

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
WILLIAMSBURG, IOWA

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

JUNE 30, 2015

## TABLE OF CONTENTS

	Page
OFFICIALS	4
INDEPENDENT AUDITOR’S REPORT	5-6
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	7-17
<b>BASIC FINANCIAL STATEMENTS:</b>	
Exhibit	
Government-Wide Financial Statements:	
A    Statement of Net Position	20-21
B    Statement of Activities	22-25
Governmental Fund Financial Statements:	
C    Balance Sheet	26-27
D    Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	28
E    Statement of Revenues, Expenditures and Changes in Fund Balances	29-30
F    Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	31-32
Proprietary Fund Financial Statements:	
G    Statement of Fund Net Position	33
H    Statement of Revenues, Expenses and Changes in Fund Net Position	34
I    Statement of Cash Flows	35-36
Fiduciary Fund Financial Statements:	
J    Statement of Fiduciary Net Position	37
K    Statement of Changes in Fiduciary Net Position	38
Notes to Financial Statements	39-60
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	62
Notes to Required Supplementary Information – Budgetary Reporting	63
Schedule of the District’s Proportionate Share of the Net Pension Liability	64
Schedule of District Contributions	66-67
Notes to Required Supplementary Information – Pension Liability	68-69
Schedule of Funding Progress for the Retiree Health Plan	70
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule	
Nonmajor Governmental Funds:	
1    Combining Balance Sheet	72
2    Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	73
Capital Projects Accounts:	
3    Combining Balance Sheet	74
4    Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	75
5    Schedule of Changes in Special Revenue Fund, Student Activity Accounts	76-77
6    Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	78-79
7    Schedule of Expenditures of Federal Awards	80

TABLE OF CONTENTS  
(continued)

	Page
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	81-82
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	83-84
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	85-90

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Tom Claypool	President	2015
Matt Blythe	Vice President	2017
Mark Armstrong	Board Member	2015
Darren Spenler	Board Member	2017
Brian Phillips	Board Member	2017
<u>School Officials</u>		
Dr. Carol Montz	Superintendent	2015
Cynthia Gingerich	District Secretary/Treasurer and Business Manager	2015
Tom Buchanan	Attorney	Indefinite
Andrew Bracken	Attorney	Indefinite

DOUGLAS T. HUNT, CPA  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
DEE A.A. HOKE, CPA

**HUNT & ASSOCIATES, P.C.**  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Williamsburg Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

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

Other*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 62 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Williamsburg Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2015 on our consideration of Williamsburg 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. 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 Williamsburg Community School District's internal control over financial reporting and compliance.

*Hunt & Associates, P.C.*

Oskaloosa, Iowa  
December 10, 2015

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

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

### **2015 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$11,289,414 in fiscal 2014 to \$11,785,426 in fiscal 2015, while General Fund expenditures increased from \$12,069,640 in fiscal 2014 to \$12,353,027 in fiscal 2015. The District's General Fund balance decreased from \$1,787,558 in fiscal 2014 to \$1,345,695 in fiscal 2015.
- The increase in General Fund expenditures was attributable to the regular increase in negotiated salary and benefits for all employee groups, additional staffing needs and additional technology expenditures.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Williamsburg 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 Williamsburg Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Williamsburg Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of three parts: management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the district’s operations in more detail than the district-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- The statements for *proprietary funds* offer short-term and long-term financial information about the activities the district operates like businesses, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

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

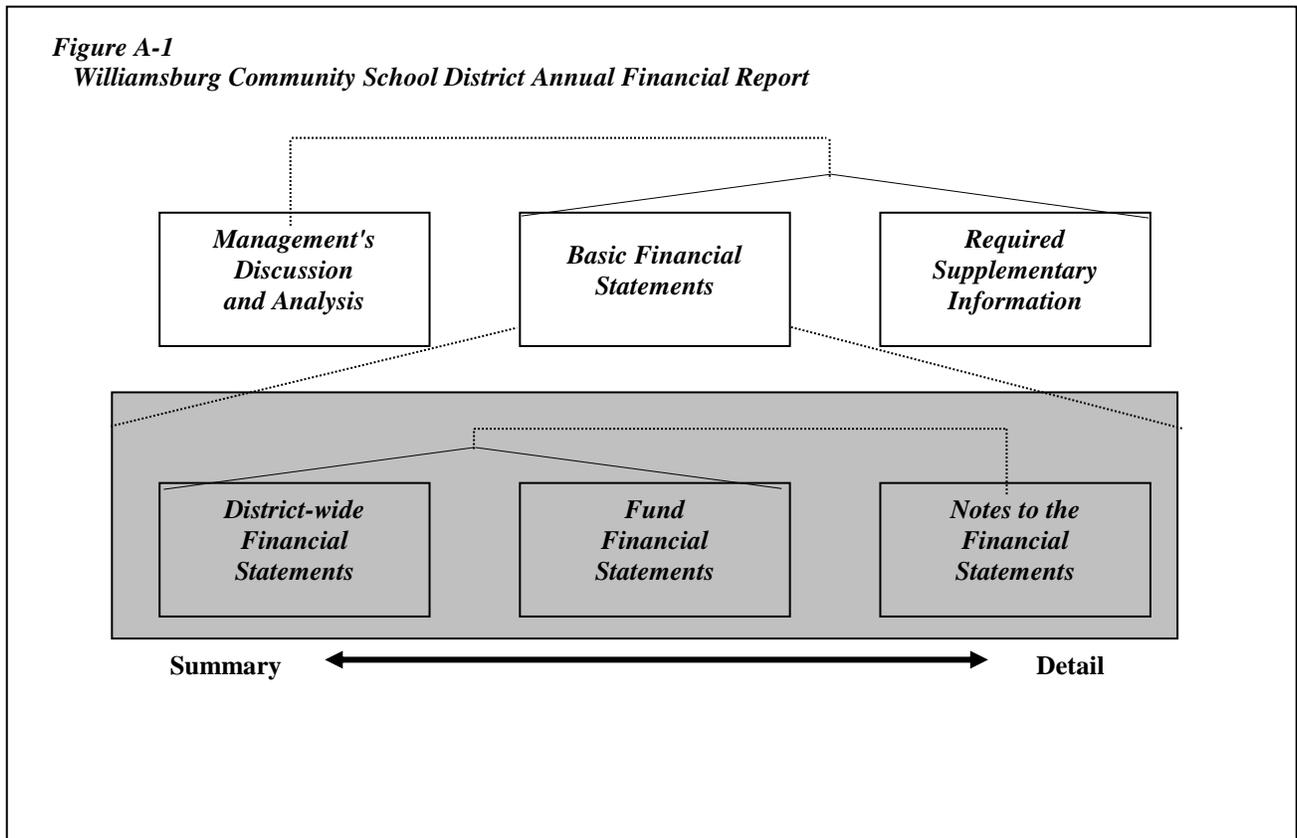


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

## **REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

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

The two government-wide financial statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows, and liabilities and deferred inflows – is one way to measure the District's financial health or financial position. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

3) *Fiduciary Funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds. Private-Purpose Trust Fund is when the District accounts for outside donations for scholarships for individual students according to the terms of the donor's request. Agency Funds are funds for which the District administers and accounts for certain federal and/or state grants as a fiscal agent. The District currently has no Agency Funds.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

### Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total School District</u>		<u>Total Change</u>
	<u>2015</u>	2014 (Not <u>restated</u> )	<u>2015</u>	2014 (Not <u>restated</u> )	<u>2015</u>	2014 (Not <u>restated</u> )	
Current and other assets	\$15,877,743	\$9,749,171	\$ 91,505	\$ 84,711	\$ 15,969,248	\$9,833,882	62.39%
Capital assets	<u>26,420,057</u>	<u>24,878,199</u>	<u>36,043</u>	<u>41,835</u>	<u>26,456,100</u>	<u>24,920,034</u>	6.17%
Total assets	<u>42,297,800</u>	<u>34,627,370</u>	<u>127,548</u>	<u>126,546</u>	<u>42,425,348</u>	<u>34,753,916</u>	22.08%
Deferred Outflow of Resources	<u>957,187</u>		<u>30,816</u>		<u>988,003</u>		N/A
Long-term obligations	23,132,546	13,227,364	139,845	-	23,272,391	13,227,364	75.95%
Other liabilities	<u>436,010</u>	<u>330,766</u>	<u>12,790</u>	<u>12,070</u>	<u>448,800</u>	<u>342,836</u>	30.91%
Total liabilities	<u>23,568,556</u>	<u>13,558,130</u>	<u>152,635</u>	<u>12,070</u>	<u>23,721,191</u>	<u>13,570,200</u>	74.81%
Deferred Inflows of Resources	<u>6,928,208</u>	<u>4,748,152</u>	<u>53,333</u>	-	<u>6,981,541</u>	<u>4,748,152</u>	47.04%
<b>Net Position</b>							
Invested in capital assets,							
net of related debt	9,107,557	12,897,574	36,043	41,835	9,143,600	12,939,409	-29.34%
Restricted	8,435,189	2,861,355	-	-	8,435,189	2,861,355	194.80%
Unrestricted	<u>(4,784,523)</u>	<u>562,159</u>	<u>(83,647)</u>	<u>72,641</u>	<u>(4,868,170)</u>	<u>634,800</u>	-866.89%
Total net position	<u>\$ 12,758,223</u>	<u>\$16,321,088</u>	<u>\$ (47,604)</u>	<u>\$ 114,476</u>	<u>\$ 12,710,619</u>	<u>16,435,564</u>	-22.67%

The largest portion of the District's net position is the invested in capital assets portion (land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how the resources can be used.

Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

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 \$5,353,102 and \$171,711, 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 of the amounts employees earned during the year.

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

Figure A-4

Change in Net Position

	Governmental		Business-type		Total School District		Total Change
	Activities		Activities				
	<u>2015</u>	2014 (Not restated)	<u>2015</u>	2014 (Not restated)	<u>2015</u>	2014 (Not restated)	
Revenues							
Program revenues							
Charges for service and sales	\$1,572,217	\$1,270,043	\$ 380,900	\$ 392,655	\$1,953,117	\$1,662,698	17.47%
Operating grants, contrib. and restricted int.	1,462,871	1,219,706	217,988	210,208	1,680,859	1,429,914	17.55%
Capital grants, contrib. and restricted int.	1,510,836	1,137,964	-	-	1,510,836	1,137,964	32.77%
General revenues							
Property tax	4,819,572	4,521,620	-	-	4,819,572	4,521,620	6.59%
Income Surtax	252,151	108,638	-	-	252,151	108,638	132.10%
Local Options Sales and Services Tax	1,085,680	991,809	-	-	1,185,680	991,809	19.55%
Unrestricted state grants	5,702,935	5,719,186	-	-	5,702,935	5,719,186	-0.28%
Unrestricted investment earnings	10,107	9,368	130	156	10,237	9,524	7.49%
Bond Premium	111,152	-	-	-	111,152	-	-
Other	<u>46,425</u>	<u>75,366</u>	<u>-</u>	<u>-</u>	<u>46,425</u>	<u>75,366</u>	-38.40%
Total revenues	<u>16,573,946</u>	<u>15,053,700</u>	<u>599,018</u>	<u>603,019</u>	<u>17,172,964</u>	<u>15,656,719</u>	9.68%
Program expenses							
Governmental activities							
Instruction	9,336,425	9,051,537	-	-	9,336,425	9,051,537	3.15%
Support services	3,683,820	3,865,733	8,458	13,380	3,692,278	3,879,113	-4.82%
Non-instructional programs	-	-	580,929	607,148	580,929	607,148	-4.32%
Other expenses	<u>1,763,464</u>	<u>2,529,037</u>	<u>-</u>	<u>-</u>	<u>1,763,464</u>	<u>2,529,037</u>	-30.27%
Total expenses	<u>14,783,709</u>	<u>15,446,307</u>	<u>589,387</u>	<u>620,528</u>	<u>15,373,096</u>	<u>16,066,835</u>	-4.32%
Change in net position	<u>\$1,790,237</u>	<u>\$(392,607)</u>	<u>\$ 9,631</u>	<u>\$(17,509)</u>	<u>\$1,799,868</u>	<u>\$(410,116)</u>	338.87%

Property tax and unrestricted state grants account for 61.3% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 84.8% of the total expenses.

**Governmental Activities**

Revenues for governmental activities were \$16,573,946 and expenses were \$14,783,709.

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

Figure A-5	<u>Total and Net Cost of Governmental Activities</u>	
	<u>Total Cost</u>	<u>Net Cost</u>
	<u>of Services</u>	<u>of Services</u>
Instruction	\$ 9,336,425	\$ 7,036,445
Support services	3,683,820	3,413,880
Other expenses	<u>1,763,464</u>	<u>(212,540)</u>
Total expenses	<u>\$14,783,709</u>	<u>\$ 10,237,785</u>

- The cost financed by users of the District's programs was \$1,572,217.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,462,871. Construction activities were subsidized with capital grants and contributions from individuals and businesses totaling \$1,510,836.
- The net cost of governmental activities was financed with \$4,819,572 in property taxes, \$5,702,935 in unrestricted state grants, \$252,151 in income surtax, \$10,107 in unrestricted interest, \$1,085,680 in local option sales and services taxes, \$111,152 in bond premium and \$46,425 in other general revenues.

**Business Type Activities**

Revenues for business type activities for the year ended June 30, 2015 were \$599,018, while expenses were \$589,387. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, the Williamsburg 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 \$10,069,053.

### **Governmental Fund Highlights**

- The District's deteriorating General Fund financial position is the result of many factors. A decrease in the budgeted income surtax combined with a limited increase in the property tax levy contributed to limited ability to add to the General Fund balance. The increase in General Fund expenditures required the District to use carryover fund balance to meet its financial obligations during the year.
- The General Fund balance decreased from \$1,787,558 to \$1,345,695, due primarily to the negotiated salary and benefits settlement and existing expenditure commitments of the District.
- The Capital Projects Fund balance increased from \$1,660,386 to \$7,427,012 due primarily to a new bond for a gym construction project that will start in the future year.
- The Debt Service Fund balance decreased from \$661,605 to \$656,618.

### **Proprietary Fund Highlights**

School Nutrition Fund net position increased from a restated amount of (\$57,235) at June 30, 2014 to (\$47,604) at June 30, 2015, representing an increase of \$9,631. The net position was restated due to implementation of GASB 68 in 2015, in order to report net pension liability. For fiscal 2015, the District increased meal prices slightly but sales were down, resulting in a small decrease in revenues. Expenses were well controlled, down \$31,141 from the prior year.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Williamsburg Community School District amended its budget one time to reflect additional expenditures associated with building projects and repair activities. Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2015, the District had invested \$26,456,100, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$765,855.

Figure A-6

	Capital Assets, Net of Depreciation					
	Governmental		Business-type		Total	
	Activities		Activities		School District	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 255,800	\$ 255,800			\$ 255,800	\$ 255,800
Construction in Progress	388,109	39,713			388,109	39,713
Buildings and improvements	25,129,238	24,036,481		-	25,129,238	24,036,481
Furniture and equipment	<u>646,910</u>	<u>546,205</u>	<u>36,043</u>	<u>41,835</u>	<u>682,953</u>	<u>588,040</u>
Totals	<u>\$26,420,057</u>	<u>\$24,878,199</u>	<u>\$ 36,043</u>	<u>\$ 41,835</u>	<u>\$26,456,100</u>	<u>\$24,920,034</u>

### Long-Term Liabilities

At June 30, 2015, the District had \$17,312,500 in general obligation bonds, revenue bonds and notes payable, \$977,000 for net OPEB liability, \$4,343,735 for new pension liability and \$499,311 in early retirement benefits long-term liabilities outstanding for governmental activities. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7

	<u>Outstanding Long-term Obligations</u>		
	<u>2015</u>	2014 (Not <u>restated</u> )	<u>Change</u>
Revenue Bonds/Notes Payable	\$11,112,500	\$11,980,625	\$ (868,125)
GO Bonds	6,200,000		6,200,000
Net OPEB	977,000	911,000	66,000
Net Pension	4,343,735		4,343,735
Early retirement	<u>499,311</u>	<u>335,739</u>	<u>163,572</u>
Total	<u>\$23,132,546</u>	<u>\$13,227,364</u>	<u>\$ 9,905,182</u>

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The district needs to replace several regular buses in the 2015-2016 school year due to current buses having substantial repair issues.
- The Iowa State Legislature has not yet set allowable growth (supplemental state aid) for the 2016-2017 school year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cynthia Gingerich, District Secretary and Business Manager, Williamsburg Community School District, 810 West Walnut, Williamsburg, IA 52361.

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## Basic Financial Statements

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 9,842,684	\$ 77,421	\$ 9,920,105
Receivables:			
Property tax:			
Current year	69,921	-	69,921
Succeeding year	5,271,633	-	5,271,633
Income surtax	241,409	-	241,409
Accounts	2,863	-	2,863
Due from other governments	417,625	-	417,625
Inventories	-	14,084	14,084
Prepaid expenses	31,608	-	31,608
Capital assets, net of accumulated depreciation (note 4)	26,420,057	36,043	26,456,100
<b>Total assets</b>	<b>42,297,800</b>	<b>127,548</b>	<b>42,425,348</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	957,187	30,816	988,003
<b>Liabilities</b>			
Accounts payable	117,120	-	117,120
Salaries and benefits payable	5,677	-	5,677
Due to other governments	126,205	-	126,205
Advances from grantors	46,646	-	46,646
Unearned revenue	-	12,790	12,790
Accrued interest payable	140,362	-	140,362
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	114,591	-	114,591
Bonds payable	803,125	-	803,125
Notes payable	360,000	-	360,000
Portion due after one year:			
Early retirement	384,720	-	384,720
Bonds payable	14,489,375	-	14,489,375
Notes payable	1,660,000	-	1,660,000
Net pension liability	4,343,735	139,845	4,483,580
Net OPEB liability	977,000	-	977,000
<b>Total liabilities</b>	<b>23,568,556</b>	<b>152,635</b>	<b>23,721,191</b>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 5,271,633	\$ -	\$ 5,271,633
Pension related deferred inflows	1,656,575	53,333	1,709,908
Total deferred inflows of resources	<u>6,928,208</u>	<u>53,333</u>	<u>6,981,541</u>
Net Position			
Net investment in capital assets	9,107,557	36,043	9,143,600
Restricted for:			
Categorical funding	324,040	-	324,040
Debt service	869,756	-	869,756
Capital projects	6,821,864	-	6,821,864
Physical plant and equipment levy purposes	251,648	-	251,648
Student activities	167,881	-	167,881
Unrestricted	<u>(4,784,523)</u>	<u>(83,647)</u>	<u>(4,868,170)</u>
Total net position	<u>\$ 12,758,223</u>	<u>\$ (47,604)</u>	<u>\$ 12,710,619</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 9,336,425	\$ 1,563,422	\$ 736,558	\$ -
Support services:				
Student	256,637	-	118,527	-
Instructional staff	304,737	-	103,305	-
Administration	1,314,830	-	-	-
Operation and maintenance of plant	1,147,195	8,795	-	-
Transportation	660,421	-	39,313	-
	<u>3,683,820</u>	<u>8,795</u>	<u>261,145</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	190,276	-	-	1,510,836
Long-term debt interest and fiscal charges	460,134	-	-	-
AEA flowthrough	465,168	-	465,168	-
Depreciation (unallocated) *	647,886	-	-	-
	<u>1,763,464</u>	<u>-</u>	<u>465,168</u>	<u>1,510,836</u>
Total governmental activities	<u>14,783,709</u>	<u>1,572,217</u>	<u>1,462,871</u>	<u>1,510,836</u>

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (7,036,445)	\$ -	\$ (7,036,445)
(138,110)	-	(138,110)
(201,432)	-	(201,432)
(1,314,830)	-	(1,314,830)
(1,138,400)	-	(1,138,400)
(621,108)	-	(621,108)
(3,413,880)	-	(3,413,880)
1,320,560	-	1,320,560
(460,134)	-	(460,134)
-	-	-
(647,886)	-	(647,886)
212,540	-	212,540
(10,237,785)	-	(10,237,785)

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Business-Type Activities:</b>				
Support services:				
Food service operations	\$ 8,458	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	580,929	380,900	217,988	-
Total business-type activities	589,387	380,900	217,988	-
Total	\$ 15,373,096	\$ 1,953,117	\$ 1,680,859	\$ 1,510,836

General revenues:

Property tax levied for:  
    General purposes  
    Capital outlay  
Income surtax  
Statewide sales, services and use tax  
Unrestricted state grants  
Unrestricted investment earnings  
Bond premium  
Other

Total general revenues

Change in net position

Net position beginning of year, as restated (note 15)

Net position end of year

\* = This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ -	\$ (8,458)	\$ (8,458)
-	17,959	17,959
-	9,501	9,501
(10,237,785)	9,501	(10,228,284)
\$ 4,182,072	\$ -	\$ 4,182,072
637,500	-	637,500
252,151	-	252,151
1,085,680	-	1,085,680
5,702,935	-	5,702,935
10,107	130	10,237
111,152	-	111,152
46,425	-	46,425
12,028,022	130	12,028,152
1,790,237	9,631	1,799,868
10,967,986	(57,235)	10,910,751
\$ 12,758,223	\$ (47,604)	\$ 12,710,619

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 1,208,856	\$ 656,618	\$ 7,339,113	\$ 638,097	\$ 9,842,684
Receivables:					
Property tax:					
Current year	54,235	-	9,717	5,969	69,921
Succeeding year	3,849,218	429,390	643,024	350,001	5,271,633
Income surtax	241,409	-	-	-	241,409
Accounts	2,853	-	-	10	2,863
Due from other governments	249,408	-	168,217	-	417,625
Prepaid expenses	31,608	-	-	-	31,608
	<hr/>				
Total assets	<u>\$ 5,637,587</u>	<u>\$ 1,086,008</u>	<u>\$ 8,160,071</u>	<u>\$ 994,077</u>	<u>\$ 15,877,743</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 22,737	\$ -	\$ 90,035	\$ 4,348	\$ 117,120
Due to other governments	126,205	-	-	-	126,205
Salaries and benefits payable	5,677	-	-	-	5,677
Advances from grantors	46,646	-	-	-	46,646
Total liabilities	<u>201,265</u>	<u>-</u>	<u>90,035</u>	<u>4,348</u>	<u>295,648</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,849,218	429,390	643,024	350,001	5,271,633
Other	241,409	-	-	-	241,409
Total deferred inflows of resources	<u>4,090,627</u>	<u>429,390</u>	<u>643,024</u>	<u>350,001</u>	<u>5,513,042</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	31,608	-	-	-	31,608
Restricted for:					
Categorical funding (note 10)	324,040	-	-	-	324,040
Revenue bonds reserve fund	-	-	353,500	-	353,500
Debt service	-	656,618	-	-	656,618
Other capital projects	-	-	6,134,417	-	6,134,417
School infrastructure	-	-	687,447	-	687,447
Physical plant and equipment	-	-	251,648	-	251,648
Management levy purposes	-	-	-	471,847	471,847
Student activities	-	-	-	167,881	167,881
Unassigned	990,047	-	-	-	990,047
Total fund balances	<u>1,345,695</u>	<u>656,618</u>	<u>7,427,012</u>	<u>639,728</u>	<u>10,069,053</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,637,587</u>	<u>\$ 1,086,008</u>	<u>\$ 8,160,071</u>	<u>\$ 994,077</u>	<u>\$ 15,877,743</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2015

Total fund balances of governmental funds		\$ 10,069,053
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		26,420,057
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		241,409
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(140,362)
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	\$ 957,187
	Deferred inflows of resources	<u>(1,656,575)</u> (699,388)
Long-term liabilities, including early retirement, bonds and notes payable, net pension liability and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(23,132,546)</u>
Net position of governmental activities		<u>\$ 12,758,223</u>
See notes to financial statements.		

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,793,121	\$ -	\$ 629,793	\$ 411,047	\$ 4,833,961
Tuition	568,882	-	-	-	568,882
Other	220,455	-	1,520,665	838,038	2,579,158
State sources	6,681,845	-	1,093,387	5,516	7,780,748
Federal sources	521,123	-	-	-	521,123
Total revenues	<u>11,785,426</u>	<u>-</u>	<u>3,243,845</u>	<u>1,254,601</u>	<u>16,283,872</u>
Expenditures:					
Current:					
Instruction	8,357,890	-	69,166	1,017,088	9,444,144
Support services:					
Student	268,679	-	-	-	268,679
Instructional staff	314,152	-	-	-	314,152
Administration	1,340,368	-	-	-	1,340,368
Operation and maintenance of plant	956,570	-	10,782	196,938	1,164,290
Transportation	650,200	-	-	19,524	669,724
	<u>3,529,969</u>	<u>-</u>	<u>10,782</u>	<u>216,462</u>	<u>3,757,213</u>
Other expenditures:					
Facilities acquisition	-	-	2,279,315	-	2,279,315
Long term debt:					
Principal	-	2,888,125	-	-	2,888,125
Interest and fiscal charges	-	292,470	151,653	-	444,123
AEA flowthrough	465,168	-	-	-	465,168
	<u>465,168</u>	<u>3,180,595</u>	<u>2,430,968</u>	<u>-</u>	<u>6,076,731</u>
Total expenditures	<u>12,353,027</u>	<u>3,180,595</u>	<u>2,510,916</u>	<u>1,233,550</u>	<u>19,278,088</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(567,601)</u>	<u>(3,180,595)</u>	<u>732,929</u>	<u>21,051</u>	<u>(2,994,216)</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 3,891	\$ -	\$ -	\$ -	\$ 3,891
General obligation bonds issued	-	-	6,311,152	-	6,311,152
General obligation notes issued	-	2,020,000	-	-	2,020,000
Interfund transfers in (note 3)	121,847	1,155,608	-	-	1,277,455
Interfund transfers out (note 3)	-	-	(1,277,455)	-	(1,277,455)
Total other financing sources (uses)	<u>125,738</u>	<u>3,175,608</u>	<u>5,033,697</u>	<u>-</u>	<u>8,335,043</u>
Net change in fund balances	(441,863)	(4,987)	5,766,626	21,051	5,340,827
Fund balances beginning of year	<u>1,787,558</u>	<u>661,605</u>	<u>1,660,386</u>	<u>618,677</u>	<u>4,728,226</u>
Fund balances end of year	<u>\$ 1,345,695</u>	<u>\$ 656,618</u>	<u>\$ 7,427,012</u>	<u>\$ 639,728</u>	<u>\$ 10,069,053</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 5,340,827

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

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

Capital outlays	\$ 2,299,453	
Depreciation expense	<u>(757,595)</u>	1,541,858

Income surtax revenue not received until several months after the District's  
fiscal year end is not considered available revenue and is recognized as  
deferred inflows of resources in the governmental funds. 175,031

Proceeds from issuing long-term liabilities provide current financial resources  
to governmental funds but issuing debt increases long-term liabilities in the  
Statement of Net Position and does not affect the Statement of Activities. (8,220,000)

Repayment of long-term liabilities is an expenditure in the governmental  
funds, but it reduces long-term liabilities in the Statement of Net Position. 2,888,125

Interest on long-term debt in the Statement of Activities differs from the  
amount reported in the governmental funds because interest is recorded as  
an expenditure in the governmental funds when due. In the Statement of  
Activities, however, interest expense is recognized as the interest accrues,  
regardless of when it is due. (16,011)

The current year District employer share of IPERS contributions are reported  
as expenditures in the governmental funds, but are reported as a deferred  
outflow of resources in the Statement of Net Position. 10,288

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

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:

	Early retirement	(163,572)	
	Pension expense	299,691	
	Net OPEB liability	<u>(66,000)</u>	<u>70,119</u>
Change in net position of governmental activities			<u>\$ 1,790,237</u>

See notes to financial statements.

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUND

June 30, 2015

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 77,421
Inventories	14,084
Capital assets, net of accumulated depreciation (note 4)	<u>36,043</u>
Total assets	<u>127,548</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>30,816</u>
Liabilities	
Unearned revenue	12,790
Net pension liability	<u>139,845</u>
Total liabilities	<u>152,635</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>53,333</u>
Fund Net Position	
Net investment in capital assets	36,043
Unrestricted	<u>(83,647)</u>
Total fund net position	<u>\$ (47,604)</u>

See notes to financial statements.

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
Year Ended June 30, 2015

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>380,900</u>
Operating expenses:	
Support services:	
Purchased services	<u>8,458</u>
Non-instructional programs:	
Salaries	239,551
Benefits	55,231
Purchased services	449
Supplies	277,438
Depreciation	<u>8,260</u>
Total operating expenses	<u>580,929</u> <u>589,387</u>
Operating loss	(208,487)
Non-operating revenues:	
Interest on investments	130
State sources	4,704
Federal sources	<u>213,284</u>
Total non-operating revenues	<u>218,118</u>
Change in fund net position	9,631
Fund net position beginning of year, as restated (note 15)	<u>(57,235)</u>
Fund net position end of year	\$ <u><u>(47,604)</u></u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2015

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 375,317
Cash received from miscellaneous operating activities	6,508
Cash paid to employees for services	(304,131)
Cash paid to suppliers for goods or services	<u>(245,819)</u>
Net cash used by operating activities	<u>(168,125)</u>
Cash flows from non-capital financing activities:	
State grants received	4,704
Federal grants received	<u>168,710</u>
Net cash provided by non-capital financing activities	<u>173,414</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(2,468)</u>
Cash flows from investing activities:	
Interest on investments	<u>130</u>
Net increase in cash and cash equivalents	2,951
Cash and cash equivalents beginning of year	<u>74,470</u>
Cash and cash equivalents end of year	<u>\$ 77,421</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2015

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (208,487)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	8,260
Commodities used	44,574
(Increase) in inventories	(3,843)
(Decrease) in accounts payable	(205)
Increase in unearned revenue	925
(Decrease) in net pension liability	(52,398)
(Increase) in deferred outflows of resources	(10,284)
Increase in deferred inflows of resources	<u>53,333</u>
Net cash used by operating activities	\$ <u><u>(168,125)</u></u>

Non-cash financing activities:

During the year ended June 30, 2015, the District received \$44,574 of federal commodities.

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2015

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Assets:		
Cash and pooled investments	\$ 65,085	
Land held in scholarship trust		<u>1,115,110</u>
Total assets		<u>1,180,195</u>
Fiduciary Net Position:		
Restricted for scholarships	\$	<u><u>1,180,195</u></u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
Year Ended June 30, 2015

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 44,257	
Interest		343
		<u>44,600</u>
Deductions:		
Support services:		
Scholarships awarded		31,000
Supplies		3,066
Unrealized loss on land held in investment		58,690
		<u>92,756</u>
Change in fiduciary net position		(48,156)
Fiduciary net position beginning of year		<u>1,228,351</u>
Fiduciary net position end of year	\$	<u><u>1,180,195</u></u>
See notes to financial statements.		

# WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### Note 1. Summary of Significant Accounting Policies

Williamsburg 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 City of Williamsburg, Iowa, and agricultural territory in Iowa County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

#### A. Reporting Entity

For financial reporting purposes, Williamsburg 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. Williamsburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does 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 Iowa County Assessor's Conference Board.

#### B. Basis of Presentation

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

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

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

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 main 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 used to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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

The District reports the following nonmajor proprietary fund:

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

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

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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, in that order.

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 funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% 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.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

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

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

Advances from grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year have been accrued as liabilities.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Compensated Absences – The District’s policy is not to reimburse employees for unused vacation. Vacation can only be used by an employee in the year it is earned. The District had no compensated absences liability at June 30, 2015.

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

Deferred Inflows Of Resources – Deferred inflows of resources represent an acquisition of net position that applies to 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 investments.

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

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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 are imposed by law through constitutional provisions or enabling legislation.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures/expenses exceeded the amount budgeted in the other expenditures function.

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 ensure there will be no loss of public funds.

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

At June 30, 2015, the District had investments as follows:

	Value
U.S. Treasury Notes	\$ 564,188
Iowa Schools Joint Investment Trust, Diversified Portfolio	378,510
Total investments	\$ 942,698

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in U.S. Treasury Notes are valued at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services. The investment in U.S. Treasury Notes is not subject to investment rating.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 1,155,608
General		<u>121,847</u>
		<u>\$ 1,277,455</u>

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 255,800	\$ -	\$ -	\$ 255,800
Construction in progress	39,713	388,109	39,713	388,109
Total capital assets not being depreciated	<u>295,513</u>	<u>388,109</u>	<u>39,713</u>	<u>643,909</u>
Capital assets being depreciated:				
Buildings	27,393,734	1,716,348	-	29,110,082
Improvements other than buildings	2,645,759	24,295	-	2,670,054
Furniture and equipment	1,672,242	210,414	244,294	1,638,362
Total capital assets being depreciated	<u>31,711,735</u>	<u>1,951,057</u>	<u>244,294</u>	<u>33,418,498</u>
Less accumulated depreciation for:				
Buildings	5,222,881	582,493	-	5,805,374
Improvements other than buildings	780,131	65,393	-	845,524
Furniture and equipment	1,126,037	109,709	244,294	991,452
Total accumulated depreciation	<u>7,129,049</u>	<u>757,595</u>	<u>244,294</u>	<u>7,642,350</u>
Total capital assets being depreciated, net	<u>24,582,686</u>	<u>1,193,462</u>	<u>-</u>	<u>25,776,148</u>
Governmental activities capital assets, net	<u>\$ 24,878,199</u>	<u>\$ 1,581,571</u>	<u>\$ 39,713</u>	<u>\$ 26,420,057</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business-type activities:</b>				
Furniture and equipment	\$ 328,425	\$ 2,468	\$ -	\$ 330,893
Less accumulated depreciation	286,590	8,260	-	294,850
Business-type activities capital assets, net	<u>\$ 41,835</u>	<u>\$ (5,792)</u>	<u>\$ -</u>	<u>\$ 36,043</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular \$ 8,535

Support services:

Student 18,268

Operation and maintenance of plant 9,112

Transportation 73,794

109,709

Unallocated depreciation 647,886

Total depreciation expense - governmental activities \$ 757,595

Business-type activities:

Food service operations \$ 8,260

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities

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

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 335,739	\$ 255,591	\$ 92,019	\$ 499,311	\$ 114,591
General obligation bonds	-	6,200,000	-	6,200,000	275,000
Revenue bonds	9,615,625	-	523,125	9,092,500	528,125
Notes payable	2,365,000	2,020,000	2,365,000	2,020,000	360,000
Net pension liability	5,993,186	-	1,649,451	4,343,735	-
Net OPEB liability	911,000	66,000	-	977,000	-
<b>Total</b>	<b>\$ 19,220,550</b>	<b>\$ 8,541,591</b>	<b>\$ 4,629,595</b>	<b>\$ 23,132,546</b>	<b>\$ 1,277,716</b>
Business-type activities:					
Net pension liability	\$ 192,243	-	\$ 52,398	\$ 139,845	-

Early Retirement

The District offers a voluntary early retirement plan to its certified employees and classified employees in District-wide Supervisory positions. Eligible employees must be at least age fifty-six and classified employees must be at least age sixty by June 30 of the year of retirement and all employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is equal to single insurance coverage provided by the District at the dollar amount of single coverage at the time of the employee's retirement. Coverage at this rate will be provided until the employee reaches age sixty-five or otherwise becomes eligible for Medicare or insurance coverage from any other source.

The District also has early retirees covered by other plans. The details of these plans are available upon request at the business administration office.

At June 30, 2015, the District has obligations to 18 participants with a total liability of \$499,311. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$92,019. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds

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

Year Ending June 30,	Interest Rates	Bond issue dated		
		Principal	Interest	Total
2016	2.00 %	\$ 275,000	\$ 152,888	\$ 427,888
2017	2.00	275,000	147,388	422,388
2018	2.00	275,000	141,888	416,888
2019	2.00	280,000	136,388	416,388
2020	2.00	285,000	130,788	415,788
2021-2025	2.00	1,510,000	566,338	2,076,338
2026-2030	2.25-3.00	2,100,000	388,713	2,488,713
2031-2034	3.00	1,200,000	120,150	1,320,150
		<u>\$ 6,200,000</u>	<u>\$ 1,784,541</u>	<u>\$ 7,984,541</u>

Revenue Bonds

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

Year Ending June 30,	Issue dated September 15, 2010			Issue dated May 1, 2011			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2016	1.50 %	\$ 478,125	\$ 86,063	2.70 %	\$ 50,000	\$ 137,032	\$ 528,125	\$ 223,095
2017	1.50	478,125	78,891	2.70	60,000	135,682	538,125	214,573
2018	1.50	478,125	71,719	3.20	70,000	134,062	548,125	205,781
2019	1.50	478,125	64,547	3.20	80,000	131,823	558,125	196,370
2020	1.50	478,125	57,375	3.60	90,000	129,262	568,125	186,637
2021-2025	1.50	2,390,625	179,296	3.60-4.00	605,000	588,853	2,995,625	768,149
2026-2030	1.50	956,250	21,516	4.00-4.35	2,400,000	381,418	3,356,250	402,934
		<u>\$ 5,737,500</u>	<u>\$ 559,407</u>		<u>\$ 3,355,000</u>	<u>\$ 1,638,132</u>	<u>\$ 9,092,500</u>	<u>\$ 2,197,539</u>

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

- (a) The bonds will only be redeemed from the future earnings of the statewide school infrastructure sales, services, and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities (continued)

Revenue Bonds (continue)

- (b) A Reserve Fund will be established totaling \$353,500 for the revenue bond issue only by the deposit of 10% of bond issuance proceeds and will be maintained as necessary to meet the Sinking Account requirements.
- (c) All proceeds after the establishment of the reserve fund from the statewide sales and services tax shall be placed in a Revenue Account for each issuance.
- (d) Monies in the Revenue Accounts shall be disbursed to make deposits into Sinking Accounts to pay the Principal and interest requirements of each revenue bond issuance for the fiscal year.
- (e) Any monies remaining in the Revenue Accounts after the required transfers to the Sinking Accounts may be transferred to the Project Accounts to be used for any lawful purpose.

The District pledged future local option statewide sales and services tax revenues to repay the \$11,185,000 bonds issued in 2011. The bonds were issued for the purpose of financing a portion of the costs of various construction projects. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 69 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$11,290,039. For the current year, \$754,242 of principal and interest was paid on the bonds and total statewide sales and services tax revenues were \$1,085,680.

General Obligation Capital Loan Notes

During the year ended June 30, 2015 the District issued \$2,020,000 in General Obligation School Refunding Capital Loan Notes dated March 31, 2015. These notes are payable through the year ended June 30, 2020, with interest rates ranging from .50% to 1.35%.

The proceeds of the March 31, 2015 General Obligation School Refunding Capital Loan Notes were used to advance refund the General Obligation School Capital Loan Notes dated October 1, 2010. Those notes had interest rates ranging from 1.45% to 2.8%, were payable through the year ended June 30, 2020, and became callable on May 1, 2015. The refunding of the October 1, 2010 General Obligation School Capital Loan Notes resulted in a net savings over the next five years of \$55,022, with an economic savings (or net present value) of \$54,485.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Long-Term Liabilities (continued)

General Obligation Capital Loan Notes (continued)

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	0.50 %	\$ 360,000	\$ 19,423	\$ 379,423
2017	0.70	410,000	17,463	427,463
2018	0.95	415,000	14,592	429,592
2019	1.20	415,000	10,650	425,650
2020	1.35	420,000	5,670	425,670
		<u>\$ 2,020,000</u>	<u>\$ 67,798</u>	<u>\$ 2,087,798</u>

Note 6. Pension Plan

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

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder.

Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general 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 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$671,310.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$4,483,580 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 proportion was 0.1130531 percent, which was an increase of 0.005325 from its proportion measured as of June 30, 2013.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$351,963. 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
Difference between expected and actual experience	\$ 48,728	\$ -
Changes of assumptions	197,871	-
Net difference between projected and actual earnings on pension plan investments	-	1,709,908
Changes in proportion and differences between District contributions and proportionate share of contributions	70,094	-
District contributions subsequent to the measurement date	<u>671,310</u>	<u>-</u>
Total	<u>\$ 988,003</u>	<u>\$ 1,709,908</u>

\$671,310 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 ending 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 Ending June 30,
2016	\$ (353,483)
2017	(353,483)
2018	(353,483)
2019	(353,483)
2020	<u>20,717</u>
Total	<u>\$ (1,393,215)</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. 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, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

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

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

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

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Pension Plan (continued)

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 8,471,599	\$ 4,483,580	\$ 1,117,279

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 124 active and 14 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Other Postemployment Benefits (OPEB) (continued)

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

Annual required contribution	\$	237,120
Interest on net OPEB obligation		22,767
Adjustment to annual required contribution		126,324
Annual OPEB cost		<u>133,563</u>
Contributions made		<u>67,563</u>
Increase in net OPEB obligation		66,000
Net OPEB obligation beginning of year		<u>911,000</u>
Net OPEB obligation end of year	\$	<u><u>977,000</u></u>

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

For the year ended June 30, 2015, the District contributed \$67,563 to the medical plan.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2013	\$ 196,892	41.1%	\$ 789,000
2014	193,917	37.1%	911,000
2015	133,563	50.6%	977,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,957,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,957,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,607,000, and the ratio of the UAAL to covered payroll was 54.3%. As of June 30, 2015, there were no trust fund assets.

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Other Postemployment Benefits (OPEB) (continued)

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the 2006 Society of Actuaries Study.

Projected claim costs of the medical plan are \$530 per month. The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 8. Risk Management

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$465,168 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 10. Categorical Funding

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

Program	Amount
State aid funding supplement	\$ 137,004
Limited English proficiency programs	67,614
Teacher salary supplement	44,184
Four year old preschool state aid	40,600
Beginning teacher mentoring and induction program	13,309
Successful progression for early readers	7,931
Gifted and talented programs	6,662
Early childhood programs	4,716
Beginning administrator mentoring and induction program	1,500
Home school assistance program	470
Textbook aid for nonpublic students	50
<b>Total</b>	<b>\$ 324,040</b>

Note 11. Construction Commitments

The District has entered into a contract totaling \$182,000 for a sewer project related to the District's new gym. As of June 30, 2015, work had not yet begun on the project.

Note 12. Scholarship Trust Contribution

During the year ended June 30, 2010, the District received a contribution of 117 acres of farm land. The land is to be rented by the District to the highest bidder and all proceeds are to be used for two or more scholarships to further the education of Williamsburg Community School District high school seniors.

The land had an appraised value of \$1,115,110 at June 30, 2015, and is reported as an investment in the District's Private-purpose Trust Fund.

Note 13. Contingency

On October 8 2014, the District approved the purchase of two parcels of land for a total cost of \$424,750. The agreement calls for a \$24,750 down payment, with nine subsequent annual payments of \$44,444.44 plus interest at .84%. This contract has not yet been finalized due to possible seller conflicts.

Note 14. Subsequent Event

On July 29, 2015, the District approved construction contracts totaling \$5,638,827 for various projects.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 15. Accounting Change/Restatement

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 revised requirements establish new financial reporting requirements for state and local government 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	\$ 16,321,088	\$ 114,476
Net pension liability at June 30, 2014	(5,993,186)	(192,243)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>640,084</u>	<u>20,532</u>
Net position July 1, 2014, as restated	<u>\$ 10,967,986</u>	<u>\$ (57,235)</u>

Required Supplementary Information

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

	Year Ended June 30, 2015					
	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds - Actual	Fund - Actual		Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 7,982,001	\$ 381,030	\$ 8,363,031	\$ 7,851,975	\$ 7,851,975	\$ 511,056
Intermediate sources	-	-	-	14,000	14,000	(14,000)
State sources	7,780,748	4,704	7,785,452	6,681,392	6,681,392	1,104,060
Federal sources	521,123	213,284	734,407	460,000	460,000	274,407
<b>Total revenues</b>	<b>16,283,872</b>	<b>599,018</b>	<b>16,882,890</b>	<b>15,007,367</b>	<b>15,007,367</b>	<b>1,875,523</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	9,444,144	-	9,444,144	9,330,000	9,730,000	285,856
Support services	3,757,213	8,458	3,765,671	4,343,000	4,343,000	577,329
Non-instructional programs	-	580,929	580,929	670,000	670,000	89,071
Other expenditures	6,076,731	-	6,076,731	2,009,955	4,309,955	(1,766,776)
<b>Total expenditures/expenses</b>	<b>19,278,088</b>	<b>589,387</b>	<b>19,867,475</b>	<b>16,352,955</b>	<b>19,052,955</b>	<b>(814,520)</b>
Excess (deficiency) of revenues over (under) expenditures/expenses	(2,994,216)	9,631	(2,984,585)	(1,345,588)	(4,045,588)	1,061,003
Other financing sources, net	8,335,043	-	8,335,043	-	-	8,335,043
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	5,340,827	9,631	5,350,458	(1,345,588)	(4,045,588)	9,396,046
Balance beginning of year	4,728,226	(57,235)	4,670,991	3,084,746	3,084,746	1,586,245
Balance end of year	<u>\$ 10,069,053</u>	<u>\$ (47,604)</u>	<u>\$ 10,021,449</u>	<u>\$ 1,739,158</u>	<u>\$ (960,842)</u>	<u>\$ 10,982,291</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by \$2,700,000.

During the year ended June 30, 2015, expenditures/expenses in the other expenditures function exceeded the amount budgeted.

WILLIAMSBURG 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

	<u>2015</u>
District's proportion of the net pension liability	0.1130531
District's proportionate share of the net pension liability	\$ 4,484
District's covered-employee payroll	\$ 7,517
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.65%
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.

See accompanying independent auditor's report.

**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.

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WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

Schedule of the District's Contributions

Iowa Public Employees' Retirement System  
Last Ten Fiscal Years  
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 671	\$ 661	\$ 613	\$ 544
Contributions in relation to the statutorily required contribution	<u>(671)</u>	<u>(661)</u>	<u>(613)</u>	<u>(544)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,517	\$ 7,398	\$ 7,066	\$ 6,742
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 460	\$ 435	\$ 408	\$ 368	\$ 341	\$ 318
<u>(460)</u>	<u>(435)</u>	<u>(408)</u>	<u>(368)</u>	<u>(341)</u>	<u>(318)</u>
<u>\$ -</u>					
\$ 6,614	\$ 6,547	\$ 6,430	\$ 6,080	\$ 5,934	\$ 5,524
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
Year Ended June 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
Year Ended June 30, 2015

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

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ( ( b-a)/c )
2010	July 1, 2009	\$ -	\$ 3,762	\$ 3,762	0.0%	\$ 6,661	56.4%
2011	July 1, 2009	-	3,902	3,902	0.0%	6,657	58.6%
2012	July 1, 2009	-	4,042	4,042	0.0%	6,903	58.6%
2013	July 1, 2012	-	1,874	1,874	0.0%	3,298	56.8%
2014	July 1, 2012	-	1,896	1,896	0.0%	3,378	56.1%
2015	July 1, 2012	-	1,957	1,957	0.0%	3,607	54.3%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 465,878	\$ 172,219	\$ 638,097
Receivables:			
Property tax:			
Current year	5,969	-	5,969
Succeeding year	350,001	-	350,001
Accounts	-	10	10
Total assets	\$ 821,848	\$ 172,229	\$ 994,077
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 4,348	\$ 4,348
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	350,001	-	350,001
Fund balances:			
Restricted for:			
Management levy purposes	471,847	-	471,847
Student activities	-	167,881	167,881
Total fund balances	471,847	167,881	639,728
Total liabilities, deferred inflows of resources and fund balances	\$ 821,848	\$ 172,229	\$ 994,077

See accompanying independent auditor's report.

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2015

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 411,047	\$ -	\$ 411,047
Other	12,599	825,439	838,038
State sources	5,516	-	5,516
Total revenues	429,162	825,439	1,254,601
Expenditures:			
Current:			
Instruction	175,043	842,045	1,017,088
Support services:			
Operation and maintenance of plant	196,938	-	196,938
Transportation	19,524	-	19,524
Total expenditures	391,505	842,045	1,233,550
Excess (deficiency) of revenues over (under) expenditures	37,657	(16,606)	21,051
Fund balances beginning of year	434,190	184,487	618,677
Fund balances end of year	\$ 471,847	\$ 167,881	\$ 639,728

See accompanying independent auditor's report.

## WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS ACCOUNTS  
June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 899,207	\$ 244,924	\$ 6,194,982	\$ 7,339,113
Receivables:				
Property tax:				
Current year	-	9,717	-	9,717
Succeeding year	-	643,024	-	643,024
Due from other governments	168,217	-	-	168,217
 Total assets	 \$ 1,067,424	\$ 897,665	\$ 6,194,982	\$ 8,160,071
 Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 26,477	\$ 2,993	\$ 60,565	\$ 90,035
 Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	643,024	-	643,024
 Fund balances:				
Restricted for:				
Revenue bonds reserve fund	353,500	-	-	353,500
Other capital projects	-	-	6,134,417	6,134,417
School infrastructure	687,447	-	-	687,447
Physical plant and equipment	-	251,648	-	251,648
Total fund balances	1,040,947	251,648	6,134,417	7,427,012
 Total liabilities, deferred inflows of resources and fund balances	 \$ 1,067,424	\$ 897,665	\$ 6,194,982	\$ 8,160,071

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 Year Ended June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 629,793	\$ -	\$ 629,793
Other	1,517,132	935	2,598	1,520,665
State sources	1,085,680	7,707	-	1,093,387
Total revenues	<u>2,602,812</u>	<u>638,435</u>	<u>2,598</u>	<u>3,243,845</u>
Expenditures:				
Current:				
Instruction	69,166	-	-	69,166
Support services:				
Operation and maintenance of plant	-	10,782	-	10,782
Other expenditures:				
Facilities acquisition	1,883,662	74,532	321,121	2,279,315
Debt service:				
Interest and fiscal charges	-	-	151,653	151,653
Total expenditures	<u>1,952,828</u>	<u>85,314</u>	<u>472,774</u>	<u>2,510,916</u>
Excess (deficiency) of revenues over (under) expenditures	649,984	553,121	(470,176)	732,929
Other financing sources (uses):				
General obligation bonds issued	-	-	6,311,152	6,311,152
Intrafund transfers in*	135,659	-	-	135,659
Intrafund transfers out*	-	-	(135,659)	(135,659)
Interfund transfers out	(801,655)	(475,550)	(250)	(1,277,455)
Total other financing sources (uses)	<u>(665,996)</u>	<u>(475,550)</u>	<u>6,175,243</u>	<u>5,033,697</u>
Net change in fund balances	(16,012)	77,571	5,705,067	5,766,626
Fund balances beginning of year	<u>1,056,959</u>	<u>174,077</u>	<u>429,350</u>	<u>1,660,386</u>
Fund balances end of year	<u>\$ 1,040,947</u>	<u>\$ 251,648</u>	<u>\$ 6,134,417</u>	<u>\$ 7,427,012</u>

See accompanying independent auditor's report.

\* = These amounts have been eliminated from the basic financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
All Weather Track	\$ 711	\$ 790	\$ 1,360	\$ 141
Activity Change Fund	-	13,535	13,535	-
Art Club	240	-	-	240
Baseball Club/Goodwin	2,613	26,511	22,116	7,008
Basketball Cheerleaders	1,795	7,904	6,565	3,134
Boys Baseball	-	11,298	11,298	-
Boys Basketball	-	19,743	19,743	-
Boys Football	-	29,696	29,696	-
Golf Club	554	10,610	7,979	3,185
Boys Golf	-	2,461	2,461	-
Boys Soccer	-	5,460	5,460	-
Boys Track	-	3,586	3,586	-
Boys Wrestling	-	6,318	6,015	303
Cheerleaders	675	1,860	1,977	558
Class of:				
2013	166	-	-	166
2015	6,014	750	6,764	-
2016	1,500	7,812	2,802	6,510
2017	1,500	100	25	1,575
2018	-	800	-	800
Construction Club	5,088	8,629	7,102	6,615
Country Club	1,955	7,664	7,301	2,318
Cross Country	-	2,691	2,691	-
Drama	9,710	12,011	7,727	13,994
Future Farmers of America	16,489	42,206	48,055	10,640
Future Homemakers of America	13,787	7,220	9,336	11,671
General Revenue	5,348	5,741	5,827	5,262
German Club	696	-	-	696
Girl's Basketball	-	7,320	6,950	370
Girl's Golf	-	2,390	2,390	-
Girl's Soccer	-	4,545	4,545	-
Girl's Softball	-	4,714	4,714	-
Girl's Swimming	-	16,994	16,994	-
Girl's Track	-	4,256	4,256	-
Girl's Volleyball	-	4,363	4,363	-
Grade School Activities	13,751	19,723	19,917	13,557
Honor Society	418	4,567	4,456	529
Interest	81	309	368	22

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Jr. High Activities	\$ 1,778	\$ 4,085	\$ 4,809	\$ 1,054
Jr. High Honor Society	1,296	-	85	1,211
Jr. High Student Council	2,117	1,977	2,320	1,774
Jr. High Volleyball	402	397	393	406
Jr./Sr. High Book Rental	-	133,534	133,534	-
Graduated Classes	8,454	-	1,871	6,583
Library	6,952	1,126	3,131	4,947
Raiders Girls Basketball	8,405	11,455	12,801	7,059
Math Club	1,221	-	-	1,221
Mikana	20,937	13,369	15,518	18,788
Pom Pom Squad	3,389	13,314	15,998	705
Music Organization	514	9,038	7,587	1,965
Music Trip	21,283	165,606	183,040	3,849
Intramural Athletics	258	19,835	20,093	-
Boys Basketball Club	1,115	10,013	8,617	2,511
Raider Football Club	75	43,066	36,553	6,588
Raider Softball Club	3,791	6,569	8,308	2,052
Refreshment Stand	157	25,203	25,165	195
First Tech Challenge	1,341	6,538	6,158	1,721
Science Club	42	-	-	42
Boys Soccer Club	-	4,587	2,972	1,615
Soccer Club	636	4,616	5,131	121
Spanish Club	528	2,228	1,248	1,508
Special Education Activities	1,445	7,798	6,184	3,059
Student Council	1,827	22,281	22,779	1,329
Swimming Account	8,665	5,731	13,965	431
Thirty Days of Fitness	4,123	6,643	3,726	7,040
Volleyball Club	645	1,853	1,685	813
Wrestling Club				
Total	<u>\$ 184,487</u>	<u>\$ 825,439</u>	<u>\$ 842,045</u>	<u>\$ 167,881</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2015	2014	2013	2012
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 4,833,961	\$ 4,680,589	\$ 5,946,463	\$ 5,867,201
Tuition	568,882	511,560	597,875	578,066
Other	2,579,158	1,987,210	1,973,512	896,931
Intermediate sources	-	7,699	10,852	-
State sources	7,780,748	7,584,769	6,195,158	6,280,957
Federal sources	521,123	330,436	914,331	381,016
<b>Total revenues</b>	<b>\$ 16,283,872</b>	<b>\$ 15,102,263</b>	<b>\$ 15,638,191</b>	<b>\$ 14,004,171</b>
<b>Expenditures:</b>				
Instruction	\$ 9,444,144	\$ 8,905,683	\$ 8,644,528	\$ 8,034,711
Support services:				
Student	268,679	197,712	171,239	195,299
Instructional staff	314,152	299,703	284,605	279,478
Administration	1,340,368	1,405,455	1,404,631	1,374,703
Operation and maintenance of plant	1,164,290	1,229,912	955,703	939,233
Transportation	669,724	749,266	649,699	567,142
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	2,279,315	1,834,032	4,787,733	8,355,534
Long-term debt:				
Principal	2,888,125	883,125	873,125	908,125
Interest and fiscal charges	444,123	299,757	313,858	278,695
AEA flowthrough	465,168	449,720	421,305	421,717
<b>Total expenditures</b>	<b>\$ 19,278,088</b>	<b>\$ 16,254,365</b>	<b>\$ 18,506,426</b>	<b>\$ 21,354,637</b>

See accompanying independent auditor's report.

	2011	2010	2009	2008	2007	2006
\$	5,478,307	\$ 5,108,055	\$ 5,003,155	\$ 5,166,555	\$ 5,173,540	\$ 4,243,081
	547,270	444,260	414,164	366,862	334,335	320,718
	1,016,894	803,307	759,326	363,561	250,567	672,426
	-	32,846	13,358	-	-	-
	6,073,209	4,761,397	5,521,003	5,597,924	5,239,011	4,884,448
	563,480	866,873	290,976	228,407	266,986	199,489
\$	<u>13,679,160</u>	<u>12,016,738</u>	<u>12,001,982</u>	<u>11,723,309</u>	<u>11,264,439</u>	<u>10,320,162</u>
\$	8,022,112	\$ 7,719,467	\$ 7,439,655	\$ 6,917,692	\$ 7,052,236	\$ 6,279,684
	258,447	159,224	174,102	222,678	228,693	238,184
	266,681	288,404	269,633	298,098	296,555	273,013
	1,036,914	945,161	831,795	923,329	919,857	806,944
	953,034	877,836	951,593	992,032	956,288	1,020,780
	707,923	614,684	572,396	501,062	471,266	538,848
	2,393	-	2,601	4,278	5,213	4,144
	3,097,885	645,513	931,934	587,517	174,382	110,025
	400,094	170,189	160,189	155,189	430,189	410,189
	77,263	8,875	16,545	23,970	38,330	50,535
	462,762	434,225	393,646	390,544	368,305	339,429
\$	<u>15,285,508</u>	<u>11,863,578</u>	<u>11,744,089</u>	<u>11,016,389</u>	<u>10,941,314</u>	<u>10,071,775</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2015

Grantor / Program	CFDA Number	Pass-through Grantor Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	7029-15	\$ 18,182
National School Lunch Program	10.555	7029-15	194,603 *
			<u>212,785</u>
Team Nutrition Grant	10.574	7029-15	<u>499</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	7029-15	<u>87,459</u>
Migrant Education - State Grant Program	84.011	7029-14	28,659
Migrant Education - State Grant Program	84.011	7029-15	232,869
			<u>261,528</u>
Improving Teacher Quality State Grants	84.367	7029-15	<u>19,740</u>
Grants for State Assessments and Related Activities	84.369	7029-15	<u>5,860</u>
Grant Wood Area Education Agency:			
Special Education - Grants to States	84.027	7029-15	<u>54,840</u>
Vocational Education - Basic Grants to States	84.048	7029-15	<u>15,561</u>
Total			<u>\$ 658,272</u>

\* = Includes \$44,574 of non-cash awards.

Basis of Presentation –

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

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Williamsburg Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Williamsburg Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15, that we consider to be a significant deficiency.

### Compliance

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

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

### Williamsburg Community School District's Responses to the Findings

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 report is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Williamsburg Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Hunt & Associates, P.C.*

Oskaloosa, Iowa  
December 10, 2015

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

To the Board of Education of  
Williamsburg Community School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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.

*Hunt + Associates, P.C.*

Oskaloosa, Iowa  
December 10, 2015

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on all opinion units.
- (b) A significant deficiency in internal control over financial reporting was reported.
- (c) The audit did not report any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no 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
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Williamsburg Community School District qualified as a low-risk auditee.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-15 Resale Process/Abuse of Authority – We noted in our testing of resale transactions handled by a District coach that the total sales deposits appeared to be short by \$242. In addition, the profits realized were understated by an additional \$326. In relation to this transaction, the coach received clothing valued at \$1,058 which was neither reimbursed to the District nor turned in for use by subsequent coaches. The reconciliation related to this resale event did not properly support the numbers associated with the related items. We also looked at the resale transactions handled by the same coach for the year ended June 30, 2014, and noted a total of \$554 of sales that were not deposited or otherwise accounted for. The coach also received clothing valued at approximately \$1,100. The reconciliation for this resale event again did not support the related transactions. In addition, we traced a check received in these resale transactions to a subsequent unrelated deposit related to other resale items which indicates the substitution of this check for an unreported cash transaction. We looked at the activities associated with the same coach for the year ended June 30, 2013 and noted \$3,805 of resale and camp deposits which did not include any cash amounts as well as \$584 unreimbursed expenditures for coaches' clothing, including children's shoes. For fiscal year 2012, we noted total deposits of \$6,173 which did not include any cash amounts, and \$491 of unreimbursed coaches' clothing items. Detailed resale and camp reconciliations were unavailable for the years ending June 30, 2012 and June 30, 2013.

Recommendation – The District should further investigate this situation as a possible abuse of authority by the coach. The District should develop and implement a reconciliation process for all resale events similar to any other fundraising event. The reconciliation should include the number of items sold at each price, the cost of the resale items, the names of the purchasers and indication of how payment was made. An independent person should review the reconciliation and scan deposits of resale receipts to determine the reasonableness of cash amounts included, then reconcile the items sold to the associated invoice for goods sold. The District should also establish a policy precluding the use of public funds for the purchase of clothing for District employees, and include Board actions justifying any exceptions. The District should also contact the Iowa board of Education Examiners pursuant to Section 272.15 of the Code of Iowa to report the findings involving the coach. The District should also contact the Iowa Auditor of State to report the suspicion of abuse pursuant to Section 11.6 of the Code of Iowa.

Response – We are currently investigating the activities of this employee and will make a decision as to the proper actions to take in the future. We will look at developing and implementing a reconciliation process for all resale events held by District employees. We currently prohibit the use of public funds for the purchase of personal clothing items for District employees and will make further communications of this fact to all employees. We will pursue this to the highest extent possible. We will properly contact the Iowa Board of Education Examiners as circumstances require and we have already contacted the office of the Iowa Auditor of State.

Conclusion – Response accepted.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part IV: Other Findings Related to Statutory Reporting:

IV-A-15 Certified Budget – Expenditures/expenses for the year ended June 30, 2015, exceeded the amount budgeted in the other expenditures function.

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

Response – We will amend our budget in sufficient amounts before expenditures exceed the budget in the future.

Conclusion – Response accepted.

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 or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Robyn Blythe, Spouse of Board Member Matt Blythe	Substitute teaching	\$4,983
David Schlabaugh, Coach, Agent of Business Impact Group	Sports apparel	\$6,341

In accordance with an attorney general’s opinion dated November 9, 1976, related to the employment of spouses in teaching contracts, the transaction does not appear to represent a conflict of interest. However, the transactions with Coach Schlabaugh appears to violate section 301.28 of the Code of Iowa.

Recommendation – Section 301.28 of the Code of Iowa prohibits a school employee from acting as an agent for school supplies including sports apparel. The District should contact legal counsel to resolve this situation.

Response – We will look at this situation more closely and take the proper actions recommended by our attorney.

Conclusion – Response accepted.

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 ensure that the coverage is adequate for current operations.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part IV: Other Findings Related to Statutory Reporting (continued):

- 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 – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- 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 to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-15 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- IV-L-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance	\$	1,056,959
Revenues:		
Interest	\$	935
Capital contributions		1,510,836
Other local revenues		5,361
Statewide sales, services and use tax		1,085,680
Transfers in		135,659
		2,738,471
Expenditures/transfers out:		
School infrastructure construction		1,883,662
Equipment		69,166
Transfers to other funds:		
Debt Service Fund		751,655
Other transfers		50,000
		2,754,483
Ending balance	\$	1,040,947

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-L-15 Statewide Sales, Services and Use Tax (continued)

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.

IV-M-15 Financial Condition – The District’s Governmental Activities had a deficit unrestricted net position of \$4,784,523 at June 30, 2015. The District’s Business-Type Activities, which are the same as the District’s Enterprise Fund, School Nutrition, had a deficit unrestricted net position of \$83,647 at June 30, 2015. These deficit balances arose due to the implementation of Governmental Accounting Standards board Statement Number 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 which required the inclusion of the District’s proportionate share of the IPERS pension liability and related deferred inflows and outflows in the District’s financial statements.

Recommendation – Even though the deficits arose due to the inclusion of the proportionate share of the IPERS net pension liability in the financial statements, the District should investigate ways to return the governmental and business-type activities and the Nutrition Fund to sound financial conditions.

Response – We are unsure of what steps can be taken at this time to alleviate the strain of the District’s proportionate share of the IPERS liability. However, we will look into this situation and investigate ways to return the associated activities and funds to sound financial conditions.

Conclusion – Response accepted.