

**WEST SIOUX
COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2015**

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2015
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WEST SIOUX COMMUNITY SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

Board of Education (After September 2013 Election)

Gary Witt	President	2017
Jeff Eilts	Vice President	2017
Ken Kock	Board Member	2017
Dawn Hummel	Board Member	2015
Tim McKenney	Board Member	2015

School Officials

Randy Collins	Superintendent	2015
Jacob Vanderham	Treasurer and Business Manager	2015
Tami Degen	District Secretary	2015
Stephen Avery	Attorney	2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Education of
West Sioux Community School District
Hawarden, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the West Sioux Community School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the West Sioux Community School District as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of funding progress for the retiree health plan, schedule of the District's proportionate share of the net pension liability and schedule of the District's contributions to Iowa Public Employees' Retirement System on pages 4 through 12 and 41 through 47 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial statements for the year ended June 30, 2006, (which is not presented herein) were audited by other auditors in accordance with standards referred to in the third paragraph of this report and they expressed an unqualified opinion on it. The financial statements for the eight years ended June 30, 2014 (not presented) were audited by us in accordance with the standards referred to in the third paragraph of this report and we expressed unqualified/unmodified opinions on them. The other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have issued a report dated May 23, 2016, on our consideration of the West Sioux Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Sioux Community School District's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 23, 2016

Management Discussion and Analysis

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

2015 Financial Highlights

- General Fund revenues increased and expenditures increased from fiscal year 2014 to fiscal year 2015. General Fund revenues increased from \$8,061,962 to \$8,350,353, and General Fund expenditures increased from \$8,066,208 to \$8,470,873. The District's General Fund balance decreased from \$1,877,423 in fiscal year 2014 to \$1,756,903 in fiscal year 2015, a 6% decrease.
- Property taxes in general fund increased by over \$164,000, due to a slight increase in both property tax levy and property valuation. State Aid increased by over \$96,180, while federal revenues increased by over \$4,000. Revenue from other local sources increased by over \$12,000. A large portion of increased expenditures was due primarily to negotiated salary and benefit increases as well as a significant increase in student enrollment which required hiring extra teachers. The General Fund balance will be carefully monitored during the year keeping in mind the fluctuation in revenues caused by legislative action and student enrollments.

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 Sioux 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 Sioux Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.
- 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.
- Other Supplementary Information provides detailed information about the non-major Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

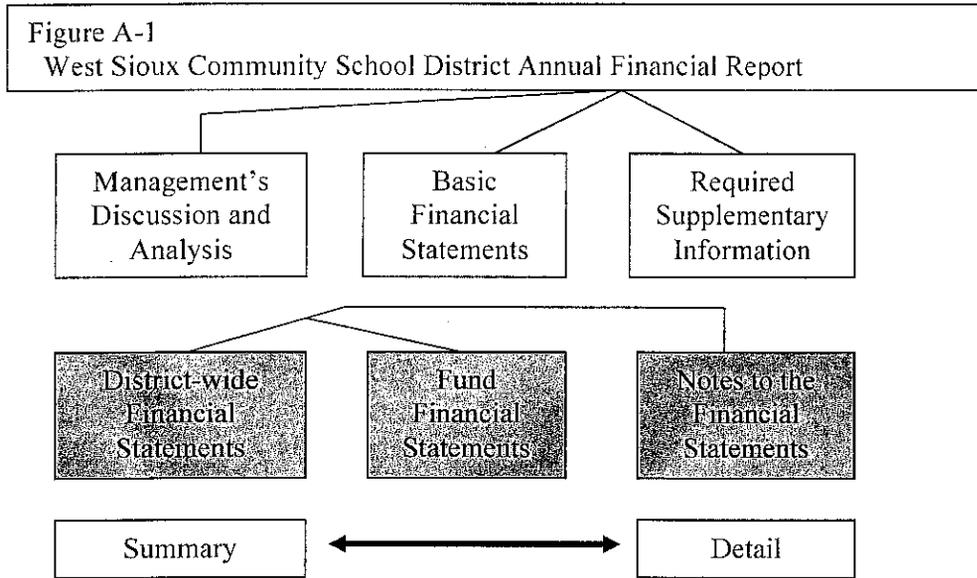


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2: Major Features of the District Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	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 is included here
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, expenditures, 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 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 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 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. 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 they have changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school building and other facilities.

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 taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's Food Service and Before and After School/Daycare Programs would be 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 repay its long-term debts, 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 funds statements provide a detailed short-term view that helps the reader 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 governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

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

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenditures and changes in fund net position and a statement of cash flows.

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

Government-wide Financial Analysis

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

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total District		Change June 30 2014/2015
	June 30		June 30		June 30		
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	
Current and Other Assets	\$ 8,487,276	\$7,881,512	\$ 94,443	\$ 45,636	\$8,581,719	\$7,927,148	8.26%
Capital Assets	9,355,235	9,485,936	422,963	420,545	9,778,198	9,906,481	(1.29)%
Total Assets	17,842,511	17,367,448	517,406	466,181	18,359,917	17,833,629	2.95%
Deferred Outflows							
Pension Related Deferred Outflows	671,156	-	27,850	-	699,006	-	100.00%
Current Liabilities	1,498,367	1,888,559	65,320	48,540	1,563,687	1,937,099	(19.28)%
Long-Term Liabilities	8,500,801	5,324,556	113,301	-	8,614,102	5,324,556	61.78%
Total Liabilities	9,999,168	7,213,115	178,621	48,540	10,177,789	7,261,655	40.16%
Deferred Inflows of Resources							
Unavailable Revenue – Subsequent Year Property Tax Pension Related Deferred Inflows	3,278,842	3,189,797	-	-	3,278,842	3,189,797	2.79%
Total Deferred Inflows of Resources	1,041,268	-	43,210	-	1,084,478	-	100.00%
Net Investment in Capital Assets	4,198,429	3,756,273	422,963	420,545	4,621,392	4,176,818	10.64%
Restricted	1,533,938	1,406,830	-	-	1,533,938	1,406,830	9.04%
Unrestricted	(1,537,978)	1,801,433	(99,538)	(2,904)	(1,637,516)	1,798,529	(191.05)%
Total Net Position	\$ 4,194,389	\$6,964,536	\$323,425	\$417,641	\$4,517,814	\$7,382,177	(38.80)%

The District's combined net position increased by 14.54% or approximately \$573,000 over the beginning restated net position. The largest portion of the District's net position is the net investment in capital assets which is total capital assets less the related debt. The debt related to the net 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 increased approximately \$127,000, or 9.04%, from the prior year. The increase was primarily a result of new categorical funding for the successful progression for early readers, English Language Learners and teacher leadership grants as well as an increase in net position for other special revenue purposes.

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 the legal requirements – decreased approximately \$3,436,000 or 191.05%. This reduction in unrestricted net position was

primarily a result of the District's net pension liability being recorded in the current year, which is discussed further in the next paragraph.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$(3,300,752) and \$(136,974), 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 the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective to 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 from Operations

	Governmental Activities		Business-Type Activities		Total District		Change June 30 2014/2015
	June 30 2015	2014 (Not Restated)	2015	June 30 2014 (Not Restated)	June 30 2015	2014 (Not Restated)	
Revenue:							
Program revenue							
Charges for services	\$ 605,981	\$ 593,874	\$317,390	\$ 315,330	\$ 923,371	\$ 909,204	1.56%
Operating grants & contributions	1,478,386	1,519,842	390,455	349,559	1,868,841	1,869,401	(0.03)%
Capital grants & contributions	22,389	-	-	-	22,389	-	100.00%
General Revenues:							
Property tax	3,193,913	2,991,243	-	-	3,193,913	2,991,243	6.78%
Instruction support tax	220,418	261,796	-	-	220,418	261,796	(15.81)%
Local option sales tax	715,653	639,511	-	-	715,653	639,511	11.91%
Unrestricted state grants	4,266,658	4,109,865	-	-	4,266,658	4,109,865	3.82%
Unrestricted investment earnings	84,726	70,441	2,256	3,256	86,982	73,697	18.03%
Gain on disposal of assets	-	17,544	-	-	-	17,544	(100.00)%
Other	36,577	68,127	22,726	9,762	59,303	77,889	(23.86)%
Total Revenue	10,624,701	10,272,243	732,827	677,907	11,357,528	10,950,150	3.72%
Program expenses:							
Instruction	7,013,101	6,521,842	-	-	7,013,101	6,521,842	7.53%
Support service	2,511,957	2,282,855	-	-	2,511,957	2,282,855	10.04%
Non-instructional programs	10,775	11,150	690,069	611,854	700,844	623,004	12.49%
Other expenses	558,263	544,347	-	-	558,263	544,347	2.56%
Total expenses	10,094,096	9,360,194	690,069	611,854	10,784,165	9,972,048	8.14%
Change in net position	530,605	912,049	42,758	66,053	573,363	978,102	(41.38)%
Net position beginning of year, as restated	3,663,784	6,052,487	280,667	351,588	3,944,451	6,404,075	(38.41)%
Net pension end of year	\$4,194,389	\$ 6,964,536	\$323,425	\$ 417,641	\$4,517,814	\$ 7,382,177	(38.80)%

In fiscal year 2015, property tax, local option sales tax, and unrestricted state grants account for 76.95% of the total revenue from governmental activities while charges for services and operating grants and contributions account for 96.59% of the revenue from business-type activities. The District's expenses primarily relate to instruction and support services, which account for 94.36% of the total expenses for governmental activities.

The District's total revenues were \$11,357,528 of which \$10,624,701 was for governmental activities and \$732,827 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.72% increase in revenues and a 8.14% increase in expenses.

Charges for services in the business-type activities, which include the school nutrition and daycare programs, increased but daycare expense increased at a higher rate due to higher staffing costs and supply purchases.

Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional, and other. The table also shows each activity's net cost (total cost less fees generated by activities and intergovernmental aid provided for specific programs.) The net cost shows the financial impact placed on the taxpayers by each function.

Figure A-5 Total and Net Cost of Government Activities

	Total Cost of Services			Net Cost of Services		
	June 30 2015	2014 (Not Restated)	Change 2014/2015	June 30 2015	2014 (Not Restated)	Change 2014/2015
Instruction	\$ 7,013,101	\$ 6,521,842	7.53%	\$5,457,738	\$ 4,896,433	11.46%
Support services	2,511,957	2,282,855	10.04%	2,310,323	2,104,516	9.78%
Non-Instructional	10,775	11,150	(3.36)%	10,775	11,150	(3.36)%
Other	558,263	544,347	2.56%	208,504	234,379	(11.04)%
Total	\$10,094,096	\$ 9,360,194	7.84%	\$7,987,340	\$ 7,246,478	10.22%

- The cost financed by users of the District's programs was \$605,981.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,500,775.
- The net cost of governmental activities was financed with \$4,129,984 in property and other taxes and \$4,266,658 in unrestricted state grants.

Business-Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$732,827, representing an 8.10% increase over the prior year, while expenses were \$690,069, a 12.78% increase over the prior year. The District's business-type activities include the School Nutrition Fund and the Before and After School/Daycare Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Sioux 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 a combined fund balance of \$3,508,947, a difference of \$216,517 from last year's ending fund balances of \$3,292,430. The primary reason for the increase in combined fund balance in fiscal 2015 is due to the accumulation of funds in the Statewide Sales and Services fund based on timing of expenditures.

Governmental Fund Highlights

The District's General Fund financial position is the result of increased enrollment, continued sharing agreements, and keeping expenditures in-line.

- The General Fund balance decreased from \$1,877,423 to \$1,756,903, due largely to an increase in special education deficit spending.

Proprietary Fund Highlights

The Before and After School/Daycare fund net position decreased from \$155,068 at June 30, 2014, as restated, to \$135,946 at June 30, 2015. Charges for services increased from \$133,274 in fiscal year 2014 to \$147,952 in fiscal year 2015, while expenses increased from \$141,468 in 2014 to \$169,510 in 2015. The net operating loss in 2015 was \$19,122, compared to \$6,932 in 2014.

The school nutrition fund net position increased from \$125,599 in 2014, as restated, to \$187,479 in 2015. This is a result of increased revenue from the continuation of an improved ala carte program and higher prices being charged for meals (mandated by federal government).

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. During 2015, there were no amendments made to the original budget. The District's budget is prepared on the accrual basis. During the year, expenditures in total exceeded the total published budget amounts for instruction and non-instructional services. Details can be found in the required supplementary information section of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$9 million in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment, net of depreciation.. (See Figure A-6) This represents a decrease of 1.29% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$370,634.

Figure A-6 Capital Assets (net of accumulated depreciation)

	Capital Assets							Total Change June 30 2014/2015
	Governmental Activities		Business-Type Activities		Total School District			
	June 30		June 30		June 30			
	2015	2014	2015	2014	2015	2014		
Land	\$ 51,375	\$ 51,375	\$ -	\$ -	\$ 51,375	\$ 51,375	0.00%	
Buildings & Improvements (net)	8,582,709	8,756,539	348,108	356,020	8,930,817	9,112,559	(1.99)%	
Furniture & Equipment (net)	721,151	678,022	74,855	64,525	796,006	742,547	7.20%	
Total	\$9,355,235	\$9,485,936	\$ 422,963	\$ 420,545	\$9,778,198	\$9,906,481	(1.29)%	

Long-Term Debt

At June 30, 2015, the District had \$1,425,000 in general obligation bonds outstanding, \$3,420,000 in sales tax revenue bonds, \$550,609 in capital lease obligations, \$189,670 in early retirement obligations, \$152,436 in net OPEB obligations, \$32,760 in accrued compensated absences, and \$2,843,627 in net pension liabilities. The total long term debt decreased by \$1,244,989 due primarily to continued bond repayment, and decrease in net pension liabilities. Reductions were made to the general obligation and sales tax revenue bonds. The District's long term debt is presented in Note 6 of the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the times 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 financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the district will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment has increased in fiscal year 2015 by 30.0 students based on certified enrollment. During the 2014-2015 school year, West Sioux students who open enrolled out to other districts increased by 2.1 students, from 53 to 55.1. Because West Sioux is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation. The enrollment for the 2015-2016 school year increased, which will have a very positive bearing on the 2015-2016 budget.
- Allowable growth was set at one and one quarter percent for the 2015-2016 school year.
- The district annually negotiates a one-year contract with the West Sioux Education Teacher Association (WSETA). Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the district's general fund budget and related fund balance.
- Operational sharing with the Akron-Westfield district continued in the 2014-2015 school year for superintendent, transportation, operations, and food service. State funding will continue to increase revenues for the 2015-2016 budget year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Randy Collins, Superintendent at the West Sioux Community School District, 1300 Falcon Drive, Hawarden, IA 51023 or 712-551-1461.

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

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	West Sioux Educational Foundation
ASSETS				
Cash and Cash Equivalents	\$ 3,856,639	\$ 221,758	\$ 4,078,397	\$ 9,684
Investments	-	-	-	585,394
Receivables:				
Property Tax	46,541	-	46,541	-
Succeeding Year Property Tax	3,278,842	-	3,278,842	-
Income Surtax	225,671	-	225,671	-
Accrued Interest	-	-	-	1,803
Accounts	9,449	3,194	12,643	-
Internal Balances	173,693	(173,693)	-	-
Due from Other Governments	364,907	33,884	398,791	-
Restricted Assets:				
Cash and Cash Equivalents	531,534	-	531,534	-
Inventories	-	9,300	9,300	-
Land	51,375	-	51,375	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	9,303,860	422,963	9,726,823	-
Total Assets	17,842,511	517,406	18,359,917	596,881
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	671,156	27,850	699,006	-
LIABILITIES				
Accounts Payable	632,572	33,470	666,042	-
Salaries and Benefits Payable	795,735	27,690	823,425	-
Accrued Interest Payable	67,990	-	67,990	-
Unearned Revenue	2,070	4,160	6,230	-
Noncurrent Liabilities:				
Due Within One Year:				
Bonds Payable	630,000	-	630,000	-
Lease Obligations Payable	172,188	-	172,188	-
Accrued Compensated Absences	6,552	-	6,552	-
Early Retirement Payable	38,320	-	38,320	-
Due in More Than One Year:				
Lease Obligations Payable	378,421	-	378,421	-
Accrued Compensated Absences	26,208	-	26,208	-
Early Retirement Payable	151,350	-	151,350	-
Bonds Payable	4,215,000	-	4,215,000	-
Net OPEB Liability	152,436	-	152,436	-
Net Pension Liability	2,730,326	113,301	2,843,627	-
Total Liabilities	9,999,168	178,621	10,177,789	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -				
Subsequent Year Property Taxes	3,278,842	-	3,278,842	-
Pension Related Deferred Inflows	1,041,268	43,210	1,084,478	-
Total Deferred Inflows of Resources	4,320,110	43,210	4,363,320	-
NET POSITION				
Net Investment in Capital Assets	4,198,429	422,963	4,621,392	-
Restricted for:				
Categorical Funding	239,104	-	239,104	-
Debt Service	285,702	-	285,702	-
Management Levy	123,153	-	123,153	-
Physical Plant and Equipment Levy	216,738	-	216,738	-
School Infrastructure	638,813	-	638,813	-
Other Special Revenue Purposes	30,428	-	30,428	-
Unrestricted	(1,537,978)	(99,538)	(1,637,516)	596,881
Total Net Position	\$ 4,194,389	\$ 323,425	\$ 4,517,814	\$ 596,881

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 4,607,710	\$ 77,797	\$ 548,413	\$ 2,389
Special Instruction	1,561,343	11,187	514,579	-
Other Instruction	844,048	367,471	33,527	-
Support Services:				
Student Services	174,328	11,415	8,334	-
Instructional Staff Services	302,862	-	-	-
Administration Services	870,981	136,079	-	-
Operation and Maintenance	738,940	-	-	-
Transportation Services	424,846	2,032	43,774	-
Non-instructional Programs	10,775	-	-	-
Other Expenditures:				
Facilities Acquisition and Construction Services	43,452	-	-	20,000
Long-term Debt Interest	185,052	-	-	-
AEA Flowthrough	329,759	-	329,759	-
Total governmental activities	<u>10,094,096</u>	<u>605,981</u>	<u>1,478,386</u>	<u>22,389</u>
Business Type Activities:				
Non-instructional Programs				
Before and After School Program	169,510	147,952	-	-
Food Service Operations	520,559	169,438	390,455	-
Total Business Type Activities	<u>690,069</u>	<u>317,390</u>	<u>390,455</u>	<u>-</u>
Total Primary Government	<u>10,784,165</u>	<u>923,371</u>	<u>1,868,841</u>	<u>22,389</u>
Component Unit:				
School Education Foundation	<u>\$ 19,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,866</u>
General Revenues:				
Property Tax Levied For:				
General Purposes				
Debt Service				
Management Levy				
Capital Outlay				
Instructional Support Surtax				
Local Option Sales Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Other				
Total general revenues				
Change in net position				
Net position - beginning				
Prior Period Adjustment				
Net position - beginning, as restated				
Net position - ending				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business Type Activities	Total	Component Unit West Sioux Educational Foundation
\$ (3,979,111)		\$ (3,979,111)	
(1,035,577)		(1,035,577)	
(443,050)		(443,050)	
(154,579)		(154,579)	
(302,862)		(302,862)	
(734,902)		(734,902)	
(738,940)		(738,940)	
(379,040)		(379,040)	
(10,775)		(10,775)	
(23,452)		(23,452)	
(185,052)		(185,052)	
-		-	
<u>(7,987,340)</u>		<u>(7,987,340)</u>	
	\$ (21,558)	(21,558)	
	39,334	39,334	
	<u>17,776</u>	<u>17,776</u>	
<u>(7,987,340)</u>	<u>17,776</u>	<u>(7,969,564)</u>	
			\$ <u>38,664</u>
2,061,826	-	2,061,826	-
502,321	-	502,321	-
301,514	-	301,514	-
328,252	-	328,252	-
220,418	-	220,418	-
715,653	-	715,653	-
4,266,658	-	4,266,658	-
84,726	2,256	86,982	1,803
36,577	22,726	59,303	-
<u>8,517,945</u>	<u>24,982</u>	<u>8,542,927</u>	<u>1,803</u>
530,805	42,758	573,363	40,467
6,964,536	417,641	7,382,177	556,414
<u>(3,300,752)</u>	<u>(136,974)</u>	<u>(3,437,726)</u>	-
<u>3,663,784</u>	<u>280,667</u>	<u>3,944,451</u>	-
<u>\$ 4,194,389</u>	<u>\$ 323,425</u>	<u>\$ 4,517,814</u>	<u>\$ 596,881</u>

See Accompanying Notes to Financial Statements

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

	General	Debt Service
ASSETS		
Cash and Cash Equivalents	\$ 2,943,175	\$ 89,011
Receivables:		
Property Tax	31,401	7,135
Succeeding Year Property Tax	2,140,694	506,653
Income Surtax	225,671	-
Accounts	8,150	-
Due from Other Funds	173,693	25,077
Due from Other Governments	253,836	-
Restricted Assets:		
Cash and Cash Equivalents	-	232,469
Total Assets	<u>5,776,620</u>	<u>860,345</u>
LIABILITIES		
Accounts Payable	499,327	-
Due to Other Funds	352,034	-
Salaries and Benefits Payable	795,735	-
Early Retirement Payable	-	-
Unearned Revenue	2,070	-
Total Liabilities	<u>1,649,166</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue -		
Delinquent Property Tax	4,186	933
Income Surtax	225,671	-
Subsequent Year Property Tax	2,140,694	506,653
Total Deferred Inflows of Resources	<u>2,370,551</u>	<u>507,586</u>
FUND BALANCES		
Restricted for:		
Categorical Funding	239,104	-
Debt Service	-	352,759
Management Levy Purposes	-	-
Physical Plant and Equipment	-	-
School Infrastructure	-	-
Student Activities	-	-
Unassigned	1,517,799	-
Total Fund Balances	<u>1,756,903</u>	<u>352,759</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,776,620</u>	<u>\$ 860,345</u>

See Accompanying Notes to Financial Statements

Other Governmental Funds	Total Governmental Funds
\$ 824,453	\$ 3,856,639
8,005	46,541
631,495	3,278,842
-	225,671
1,299	9,449
354,750	553,520
111,071	364,907
299,065	531,534
<u>2,230,138</u>	<u>8,867,103</u>
133,245	632,572
27,793	379,827
-	795,735
38,320	38,320
-	2,070
<u>199,358</u>	<u>1,848,524</u>
-	5,119
-	225,671
631,495	3,278,842
<u>631,495</u>	<u>3,509,632</u>
-	239,104
-	352,759
274,503	274,503
216,738	216,738
877,616	877,616
30,428	30,428
-	1,517,799
<u>1,399,285</u>	<u>3,508,947</u>
\$ 2,230,138	\$ 8,867,103

See Accompanying Notes to Financial Statements

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

Amounts reported for Governmental Activities in the Statement of Net Position is different because:

Total Fund Balance - Governmental Funds (page 17)		\$ 3,508,947
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		9,355,235
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.		230,790
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(67,990)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred Outflows of Resources	\$ 671,156	
Deferred Inflows of Resources	<u>(1,041,268)</u>	(370,112)
Long-term liabilities, including bonds payable, lease obligations payable, early retirement payable, other post employment benefits payable, and accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	\$ (4,845,000)	
Lease Obligation	(550,809)	
Early Retirement Payable	(151,350)	
Net OPEB Obligation	(152,436)	
Net Pension Liability	(2,730,326)	
Accrued Compensated Absences	<u>(32,760)</u>	<u>(8,462,481)</u>
Total Net Position - Governmental Activities (page 13)		<u>\$ 4,194,389</u>

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

	General	Debt Service
REVENUE:		
Local Sources:		
Local Tax	\$ 2,273,159	\$ 502,321
Tuition	73,881	-
Other	278,314	1,821
State Sources	5,210,995	4,189
Federal Sources	514,004	-
Total Revenue	<u>8,350,353</u>	<u>508,331</u>
EXPENDITURES:		
Current:		
Instruction:		
Regular Instruction	4,009,347	-
Special Instruction	1,590,376	-
Other Instruction	420,961	-
Support Services:		
Student Services	177,556	-
Instructional Staff Services	221,759	-
Administration Services	789,513	1,900
Operation and Maintenance	616,121	-
Transportation Services	315,481	-
Non-instructional Programs	-	-
Other Expenditures:		
Facilities Acquisition and Construction Services	-	-
Long-term Debt:		
Principal	-	758,217
Interest and Fiscal Charges	-	181,480
AEA Flowthrough	329,759	-
Total Expenditures	<u>8,470,873</u>	<u>941,597</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(120,520)</u>	<u>(433,266)</u>
Other Financing Sources (Uses):		
Transfers In	-	472,786
Transfers Out	-	-
Issuance of Capital Lease	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>472,786</u>
Net Change in Fund Balances	(120,520)	39,520
Fund Balances - Beginning of Year	<u>1,877,423</u>	<u>313,239</u>
Fund Balances - End of Year	<u>\$ 1,756,903</u>	<u>\$ 352,759</u>

See Accompanying Notes to Financial Statements

Other Governmental Funds	Total Governmental Funds
\$ 1,345,419	\$ 4,120,899
-	73,881
387,444	667,579
5,131	5,220,315
-	514,004
<u>1,737,994</u>	<u>10,596,678</u>
493,891	4,503,238
-	1,590,376
388,803	809,764
543	178,099
84,187	305,946
95,782	887,195
130,628	746,749
59,505	374,986
10,775	10,775
127,740	127,740
-	758,217
-	181,480
-	329,759
<u>1,391,854</u>	<u>10,804,324</u>
<u>346,140</u>	<u>(207,646)</u>
-	472,786
(472,786)	(472,786)
424,163	424,163
<u>(48,623)</u>	<u>424,163</u>
297,517	216,517
<u>1,101,768</u>	<u>3,292,430</u>
<u>\$ 1,399,285</u>	<u>\$ 3,508,947</u>

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 20) \$ 216,517

Governmental funds report capital outlays, including infrastructure, as expenditures. However, the statement of activities, the cost of those assets is allocated over their estimated useful lives reported as depreciation expense. Depreciation exceeded capital outlays in the current year as follows:

Expenditures for capital assets	\$ 222,966	
Depreciation expense	<u>(353,667)</u>	(130,701)

Accrued interest expense that does not require current financial resources. (3,572)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues. 8,023

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Long term portion of early retirement liability		(56,640)
Accrued Compensation		480
Pension Expense		200,314
Other post employment benefits		(37,870)

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt was as follows:

Capital Lease	(424,163)
---------------	-----------

The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The principal paid on long-term debt during the current year was as follows:

Bonds payable	615,000	
Lease obligations payable	<u>143,217</u>	<u>758,217</u>

Change in net position of governmental activities (page 15) \$ 530,605

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

	School Nutrition Fund	Non-Major Before & After School Fund	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 221,758	\$ -	\$ 221,758
Accounts Receivable	-	3,194	3,194
Due from Other Governments	33,884	-	33,884
Inventories	9,300	-	9,300
Total Current Assets	<u>264,942</u>	<u>3,194</u>	<u>268,136</u>
Noncurrent Assets:			
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	50,676	372,287	422,963
Total Noncurrent Assets	<u>50,676</u>	<u>372,287</u>	<u>422,963</u>
Total Assets	<u>315,618</u>	<u>375,481</u>	<u>691,099</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	17,347	10,503	27,850
LIABILITIES			
Current Liabilities:			
Accounts Payable	31,501	1,969	33,470
Due To Other Funds	-	173,693	173,693
Salaries and Benefits Payable	12,341	15,349	27,690
Unearned Revenue	4,160	-	4,160
Net Pension Liability	70,570	42,731	113,301
Total Current Liabilities	<u>118,572</u>	<u>233,742</u>	<u>352,314</u>
Total Liabilities	<u>118,572</u>	<u>233,742</u>	<u>352,314</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	26,914	16,296	43,210
NET POSITION			
Net Investment in Capital Assets	50,676	372,287	422,963
Unrestricted	136,803	(236,341)	(99,538)
Total Net Position	<u>\$ 187,479</u>	<u>\$ 135,946</u>	<u>\$ 323,425</u>

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	School Nutrition Fund	Non-Major Before & After School Fund	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 169,438	\$ 147,952	\$ 317,390
Miscellaneous	20,290	2,436	22,726
Total Operating Revenue	189,728	150,388	340,116
Operating Expenses:			
Non-Instructional Programs:			
Salaries	136,335	111,243	247,578
Benefits	59,129	34,673	93,802
Purchased Services	33,697	368	34,065
Supplies	282,551	13,273	295,824
Depreciation	7,369	9,598	16,967
Other	1,478	355	1,833
Total Operating Expenses	520,559	169,510	690,069
Operating (Loss)	(330,831)	(19,122)	(349,953)
Non-Operating Revenues :			
Interest Income	2,256	-	2,256
State Lunch Reimbursements	4,105	-	4,105
National School Lunch Program	355,475	-	355,475
Federal Food Commodities Received	30,875	-	30,875
Total Non-Operating Revenues	392,711	-	392,711
Change in net position	61,880	(19,122)	42,758
Net Position - beginning	210,914	206,727	417,641
Prior Period Adjustment	(85,315)	(51,659)	(136,974)
Net Position - beginning, as restated	125,599	155,068	280,667
Net Position - ending	\$ 187,479	\$ 135,946	\$ 323,425

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	School Nutrition Fund	Non-Major Before & After School Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 170,118	\$ 146,592	\$ 316,710
Cash received from miscellaneous operating activities	20,290	2,436	22,726
Cash paid to employees for services	(200,247)	(145,901)	(346,148)
Cash paid to suppliers for goods or services	(275,267)	(12,026)	(287,293)
Total cash (used) by operating activities	<u>(285,106)</u>	<u>(8,899)</u>	<u>(294,005)</u>
Cash flows from noncapital financing activities:			
State grants received	4,105	-	4,105
Federal grants received	384,978	-	384,978
Increase in due from other funds	-	3,349	3,349
Total cash provided by noncapital financing activities	<u>389,083</u>	<u>3,349</u>	<u>392,432</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(19,385)</u>	-	<u>(19,385)</u>
Cash flows from investing activities:			
Interest on investments	<u>2,256</u>	-	<u>2,256</u>
Net increase (decrease) in cash and cash equivalents	86,848	(5,550)	81,298
Cash and cash equivalents - beginning of year	<u>134,910</u>	<u>5,550</u>	<u>140,460</u>
Cash and cash equivalents - end of year	<u><u>221,758</u></u>	<u><u>-</u></u>	<u><u>221,758</u></u>
Reconciliation of operating (loss) to net cash (used) in operating activities:			
Operating (loss)	(330,831)	(19,122)	(349,953)
Adjustments to reconcile net operating (loss) to net cash (used) by operating activities:			
Depreciation expense	7,369	9,598	16,967
Commodities used	30,875	-	30,875
(Increase) decrease in assets and increase (decrease) in liabilities:			
Accounts Receivable	-	(1,359)	(1,359)
Inventory	997	-	997
Accounts Payable	10,586	1,969	12,555
Salaries and benefits payable	395	3,151	3,546
Unearned Revenue	680	-	680
Net Pension Liability	(25,142)	(15,224)	(40,366)
Deferred Outflows of Resources	(6,949)	(4,208)	(11,157)
Deferred Inflows of Resources	26,914	16,296	43,210
Net cash (used) in operating activities	<u>(285,106)</u>	<u>(8,899)</u>	<u>(294,005)</u>
Non-cash investing, capital and financing activities:			
Federal food commodities received	<u>\$ 30,875</u>	<u>\$ -</u>	<u>\$ 30,875</u>

See Accompanying Notes to Financial Statements

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WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Sioux Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Hawarden and Ireton, Iowa, and predominately agricultural territory in Sioux and Plymouth Counties in Iowa. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, West Sioux 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. There is one discretely presented component unit included with this financial report.

Discretely Presented Component Unit

West Sioux Education Foundation - In December of 1988, the District established the West Sioux Educational Foundation by appointing a board of trustees to incorporate a foundation under the Iowa Non-Profit Corporation Act, Iowa Code Chapter 504A. The Foundation devotes itself exclusively to the improvement, aid, and promotion of public programs and projects within the District. The Foundation's financial data as of and for the year ended December 31, 2014 is reported in a separate column to emphasize that it is legally separate from the District. The West Sioux Educational Foundation does not issue separate financial statements.

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 Sioux County Assessor's Conference Board.

B. Basis of Presentation

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

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

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often have constraints on resources 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 restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

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 revenues 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 expenditures, including instructional, support and other costs.

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

The District reports the following major proprietary fund:

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

C. Basis of Accounting/Measurement Focus

The government-wide and proprietary 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, with the exception of expenditure driven grants for which a one-year availability period is used.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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 Tax Receivable – Property tax in 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 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 government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, furniture and equipment, 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 repair 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 \$5,000 for governmental capital assets and \$500 for school nutrition capital assets.

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

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

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.

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, the 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.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Unassigned – All amounts not included in other spendable classification.

Restricted Net Position – In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures in the instruction and non-instructional program functions exceeded the amounts budgeted.

NOTE 2 – CASH AND POOLED INVESTMENTS

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

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

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 2 – CASH AND POOLED INVESTMENTS (CONTINUED)

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less.

At December 31, 2014, the discretely presented component unit had the following investments:

	Fair Value	Credit Risk
Mutual Fund – Mainstay Investments	\$ 14,620	★★★
Mutual Fund – AmeriTrade Investments	359,409	★★★
	\$ 374,029	

These credit ratings were obtained from Morningstar.

	Par Value	Credit Risk
U.S. Treasury Note	\$ 15,000	Not Rated

The discretely presented component unit also held \$196,365 in certificates of deposits with the latest maturity extending to January, 2016.

NOTE 3 – INTERFUND TRANSFERS

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

Transfer To	Transfer From	Amount
Debt Service Fund	Non-Major Governmental Fund	\$ 472,786

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTE 4 – DUE FROM AND DUE TO OTHER FUNDS

The detail of short-term interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Before and After School	\$ 173,693
Debt Service Fund	Physical Plant and Equipment Levy	25,077
Statewide Sales, Services and Use Tax	General	326,596
Management Levy	General	25,438
Management Levy	Physical Plant and Equipment Levy	2,716

The Before and After School Fund is repaying the General Fund for payroll that was paid out of the General Fund.

The Physical Plant and Equipment Fund is repaying the Debt Service Fund for property tax revenue which was deposited into the Physical Plant and Equipment Fund.

The General Fund is repaying the Statewide Sales, Services and Use Tax Fund for property tax revenue which was deposited in the General Fund.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 4 – DUE FROM AND DUE TO OTHER FUNDS (CONTINUED)

The General Fund and the Physical Plant and Equipment Levy Fund is repaying the Management Levy Fund for property tax revenue which was deposited into the General Fund and the Physical Plant Equipment Levy Fund.

NOTE 5 – CAPITAL ASSETS

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 51,375	\$ -	\$ -	\$ 51,375
Total capital assets not being depreciated	51,375	-	-	51,375
Capital assets being depreciated:				
Buildings	13,154,500	58,034	-	13,212,534
Improvements other than buildings	618,631	-	-	618,631
Furniture and equipment	1,169,916	164,932	5,800	1,329,048
Total capital assets being depreciated	14,943,047	222,966	5,800	15,160,213
Less: Accumulated Depreciation for:				
Buildings & Improvements	5,016,592	231,864	-	5,248,456
Furniture and equipment	491,894	121,803	5,800	607,897
Total Accumulated Depreciation	5,508,486	353,667	5,800	5,856,353
Total capital assets being depreciated, net	9,434,561	(130,701)	-	9,303,860
Governmental activities capital assets, net	\$ 9,485,936	\$ (130,701)	\$ -	\$ 9,355,235
Business-type Activities:				
Capital assets being depreciated:				
Buildings	\$ 395,579	\$ -	\$ -	\$ 395,579
Furniture and equipment	206,551	19,385	-	225,936
Total capital assets being depreciated	602,130	19,385	-	621,515
Less: Accumulated Depreciation				
Buildings	39,559	7,912	-	47,471
Furniture and Equipment	142,026	9,055	-	151,081
Total Accumulated Depreciation	181,585	16,967	-	198,552
Total capital assets being depreciated, net	420,545	2,418	-	422,963
Business-type activity capital assets, net	\$ 420,545	\$ 2,418	\$ -	\$ 422,963

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
Regular Instruction	\$ 200,251
Other Instruction	51,879
Transportation Services	92,559
Operations & Maintenance	8,420
Administration Services	558
Total depreciation expense – governmental activities	<u>\$ 353,667</u>
Business-type Activities:	
Food Service Operations	\$ 9,598
Before and After School Daycare	7,369
Total depreciation expense – business-type activities	<u>\$ 16,967</u>

The discretely presented component unit had no capital assets as of December 31, 2014.

Reconciliation of Net Investment in Capital Assets:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Land	\$ 51,375	\$ -
Capital Assets (net of accumulated depreciation)	9,303,860	422,963
Less: Bonds Payable	(4,845,000)	-
Less: Lease Obligations	(550,609)	-
Add: Leased Equipment below Capitalization Policy	238,803	-
Net Investment in Capital Assets	<u>\$ 4,198,429</u>	<u>\$ 422,963</u>

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 was as follows

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental Activities:					
Revenue Bonds	\$ 3,595,000	\$ -	\$ 175,000	\$ 3,420,000	\$ 175,000
General Obligation Bonds	1,865,000	-	440,000	1,425,000	455,000
Capital Lease Obligation	269,663	424,163	143,217	550,609	172,188
Early Retirement	124,913	94,960	30,203	189,670	38,320
Net OPEB Obligation	114,566	37,870	-	152,436	-
Net Pension Liability	3,703,041	-	972,715	2,730,326	-
Accrued Compensated Absences	33,240	6,168	6,648	32,760	6,552
Governmental Activities Long-Term Liabilities	<u>\$ 9,705,423</u>	<u>\$ 563,161</u>	<u>\$ 1,767,783</u>	<u>\$ 8,500,801</u>	<u>\$ 847,060</u>
Business Type Activities:					
Net Pension Liability	\$ 153,668	\$ -	\$ 40,367	\$ 113,301	\$ -

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds

The District has pledged future statewide sales, services, and use tax revenues to repay the revenue bonds issued in fiscal year 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. Annual principal and interest payments on the bonds are expected to require the majority of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the note is \$4,598,021. For the current year, \$116,688 of interest was paid on the bonds and total statewide sales, services, and use tax revenues were \$878,082.

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

1. \$299,065 of the proceeds from the issuance of the revenue bonds shall be deposited to a 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.
2. All proceeds from the statewide sales, services, and use tax shall be placed in a Revenue Account.
3. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements each month of the fiscal year. The Sinking Account is shown as a restricted asset in the Debt Service Fund.
4. 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.

The District was in compliance with all of the provisions during the year ended June 30, 2015.

Revenue bonds as of June 30, 2015 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – Statewide Sales, Services, and Use Tax Revenue Bonds	2.0-4.25%	\$ <u>3,420,000</u>

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District.

General obligation bonds as of June 30, 2015 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – 2009 Series - Refunding	2.8-3.8%	\$ <u>1,425,000</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds and revenue bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 630,000	\$ 164,340
2017	655,000	145,548
2018	680,000	124,566
2019	190,000	101,300
2020	195,000	96,098
2021-2025	1,060,000	383,535
2026-2030	1,435,000	167,208
Total	<u>\$ 4,845,000</u>	<u>\$ 1,182,595</u>

Capital Leases

In March 2014, the District entered into a four year lease agreement as lessee for financing the acquisition of four new buses. This lease agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of its minimum lease payments as of the inception date. The cost of the buses was \$307,960.

On March 12, 2015, the District entered into a three-year lease agreement as lessee for financing the acquisition of laptops as part of the 1:1 Laptop Initiative. This initiative was approved by the District to provide laptops for students and faculty use. The District leased a total of ninety-four laptops, twelve of which individually were above the district's capitalization policy at a total cost of \$65,381.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Furniture and Equipment	\$ 373,341
Less: Accumulated Depreciation	(47,626)
Total	<u>\$ 325,715</u>

The following is a schedule of future lease payments under capital lease, together with the net present value of minimum payments as of June 30, 2015.

Year Ending June 30,	Principal	Interest	Total
2016	\$ 172,188	\$ 9,935	\$ 182,123
2017	174,763	7,360	182,123
2018	203,658	4,342	208,000
Minimum Lease Payments			572,246
Less: Amounts Representing Interest			(21,637)
Present Value of Minimum Lease Payments			<u>\$ 550,609</u>

Early Retirement

The District offered a voluntary early retirement plan to its certified employees, which was discontinued as of June 30, 2015. Teachers and administrators who were at least 55 years of age and who had 15 years of continuous service with the District were eligible for Board approved early retirement compensation. Employees making application for early retirement were allowed to remain on the group's health insurance

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

plan at a rate of \$455 - \$565 per month based on year of retirement for individual coverage paid for by the District to end when the employee is Medicare eligible. Early retirement benefits paid, during the year ended June 30, 2015, totaled \$30,203 for the seven current recipients. The cost of early retirement payments liquidated within the next accounting cycle is recorded as a liability of the Special Revenue, Management Levy Fund, in the fund financial statements. The non-current portion of the early retirement liability is recorded in the government-wide financial statements.

NOTE 7 – PENSION PLAN

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

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational 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% 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% 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.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 7 – PENSION PLAN (CONTINUED)

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 total contributions to IPERS for the year ended June 30, 2015 were \$444,409.

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 \$2,843,627 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.0717018 percent, which was an increase of 0.004531 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$(208,626). 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	\$ 30,905	\$ -
Changes of assumptions	125,496	-
Net difference between projected and actual earnings on pension plan investments	-	1,084,478
Changes in proportion and differences between District contributions and proportionate share of contributions	98,196	-
District contributions subsequent to the measurement date	444,409	-
Total	\$ 699,006	\$ 1,084,478

\$444,409 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	\$ (211,634)
2017	(211,634)
2018	(211,634)
2019	(211,634)
2020	16,655
	\$ (829,881)

There were no non-employer contributing entities at IPERS.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 7 – PENSION PLAN (CONTINUED)

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
Salary Increases (effective June 30, 2014)	4.00 to 17 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 2014)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and 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 Generational 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 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 (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 7 – PENSION PLAN (CONTINUED)

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net Pension liability	\$ 5,372,955	\$ 2,843,627	\$ 708,614

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued 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 \$40,577 for legally required employer contributions and \$27,036 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Plan Description. The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. Participants must be age 55 or older at retirement.

Funding Policy. 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 other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

Annual required contribution	\$ 126,167
Interest on net OPEB obligation	1,747
Adjustment to annual required contribution	<u>(1,549)</u>
Annual OPEB cost (Expense)	126,365
Contributions made	<u>(88,495)</u>
Increase in net OPEB obligation	37,870
Net OPEB obligation – beginning of year	<u>114,566</u>
Net OPEB obligation – end of year	<u>\$ 152,436</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the 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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 126,365	70.00%	\$ 152,436
June 30, 2014	\$ 126,365	70.00%	\$ 114,566
June 30, 2013	\$ 126,365	70.00%	\$ 76,696
June 30, 2012	\$ 14,079	8.08%	\$ 38,826
June 30, 2011	\$ 14,079	8.08%	\$ 25,884
June 30, 2010	\$ 14,079	8.08%	\$ 12,942

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,375,230, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,375,230. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,141,547 and the ratio of the UAAL to covered payroll was 26.7%.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% interest discount rate based on the District's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. Mortality rates are from the RP-2000 Combined Health Generational Mortality Table for Males and Females using Projection Scale AA. Assumptions include a 3.5% growth in payroll per annum. The participation assumed is 70% for actives electing coverage. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 9 – RISK MANAGEMENT

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

NOTE 10 – AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$329,759 for the year ended June 30, 2015 and is recorded in the General Fund.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2015

NOTE 11 – CATEGORICAL FUNDING

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

<u>Program</u>	<u>Amount</u>
Four-year-old Preschool State Aid	\$ 14,611
Professional Development for Model Core Curriculum	15,458
Property Tax and State Aid Financed Gifted and Talented Programs and Required Local Match	83,767
Early Literacy Implementation	33,106
Teacher Leadership	5,050
Teacher Salary Supplement	23,908
Property Tax and State Aid Financed Home School Assistance Program (HSAP) and SBRC Supplemental Amount for HSAP	7,087
Early Elementary Innovative Grant	10,832
Teacher Quality for Core Curriculum	7,838
Nonpublic Textbook Services	972
Returning Dropout and Dropout Prevention Program	36,475
	<u>\$ 239,104</u>

NOTE 12 – ACCOUNTING CHANGE / RESTATEMENT

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net Position June 30, 2014, as previously reported	\$ 6,964,536	\$ 417,641
Net Pension Liability at June 30, 2014	(3,703,041)	(153,668)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	402,289	16,694
Net Position June 30, 2014, as restated	<u>\$ 3,663,784</u>	<u>\$ 280,667</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u> Original/Final	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Final to Actual Variance
REVENUE:					
Local Sources:					
Local Tax	\$ 3,388,928	\$ 4,120,899	\$ -	\$ 4,120,899	\$ 731,971
Tuition	74,000	73,881	-	73,881	(119)
Other	1,486,900	667,579	342,372	1,009,951	(476,949)
State Sources	5,366,342	5,220,315	4,105	5,224,420	(141,922)
Federal Sources	755,000	514,004	386,350	900,354	145,354
Total Revenue	11,071,170	10,596,678	732,827	11,329,505	258,335
EXPENDITURES/EXPENSES:					
Current:					
Instruction	6,405,511	6,903,378	-	6,903,378	(497,867)
Support Services	2,526,216	2,492,975	-	2,492,975	33,241
Non-instructional Programs	670,500	10,775	690,069	700,844	(30,344)
Other Expenditures	1,686,432	1,397,196	-	1,397,196	289,236
Total Expenditures/Expenses	11,288,659	10,804,324	690,069	11,494,393	(205,734)
Excess (Deficiency) of Revenues Over Expenditures/Expenses	(217,489)	(207,646)	42,758	(164,888)	52,601
Other Financing Sources (Uses):					
Transfers In	430,000	472,786	-	472,786	42,786
Transfers Out	(430,000)	(472,786)	-	(472,786)	(42,786)
Issuance of Capital Lease	-	424,163	-	424,163	424,163
Total Other Financing Sources	-	424,163	-	424,163	424,163
Net Change in Fund Balances	(217,489)	216,517	42,758	259,275	\$ 476,764
Fund Balances - Beginning of Year	3,710,071	3,292,430	417,641	3,710,071	
Prior Period Adjustment	-	-	(136,974)	(136,974)	
Fund Balances - End of Year	\$ 3,492,582	\$ 3,508,947	\$ 323,425	\$ 3,832,372	

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
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. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a 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 area level, not at the fund or fund type level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a functional area basis and to compare such functional area totals to functional area budget totals in order to demonstrate legal compliance with budget. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. No amendments were made to the budget for the year ended June 30, 2015

During the year ended June 30, 2015, expenditures in the instruction and non-instructional program functions exceeded the amounts budgeted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

	2015
District's proportion of the net pension liability	0.0717018%
District's proportionate share of the net pension liability	\$ 2,844
District's covered-employee payroll	\$ 4,692
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	60.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 444	\$ 419	\$ 382	\$ 333	\$ 267
Contributions in relation to the statutorily required contribution	(444)	(419)	(382)	(333)	(267)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 4,977	\$ 4,692	\$ 4,401	\$ 4,124	\$ 3,838
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%

	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 281	\$ 282	\$ 253	\$ 219	\$ 193
Contributions in relation to the statutorily required contribution	(281)	(282)	(253)	(219)	(193)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 4,227	\$ 4,446	\$ 4,185	\$ 3,817	\$ 3,355
Contributions as a percentage of covered-employee payroll	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditors' report

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE 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 SIOUX COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE 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.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 4,053,005	2.0%
2011	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 3,740,801	2.2%
2012	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 4,005,186	2.0%
2013	July 1, 2012	-	\$ 1,375,230	\$ 1,375,230	0.00%	\$ 3,524,531	39.0%
2014	July 1, 2012	-	\$ 1,375,230	\$ 1,375,230	0.00%	\$ 4,767,226	28.8%
2015	July 1, 2012	-	\$ 1,375,230	\$ 1,375,230	0.00%	\$ 5,141,547	26.7%

See Note 8 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.

OTHER SUPPLEMENTARY INFORMATION

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

Schedule 1

REVENUES:

Local Sources:

Local Tax:

Property Tax	\$	1,981,652
Mobile Home Tax		1,237
Utility Tax Replacement Excise Tax		44,163
Business Property Tax Credit		29,277
Instructional Support Taxes		3,980
Instructional Support Levy		212,850
		2,273,159

Other Local Sources:

Interest on Investments		60,613
Tuition from Individuals		8,600
Tuition from Other Districts		65,281
Sharing Agreements with Other Districts		130,699
Miscellaneous		87,002
		352,195
		2,625,354

State Sources:

State Foundation Aid		4,781,672
Beginning Teacher Mentoring Program		10,400
Non-Public Transportation Aid		43,774
Non-Public Textbook and Technology Aid		972
Vocational Education Aid		5,317
Successful Progression for Early Readers Grants		18,141
At Risk K-3 Grants		3,316
Revenue in lieu of taxes - military credit		1,062
AEA Flow-Through		329,759
Business Property Rollback		16,582
		5,210,995

Federal Sources:

Title I Grants to Local Educational Agencies		161,644
Substance Abuse and Mental Health		26,392
High Cost Claim		3,517
English Language Acquisition Grants		13,586
Safe and Drug-Free Schools and Communities		8,254
Career and Technical Education Grants		7,595
Special Education Pass-Through - IDEA Grant		40,312
Improving Teacher Quality State Grants		26,572
Grants for State Assessments and Related Activities		3,545
Medicaid		222,587
		514,004

Total Revenue

\$ 8,350,353

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2015

Schedule 1 (Continued)

EXPENDITURES:

Instruction:

Regular Instruction:

Salaries	\$ 2,638,214
Benefits	793,719
Services	325,793
Supplies	246,108
Other	5,513
	4,009,347

Special Education Instruction:

Salaries	861,516
Benefits	311,245
Services	404,466
Supplies	12,110
Property	849
Other	190
	1,590,376

Vocational Instruction:

Salaries	142,187
Benefits	42,897
Services	7,526
Supplies	19,494
Other	60
	212,164

Co-curricular Instruction:

Salaries	161,946
Benefits	37,333
Supplies	9,518
	208,797

Total Instruction 6,020,684

Support Services:

Student Services:

Guidance Services:

Salaries	76,153
Benefits	19,621
Services	27,269
Supplies	169
	123,212

\$ 123,212

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2015

Schedule 1 (Continued)

Support Services (Continued):

Student Services (Continued):

Health Services:

Salaries	\$	36,249
Benefits		7,623
Services		15
Supplies		10,372
Other		85
		54,344

Total Student Services

177,556

Support Services:

Instructional Staff Services:

Improvement of Instruction Services:

Salaries		8,051
Benefits		1,161
Services		3,344
		12,556

Educational Media Services:

Salaries		84,194
Benefits		27,677
Services		6,103
Supplies		85,606
Property		5,313
Other		310
		209,203

Total Instructional Staff Services

221,759

Support Services:

Administration Services:

Executive Administration:

Salaries		175,424
Benefits		62,861
Services		3,639
Supplies		778
Other		2,591
		245,293

School Administration:

Salaries		256,094
Benefits		104,554
Services		6,364
Supplies		1,345
Other		1,237
		\$ 369,594

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GENERAL FUND - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2015

Schedule 1 (Continued)

Support Services (Continued):

Administration Services (Continued):

Business Administration:

Salaries	\$	68,588
Benefits		24,591
Services		29,849
Supplies		2,015
Other		8,627
		133,670

Board of Education:

Services		27,646
Supplies		3,909
Other		9,401
		40,956

Total Administration Services: 789,513

Support Services:

Plant Operation and Maintenance:

Salaries		246,456
Benefits		77,589
Services		47,042
Supplies		244,229
Property		640
Other		165
		616,121

Total Plant Operation and Maintenance: 616,121

Support Services:

Student Transportation:

Salaries		138,894
Benefits		35,709
Services		83,816
Supplies		54,146
Other		2,916
		315,481

Total Student Transportation: 315,481

Total Support Services \$ 2,120,430

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 1 (Continued)

Other Expenditures:	
AEA Flow-Through	<u>\$ 329,759</u>
Total Expenditures	<u>8,470,873</u>
Excess of Expenditures Over Revenues	<u>(120,520)</u>
Excess of Expenditures Over Revenues and Other Financing Uses	(120,520)
Fund Balance - Beginning of Year	<u>1,877,423</u>
Fund Balance - End of Year	<u>\$ 1,756,903</u>

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

	Special Revenue Funds	
	Student Activity	Management Levy
ASSETS		
Cash and Cash Equivalents	\$ 61,538	\$ 281,888
Receivables:		
Property Tax	-	3,985
Succeeding Year Property Tax	-	300,000
Accounts	50	-
Due from Other Funds	-	28,154
Due from Other Governments	-	-
Restricted Assets:		
Cash and Cash Equivalents	-	-
Total Assets	<u>61,588</u>	<u>614,027</u>
LIABILITIES		
Accounts Payable	31,160	1,204
Due to Other Funds	-	-
Early Retirement Payable	-	38,320
Total Liabilities	<u>31,160</u>	<u>39,524</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue -		
Subsequent Year Property Taxes	-	300,000
Total Deferred Inflows of Resources	<u>-</u>	<u>300,000</u>
FUND BALANCES		
Restricted for:		
Management Levy Purposes	-	274,503
Physical Plant and Equipment	-	-
School Infrastructure	-	-
Student Activities	30,428	-
Total Fund Balances	<u>30,428</u>	<u>274,503</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 61,588</u>	<u>\$ 614,027</u>

Schedule 2

Capital Projects Funds			
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total	
\$ 141,350	\$ 339,677	\$	824,453
-	4,020		8,005
-	331,495		631,495
-	1,249		1,299
326,596	-		354,750
111,071			111,071
299,065	-		299,065
878,082	676,441		2,230,138
466	100,415		133,245
-	27,793		27,793
-	-		38,320
466	128,208		199,358
-	331,495		631,495
-	331,495		631,495
-	-		274,503
-	216,738		216,738
877,616	-		877,616
-	-		30,428
877,616	216,738		1,399,285
\$ 878,082	\$ 676,441	\$	2,230,138

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

	Special Revenue Funds	
	Student Activity	Management Levy
REVENUE:		
Local Sources:		
Local Tax	\$ -	\$ 301,514
Other	366,518	4,259
State Sources	-	2,415
Total Revenue	<u>366,518</u>	<u>308,188</u>
EXPENDITURES:		
Current:		
Instruction:		
Regular Instruction	-	53,773
Other Instruction	388,803	-
Support Services:		
Student Services	-	543
Instructional Staff Services	-	465
Administration Services	-	88,230
Operation and Maintenance	-	55,385
Transportation Services	-	21,973
Non-instructional Programs	-	10,775
Other Expenditures:		
Facilities Acquisition and Construction	-	-
Total Expenditures	<u>388,803</u>	<u>231,144</u>
Excess of Revenues Over Expenditures	<u>(22,285)</u>	<u>77,044</u>
Other Financing Sources (Uses):		
Transfers Out	-	-
Issuance of Capital Lease	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(22,285)	77,044
Fund Balances - Beginning of Year	<u>52,713</u>	<u>197,459</u>
Fund Balances - End of Year	<u>\$ 30,428</u>	<u>\$ 274,503</u>

Schedule 3

Capital Projects Funds		
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
\$ 715,653	\$ 328,252	\$ 1,345,419
5,426	11,241	387,444
-	2,716	5,131
721,079	342,209	1,737,994
424,163	15,955	493,891
-	-	388,803
-	-	543
-	83,722	84,187
7,041	511	95,782
-	75,243	130,628
-	37,532	59,505
-	-	10,775
7,670	120,070	127,740
438,874	333,033	1,391,854
282,205	9,176	346,140
(472,786)	-	(472,786)
424,163	-	424,163
(48,623)	-	(48,623)
233,582	9,176	297,517
644,034	207,562	1,101,768
\$ 877,616	\$ 216,738	\$ 1,399,285

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015**

					Schedule 4
	Balance June 30, 2014	Revenues	Expenditures	Operating Transfers	Balance June 30, 2015
HIGH SCHOOL					
Revolving Account	\$ 596	\$ 20,730	\$ 20,645	\$ (681)	\$ -
Annual	3,337	3,520	1,862	(4,836)	159
Newspaper-Falcon Banner	1,106	117	78	(1,145)	-
Drama Club	948	1,708	1,124	1,429	2,961
Dance Team	342	6,325	6,307	(360)	-
Athletic Pop/Materials for Resale	-	1,898	2,359	461	-
Vocal Music Group	-	2,119	5,609	3,490	-
Band	5	2,199	6,152	3,948	-
High School Athletics	1,702	68,990	84,998	14,306	-
Concession Supplies	-	53,559	49,353	(4,206)	-
Future Famers of America	57	11,285	14,305	5,182	2,219
Library Club	119	-	-	(117)	2
Student Council	-	2,863	4,160	1,297	-
Cheerleaders	-	3,326	6,173	2,884	37
Class of 2012	14	-	-	(14)	-
Class of 2013	1,509	135	-	(1,644)	-
Class of 2014	1,101	10	-	(1,095)	16
Class of 2015	1,786	1,566	954	(2,397)	1
Class of 2016	270	1,493	737	(883)	143
Class of 2017	140	405	-	(545)	-
Class of 2018	-	735	735	-	-
High School Art Club	55	-	-	(55)	-
National Honor Society	162	3,790	1,525	-	2,427
Volleyball Fundraiser	227	6,709	4,753	(2,183)	-
Softball Fundraiser	-	15,050	13,872	(1,178)	-
Boys Basketball Fundraiser	-	7,810	4,444	(440)	2,926
High School Miscellaneous Accounts	1,342	-	-	(1,342)	-
Football Fundraiser	332	19,657	17,555	(1,515)	919
Boys Baseball Fundraiser	946	8,233	10,833	1,654	-
Girls Basketball Fundraiser	2,927	5,036	9,601	1,638	-
Cross Country Fundraiser	2,233	526	480	-	2,279
Bowling Fundraiser	587	-	-	(587)	-
Wrestling Fundraiser	1,171	4,873	6,157	2,397	2,284
Track Fundraiser	692	1,393	638	(1,447)	-

(Continued)

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

	Schedule 4 (Continued)				
	Balance June 30, 2014	Revenues	Expenditures	Operating Transfers	Balance June 30, 2015
HIGH SCHOOL - (Continued)					
Prom Fund	\$ 1,657	\$ 6,697	\$ 4,948	\$ (3,406)	\$ -
Falcon Joe's Coffee Shop	863	204	1,660	593	-
Band Trip Fundraiser	178	-	-	(178)	-
FCA	496	-	170	(326)	-
Speech	-	1,783	1,315	(468)	-
Quiz Bowl	357	472	150	(679)	-
Interest	1,520	2,833	1,025	20	3,348
Golf	337	1,279	1,975	359	-
Soccer	1,594	5,333	8,205	1,278	-
Girls Soccer Fundraiser	889	2,501	2,834	(556)	-
TAG Fundraiser	2,092	6,586	7,285	407	1,800
Lakeside Lab	314	6,007	4,382	376	2,315
PBS	1,241	-	100	(1,141)	-
Battle of the Books	384	-	-	(384)	-
Daycare Fundraiser	478	-	-	(478)	-
Motorheads (Race Car)	-	35	-	(35)	-
FACS Club	2,116	3,109	2,983	-	2,242
Washington, D.C. Trips	1,675	53,483	51,206	(1,111)	2,841
High School Total	<u>39,897</u>	<u>346,382</u>	<u>363,647</u>	<u>6,287</u>	<u>28,919</u>
MIDDLE SCHOOL					
General	-	7,282	15,509	8,227	-
Yearbook	51	114	-	(165)	-
Middle School Total	<u>51</u>	<u>7,396</u>	<u>15,509</u>	<u>8,062</u>	<u>-</u>
IRETON ELEMENTARY	<u>1,300</u>	<u>2,150</u>	<u>1,796</u>	<u>(180)</u>	<u>1,474</u>
HAWARDEN ELEMENTARY					
Revolving Account	1,234	5,795	2,819	(4,210)	-
Book Fair/Library Fines	-	1,013	-	(978)	35
Box Tops/ Wagon Wheels	6,750	2,782	600	(8,932)	-
Computer camp	3,481	-	726	(2,755)	-
PBS	-	1,000	3,706	2,706	-
Hawarden Elementary Total	<u>11,465</u>	<u>10,590</u>	<u>7,851</u>	<u>(14,169)</u>	<u>35</u>
Grand Totals	<u>\$ 52,713</u>	<u>\$ 366,518</u>	<u>\$ 388,803</u>	<u>\$ -</u>	<u>\$ 30,428</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE TEN YEARS ENDED JUNE 30, 2015

	Modified Accrual				
	2015	2014	2013	2012	2011
Revenues:					
Local Sources:					
Local Tax	\$ 4,120,899	\$ 3,858,211	\$ 3,691,265	\$ 3,566,957	\$ 3,569,734
Tuition	73,881	62,518	81,800	91,673	99,238
Other	667,579	676,620	570,993	501,543	508,423
State Sources	5,220,315	5,114,815	4,408,039	4,494,893	4,239,377
Federal Sources	514,004	509,260	480,191	591,487	525,676
Total	10,596,678	10,221,424	9,232,288	9,246,553	8,942,448
Expenditures:					
Instruction:					
Regular	4,503,238	3,907,699	3,616,146	3,329,714	3,438,314
Special	1,590,376	1,532,157	1,352,566	1,347,795	1,293,539
Other	809,764	755,817	696,759	815,047	686,568
Support Services:					
Student	178,099	144,109	146,297	128,687	300,609
Instructional Staff	305,946	197,940	207,194	248,387	294,278
Administration	887,195	890,417	850,128	671,013	613,769
Operation and Maintenance	746,749	692,646	724,893	601,686	545,524
Transportation	374,986	647,215	364,763	342,177	272,162
Non-instructional programs	10,775	11,150	6,283	7,959	8,120
Other Expenditures:					
Facilities Acquisition	127,740	149,925	663,797	3,661,191	529,761
Long-term debt:					
Principal	758,217	761,565	712,124	530,038	522,915
Interest and other charges	181,480	198,594	213,111	238,632	118,654
AEA Flowthrough	329,759	309,968	274,328	273,872	307,914
Total	\$ 10,804,324	\$ 10,199,202	\$ 9,828,389	\$12,196,198	\$ 8,932,127

Schedule 5

Modified Accrual				
2010	2009	2008	2007	2006
\$ 4,159,796	\$ 3,120,235	\$ 2,740,024	\$ 2,677,428	\$ 2,539,452
120,241	113,643	100,411	148,739	159,940
544,366	608,704	616,836	627,245	828,216
3,793,844	4,134,225	3,986,607	3,753,054	3,507,196
969,824	555,167	386,145	380,096	467,033
<u>9,588,071</u>	<u>8,531,974</u>	<u>7,830,023</u>	<u>7,586,562</u>	<u>7,501,837</u>
2,388,666	2,547,867	2,518,803	2,510,548	2,329,155
2,056,316	2,056,196	1,796,036	1,492,013	1,404,660
721,290	775,771	793,791	740,657	695,246
183,494	169,484	162,001	199,534	172,959
194,050	222,968	486,620	374,433	261,151
719,222	730,676	796,236	727,603	666,787
606,683	605,069	682,145	681,095	615,744
268,700	245,731	276,545	302,274	242,222
2,936	1,194	2,642	1,561	308,456
218,950	426,086	23,388	11,090	263,963
359,058	335,127	405,889	388,792	-
139,394	217,260	198,633	215,618	231,007
302,706	271,270	260,963	242,252	234,214
<u>\$ 8,161,465</u>	<u>\$ 8,604,699</u>	<u>\$ 8,403,692</u>	<u>\$ 7,887,470</u>	<u>\$ 7,425,564</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

			Schedule 6	
Grantor/Program	CFDA Number	Grant Number	Expenditures	
Indirect:				
U.S. Department of Agriculture:				
Iowa Department of Education:				
School Nutrition Cluster Programs:				
School Breakfast Program	10.553	FY15	\$	73,492
National School Lunch Program	10.555	FY15		248,041 **
Summer Food Service Program for Children	10.559	FY15		64,817
				<u>386,350 *</u>
U.S. Department of Education:				
Iowa Department of Education:				
Title I Grants to Local Educational Agencies	84.010	FY15		161,644
Safe and Drug-Free Schools and Communities - National Programs	84.184	FY15		8,254
Improving Teacher Quality State Grants	84.367	FY15		26,573
Grants for State Assessments & Related Activities	84.369	FY15		3,545
Substance Abuse and Mental Health Services	93.243	FY15		26,392
Northwest Area Education Agency:				
Special Education (IDEA)- Grants to States	84.027	FY15		43,829
Carl Perkins Grant	84.048A	FY15		7,595
English Language Acquisition Grants	84.365	FY15		<u>13,586</u>
Total			\$	<u>677,768</u>

* Total expenditures from this program exceeds 50% of the total Federal Awards and is considered a major program.

**Includes \$30,875 of non-cash awards.

BASIS OF PRESENTATION

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

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Schedule 7

Part I: Summary of the Independent Auditor's Results

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

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Schedule 7

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

**No matters were reported.
There were no prior year audit findings.**

MATERIAL WEAKNESSES:

2015-001 Financial Accounting – Segregation of Duties

Condition and Criteria – The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries and financial reporting without sufficient review of origination work. Internal controls should be in place to provide reasonable assurance that individuals' financial accounting duties are properly reviewed.

Effect – Because of insufficient review procedures, the financial accounting is susceptible to an increased risk of errors and omissions and risk of fraud and/or misappropriations of assets.

Cause – With a limited number of personnel and time constraints, review of all financial accounting activities is not feasible.

Recommendation – Adequate review procedures should be implemented where feasible and cost-effective and continued monitoring should be done where implementation is not feasible.

Views of Responsible Officials – The District's management feels that hiring additional personnel to implement further review procedures would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

2015-002 Financial Reporting – Material Adjusting Journal Entries

Condition and Criteria – The auditors were required to propose and have management post adjusting entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the District train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – District management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Schedule 7

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

**CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program
Federal Award Year: 2015
U.S. Department of Agriculture**

2015-003 Grant Administration – School Nutrition Cluster Program

Condition and Criteria – During our audit of the School Nutrition Cluster, we noted an instance of noncompliance in which an applicant was incorrectly awarded reduced meals. During the verification process, the applicant provided a copy of her W-2 and tax return. The applicant's gross income subject to federal income tax met the income limits for reduced meals, but her gross wages were reduced by her contributions to her 401(k) plan. Her gross income before contributions to her 401(k) plan exceeded the income limit for reduced meals. According to the USDA, gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums and bonds.

Effect – The applicant was awarded reduced meals throughout the school year instead of paying for meals at full price as they did not meet eligibility requirements for free/reduced meals.

Cause – With a limited number of personnel and current staff workload, these time constraints do not allow for District personnel to have a review process to combat these types of errors.

Recommendation – The District should review all requirements as set forth by the U.S. Department of Agriculture for income eligibility requirements under the School Nutrition Cluster Program.

Views of Responsible Officials – The District will review all federal requirements for the grant to ensure free or reduced meals are awarded properly based on income eligibility requirements.

2015-004 Condition and Criteria – During our audit of the National School Lunch Program, we noted an instance of noncompliance where an applicant was awarded reduced meals but was entered into the software as being awarded free meals.

Effect – The applicant was awarded free meals throughout the school year instead of reduced meals.

Cause – With a limited number of personnel and current staff workload, time constraints do not always allow for review for data entry errors.

Recommendation – The District should review all applicants and verify they were entered into the software correctly.

Views of Responsible Officials – The District will review all applicants after all data has been entered.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Schedule 7

Part III: Findings and Questioned Costs For Federal Awards (Continued):

MATERIAL WEAKNESSES:

2015-005 Financial Accounting – Segregation of Duties

Condition and Criteria – The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries and financial reporting without sufficient review of origination work. Internal controls should be in place to provide reasonable assurance that individuals' financial accounting duties are properly reviewed.

Effect – Because of insufficient review procedures, the financial accounting is susceptible to an increased risk of errors and omissions and risk of fraud and/or misappropriations of assets.

Cause – With a limited number of personnel and time constraints, review of all financial accounting activities is not feasible.

Recommendation – Adequate review procedures should be implemented where feasible and cost-effective and continued monitoring should be done where implementation is not feasible.

Views of Responsible Officials – The District's management feels that hiring additional personnel to implement further review procedures would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

2015-006 Financial Reporting/SEFA Administration

Condition and Criteria – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Effect – Because of insufficient review or supervision, financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause – With a limited number of personnel and current workload, time constraints and staff expertise do not allow for review.

Recommendation – The District should implement procedures to ensure all federal grants are identified and included in the District's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Views of Responsible Officials – The District understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Schedule 7

Part III: Findings and Questioned Costs For Federal Awards (Continued):

2015-007 Grant Administration – School Nutrition Cluster Program

Condition and Criteria – During our audit of the School Nutrition Cluster, we identified multiple instances in the Summer Food Service Program in which the number of claims submitted was incorrect. This was due to errors while transferring data from one form to another and footing and cross footing errors. Due to these errors, in some circumstances, the District omitted claims and in other circumstances, the district overstated claims.

Effect – The net effect of these errors is the District claimed an additional \$2 of revenue. The dollar amount is immaterial, but has the potential to become material.

Cause – With a limited number of personnel and current staff workload, time constraints do not always allow for review for data entry errors.

Recommendation – The District should use an excel spreadsheet when calculating the total number of meals served in a day to reduce the risk of mathematical errors.

Views of Responsible Officials – The District will start using an excel spreadsheet to eliminate mathematical errors.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-15 Certified Budget

Condition and Criteria – District expenditures during the year ended June 30, 2015 exceeded the amounts budgeted in the instruction and non-instructional functions.

Effect – The District is not in compliance with Chapter 24.9 of the Code of Iowa.

Cause – Due to increase food and payroll costs, the District exceeded the budget in the instruction and non-instructional function. Due to limited personnel and time constraints, the District did not amend the budget to reflect these increased costs.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – The budget will be amended in the future, if applicable.

IV-B-15 Questionable Expenditures – No 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.

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

IV-D-15 Business Transactions – Business transactions between the District and District officials are detailed as follow:

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Schedule 7

Part IV: Other Findings Related to Statutory Reporting - (Continued):

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest as the transactions were competitively bid.

<u>Name, Title, and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Karen and Brian Engleman, District Employees Owners of Sportman's Lanes	Physical Education Fees	\$ 4,053
James Pickner, Employee Spouse Owner of Pickner Law Office	Legal Services	\$ 150

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Jim Pickner do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year. The transactions with Karen and Brian Engleman may represent a conflict of interest and the District should seek legal counsel regarding these transactions.

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

- IV-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-15 Certified Enrollment – A variance of (1.88) was identified in basic enrollment data certified to the Iowa Department of Education in October, 2014. This variance was discovered by the Department of Education and the District agrees with the variance.

- IV-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

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

- IV-J-15 Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.

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

- IV-L-15 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Schedule 7

Part IV: Other Findings Related to Statutory Reporting - (Continued):

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 and services tax. 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		\$ 644,034
Revenues		
Sales tax revenues	\$ 715,653	
Proceeds From Capital Lease	424,163	
Other	5,426	1,145,242
Ending Balance		1,789,276
Expenditures		
School Infrastructure & Construction	\$ 7,670	
Equipment	424,163	
Other	7,041	
Transfers to other funds:		
Debt Service Fund	472,786	911,660
Ending Balance		\$ 877,616

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.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

Schedule 8

Part V: Findings – Year Ended June 30, 2014

INSTANCES OF NON-COMPLIANCE:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program for Children
Federal Award Year: 2014
U.S. Department of Agriculture

2014-001

Grant Administration – National School Lunch Program

Condition and Criteria – During the audit of the National School Lunch Program, we noted an instance in which a student was automatically awarded free meals under the program. No application was submitted by the applicant and, therefore, the District did not review household income for eligibility requirements. According to the Iowa Department of Education, the awarding of free meals should only be done if the family caring for the student has been previously approved for a food assistance program, classified as homeless, or proper review of household income requirements have been completed for eligibility.

Effect – The student may have been improperly awarded free meals if the family's gross income exceeded the income limitation.

Cause – The applicant was living with family members other than the applicant's parents. The District mistakenly classified the applicant as homeless, and automatically awarded the applicant free meals with no tests of household income eligibility.

Recommendation – The District should complete proper review of approval for all individuals being considered for free or reduced meals.

Views of Responsible Officials – The District will review all State and Federal regulations as set forth by the grant requirements.

Current Status – This finding was corrected for the year under audit.

2014-002

Condition and Criteria – During the audit of the School Nutrition Cluster, we noted an instance of noncompliance in which an applicant was incorrectly awarded reduced meals. During the verification process, the applicant disclosed disability income which was not previously included on the initial application. This disability income was improperly excluded from the calculation to verify eligibility during the verification process.

Effect – The applicant was awarded reduced meals throughout the school year instead of paying for meals at full price as they did not meet eligibility requirements for free/reduced meals.

Cause – With limited personnel and current staff workload, the time constraints and staff expertise with the program does not allow for district personnel to have complete knowledge of the program.

Recommendation – The District should review all requirements as set forth by the U.S. Department of Agriculture for income eligibility requirements under the School Nutrition Cluster Program.

Views of Responsible Officials - The District will review all federal requirements for the grant to ensure free or reduced meals are awarded properly based on income eligibility requirements.

Current Status – The finding still exists at June 30, 2015 (See comment 2015-003).

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

Schedule 8

Part V: Findings – Year Ended June 30, 2014 (Continued):

MATERIAL WEAKNESSES:

2014-003 Financial Accounting – Segregation of Duties

Condition and Criteria – The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries and financial reporting without sufficient review of origination work. Internal controls should be in place to provide reasonable assurance that individuals' financial accounting duties are properly reviewed.

Effect – Because of insufficient review procedures, the financial accounting is susceptible to an increased risk of errors and omissions and risk of fraud and/or misappropriations of assets.

Cause – With a limited number of personnel and time-constraints, review of all financial accounting activities is not feasible.

Recommendation – Adequate review procedures should be implemented where feasible and cost-effective and continued monitoring should be done where implementation is not feasible.

Views of Responsible Officials – The District's management feels that hiring additional personnel to implement further review procedures would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

Current Status – This finding still exists at June 30, 2015 (See comment 2015-005).

2014-004 Financial Reporting/SEFA Administration

Condition and Criteria – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Effect – Because of insufficient review or supervision, financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause – With a limited number of personnel and current workload, time constraints and staff expertise do not allow for review.

Recommendation – The District should implement procedures to ensure all federal grants are identified and included in the District's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Views of Responsible Officials – The District understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

Current Status – This finding still exists at June 30, 2015 (See comment 2015-006).

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

Schedule 8

Part V: Findings – Year Ended June 30, 2014 (Continued):

2014 – 005 Grant Administration – School Nutrition Cluster Program

Condition and Criteria – During our audit of the School Nutrition Cluster, we identified multiple instances in both the National School Lunch Program and Summer Food Service Program in which the number of claims submitted was incorrect. During review of the National School Lunch Program, we noted claims of approximately \$7,470 were improperly omitted from the monthly reimbursement request. Additionally, under the Summer Food Program, it was noted that the District claimed approximately \$110 in additional revenue as a result of incorrect claim counts submitted for reimbursement.

Effect – The District submitted claim reports with incorrect counts and omitted National School Lunch claims, but overstated the claims related to the Summer Food Service Program.

Cause – With a limited number of personnel and current staff workload, time constraints do not always allow for a second review before submission of claim reimbursements.

Recommendation – The District should implement a second review of the breakfast and lunch claim forms submitted for reimbursement. The District should contact the Iowa Department of Education for a one-time corrected claim reimbursement to collect the additional funding.

Views of Responsible Officials – The District will implement a review process for claim reimbursement under this program. The District has contacted the Iowa Department of Education for the reimbursement of the under claimed meals. The Iowa Department of Education has accepted the request and consequently, a receivable of \$7,470 has been recorded in the school lunch fund as of June 30, 2014.

Current Status – The finding regarding the School Lunch Program was corrected for the year under audit but the finding regarding the Summer Food Service Program still exists at June 30, 2015. (See comment 2015-007)

**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 Sioux Community School District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the WEST SIOUX COMMUNITY SCHOOL DISTRICT, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the West Sioux Community School District's basic financial statements, and have issued our report thereon dated May 23, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Sioux Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part III and Part IV of the accompanying schedule of findings and questioned costs.

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

West Sioux Community School District's Response to Findings

The West Sioux Community School District's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Sioux Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results 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 Sioux Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 23, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education of the
West Sioux Community School District:

Report on Compliance for Each Major Federal Program

We have audited the WEST SIOUX COMMUNITY SCHOOL DISTRICT's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. West Sioux Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-004 to be instances of noncompliance. Our opinion on each major federal program is not modified with respect to these matters.

West Sioux Community School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-005, 2015-006 and 2015-007 to be material weaknesses.

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

West Sioux Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit West Sioux Community School District's responses and, accordingly, we express no opinion on the responses.

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

Williams & Company, P. C.
Certified Public Accountants

Le Mars, Iowa
May 23, 2016



Community School District

Schedule of Findings and Questioned Costs
Corrective Action Plan
June 30, 2015

Department of Education:

West Sioux Community School District, respectfully submits the following corrective action plan for the year ended June 30, 2015.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2015.

The findings from the June 30, 2015 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

INSTANCES OF NON-COMPLIANCE:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program
Federal Award Year: 2015
U.S. Department of Agriculture

2015-003 Grant Administration – School Nutrition Cluster Program

Condition and Criteria – During our audit of the School Nutrition Cluster, we noted an instance of noncompliance in which an applicant was incorrectly awarded reduced meals. During the verification process, the applicant provided a copy of her W-2 and tax return. The applicant’s gross income subject to federal income tax met the income limits for reduced meals, but her gross wages were reduced by her contributions to her 401(k) plan. Her gross income before contributions to her 401(k) plan exceeded the income limit for reduced meals. According to the USDA, gross earned income means all money earned before such deductions as income taxes, employee’s social security taxes, insurance premiums and bonds.

Effect – The applicant was awarded reduced meals throughout the school year instead of paying for meals at full prices as they did not meet eligibility requirements for free/reduced meals.

Cause – With a limited number of personnel and current staff workload, these time constraints and staff expertise with the program does not allow for District personnel to have a reiew process to combat these types of errors.

Recommendation – The District should review all requirements as set forth by the U.S. Department of Agriculture for income eligibility requirements under the School Nutrition Cluster Program.

Views of Responsible Officials – The District will review all federal requirements for the grant to ensure free or reduced meals are awarded properly based on income eligibility requirements.

2015-004 Condition and Criteria – During our audit of the National School Lunch Program, we noted an instance of noncompliance where an applicant was awarded reduced meals but was entered into the software as being awarded free meals.

Effect – The applicant was awarded free meals throughout the school year instead of reduced meals.

Cause – With a limited number of personnel and current staff workload, time constraints do not always allow for review for data entry errors.

Recommendation – The District should review all applicants and verify they were entered into the software correctly.

Views of Responsible Officials – The District will review all applicants after all data has been entered.

MATERIAL WEAKNESSES:

2015-005 **Financial Accounting – Segregation of Duties**

Condition and Criteria – The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries and financial reporting without sufficient review of origination work. Internal controls should be in place to provide reasonable assurance that individuals' financial accounting duties are properly reviewed.

Effect – Because of insufficient review procedures, the financial accounting is susceptible to an increased risk of errors and omissions and risk of fraud and/or misappropriations of assets.

Cause – With a limited number of personnel and time constraints, review of all financial accounting activities is not feasible.

Recommendation – Adequate review procedures should be implemented where feasible and cost-effective and continued monitoring should be done where implementation is not feasible.

Views of Responsible Officials – The District's management feels that hiring additional personnel to implement further review procedures would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

2015-006 **Financial Reporting/SEFA Administration**

Condition and Criteria – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Effect – Because of insufficient review or supervision, financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause – With a limited number of personnel and current workload, time constraints and staff expertise do not allow for review.

Recommendation – The District should implement procedures to ensure all federal grants are identified and included in the District's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Views of Responsible Officials – The District understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

2015-007

Grant Administration – School Nutrition Cluster Program

Condition and Criteria – During our audit of the School Nutrition Cluster, we identified multiple instances in the Summer Food Service Program in which the number of claims submitted was incorrect. This was due to errors while transferring data from one form to another and footing and cross footing errors. Due to these errors, in some circumstances, the District omitted claims and in other circumstances, the district overstated claims.

Effect – The net effect of these errors is the District claimed an additional \$2 of revenue. The dollar amount is immaterial, but has the potential to become material.

Cause – With a limited number of personnel and current staff workload, time constraints do not always allow for review for data entry errors.

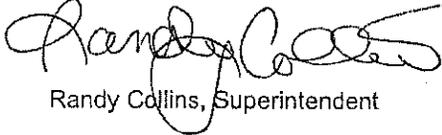
Recommendation – The District should use an excel spreadsheet when calculating the total number of meals served in a day to reduce the risk of mathematical errors.

Views of Responsible Officials – The District will start using an excel spreadsheet to eliminate mathematical errors.

If the Department of Education has questions regarding this plan, please call Randy Collins at 712-551-1461.

Sincerely yours,

WEST SIOUX COMMUNITY SCHOOL DISTRICT



Randy Collins, Superintendent