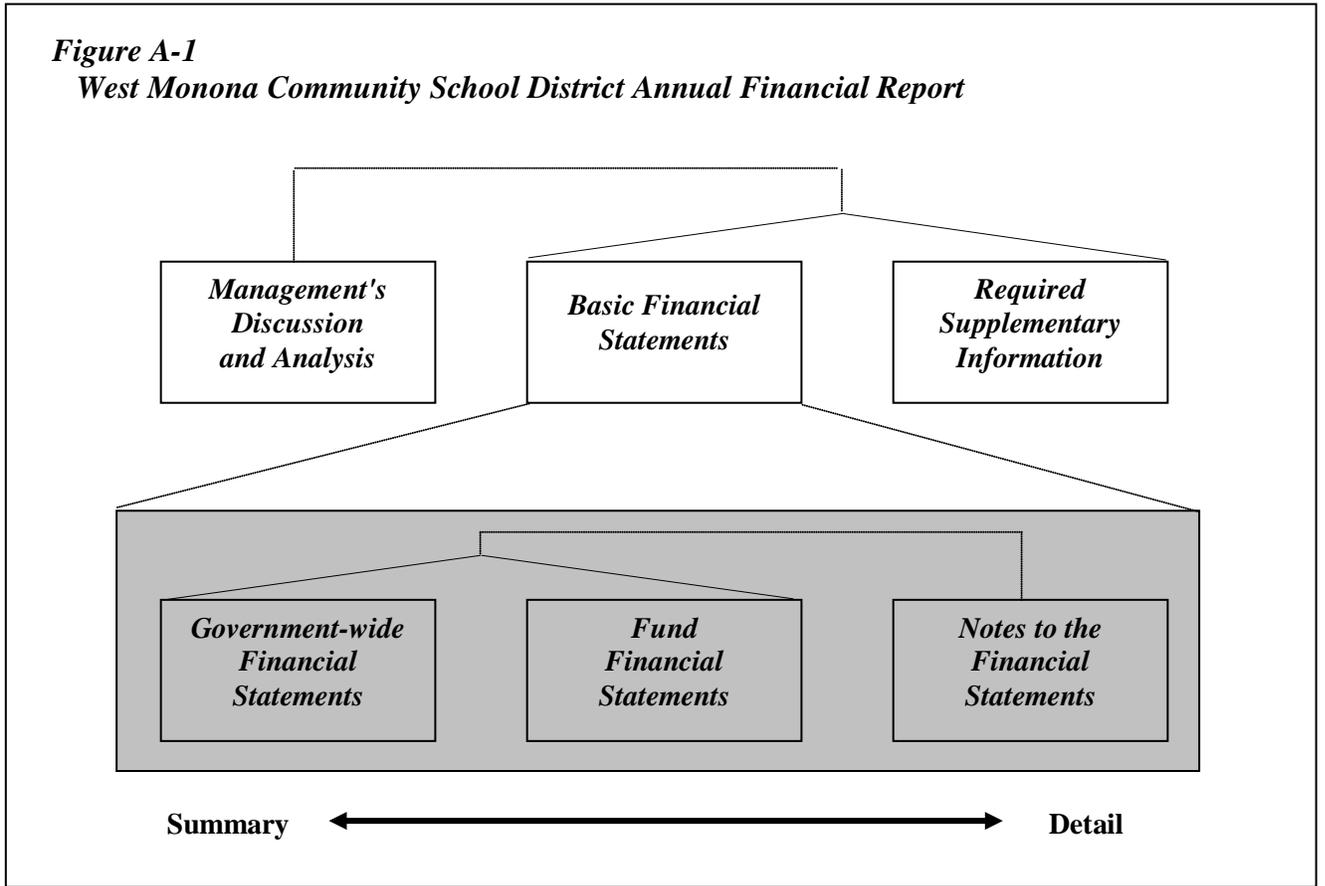


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

The District's governmental funds include the General Fund, 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 funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3							
Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		
	(Not		(Not		(Not		
	2015		2015		2015		2014-15
	restated)		restated)		restated)		
Current and other assets	\$ 8,227,307	7,759,208	88,729	71,924	8,316,036	7,831,132	6.19%
Capital assets	12,029,019	12,242,621	92,236	106,101	12,121,255	12,348,722	-1.84%
Total assets	20,256,326	20,001,829	180,965	178,025	20,437,291	20,179,854	1.28%
Deferred outflows of resources	511,534	-	16,265	-	527,799	-	100.00%
Long-term liabilities	12,646,253	10,533,548	82,921	4,383	12,729,174	10,537,931	20.79%
Other liabilities	1,235,948	1,120,434	13,815	11,040	1,249,763	1,131,474	10.45%
Total liabilities	13,882,201	11,653,982	96,736	15,423	13,978,937	11,669,405	19.79%
Deferred inflow of resources	4,865,291	3,661,253	36,812	-	4,902,103	3,661,253	33.89%
Net position:							
Net investment in capital assets	2,639,019	2,387,621	92,236	106,101	2,731,255	2,493,722	9.53%
Restricted	2,106,245	2,230,804	-	-	2,106,245	2,230,804	-5.58%
Unrestricted	(2,724,896)	68,169	(28,554)	56,501	(2,753,450)	124,670	-2308.59%
Total net position	\$ 2,020,368	4,686,594	63,682	162,602	2,084,050	4,849,196	-57.02%

The District's combined net position decreased by 57.02%, or \$2,765,146, from the prior year. A large portion of the District's net position is the investment in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$124,559, or 5.58% from the prior year. This was primarily the result of an decrease in the carrying balance of the District's categorical funding as 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 \$2,878,120 or 2308.59%. This reduction in unrestricted net position was primarily a result of the District’s net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an 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 a deficit \$3,475,637 and a deficit \$106,755, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

	Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15	
Revenues:								
Program revenues:								
Charges for service	\$ 426,287	362,629	144,959	145,559	571,246	508,188	12.41%	
Operating grants, contributions and restricted interest	621,242	723,477	226,933	218,233	848,175	941,710	-9.93%	
Capital grants, contributions and restricted interest	40,000	10,000	-	-	40,000	10,000	300.00%	
General revenues:								
Property tax	3,674,581	3,498,388	-	-	3,674,581	3,498,388	5.04%	
Income surtax	218,091	217,986	-	-	218,091	217,986	0.05%	
Statewide sales, services and use tax	643,421	613,901	-	-	643,421	613,901	4.81%	
Unrestricted state grants	3,491,773	3,678,694	-	-	3,491,773	3,678,694	-5.08%	
Unrestricted investment earnings	103	1,062	-	-	103	1,062	-90.30%	
Other	119,658	162,705	2,219	769	121,877	163,474	-25.45%	
Total revenues	9,235,156	9,268,842	374,111	364,561	9,609,267	9,633,403	-0.25%	
Program expenses:								
Instruction	4,905,594	4,965,969	-	-	4,905,594	4,965,969	-1.22%	
Support services	2,604,435	2,667,013	-	190	2,604,435	2,667,203	-2.35%	
Non-instructional programs	-	-	366,276	383,262	366,276	383,262	-4.43%	
Other expenses	915,716	984,115	-	-	915,716	984,115	-6.95%	
Total expenses	8,425,745	8,617,097	366,276	383,452	8,792,021	9,000,549	-2.32%	
Excess(Deficiency) of revenues over(under) expenses	809,411	651,745	7,835	(18,891)	817,246	632,854	29.14%	
Transfers	-	(76,936)	-	76,936	-	-	0.00%	
Change in net position	809,411	574,809	7,835	58,045	817,246	632,854	29.14%	
Net position beginning of year, as restated	1,210,957	4,111,785	55,847	104,657	1,266,804	4,216,442	-69.96%	
Net position end of year	\$ 2,020,368	4,686,594	63,682	162,702	2,084,050	4,849,296	-57.02%	

In fiscal 2015, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 86.93% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.4% of the revenue from business type activities.

The District's total revenues were approximately \$9.61 million of which \$9.24 million was for governmental activities and \$0.37 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a .25% decrease in revenues and a 2.32% decrease in expenses. A decrease in unrestricted state grants received and a decrease in other expense were the primary reasons for the decrease in revenues and expenses, respectively from the prior year.

Governmental Activities

Revenues for governmental activities were \$9,235,156 and expenses were \$8,425,745 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	\$ 4,905,594	4,965,969	-1.22%	4,246,107	4,173,811	1.73%
Support services	2,604,435	2,667,013	-2.35%	2,475,827	2,657,013	-6.82%
Other expenses	915,716	984,115	-6.95%	616,282	690,167	-10.71%
Totals	\$ 8,425,745	8,617,097	-2.22%	7,338,216	7,520,991	-2.43%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$426,287.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$661,242.
- The net cost of governmental activities was financed with \$3,674,581 in property tax, \$218,091 in income surtax, \$643,421 in statewide sales, services and use tax, \$3,491,773 in unrestricted state grants, \$103 in interest income and \$119,658 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$374,111 and expenses were \$366,276 for the year ended June 30, 2015. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,117,142 above last year's ending fund balances of \$2,793,124. The primary reason for the increase was an increase in fund balances of the Capital Projects: Physical Plant and Equipment Levy Fund from the prior year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Decreases during the year in federal and state sources of revenue helped decrease revenues. Although the District experienced a decrease in revenues, the District also experienced a decrease in expenditures; total revenues were less than expenditures resulting in the District's General Fund balance decreasing by \$19,726 from the prior year.
- The General Fund balance decreased from \$975,553 at June 30, 2014 to \$955,827 in June 30, 2015.
- The Capital Projects Fund balance increased from a balance of \$1,248,263 at June 30, 2014 to \$1,398,400 at June 30, 2015. The Capital Projects: Statewide Sales, Services and Use Tax Fund balance decreased from \$1,023,712 at June 30, 2014 to \$892,274 at June 30, 2015. The Capital Projects: Physical Plant and Equipment Levy Fund balance increased from \$224,551 at June 30, 2014 to \$506,166 at June 30, 2015.
- The Debt Service Fund balance increased from \$424,814 at June 30, 2014 to \$445,680 at June 30, 2015.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$55,847 restated at July 1, 2014 to \$63,682 at June 30, 2015, representing an increase of 14.03%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$386,551 less than budgeted revenues, a variance 3.88%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget disbursements 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 disbursements for the year.

In spite of the District's budgetary practices the District exceeded its General Fund unspent authorized budget by approximately \$73,807, for the year ended June 30, 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$12.12 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a decrease of 1.84% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$463,677.

The original cost of the District's capital assets was \$17,310,117. Governmental funds account for \$16,972,053 with the remainder of \$338,064 in the Proprietary, School Nutrition Fund.

A large change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment, totaled \$434,838 at June 30, 2015, compared to \$500,563 reported at June 30, 2014. This decrease is due to depreciation expense incurred 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	\$ 92,549	92,549	-	-	92,549	92,549	0.00%
Buildings	11,079,029	11,267,964	-	-	11,079,029	11,267,964	-1.68%
Land improvements	514,839	487,646	-	-	514,839	487,646	5.58%
Machinery and equipment	342,602	394,462	92,236	106,101	434,838	500,563	-13.13%
Total	<u>\$ 12,029,019</u>	<u>12,242,621</u>	<u>92,236</u>	<u>106,101</u>	<u>12,121,255</u>	<u>12,348,722</u>	<u>-1.84%</u>

Long-Term Debt

At June 30, 2015, the District had \$12,729,174 in total long-term debt outstanding. This represents a increase of 20.79% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had outstanding General Obligation Bonds payable at \$5,140,000 at June 30, 2015.

The District had outstanding Revenue Bonds payable of \$4,250,000 at June 30, 2015.

The District had computer lease payable of \$81,638 at June 30, 2015.

The District had termination benefits payable of \$282,275 at June 30, 2015.

The District had a net OPEB liability payable of \$339,737 at June 30, 2015. Governmental Activities accounted for \$335,354 while Business Type Activities accounted for \$4,383.

The District had a net Pension liability payable of \$2,635,524 at June 30, 2015. Governmental Activities accounted for \$2,556,986 while Business Type Activities accounted for \$78,538.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
General obligation bonds	\$ 5,140,000	5,390,000	-	-	5,140,000	5,390,000	-4.64%
Revenue bonds	4,250,000	4,465,000	-	-	4,250,000	4,465,000	-4.82%
Computer lease	81,638	241,194	-	-	81,638	241,194	-66.15%
Termination benefits	282,275	102,000	-	-	282,275	102,000	176.74%
Net OPEB liability	335,354	335,354	4,383	4,383	339,737	339,737	0.00%
Net pension liability	2,556,986	-	78,538	-	2,635,524	-	100.00%
Total	\$ 12,646,253	10,533,548	82,921	4,383	12,729,174	10,537,931	20.79%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The Iowa Legislature has failed to set school funding in a timely manner in recent years. In addition, the level of funding increases has failed to keep pace with increases in ongoing expenses.
- West Monona has made an effort to reduce expenses through a reduction in personnel. Most of this was completed through attrition, although some reduction in force did take place.
- West Monona's unspent spending authority has been declining in recent years due to decreases in revenue and increases in expenditures, some of this going back to the federal stimulus program. This has reached a critical point and additional reductions in expenditures are essential. Despite the reductions, West Monona overspent our authority and we ended FY15 with a negative unspent balance of \$73,807. The district appeared before the SBRC in December of 2015 to present a request for additional authority and a Corrective Action Plan. The SBRC accepted the Corrective Action Plan and approved \$73,807 of additional spending authority. Even without the additional authority, it projected that West Monona will end FY16 with a positive unspent authorized budget.
- Historically, the District has entered into an annual contract with the West Monona Education Association. The District will negotiate a new agreement during FY16. Settlements in excess of 'new money' or supplemental state aid (formerly known as allowable growth) will have an adverse effect on the District's General Fund Budget and related fund balances.

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 Roxane Bales, District Secretary/Treasurer, West Monona Community School District, 1314 15th St, Onawa, Iowa, 51040.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,099,168	67,376	4,166,544
Receivables:			
Property tax:			
Delinquent	43,367	-	43,367
Succeeding year	3,666,800	-	3,666,800
Income surtax	217,968	-	217,968
Accounts	2,960	1,950	4,910
Due from other governments	197,044	8,892	205,936
Inventories	-	10,511	10,511
Capital assets, net of accumulated depreciation	12,029,019	92,236	12,121,255
TOTAL ASSETS	20,256,326	180,965	20,437,291
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	511,534	16,265	527,799
LIABILITIES			
Accounts payable	575,192	765	575,957
Salaries and benefits payable	649,163	10,593	659,756
Advances from grantors	1,042	-	1,042
Unearned revenues	-	2,457	2,457
Accrued interest payable	10,551	-	10,551
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	255,000	-	255,000
Revenue bonds payable	225,000	-	225,000
Computer lease payable	81,638	-	81,638
Termination benefits	38,600	-	38,600
Portion due after one year:			
General obligation bonds payable	4,885,000	-	4,885,000
Revenue bonds payable	4,025,000	-	4,025,000
Termination benefits	243,675	-	243,675
Net pension liability	2,556,986	78,538	2,635,524
Net OPEB liability	335,354	4,383	339,737
TOTAL LIABILITIES	13,882,201	96,736	13,978,937
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	3,666,800	-	3,666,800
Pension related deferred inflows	1,198,491	36,812	1,235,303
TOTAL DEFERRED INFLOWS OF RESOURCES	4,865,291	36,812	4,902,103
NET POSITION			
Net investment in capital assets	2,639,019	92,236	2,731,255
Restricted for:			
Categorical funding	235,607	-	235,607
School infrastructure	892,274	-	892,274
Physical plant and equipment levy	506,166	-	506,166
Student activities	37,070	-	37,070
Debt service	435,128	-	435,128
Unrestricted	(2,724,896)	(28,554)	(2,753,450)
TOTAL NET POSITION	\$ 2,020,368	63,682	2,084,050

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,992,508	207,700	66,384	-	(2,718,424)	-	(2,718,424)
Special	954,305	20,494	43,587	-	(890,224)	-	(890,224)
Other	958,781	110,485	210,837	-	(637,459)	-	(637,459)
	<u>4,905,594</u>	<u>338,679</u>	<u>320,808</u>	<u>-</u>	<u>(4,246,107)</u>	<u>-</u>	<u>(4,246,107)</u>
Support services:							
Student	238,268	-	-	-	(238,268)	-	(238,268)
Instructional staff	275,773	-	859	-	(274,914)	-	(274,914)
Administration	1,060,217	87,608	141	-	(972,468)	-	(972,468)
Operation and maintenance of plant	720,976	-	-	40,000	(680,976)	-	(680,976)
Transportation	309,201	-	-	-	(309,201)	-	(309,201)
	<u>2,604,435</u>	<u>87,608</u>	<u>1,000</u>	<u>40,000</u>	<u>(2,475,827)</u>	<u>-</u>	<u>(2,475,827)</u>
Long-term debt interest	311,816	-	-	-	(311,816)	-	(311,816)
Other expenditures:							
AEA flowthrough	299,434	-	299,434	-	-	-	-
Depreciation (unallocated)*	304,466	-	-	-	(304,466)	-	(304,466)
	<u>603,900</u>	<u>-</u>	<u>299,434</u>	<u>-</u>	<u>(304,466)</u>	<u>-</u>	<u>(304,466)</u>
Total governmental activities	8,425,745	426,287	621,242	40,000	(7,338,216)	-	(7,338,216)
Business type activities:							
Non-instructional programs:							
Food service operations	366,276	144,959	226,933	-	-	5,616	5,616
Total	\$ 8,792,021	571,246	848,175	40,000	(7,338,216)	5,616	(7,332,600)
General Revenues:							
Property tax levied for:							
General purposes				\$ 2,958,974	-		2,958,974
Capital outlay				318,009	-		318,009
Debt service				397,598	-		397,598
Income surtax				218,091	-		218,091
Statewide sales, services and use tax				643,421	-		643,421
Unrestricted state grants				3,491,773	-		3,491,773
Unrestricted investment earnings				103	-		103
Other				119,658	2,219		121,877
Total general revenues				<u>8,147,627</u>	<u>2,219</u>		<u>8,149,846</u>
Change in net position				809,411	7,835		817,246
Net position beginning of year, as restated				<u>1,210,957</u>	<u>55,847</u>		<u>1,266,804</u>
Net position end of year				\$ <u>2,020,368</u>	<u>63,682</u>		<u>2,084,050</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor Funds	Total
ASSETS					
Cash and pooled investments	\$ 1,669,731	1,370,838	744,415	314,184	4,099,168
Receivables:					
Property tax:					
Delinquent	29,026	3,737	4,673	5,931	43,367
Succeeding year	2,514,598	337,039	395,163	420,000	3,666,800
Income surtax	145,312	72,656	-	-	217,968
Accounts	2,960	-	-	-	2,960
Due from other governments	96,682	100,362	-	-	197,044
TOTAL ASSETS	\$ 4,458,309	1,884,632	1,144,251	740,115	8,227,307
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 192,367	76,497	303,409	2,919	575,192
Salaries and benefits payable	649,163	-	-	-	649,163
Advances from grantors	1,042	-	-	-	1,042
Total liabilities	842,572	76,497	303,409	2,919	1,225,397
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,514,598	337,039	395,163	420,000	3,666,800
Income surtax	145,312	72,656	-	-	217,968
Total deferred inflows of resources	2,659,910	409,695	395,163	420,000	3,884,768
Fund balances:					
Restricted for:					
Categorical funding	235,607	-	-	-	235,607
School infrastructure	-	892,274	-	-	892,274
Physical plant and equipment	-	506,166	-	-	506,166
Management levy purposes	-	-	-	280,126	280,126
Student activities	-	-	-	37,070	37,070
Debt service	-	-	445,679	-	445,679
Unassigned	720,220	-	-	-	720,220
Total fund balances	955,827	1,398,440	445,679	317,196	3,117,142
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,458,309	1,884,632	1,144,251	740,115	8,227,307

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 22)	\$	3,117,142
 <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.		12,029,019
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		217,968
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(10,551)
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	\$ 511,534	
Deferred inflows of resources	<u>(1,198,491)</u>	(686,957)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, bus lease payable, net pension liability, compensated absences payable, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(12,646,253)
Net position of governmental activities(page 20)	<u>\$</u>	<u>2,020,368</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,587,751	383,309	397,598	501,823	3,870,481
Tuition	193,901	-	-	-	193,901
Other	255,005	40,074	29	126,555	421,663
State sources	3,861,060	645,696	2,844	3,610	4,513,210
Federal sources	213,710	-	-	-	213,710
Total revenues	<u>7,111,427</u>	<u>1,069,079</u>	<u>400,471</u>	<u>631,988</u>	<u>9,212,965</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	2,835,741	3,961	-	18,780	2,858,482
Special	974,493	-	-	-	974,493
Other	811,905	-	-	142,180	954,085
	<u>4,622,139</u>	<u>3,961</u>	<u>-</u>	<u>160,960</u>	<u>4,787,060</u>
Support services:					
Student	245,935	-	-	-	245,935
Instructional staff	280,911	-	-	-	280,911
Administration	844,623	57,179	-	167,615	1,069,417
Operation and maintenance of plant	590,866	39,342	-	119,809	750,017
Transportation	247,245	38,000	-	10,902	296,147
	<u>2,209,580</u>	<u>134,521</u>	<u>-</u>	<u>298,326</u>	<u>2,642,427</u>
Capital outlay	-	222,825	-	-	222,825
Long-term debt:					
Principal	-	-	624,556	-	624,556
Interest and fiscal charges	-	1,500	311,145	-	312,645
	<u>-</u>	<u>1,500</u>	<u>935,701</u>	<u>-</u>	<u>937,201</u>
Other expenditures:					
AEA flowthrough	299,434	-	-	-	299,434
Total expenditures	<u>7,131,153</u>	<u>362,807</u>	<u>935,701</u>	<u>459,286</u>	<u>8,888,947</u>
Excess(Deficiency) of revenues over(under) expenditures	(19,726)	706,272	(535,230)	172,702	324,018
Other financing sources(uses):					
Transfer in	-	-	556,095	-	556,095
Transfer out	-	(556,095)	-	-	(556,095)
Total other financing sources(uses)	<u>-</u>	<u>(556,095)</u>	<u>556,095</u>	<u>-</u>	<u>-</u>
Change in fund balances	(19,726)	150,177	20,865	172,702	324,018
Fund balances beginning of year	<u>975,553</u>	<u>1,248,263</u>	<u>424,814</u>	<u>144,494</u>	<u>2,793,124</u>
Fund balances end of year	<u>\$ 955,827</u>	<u>1,398,440</u>	<u>445,679</u>	<u>317,196</u>	<u>3,117,142</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA 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

Net change in fund balances - total governmental funds(page 24)	\$	324,018
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
 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. Capital outlay expenditures and depreciation expense in the current year are as follows:		
Capital outlay	\$ 236,210	
Depreciation expense	<u>(449,812)</u>	(213,602)
 Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		
		22,191
 Repayment of long-term debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.		
		624,556
 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.		
		829
 The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflows of resources in the Statement of Net Position		
		370,899
 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.		
Pension expense	(139,205)	
Termination benefits	<u>(180,275)</u>	<u>(319,480)</u>
Changes in net position of governmental activities(page 21)	\$	<u><u>809,411</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	School Nutrition
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 67,376
Inventories	10,511
Accounts receivable	1,950
Due from other governments	8,892
Total current assets	88,729
Noncurrent assets:	
Capital assets, net of accumulated depreciation	92,236
TOTAL ASSETS	180,965
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	16,265
 LIABILITIES	
Current liabilities:	
Accounts payable	765
Salaries and benefits payable	10,593
Unearned revenues	2,457
Total current liabilities	13,815
Noncurrent liabilities:	
Net pension liability	78,538
Net OPEB liability	4,383
Total noncurrent liabilities	82,921
TOTAL LIABILITIES	96,736
 DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	36,812
 NET POSITION	
Net investments in capital assets	92,236
Unrestricted	(28,554)
TOTAL NET POSITION	\$ 63,682

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 144,959
Miscellaneous	2,219
TOTAL OPERATING REVENUES	147,178
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	133,008
Benefits	30,526
Services	639
Supplies	188,200
Other	38
Depreciation	13,865
TOTAL OPERATING EXPENSES	366,276
OPERATING LOSS	(219,098)
NON-OPERATING REVENUES:	
State sources	2,986
Federal sources	223,947
TOTAL NON-OPERATING REVENUES	226,933
Change in net position	7,835
Net position beginning of year, as restated	55,847
Net position end of year	\$ 63,682

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 147,657
Cash received from miscellaneous operating activities	2,219
Cash payments to employees for services	(170,795)
Cash payments to suppliers for goods or services	(172,084)
Net cash used by operating activities	(193,003)
Cash flows from non-capital financing activities:	
State grants received	2,986
Federal grants received	205,496
Net cash provided by non-capital financing activities	208,482
Net increase in cash and cash equivalents	15,479
Cash and cash equivalents at beginning of year	51,897
Cash and cash equivalents at end of year	\$ 67,376
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (219,098)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	17,273
Depreciation	13,865
Increase in inventories	(389)
Decrease in accounts receivable	241
Decrease in accounts payable	(91)
Decrease in net pension liability	(39,789)
Increase in deferred outflows of resources	(4,693)
Increase in deferred inflows of resources	36,812
Increase in salaries and benefits payable	409
Increase in unearned revenue	2,457
Net cash used by operating activities	\$ (193,003)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$17,273 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

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

Note 1. Summary of Significant Accounting Policies

The West Monona Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve, four-year old preschool and pre-school special education. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Onawa, Iowa, and the predominate agricultural territory in Monona and Harrison 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 Monona 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 Monona 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 Monona and Harrison County 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 non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories:

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts and Debt 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 Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

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

The District reports the following non-major proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be

susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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 applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	5-20 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.

Advance from Grantors - Grants proceeds which have been received by the District but will be

spent in a succeeding fiscal year.

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

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, the District exceeded its General Fund Unspent authorized budget.

Note 2. Cash and Pooled Investments

The District's deposits at June 30, 2015 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool 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 \$643 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

Note 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	\$ 556,095

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

Note 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
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 92,549	-	-	92,549
Total capital assets not being depreciated	92,549	-	-	92,549
Capital assets being depreciated:				
Buildings	13,592,668	84,128	-	13,676,796
Land improvements	1,224,980	58,596	-	1,283,576
Machinery and equipment	1,825,646	93,486	-	1,919,132
Total capital assets being depreciated	16,643,294	236,210	-	16,879,504
Less accumulated depreciation for:				
Buildings	2,324,704	273,063	-	2,597,767
Land improvements	737,334	31,403	-	768,737
Machinery and equipment	1,431,184	145,346	-	1,576,530
Total accumulated depreciation	4,493,222	449,812	-	4,943,034
Total capital assets being depreciated, net	12,150,072	(213,602)	-	11,936,470
Governmental activities capital assets, net	\$ 12,242,621	(213,602)	-	12,029,019

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 338,064	-	-	338,064
Less accumulated depreciation	231,963	13,865	-	245,828
Business type activities capital assets, net	\$ 106,101	(13,865)	-	92,236

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 30,529
Other	13,361

Support services:

Instructional Staff	11,656
Administration	13,177
Operation and maintenance of plant	24,554
Transportation	52,069
	<u>145,346</u>

Unallocated depreciation	<u>304,466</u>
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Total governmental activities depreciation expense	<u>\$ 449,812</u>
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Business type activities:

Food service operations	<u>\$ 13,865</u>
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Note 5. Long-term Liabilities

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

	Balance Beginning of Year, restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 5,390,000	-	250,000	5,140,000	255,000
Revenue bonds	4,465,000	-	215,000	4,250,000	225,000
Computer lease	241,194	-	159,556	81,638	81,638
Termination benefits	102,000	198,275	18,000	282,275	38,600
Net OPEB liability	335,354	-	-	335,354	-
Net pension liabilities	3,852,386	-	1,295,400	2,556,986	-
Total	\$ 14,385,934	198,275	1,937,956	12,646,253	600,238
Business type activities:					
Net OPEB liability	\$ 4,383	-	-	4,383	-
Net pension liabilities	118,327	-	39,789	78,538	-
Total	\$ 122,710	-	39,789	82,921	-

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of July 01, 2012			
	Interest Rate	Principal	Interest	Total
2016	2.00	% \$ 255,000	124,077	379,077
2017	2.00	260,000	118,977	378,977
2018	2.00	265,000	113,777	378,777
2019	2.00	270,000	108,478	378,478
2020	2.00	275,000	103,078	378,078
2021-2025	2.00-2.25	1,460,000	429,760	1,889,760
2026-2030	2.35-3.00	1,635,000	252,164	1,887,164
2031-2032	3.00	720,000	32,550	752,550
Total		<u>\$ 5,140,000</u>	<u>1,282,861</u>	<u>6,422,861</u>

Revenue Bonds Payable

Details of the District's June 30, 2015 revenue bonds indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 01, 2010			
	Interest Rate	Principal	Interest	Total
2016	4.00	% \$ 165,000	141,080	306,080
2017	4.00	170,000	134,480	304,480
2018	4.00	180,000	127,680	307,680
2019	4.00	185,000	120,480	305,480
2020	4.00	195,000	113,080	308,080
2021-2025	4.00-4.20	1,115,000	440,770	1,555,770
2026-2030	4.30-4.80	1,310,000	175,495	1,485,495
Subtotal		<u>\$ 3,320,000</u>	<u>1,253,065</u>	<u>4,573,065</u>

Year Ending June 30,	Bond Issue of July 01, 2012			
	Interest Rate	Principal	Interest	Total
2016	1.50	% \$ 60,000	25,338	85,338
2017	1.50	60,000	24,438	84,438
2018	2.00	60,000	23,538	83,538
2019	2.00	60,000	22,338	82,338
2020	2.50	55,000	21,138	76,138
2021-2025	2.50-3.00	305,000	82,910	387,910
2026-2030	3.25-3.50	330,000	32,561	362,561
Subtotal		<u>930,000</u>	<u>232,261</u>	<u>1,162,261</u>
Total		<u>\$ 4,250,000</u>	<u>1,485,326</u>	<u>5,735,326</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,900,000 bonds issued in June 2010 and \$1,045,000 issued in July 2012. The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual

principal and interest payments on the bonds are expected to require nearly 60 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$5,735,326. For the current year \$215,000 of principal and \$173,818 of interest was paid on the bonds and statewide sales, services and use tax revenue were \$643,421.

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

- a) \$403,608 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) Monthly transfers will be made by the District from the Capital Projects: Statewide Sales, Services and Use Tax Fund shall be placed in a Reserve Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Computer Lease Payable

Details of the District’s June 30, 2015 computer lease indebtedness is as follows:

Year Ending June 30,	Computer Lease of June 1, 2012			
	Interest Rate	Principal	Interest	Total
2016	3.10	\$ 81,638	1,265	82,903

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees for one year. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. The plan is for \$515/month for costs towards retirees’ medical insurance until the employee reaches age 65 or becomes eligible for Medicare. Employees must complete an application which is subject to approval by the Board of Education. During the year ended June 30, 2015, the District paid \$18,000 of termination benefits to prior year retirees. At June 30, 2015, the District had early retirement obligations to seven participants totaling \$282,575

(6) Pension Plan

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$382,844.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,635,524 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 .065122% percent, which was an

decrease of .005008 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$143,480. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,643	\$ -
Changes of assumptions	116,312	-
Net difference between projected and actual earnings on pension plan investments	-	1,005,113
Changes in proportion and differences between District contributions and proportionate share of contributions	-	230,190
District contributions subsequent to the measurement date	382,844	-
Total	<u>\$ 527,799</u>	<u>\$ 1,235,303</u>

\$382,844 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	\$ (271,193)
2017	(271,193)
2018	(271,193)
2019	(271,193)
2020	(576)
	<u>\$ (1,085,348)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

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

(6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 4,979,750	\$ 2,635,524	\$ 656,756

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$44,086 for legally required employer contributions and \$29,575 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Other Postemployment Benefits

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 80 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

GASB Statement No. 45 allows Districts with fewer than 100 employees included on the District's health plan to use the Alternative Measurement Method to determine the net OPEB liability. Those Districts with fewer than 100 members are required to get new actuarial valuations every three years barring a substantial change in the plan. Under the Alternative Measurement Method, the net OPEB liability remains the same until the District is required to renew their actuarial valuation. The net OPEB liability as of the most recent valuation is \$339,737. The District is scheduled to need a new valuation dated July 1, 2015 for fiscal year 2016.

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 131,350	23.01 %	\$ 208,277
2014	131,460	0.00	339,737
2015	-	0.00	339,737

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$939,752, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$939,752. The covered payroll (annual payroll of active employees covered by the plan) was \$3,547,702, and the ratio of the UAAL to covered payroll was 26.49%. As of June 30, 2014 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of event 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, will present 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 July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The average salary increase is 3.5%. The medical insurance premium increases 4% per year.

Mortality rates are from the National Health Care Expenditures Projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services in 2007. Annual retirement and termination probabilities were based upon Table 1 in GASB Statement 45.

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

Note 8. Risk Management

The West Monona Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: health, dental, vision, life and long-term disability.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$704,091.

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

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$299,434 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

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

Program	Amount
Limited english proficient	\$ 17,050
Home school assistance program	49,720
Gifted and talented programs	118,814
Dropout and dropout prevention programs	7,618
Professional development for model core curriculum	65
Successful progression for early readers	22,733
Teacher salary supplement	19,607
	\$ 235,607
Total	\$ 235,607

Note 11. Detailed Reconciliation of Governmental Fund Balances to Net Position

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	Net Investment in Capital Assets	Management Levy	Debt Service	Unassigned/ Restricted
Fund balance (Exhibit C)	\$ -	280,126	445,679	720,220
Capital assets, net of accumulated depreciation	12,029,019	-	-	-
General obligation bond capitalized indebtedness	(5,140,000)	-	-	-
Revenue bond capitalized indebtedness	(4,250,000)	-	-	-
Computer lease	-	-	-	(81,638)
Income surtax	-	-	-	217,968
Accrued interest payable	-	-	(10,551)	-
Termination benefits	-	(280,126)	-	(2,149)
Net OPEB liability	-	-	-	(335,354)
Net pension liability	-	-	-	(2,556,986)
Pension related deferred outflows	-	-	-	511,534
Pension related deferred inflows	-	-	-	(1,198,491)
Net position (Exhibit A)	\$ 2,639,019	-	435,128	(2,724,896)

Note 12. Accounting Change/Restatement Note

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 4,686,594	\$ 162,602
Net pension liability at June 30, 2014	(3,852,386)	(118,327)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	376,749	11,572
Net position July 1, 2014, as restated	<u>\$ 1,210,957</u>	<u>\$ 55,847</u>

Note 13. Deficit Balances

The Enterprise School nutrition Fund had a deficit unrestricted net position of \$28,554 at June 30, 2015. The District's governmental activities had a deficit unrestricted net position of \$2,724,896 at June 30, 2015.

Note 14. Budget Overexpenditures

During the year ended June 30, 2015 The District exceeded its General Fund unspent authorized budget by approximately \$73,807.

Note 15. 28 E Facility Share use Agreement with magic Depot Daycare

The District participates in a shared use agreement with Magic Depot for the use of a building that is located on District land. This agreement is for the use of a building by Magic Depot that is to be used to provide daycare service to the community. The agreement allows Magic Depot to use the Districts Computer Network and Telephone Network for no charge. The cost of utilities will be paid jointly by the School District and Magic Depot. The agreement remains in effect for any fiscal year until either the District or Magic Depot does not wish to participate in the agreement. Either party may terminate that agreement by a personally delivered notice to the secretary of the other party. The notice must be delivered 90 days before the renewal date.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 4,486,045	147,178	4,633,223	5,304,027	5,304,027	(670,804)
State sources	4,513,210	2,986	4,516,196	4,061,670	4,069,600	446,596
Federal sources	213,710	223,947	437,657	607,930	600,000	(162,343)
Total revenues	9,212,965	374,111	9,587,076	9,973,627	9,973,627	(386,551)
Expenditures/Expenses:						
Instruction	4,787,060	-	4,787,060	6,014,617	6,014,617	1,227,557
Support services	2,642,427	-	2,642,427	3,325,000	3,325,000	682,573
Non-instructional programs	-	366,276	366,276	617,714	617,714	251,438
Other expenditures	1,459,460	-	1,459,460	1,871,775	1,871,775	412,315
Total expenditures/expenses	8,888,947	366,276	9,255,223	11,829,106	11,829,106	2,573,883
Excess(Deficiency) of revenues over(under) expenditures/expenses	324,018	7,835	331,853	(1,855,479)	(1,855,479)	2,187,332
Balances beginning of year, as restated	2,793,124	55,847	2,848,971	1,855,479	1,855,479	993,492
Balances end of year	\$ 3,117,142	63,682	3,180,824	-	-	3,180,824

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA 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 comparisons for the General Fund and each major Special Revenue Fund.

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

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

During the Year ended June 30, 2015, the District exceeded its General Fund unspent authorized budget.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*

REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.065122%
District's proportionate share of the net pension liability	\$ 2,635,524
District's covered-employee payroll	\$ 4,287,171
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.47%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

Note: Only the current fiscal year is being presented using a June 30, 2014 measurement date because 10-year data is not yet available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 382,844	388,611	393,246	352,764	287,304	258,446	233,685	217,388	204,199	190,067
Contributions in relation to the statutorily required contribution	<u>(382,844)</u>	<u>(388,611)</u>	<u>(393,246)</u>	<u>(352,764)</u>	<u>(287,304)</u>	<u>(258,446)</u>	<u>(233,685)</u>	<u>(217,388)</u>	<u>(204,199)</u>	<u>(190,067)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 4,287,171	4,351,747	4,535,709	4,371,301	4,133,871	3,718,647	3,680,079	3,593,190	3,551,287	3,305,513
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 MONONA 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.

WEST MONONA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2015

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.

SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 683,000	\$ 683,000	0.00 %	\$ 3,245,586	21.04 %
2011	July 1, 2009	-	683,000	683,000	0.00	3,390,288	20.15
2012	July 1, 2009	-	683,000	683,000	0.00	3,637,764	18.78
2013	July 1, 2012	-	939,752	939,752	0.00	3,581,647	26.24
2014	July 1, 2012	-	939,752	939,752	0.00	3,578,181	26.26
2015	July 1, 2012	-	939,752	939,752	0.00	3,547,702	26.49

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.

SUPPLEMENTARY INFORMATION

WEST MONONA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Management	Student Activity	Total
Assets			
Cash and pooled investments	\$ 274,195	39,989	314,184
Receivables:			
Property tax:			
Delinquent	5,931	-	5,931
Succeeding year	420,000	-	420,000
Total assets	\$ 700,126	39,989	740,115
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	-	2,919	2,919
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	420,000	-	420,000
Fund balances:			
Restricted for:			
Management levy purposes	280,126	-	280,126
Student activities	-	37,070	37,070
Total fund balances	280,126	37,070	317,196
Total liabilities, deferred inflows of resources and fund balances	\$ 700,126	39,989	740,115

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Special Revenue		
	Management	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 501,823	-	501,823
Other	4,264	122,291	126,555
State sources	3,610	-	3,610
TOTAL REVENUES	<u>\$ 509,697</u>	<u>122,291</u>	<u>631,988</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	18,780	-	18,780
Other	-	142,180	142,180
Support services:			
Administration	167,615	-	167,615
Operation and maintenance of plant	119,809	-	119,809
Transportation	10,902	-	10,902
TOTAL EXPENDITURES	<u>317,106</u>	<u>142,180</u>	<u>459,286</u>
Change in fund balances	192,591	(19,889)	172,702
Fund balances beginning of year	<u>87,535</u>	<u>56,959</u>	<u>144,494</u>
Fund balances end of year	<u>\$ 280,126</u>	<u>37,070</u>	<u>317,196</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WEST MONONA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 791,912	578,926	1,370,838
Receivables:			
Property tax:			
Delinquent	-	3,737	3,737
Succeeding year	-	337,039	337,039
Income surtax	-	72,656	72,656
Due from other governments	100,362	-	100,362
TOTAL ASSETS	\$ 892,274	992,358	1,884,632
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	76,497	76,497
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	337,039	337,039
Income surtax	-	72,656	72,656
Total deferred inflows of resources	-	409,695	409,695
Fund balances:			
Restricted for:			
School infrastructure	892,274	-	892,274
Physical plant and equipment	-	506,166	506,166
Total fund balances	892,274	506,166	1,398,440
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 892,274	992,358	1,884,632

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales and Services Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	383,309	383,309
Other	74	40,000	40,074
State sources	643,421	2,275	645,696
TOTAL REVENUES	643,495	425,584	1,069,079
EXPENDITURES:			
Current:			
Instruction:			
Regular	3,961	-	3,961
Support services:			
Administration	-	57,179	57,179
Operation and maintainance of plant	13,994	25,348	39,342
Transportation	38,000	-	38,000
Capital outlay	161,383	61,442	222,825
Long-term debt:			
Interest and fiscal charges	1,500	-	1,500
TOTAL EXPENDITURES	218,838	143,969	362,807
Deficiency of revenues under expenditures	424,657	281,615	706,272
Other financing uses:			
Transfer out	(556,095)	-	(556,095)
Change in fund balances	(131,438)	281,615	150,177
Fund balances beginning of year	1,023,712	224,551	1,248,263
Fund balances end of year	<u>\$ 892,274</u>	<u>506,166</u>	<u>1,398,440</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2015

	Debt Service		
	Debt Service	Debt Sinking	Total
ASSETS			
Cash and pooled investments	\$ 38,729	705,686	744,415
Receivables:			
Property tax:			
Delinquent	4,673	-	4,673
Succeeding year	395,163	-	395,163
TOTAL ASSETS	\$ 438,565	705,686	1,144,251
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	-	303,409	303,409
Deferred inflows of Resources:			
Unavailable revenues:			
Succeeding Year property tax	395,163	-	395,163
Fund balances:			
Restricted for:			
Debt service	43,402	402,277	445,679
TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 438,565	705,686	1,144,251

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2015

	Debt Service		
	Debt Service	Debt Sinking	Total
REVENUES:			
Local sources:			
Local tax	\$ 397,598	-	397,598
Other	-	29	29
State sources	2,844	-	2,844
TOTAL REVENUES	400,442	29	400,471
EXPENDITURES:			
Long-term debt:			
Principal	409,556	215,000	624,556
Interest and fiscal charges	135,827	175,318	311,145
TOTAL EXPENDITURES	545,383	390,318	935,701
Deficiency of revenues under expenditures	(144,941)	(390,289)	(535,230)
Other financing sources:			
Transfer in	165,806	390,289	556,095
Change in fund balances	20,865	-	20,865
Fund balance beginning of year	22,537	402,277	424,814
Fund balance end of year	\$ 43,402	402,277	445,679

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA 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	Intra- Fund Transfers	Balance End of Year
Speech	\$ 793	125	730	-	188
Fall Play	3,026	722	1,716	-	2,032
Vocal	9,249	100	1,213	-	8,136
Instrumental	9,401	1,245	3,434	-	7,212
Band Uniform	576	-	-	-	576
Boys Basketball Camp	768	-	-	-	768
Girls Basketball Camp	3,389	485	1,331	-	2,543
General Athletics	10,794	74,139	86,227	1,294	-
Girls Golf Camp	550	100	298	-	352
Boys Golf Camp	353	100	-	-	453
Baseball Camp	325	-	-	-	325
Boys Track Camp	92	-	-	-	92
Volleyball Club	479	716	821	-	374
Class of 2014	1,378	-	240	(1,138)	-
Class of 2015	1,039	64	560	-	543
Class of 2016	-	4,833	4,275	-	558
NHS-National Honor Society	36	-	85	49	-
Pep Club	22	-	-	-	22
HS Student Council	329	1,247	1,706	1,138	1,008
MS Student Council	92	322	100	-	314
MS Science Club	37	450	-	-	487
Art Club	81	4,207	3,652	-	636
Dance Team	88	334	430	8	-
Cheerleaders	134	-	-	(134)	-
BB Cheerleaders	591	348	489	45	495
FB Cheerleaders	484	856	503	45	882
WR Cheerleaders	575	-	-	44	619
Yearbook	5,945	6,955	9,791	-	3,109
Quiz Bowl	117	-	-	-	117
FCCLA	353	2,190	1,802	-	741
MS FCCLA Fund Balance	-	60	-	-	60
Raffle Tax	14	-	-	(14)	-
General Activities	790	6,768	6,352	(929)	277
HS Science Club	213	175	92	-	296
Industrial Arts	114	-	114	-	-
Football Camp	1,503	13,862	14,010	-	1,355
Wrestling Club	36	1,263	1,258	-	41
Softball Camp	2,059	500	951	-	1,608
Weightlifting Club	579	-	-	-	579
HS Reward Trips	408	-	-	(408)	-
Key Club	147	125	-	-	272
Total	\$ 56,959	122,291	142,180	-	37,070

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**WEST MONONA 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	2005	2004
Revenues:												
Local sources:												
Local tax	\$ 3,870,481	3,721,387	4,261,739	3,567,429	3,335,386	3,074,799	2,951,000	2,822,147	2,814,782	2,365,190	2,064,037	2,087,616
Tuition	193,901	189,107	201,334	197,692	202,493	260,940	219,910	218,935	216,278	198,350	191,256	254,964
Other	421,663	360,413	238,714	189,321	252,873	245,931	331,617	394,558	434,636	286,709	305,143	137,331
State sources	4,513,210	4,687,714	4,025,800	3,947,593	3,545,702	2,961,720	3,503,916	3,629,585	3,360,010	3,353,141	3,177,181	3,012,213
Federal sources	213,710	315,234	335,540	389,327	620,241	720,883	359,789	308,242	267,709	262,205	287,310	225,846
Total	\$ 9,212,965	9,273,855	9,063,127	8,291,362	7,956,695	7,264,273	7,366,232	7,373,467	7,093,415	6,465,595	6,031,437	5,717,970
Expenditures:												
Instruction:												
Regular	\$ 2,858,482	3,041,910	3,240,213	3,911,735	3,025,453	2,710,565	2,753,050	2,643,890	2,602,390	2,336,293	2,229,304	1,938,166
Special	974,493	924,973	1,112,327	1,133,955	1,261,123	1,106,529	1,210,575	1,030,248	928,939	1,103,664	815,682	962,651
Other	954,085	879,458	931,846	839,562	650,873	644,863	477,573	438,408	573,321	391,394	406,183	371,246
Support services:												
Student	245,935	254,120	206,296	226,458	215,089	187,909	149,180	123,745	138,931	158,054	147,026	202,449
Instructional staff	280,911	322,711	268,357	224,771	224,553	205,744	164,642	152,569	97,840	115,974	82,558	92,142
Administration	1,069,417	1,003,014	930,968	884,819	781,674	695,376	735,429	800,031	857,651	845,949	709,071	730,528
Operation and maintenance of plant	750,017	859,993	767,682	650,467	672,281	614,026	599,037	566,107	610,037	743,790	645,090	574,575
Transportation	296,147	353,740	235,505	303,969	256,772	288,531	238,617	207,478	185,799	310,363	220,778	252,215
Non-instructional programs	-	-	-	845	11,575	12,507	8,585	14,827	9,142	10,199	12,046	8,031
Capital outlay	222,825	1,572,594	5,151,150	1,744,288	2,601,708	970,751	36,097	116,079	101,649	60,255	71,774	40,659
Long-term debt:												
Principal	624,556	579,722	565,035	245,000	45,000	200,352	180,000	170,000	160,000	150,000	145,000	146,168
Interest	312,645	328,479	333,726	244,625	101,395	12,024	21,887	30,308	39,353	48,075	58,890	67,320
Other expenditures:												
AEA flow-through	299,434	293,948	286,743	272,496	288,042	278,577	251,829	247,241	225,407	219,765	210,935	208,975
Total	\$ 8,888,947	10,414,662	14,029,848	10,682,990	10,135,538	7,927,754	6,826,501	6,540,931	6,530,459	6,493,775	5,754,337	5,595,125

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 Monona 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 Monona Community School District as of and for the year ended June 30, 2015, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 29, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

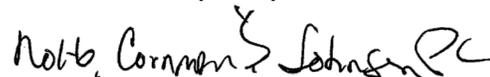
West Monona Community School District's Responses to Findings

West Monona Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. West Monona 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 Monona 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 29, 2016
Newton, Iowa

WEST MONONA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

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

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Disbursements - purchase order processing, check preparations, mailing and recording.
- 5) Inventories - ordering, receiving, issuing and storing.
- 6) Wire transfers - processing and approving.
- 7) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 8) Financial reporting - preparing, reconciling and approving.
- 9) School lunch program - collecting, recording, journalizing, posting, reconciling, purchase order processing, check preparations, mailing and recording.

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

Response - Segregation of Duties – This is an ongoing concern that is noted by the auditors. Our personnel talk about this each year and consider ways to address the concern.

Conclusion - Response accepted.

I-B-15 Supporting Documentation - We noted during our audit instances of payments to vendors that lacked an invoice or other form of supporting documentation for the payment made.

Recommendation - Chapter 279.29 of the Code of Iowa requires the District's Board to audit and allow all bills prior to payment. Lack of supporting documentation for the payment makes it impossible for the Board to audit and approve the bill. The Board may require alternative documentation when an invoice is not available, however, the Board should make notation on the documents of the approval by the Board.

Response - There has been a renewed effort to impress on all employees of the need for a purchase order. If an instance arises that there is lack of supporting documentation a process to acquire alternative documentation has been implemented and the board will be informed of such a situation to allow for proper documentation and approval.

Conclusion – Response accepted.

OTHER MATTERS:

I-C-15 Inactive Student Activity Accounts - We noted several accounts within the student activity fund which do not appear to be active accounts. These include the Band Uniform, Pep Club, Quiz Bowl, Boys Basketball Camp, and Weightlifting. Each of these accounts has not been used in the prior three fiscal years but each is still carrying a balance at year end.

Recommendation - The inactive accounts should be reviewed by the District. If the District determines that these accounts are inactive and no longer in use by the District the District should determine where to reallocate the remaining balances to other accounts within the Student Activity Fund with the approval of the Board of Education.

Response - Inactive Student Activity Accounts – These accounts have been reviewed. It was determined that some of the accounts are inactive and the board has approved reallocation to other accounts. Some of the accounts are still viable and sponsors/coaches have been informed of the available funds.

Conclusion – Response accepted.

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

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

Response - We will continue to work to review and update within the prescribed timelines.

Conclusion – Response accepted.

WEST MONONA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget – The District exceeded its general Fund unspent authorized budget for the year ended June 30, 2015 by \$73,807.

Recommendation – The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the General Fund unspent authorized budget over expenditure.

Response – The district is well aware of the fact that we exceeded the General Fund unspent authorized budget. It is something we have been working to correct for the past three years. The District did address the SBRC in January 2015 to request \$73,807 in additional authority. It was approved.

Conclusion – Response accepted.

II-B-15 Questionable Disbursements - Noted expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted, as follows:

Coaches Polos - During the audit it was noted the District made a purchase of Polo’s to be given to coaches in the Activity Fund. We were unable to determine that the polos were subsequently paid for by the coaches receiving the clothing and as a result we question the public purpose of this purchase.

Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since all District funds are “public funds” the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

Recommendation - The District should refrain from purchasing personal clothing for board members, students, coaches, or staff, since it would not meet the requirement of public purpose. In addition the District should review procedures in place for documenting purchases of apparel.

Response - We will monitor this to ensure it does not happen in the future.

Conclusion – Response accepted.

II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of

District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-15 Business Transactions - No business transactions between the District and District officials or employees were noted.

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

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

II-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-15 Supplementary Weighting - We noted a variance in the supplementary weighting certified to the Departments of Education. The amount certified was overstated by .096.

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

Response – A budget adjustment was noted and recorded through the Iowa Department of Education and it has been included on the proper line of the Aid & Levy Worksheet.

Conclusion – Response accepted.

II-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.

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

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

II-L-15 Statewide Sales, Service and Use Tax - During our audit, there was no instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$ 1,023,712
Revenues/transfers in:		
Sales tax revenues	\$ 643,421	
Other	74	643,495
		<u>1,667,207</u>
Expenditures/Transfers Out:		
Equipment	3,961	
Other	214,877	
Transfers to other funds		
Debt service funds	556,095	774,933
		<u>774,933</u>
Ending Balance		<u>\$ 892,274</u>

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

II-M-15 Financial Condition - The School Nutrition Fund had a deficit unrestricted net position of \$28,554 at June 30, 2015. The District's governmental activities had a deficit net position of \$2,724,896 at June 30, 2015. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

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

Response – We will spend some time learning more about GASB 68 and 71 and the impact on our financial position.

Conclusion – Response accepted.