

IOWA ASSOCIATION OF SCHOOL BOARDS
CONSOLIDATED FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Iowa Association of School Boards
Des Moines, Iowa

We have audited the accompanying consolidated financial statements of the Iowa Association of School Boards (the Association) and its controlled entities, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Iowa Association of School Boards and its controlled entities as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Association's 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Brooks Judd, P.C.

West Des Moines, Iowa
October 19, 2016

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2016

With Comparative Totals for 2015

ASSETS	2016 Consolidated Totals	2015 Comparative Totals
	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 3,342,983	\$ 3,135,043
Assets held on behalf of others in an agency capacity:		
Cash - Iowa Association of School Personnel Administrators	10,911	
Cash - Iowa Schools Joint Investment Trust	2,274,335	1,000,809
Accrued interest receivable	296,040	610,517
Certificates of deposit	-	735,000
Repurchase agreements	7,200,000	30,747,000
Commercial paper	28,954,118	36,965,729
U.S. government agency obligations	275,812,592	331,279,506
Accounts receivable, net of allowance 2016 \$-0- and 2015 \$82,611	103,419	115,815
Office property and equipment, net	106,211	134,710
Prepaid expenses	51,581	24,157
	<u> </u>	<u> </u>
Total assets	<u>\$ 318,152,190</u>	<u>\$ 404,748,286</u>
 LIABILITIES		
Accounts payable	\$ 39,153	\$ 67,948
Deferred revenue	306,425	408,551
Accrued wages	52,885	39,929
Accrued vacation	12,905	12,395
	<u> </u>	<u> </u>
	\$ 411,368	\$ 528,823
 Agency fund - held in trust for participants in ISJIT		
	<u>\$ 313,641,660</u>	<u>\$ 400,430,917</u>
 Agency fund - held in trust for Iowa Association of School Personnel Administrators		
	<u>\$ 10,911</u>	<u>\$ -</u>
 Accrued pension benefit liability		
	<u>\$ 592,766</u>	<u>\$ 265,192</u>
Total liabilities	<u>\$ 314,656,705</u>	<u>\$ 401,224,932</u>
 NET ASSETS		
Unrestricted	\$ 3,495,485	\$ 3,523,354
Total net assets	<u>\$ 3,495,485</u>	<u>\$ 3,523,354</u>
 Total liabilities and net assets		
	<u>\$ 318,152,190</u>	<u>\$ 404,748,286</u>

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2016
With Comparative Totals for 2015

	2016 Consolidated Totals	2015 Comparative Totals
REVENUES		
Memberships	\$ 1,324,335	\$ 1,293,750
Publications, forms and materials	171,465	180,602
Convention and conferences	679,344	633,509
Consulting services	63,410	60,547
Program endorsed services	671,337	682,848
Sponsorships	427,377	506,341
Risk management and insurance program	351,915	376,880
Rental income	-	55,262
Total revenues	\$ 3,689,183	\$ 3,789,739
EXPENSES		
Salaries	\$ 1,424,683	\$ 1,395,813
Payroll taxes	112,846	110,651
Retirement benefits	71,785	57,228
Benefit costs	40,062	23,726
Staff insurance	142,040	159,216
Program management	264,378	88,871
Staff development	16,868	15,557
Marketing	199,121	77,762
Travel	104,180	95,543
Building operations	179,546	227,920
Equipment and computers	183,317	234,708
Depreciation and amortization	54,481	61,085
Office supplies	23,180	20,461
Cartage and postage	12,427	16,382
Telephone	16,011	19,378
Investment advisory fees	170,668	72,208
Professional fees	853,636	981,177
Sponsorship fees	15,624	13,080
Printing	74,450	40,026
Reference materials	8,002	6,724
Dues	70,734	93,397
Conventions and conferences	246,877	234,255
Interest	-	47,596
Web hosting, registration and internet	22,515	29,139
Miscellaneous	32,333	36,638
Bad debt expense	-	25
Program banking fees	10,839	11,720
Total expenses	\$ 4,350,603	\$ 4,170,286

(Continued)

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2016
With Comparative Totals for 2015

	<u>2016</u> <u>Consolidated</u> <u>Totals</u>	<u>2015</u> <u>Comparative</u> <u>Totals</u>
OTHER REVENUE (EXPENSE)		
Interest income	\$ 6,375	\$ 5,691
Other income	9,188	10,956
Investment income	1,131,380	490,458
Dividends issued to participants in ISJIT	(185,818)	(20,341)
Change in value of interest rate swap	-	29,375
Change in accrued pension liability	(327,574)	(142,867)
Loss on the sale of fixed assets	-	(1,585,667)
Total other revenue (expense)	<u>\$ 633,551</u>	<u>\$ (1,212,395)</u>
Change in net assets	\$ (27,869)	\$ (1,592,942)
Net assets at beginning of year	<u>3,523,354</u>	<u>5,116,296</u>
Net assets at end of year	<u>\$ 3,495,485</u>	<u>\$ 3,523,354</u>

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2016
With Comparative Totals for 2015

	2016 Consolidated Totals	2015 Comparative Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (27,869)	\$ (1,592,942)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	54,481	61,085
Swap liability	-	(29,375)
Loss on the sale of fixed assets	-	1,585,667
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	12,396	8,802
Prepaid expenses	(19,095)	11,699
(Decrease) increase in liabilities:		
Accounts payable	(28,795)	(49,581)
Accrued property taxes	-	(67,136)
Accrued interest	-	(1,278)
Accrued wages	12,956	3,929
Accrued vacation	510	875
Accrued pension liability	327,574	(685,786)
Deferred revenue	(102,126)	57,300
Net cash provided by (used in) operating activities	\$ 230,032	\$ (696,741)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (25,982)	\$ (57,513)
Proceeds from the sale of fixed assets	-	1,406,851
Net cash (used in) provided by investing activities	\$ (25,982)	\$ 1,349,338
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of units to ISCAP	\$ 3,890	\$ 27,597
Principal payments on interest rate swap	-	(90,950)
Principal payments on notes payable	-	(1,018,310)
Net cash provided by (used in) financing activities	\$ 3,890	\$ (1,081,663)
Net increase (decrease) in cash and cash equivalents	\$ 207,940	\$ (429,066)
Cash and cash equivalents at beginning of year	3,135,043	3,564,109
Cash and cash equivalents at end of year	\$ 3,342,983	\$ 3,135,043
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	\$ -	\$ 48,874

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies

Principles of consolidation:

The consolidated financial statements include the accounts of the Iowa Association of School Boards (the Association), along with the accounts of the Iowa Schools Joint Investment Trust (ISJIT) and Iowa Schools Cash Anticipation Program (ISCAP). The accounts of ISJIT and ISCAP are included in the consolidated financial statements as the majority of the boards of directors of these organizations are appointed by the board of directors of the Association, and the Association has an economic interest in these organizations. All material inter-company accounts and transactions are eliminated in consolidation.

Nature of organization:

The Association is a nonprofit organization operating to develop, strengthen, and correlate the work of the school boards of the public schools in their efforts to promote the educational interests of the state of Iowa and to provide such services as will enhance these purposes. Services offered to members by the Association include publications/information, research, consulting, school board development and conferences, advocacy and representation, cash management, and risk management.

ISJIT was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa. ISJIT is exempt from federal and state income taxes under Internal Revenue Code Section 115. The organization was formed to allow Iowa schools to invest monies pursuant to a joint investment agreement.

ISBF is a separate organization formed under 501(c)(3) of the Internal Revenue Code and is subject to federal income taxes only on any unrelated business income under the Internal Revenue Code. ISBF was formed to serve the educational needs of Iowa public school boards.

During the year ended June 30, 2011, the Board of Directors of the Foundation decided to suspend operation of the Foundation. The Board of Directors of the Foundation will remain intact but be placed on "inactive status." There was no activity for the Foundation during the year ended June 30, 2016.

ISCAP was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa. ISCAP is exempt from federal and state income taxes under Internal Revenue Code Section 115. The organization was organized to provide a method of funding general fund deficits for school corporations participating in the ISCAP program. The Administrative Fund of the ISCAP program collects fees to cover expenses for the administration of the program.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (*Continued*)

Nature of organization: (*Continued*)

Other related parties:

Iowa Schools Employee Benefit Association (ISEBA) was formed under a joint and cooperative undertaking under the provision of Chapter 28E, Code of Iowa to provide insurance to school employees. ISEBA currently offers medical, prescription drug, vision, and dental insurance coverage to members. ISEBA is considered a related party to the Association through common board members and management. ISEBA is not considered to be part of the reporting entity as the Association does not have a majority of the voting interest in ISEBA. The ISEBA Board consists of three Board members appointed by the Association, three Board members appointed by the Iowa State Education Association (ISEA), one superintendent, one teacher, and one business manager or board secretary, each of which is appointed jointly by the Association and the ISEA.

A summary of the organization's significant accounting policies is as follows:

Classification of net assets:

Unrestricted – assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Association's governing board may earmark portions of its unrestricted net assets as board-designated for various purposes.

Temporarily restricted – assets resulting from contributions and other inflows of assets whose use by the Association is limited to donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Association meeting the purpose of the restriction. The Association currently has no such assets.

Permanently restricted – assets resulting from contributions which are permanently restricted by donors. Although such assets may not be expended, the investment income earned on them is generally to be expended for a specific purpose. The Association currently has no such assets.

Use of accounting estimates and assumptions:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Association considers all unrestricted deposits, savings and money market accounts to be cash equivalents.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies *(Continued)*

A summary of the organization's significant accounting policies is as follows: *(Continued)*

Assets held on behalf of others (Agency Funds):

The Association has presented on its statement of financial position certain assets designated as "Assets held on behalf of others in an agency capacity." These assets represent assets being held on behalf of school corporations participating in ISJIT, which includes cash equivalents (demand deposits and repurchase agreements), U.S. government agency obligations, certificates of deposit, and commercial paper. These assets are designated for the use and purpose of these school corporations and cannot be used in the operations of the Association. Activity within these assets is netted for purposes of cash flow disclosure due to the agency capacity in which they are held. Income earned on the pooled investments is allocated to the respective participants.

The Association has presented on its statement of financial position the cash of the Iowa Association of School Personnel Administrators as "Assets held on behalf of others in an agency capacity." The Association performs bookkeeping functions for this organization and maintains its checking account. These funds are not part of the Associations available assets. The cash balance and corresponding liability were \$10,911 at June 30, 2016.

Accounts receivable:

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and regularly evaluating individual customer receivables, considering a customer's financial condition and credit history. Accounts are considered past due 30 days past invoice date. Interest is not normally charged on past due accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Repurchase agreements:

ISJIT's investment policy allows the organization to enter into collateralized perfected repurchase agreements secured by the U.S. government or U.S. government agency obligations. A repurchase agreement involves the sale of such securities to ISJIT with the concurrent agreement of the seller to repurchase them at a specified time and price to yield an agreed-upon rate of interest. The securities collateralizing the agreement are held by the custodian and regularly verified and maintained daily in an amount equal to at least 102% of the agreements. At June 30, 2016, the securities purchased under overnight agreements to resell were collateralized by government and government agency securities in the name of ISJIT with market values of \$7,273,147, held in an agency capacity.

Fair value of financial instruments:

Investments in certificates of deposit, U.S. government agency obligations, U.S. treasury bills and commercial paper (including those held in an agency capacity) are recorded at amortized cost which approximates the fair value of the financial instruments based upon quoted market prices.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization, Reporting Entity, and Significant Accounting Policies (*Continued*)

A summary of the organization's significant accounting policies: (*Continued*)

Property and equipment:

All acquisitions and betterments of property and equipment in excess of \$3,000 for each item for computer hardware and software and \$1,500 for each item of other classes of property and equipment are capitalized. Property and equipment are carried at cost. Depreciation and amortization on property and equipment is provided using the straight-line method over estimated lives ranging from 3 to 39 years. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Deferred revenue:

The Association records membership and other fees received in advance as deferred revenue. These amounts are recognized as revenue during the period in which they are earned.

Compensated absences:

Employees of the Association are entitled to paid vacations, depending on the job classification, length of service, and other factors. A financial statement element called "accrued vacation" is recorded as a liability in the consolidated statement of financial position to account for this benefit.

Program services of the organization are as follows:

Advocacy services, which includes government relations and other advocacy programs.

Governance and leadership services, which includes board and leadership development, executive search, board policy, other governance and leadership programs, including Lighthouse training, personnel and labor relations, and school finance.

Convention and conferences, which includes the Association's annual convention and other statewide or locally-held conferences organized by the Association.

Investment services, which includes ISJIT and other investment programs.

Administrative services, which includes ISCAP and other programs requiring administrative services.

Other Programs, which includes employee background check program, the Iowa Drug & Alcohol Testing Program (IDATP), and various sponsorships.

Income taxes:

The reporting entity is comprised of nonprofit and governmental corporations as noted above and is exempt from federal and state taxes on related income. The reporting entity is, however, subject to federal and state income taxes on any net unrelated business income under the provisions of Section 511 of the Code.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Concentrations

The Association maintains cash on deposit in interest-bearing transaction accounts and routinely has amounts on deposit at financial institutions in excess of the FDIC insurable limit. The Association has not experienced any losses as a result of this.

Note 3. Property and Equipment

At June 30, 2016 the cost and accumulated depreciation of property and equipment were as follows:

Office equipment	\$ 131,617
Computer equipment	152,757
Computer software	221,839
	<u>\$ 506,213</u>
Less accumulated depreciation and amortization	400,002
	<u><u>\$ 106,211</u></u>

Note 4. Agency Funds – Iowa Schools Joint Investment Trust

Agency fund activity for the Iowa Schools Joint Investment Trust for the year ended June 30, 2016 was as follows:

	<u>ISJIT</u>
Balance at beginning of year	\$ 400,430,917
Revenue:	
Units sold	1,756,034,022
Units redeemed	(1,842,105,343)
Dividends issued	185,818
Eliminations	(903,754)
Balance at end of year	<u><u>\$ 313,641,660</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Retirement Plans

Pension Plan:

The Association sponsors a defined benefit pension plan (the Plan) covering its employees employed prior to 2006. Benefits under the Plan were based on an employee's years of service and compensation during the years immediately preceding retirement. The Plan's assets include equity, debt, and real estate pooled separate accounts. The Association's policy is to fund pension cost accrued.

The following table summarized the benefit obligations, the fair value of Plan assets, and the funded status for the year ended June 30, 2016:

Fair value of plan assets at beginning of period	\$ 3,377,232
Actual return of plan assets	153,640
Benefits paid	(153,335)
Settlement	(205,261)
Fair value of plan assets at June 30, 2016	\$ 3,172,276
Actual return of plan assets	\$ 34,095
Benefits paid	(12,671)
Other expenses	(8,200)
Fair value of plan assets at termination	\$ 3,185,500
Benefit obligation at beginning of period	\$ 3,642,424
Interest cost	151,268
Actuarial loss	566,096
Benefits paid	(153,335)
Settlement	(205,261)
Projected/accumulated benefit obligation at June 30, 2016	\$ 4,001,192
Benefits paid	\$ (12,671)
Actuarial gain	(210,256)
Accumulated benefit obligation at termination	\$ (222,927)
Accumulated benefit obligation at termination	\$ 3,778,265
Plan assets in deficit of accumulated benefit obligation	\$ (592,765)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Retirement Plans *(Continued)*

Pension Plan: *(Continued)*

Changes to unrestricted net assets are as follows:

Plan assets in deficit of projected/accumulated benefit obligation at June 30, 2015	\$ 265,192
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Change in accrued pension liability shown in the statement of activities:

Components of net periodic benefit cost:

Interest cost	\$ 151,268
Expected return of plan assets	(158,704)
Amortization of net loss	61,516
Effect of settlement	63,239
Net periodic benefit cost	\$ 117,319

Other changes:

Net loss	\$ 571,160
Amortization of net (loss)	(61,516)
Amount recognized due to settlement	(63,239)
Total other changes	\$ 446,405

Total change	563,724
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Plan assets in deficit of projected/accumulated benefit obligation at June 30, 2016	\$ 828,916
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Actuarial gain	(236,151)
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Plan assets in deficit of accumulated benefit obligation	\$ 592,765
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Plan assets allocations were comprised of the following investment classifications at June 30, 2016:

Fixed income securities	100.0%
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The Association's investment objective with respect to the pension plan is to produce sufficient current income and capital growth through a portfolio of fixed income investments that, together with appropriate employer contributions, is sufficient to provide for the pension benefit obligations. Pension assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, and maturity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Retirement Plans *(Continued)*

Pension Plan: *(Continued)*

The expected long-term return on plan assets was based upon historical and future expected returns of multiple asset classes that were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation.

The following are actuarial assumptions used by the Plan to develop the projected benefit obligations for the period ended June 30, 2016:

Discount rate	3.50%
Expected long-term rate of return on plan assets	5.75%

Effective August 31, 2006, all accrued benefits under the Plan have been frozen at their current amount. No future accrual service will be credited, and no future changes in compensation will be taken into account in the determination of a participant's accrued benefit. The Association amended the Plan to terminate effective August 1, 2008. During the year ended June 30, 2010, the Board voted to rescind the Plan termination. During the year ended June 30, 2015, the Board voted to commence termination of the Plan. Subsequent to year end, the pension plan was terminated and the entire pension obligation was paid.

401(k) Plan:

The Association also has a 401(k) plan which covers substantially all employees. The contribution percentage is determined annually by the Board of Directors and was 3% for all employees plus an additional 2% for veteran employees for the year ended June 30, 2016. In addition, the Association provided a 2% employer match contribution to employees for the year ended June 30, 2016. Contributions to the plan for the year ended June 30, 2016 were \$71,785.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Fair Value Measurements

Fair value of the assets and liabilities measured on a recurring basis at June 30, 2016 are as follows:

	<u>Fair Value</u>	Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets (held in an agency capacity):				
U.S. government agency agency obligations	\$ 275,812,592	\$ -	\$ 275,812,592	\$ -
Repurchase agreements	7,200,000	-	7,200,000	-
Commercial paper	28,954,118	-	28,954,118	-
Pension plan assets	<u>3,185,500</u>	-	<u>3,185,500</u>	-
Net fair value	<u>\$ 315,152,210</u>	<u>\$ -</u>	<u>\$ 315,152,210</u>	<u>\$ -</u>

Authoritative guidance issued by the FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices of similar assets or liabilities in active markets or quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority. When available, the Association measures fair value using Level 1 inputs because they generally provide the more reliable evidence of fair value.

Level 1 Fair Value Measurements

The fair value measurements are based on quoted market values. The Association holds no such investments at June 30, 2016.

Level 2 Fair Value Measurements

The fair value is based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from observable market data.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Fair Value Measurements *(Continued)*

Level 3 Fair Value Measurements

The U.S. Property Separate Account is not actively traded and significant other observable inputs are not available. Thus, the fair value of the U.S. Property Separate account is determined using various valuation approaches which consist of: 1) annual appraisals by certified appraisers and then updated daily based on changes in factors such as occupancy levels, lease rates, overall market conditions and capital improvements; 2) based on the basis of estimated market interest rates for loans of comparable quality and maturity and giving consideration to the value of the underlying collateral; 3) quoted market prices of the fund or its underlying assets; 4) discounting the future contracts cash flows to the present value using interest rates and anticipated returns a market participant would incur with similar risk and terms.

The following table provides further details of the Level 3 fair value measurements.

Fair value measurements using significant unobservable inputs (Level 3):

	Pension Plan Assets (U.S. Property Separate Account)	
<u>June 30, 2016</u>		
Beginning balance	\$	127,529
Change in value		(127,529)
Principal payments		-
Ending balance	\$	-

Changes in net assets for the year ended June 30, 2016 for the pension plan assets (U.S. property) are included in the change in accrued pension liability on the statement of activities.

Note 7. Net Assets

Net assets consisted of the following as of June 30, 2016:

Unrestricted net assets:	
Undesignated	\$ 2,220,591
Board designated:	
Loss Reserve-ISCAP	782,211
Board designated reserves - ISJIT	100,000
Board designated reserves - IASB	240,000
Insurance Division Stabilization Reserve	72,863
Iowa Council of School Board Attorneys	57,092
Legal Service Fund	22,728
Total	\$ 3,495,485

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Related Entity Transactions

ISEBA:

For the year ended June 30, 2016, IASB has an accounting services agreement with ISEBA for \$60,000 annually, paid in monthly installments of \$5,000 per month. In addition, IASB has a sponsorship agreement with ISEBA based on medical premiums billed less amounts paid for accounting services and sponsorship paid to ISEA. For the year ended June 30, 2016, IASB received \$60,000 for accounting services and \$163,225 for sponsorship fees from ISEBA.

Note 9. Contingencies

The Association created the Insurance Division under the Association to sponsor insurance plans for its members. Premium payments on the plans are made to the respective insurance carriers by the members participating in the program. The Association is reimbursed for various administrative and program services from this fund. Section 12.2 of Charter of the Insurance Division states “upon termination of the Insurance Division by the Association’s Board, the Executive Committee, subject to the approval of the Association’s Board, shall pay all obligations of the Division and distribute any remaining surplus to the Members as provided in Section 6.2, in such manner as they determine will carry out the purpose of the Division; or the Insurance Committee subject to the approval of the Association’s Board may transfer the Insurance Programs and the remaining surplus, or any portion thereof, to the directors of any fund established for a substantially similar purpose, provided that the payment upon dissolution shall be to or for the benefits of the Members and not the Insurance Committee, other private persons, or the Association, except for the payment of expenses and compensation pursuant to Section 6.1 of this Charter.” The Association’s Board has reserved the right to amend the Insurance Division Charter which would also include the termination clause in the Charter. In addition, any liability would be contingent upon the termination of the Insurance Division in its current form; however, the Association does not expect to terminate the Insurance Division in the near term. Pursuant to Section 6.2, the Insurance Committee is authorized to allocate monies of the Insurance Division for the operation of the Association. A stabilization reserve amount has been classified as a designated, unrestricted net asset by the Association’s Board of Directors; the amount at June 30, 2016 was \$72,863. The annual Safety Group dividends are paid directly to the schools by the insurance company.

The Association also established a Legal Service Fund (LSF) which is available to members of the Association who elect to pay membership dues to the LSF. The funds are used to provide financial assistance and legal service to members involved in cases determined by the LSF to be of significant statewide importance. Article XI of the LSF Rules and Regulations states that, upon termination of the LSF, any remaining funds shall be distributed on a pro-rata basis to the LSF members. The amount in the LSF is not recorded as a liability in the Association’s financial statements as the Association’s Board has reserved the right to amend the LSF Rules and Regulations which would also include the termination clause. In addition, the liability would be contingent upon the termination of the LSF in its current form; however, the Association does not expect to terminate the LSF in the near term. The balance in the LSF at June 30, 2016 was \$22,728. The LSF amount has been classified under unrestricted net assets as designated by the Association’s Board of Directors for the Legal Service Fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Contingencies (Continued)

The Association also established the Iowa Council of School Board Attorneys (ICSBA) which is available to attorneys representing members of the Association who elect to pay membership dues to ICSBA. The funds received are used to provide membership in the National School Board Association's Council of School Attorneys and services such as special topic workshops and materials published by the Association. The amount in the ICSBA is not recorded as a liability in the Association's financial statements as ICSBA is considered a special committee of the Association. The balance in ICSBA at June 30, 2016 was \$57,092. The ICSBA amount has been classified under unrestricted net assets as designated by the Association's Board of Directors for the Iowa Council of School Board Attorneys.

ISCAP created a loss reserve to reduce future costs of issuance by strategies including reduced insurance costs. The balance designated by management for the loss reserve for the year ended June 30, 2016 was \$782,211.

Note 10. Commitments

Annually the Association holds a convention in November. In association with the convention, certain agreements are signed and agreed upon prior to the event. The Association has signed agreements for speakers and the convention location at June 30, 2016.

Note 11. Lease Commitments

Operating leases:

As of June 30, 2016, IASB leases office equipment (through April 22, 2018), a postage meter (through April 28, 2020), and office space (through June 30, 2019) under operating lease agreements. Future minimum lease payments required under the leases are as follows:

Year Ending	
June 30,	
2017	\$ 150,823
2018	149,938
2019	145,513
2020	1,585
	<u>\$ 447,859</u>

Total rent expense was \$97,740 for the year ended June 30, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Comparative Totals

The amounts shown for 2015 in the accompanying financial statements are included to provide a basis for comparison with 2016 and are not intended to present all information necessary for a fair presentation in conformity with U.S. generally accepted accounting principles.

Note 13. Reclassifications

Certain 2015 amounts on the financial statements have been reclassified to conform to the 2016 classifications. Such reclassifications have no effect on the reported change in total net assets.

Note 14. Subsequent Events

Management has evaluated subsequent events through October 19, 2016, the date the audit report was available to be issued.

**INDEPENDENT AUDITOR'S REPORT ON
CONSOLIDATING INFORMATION**

To the Board of Directors
Iowa Association of School Boards
Des Moines, Iowa

We have audited the consolidated financial statements of the Iowa Association of School Boards (the Association) and its controlled entities for the year ended June 30, 2016, and our report thereon dated October 19, 2016, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included on pages 21 to 27 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information on pages 21 to 27 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Brooks Lodden, P.C.

West Des Moines, Iowa
October 19, 2016

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 1

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2016

With Comparative Totals for 2015

ASSETS	Iowa Association of School Boards	Iowa Schools Joint Investment Trust	Iowa Schools Cash Anticipation Program	Eliminations	2016 Consolidating Totals	2015 Comparative Totals
Cash and cash equivalents	\$ 3,242,983	\$ 100,000	\$ 903,754	\$ (903,754)	\$ 3,342,983	\$ 3,135,043
Assets held on behalf of others in an agency capacity:						
Cash - Iowa Association of School Personnel Administrators	10,911	-	-	-	10,911	-
Cash - Iowa Schools Joint Investment Trust	-	2,274,335	-	-	2,274,335	1,000,809
Accrued interest receivable	-	296,040	-	-	296,040	610,517
Certificates of deposit	-	-	-	-	-	735,000
Repurchase agreements	-	7,200,000	-	-	7,200,000	30,747,000
Commercial paper	-	28,954,118	-	-	28,954,118	36,965,729
U.S. government agency obligations	-	275,812,592	-	-	275,812,592	331,279,506
Accounts receivable, net of allowance 2016 \$-0- and 2015 \$82,611	103,419	-	-	-	103,419	115,815
Office property and equipment, net	106,211	-	-	-	106,211	134,710
Prepaid expenses	43,252	8,329	-	-	51,581	24,157
	<u>\$ 3,506,776</u>	<u>\$ 314,645,414</u>	<u>\$ 903,754</u>	<u>\$ (903,754)</u>	<u>\$ 318,152,190</u>	<u>\$ 404,748,286</u>
Total assets						
LIABILITIES						
Accounts payable	\$ 39,153	\$ -	\$ -	\$ -	\$ 39,153	\$ 67,948
Deferred revenue	306,425	-	-	-	306,425	408,551
Accrued wages	52,885	-	-	-	52,885	39,929
Accrued vacation	12,905	-	-	-	12,905	12,395
	<u>\$ 411,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,368</u>	<u>\$ 528,823</u>
Agency fund - held in trust for participants in ISJIT	\$ -	\$ 314,545,414	\$ -	\$ (903,754)	\$ 313,641,660	\$ 400,430,917
Agency fund - held in trust for Iowa Association of School	\$ 10,911	\$ -	\$ -	\$ -	\$ 10,911	\$ -
Accrued pension benefit liability	\$ 592,766	\$ -	\$ -	\$ -	\$ 592,766	\$ 265,192
	<u>\$ 1,015,045</u>	<u>\$ 314,545,414</u>	<u>\$ -</u>	<u>\$ (903,754)</u>	<u>\$ 314,656,705</u>	<u>\$ 401,224,932</u>
Total liabilities						
NET ASSETS						
Unrestricted	\$ 2,491,731	\$ 100,000	\$ 903,754	\$ -	\$ 3,495,485	\$ 3,523,354
	<u>\$ 2,491,731</u>	<u>\$ 100,000</u>	<u>\$ 903,754</u>	<u>\$ -</u>	<u>\$ 3,495,485</u>	<u>\$ 3,523,354</u>
Total net assets						
	<u>\$ 3,506,776</u>	<u>\$ 314,645,414</u>	<u>\$ 903,754</u>	<u>\$ (903,754)</u>	<u>\$ 318,152,190</u>	<u>\$ 404,748,286</u>
Total liabilities and net assets						

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 2

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

With Comparative totals for 2015

	Unrestricted			Totals	Eliminations	2016 Consolidating Totals	2015 Comparative Totals
	Iowa Association of School Boards	Iowa Schools Joint Investment Trust	Iowa Schools Cash Anticipation Program				
REVENUES							
Memberships	\$ 1,324,335	\$ -	\$ -	\$ 1,324,335	\$ -	\$ 1,324,335	\$ 1,293,750
Publications, forms and materials	171,465	-	-	171,465	-	171,465	180,602
Convention and conferences	679,344	-	-	679,344	-	679,344	633,509
Consulting services	63,410	-	-	63,410	-	63,410	60,547
Program endorsed services	671,337	-	-	671,337	-	671,337	682,848
Sponsorships	654,933	-	-	654,933	(227,556)	427,377	506,341
Risk management and insurance program	351,915	-	-	351,915	-	351,915	376,880
Rental income	-	-	-	-	-	-	55,262
Total revenues	\$ 3,916,739	\$ -	\$ -	\$ 3,916,739	\$ (227,556)	\$ 3,689,183	\$ 3,789,739
EXPENSES							
Salaries	\$ 1,424,683	\$ -	\$ -	\$ 1,424,683	\$ -	\$ 1,424,683	\$ 1,395,813
Payroll taxes	112,846	-	-	112,846	-	112,846	110,651
Retirement benefits	71,785	-	-	71,785	-	71,785	57,228
Benefit costs	40,062	-	-	40,062	-	40,062	23,726
Staff insurance	142,040	-	-	142,040	-	142,040	159,216
Program management	-	264,378	-	264,378	-	264,378	88,871
Staff development	16,868	-	-	16,868	-	16,868	15,557
Marketing	-	199,121	-	199,121	-	199,121	77,762
Travel	104,180	-	-	104,180	-	104,180	95,543
Building operations	179,546	-	-	179,546	-	179,546	227,920
Equipment and computers	183,317	-	-	183,317	-	183,317	234,708
Depreciation and amortization	54,481	-	-	54,481	-	54,481	61,085
Office supplies	23,180	-	-	23,180	-	23,180	20,461
Cartage and postage	12,427	-	-	12,427	-	12,427	16,382
Telephone	16,011	-	-	16,011	-	16,011	19,378
Investment advisory fees	-	170,668	-	170,668	-	170,668	72,208
Professional fees	802,561	46,741	4,334	853,636	-	853,636	981,177
Sponsorship fees	15,624	227,556	-	243,180	(227,556)	15,624	13,080
Printing	74,450	-	-	74,450	-	74,450	40,026
Reference materials	8,002	-	-	8,002	-	8,002	6,724
Dues	70,734	-	-	70,734	-	70,734	93,397
Conventions and conferences	246,877	-	-	246,877	-	246,877	234,255
Interest	-	-	-	-	-	-	47,596
Web hosting, registration and internet	22,515	-	-	22,515	-	22,515	29,139
Miscellaneous	11	32,322	-	32,333	-	32,333	36,638
Bad debt expense	-	-	-	-	-	-	25
Program banking fees	10,839	-	-	10,839	-	10,839	11,720
Total expenses	\$ 3,633,039	\$ 940,786	\$ 4,334	\$ 4,578,159	\$ (227,556)	\$ 4,350,603	\$ 4,170,286
OTHER REVENUE (EXPENSE)							
Interest income	\$ 5,931	\$ -	\$ 444	\$ 6,375	\$ -	\$ 6,375	\$ 5,691
Other income	9,188	-	-	9,188	-	9,188	10,956
Investment income	-	1,131,380	-	1,131,380	-	1,131,380	490,458
Dividends issued to participants in ISJIT	-	(185,818)	-	(185,818)	-	(185,818)	(20,341)
Change in value of interest rate swap	-	-	-	-	-	-	29,375
Change in accrued pension liability	(327,574)	-	-	(327,574)	-	(327,574)	(142,867)
Loss on the sale of fixed assets	-	-	-	-	-	-	(1,585,667)
Total other revenue (expense)	\$ (312,455)	\$ 945,562	\$ 444	\$ 633,551	\$ -	\$ 633,551	\$ (1,212,395)
Change in net assets	\$ (28,755)	\$ 4,776	\$ (3,890)	\$ (27,869)	\$ -	\$ (27,869)	\$ (1,592,942)
Net assets at beginning of year	2,520,486	95,224	907,644	3,523,354	-	3,523,354	5,116,296
Net assets at end of year	\$ 2,491,731	\$ 100,000	\$ 903,754	\$ 3,495,485	\$ -	\$ 3,495,485	\$ 3,523,354

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 3

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2016
With Comparative Totals for 2015

	Iowa Association of School Boards	Iowa Schools Joint Investment Trust	Iowa Schools Cash Anticipation Program	Eliminations	2016 Consolidating Totals	2015 Comparative Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets	\$ (28,755)	\$ 4,776	\$ (3,890)	\$ -	\$ (27,869)	\$ (1,592,942)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	54,481	-	-	-	54,481	61,085
Swap liability	-	-	-	-	-	(29,375)
Loss on the sale of fixed assets	-	-	-	-	-	1,585,667
Change in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable	(1,051)	13,447	-	-	12,396	8,802
Prepaid expenses	(19,095)	-	-	-	(19,095)	11,699
Increase (decrease) in liabilities:						
Agency funds	-	(3,890)	-	3,890	-	-
Accounts payable	(27,914)	(881)	-	-	(28,795)	(49,581)
Accrued property taxes	-	-	-	-	-	(67,136)
Accrued interest	-	-	-	-	-	(1,278)
Accrued wages	12,956	-	-	-	12,956	3,929
Accrued vacation	510	-	-	-	510	875
Accrued pension liability	327,574	-	-	-	327,574	(685,786)
Deferred revenue	(102,126)	-	-	-	(102,126)	57,300
Net cash provided by (used in) operating activities	<u>\$ 216,580</u>	<u>\$ 13,452</u>	<u>\$ (3,890)</u>	<u>\$ 3,890</u>	<u>\$ 230,032</u>	<u>\$ (696,741)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	\$ (25,982)	\$ -	\$ -	\$ -	\$ (25,982)	\$ (57,513)
Proceeds from the sale of fixed assets	-	-	-	-	-	1,406,851
Net cash (used in) provided by investing activities	<u>\$ (25,982)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,982)</u>	<u>\$ 1,349,338</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of units to ISCAP	\$ -	\$ 3,890	\$ -	\$ -	\$ 3,890	\$ 27,597
Principal payments on interest rate swap	-	-	-	-	-	(90,950)
Principal payments on notes payable	-	-	-	-	-	(1,018,310)
Net cash provided by (used in) financing activities	<u>\$ -</u>	<u>\$ 3,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,890</u>	<u>\$ (1,081,663)</u>
Net increase (decrease) in cash and cash equivalents	\$ 190,598	\$ 17,342	\$ (3,890)	\$ 3,890	\$ 207,940	\$ (429,066)
Cash and cash equivalents at beginning of year	<u>3,052,385</u>	<u>82,658</u>	<u>907,644</u>	<u>(907,644)</u>	<u>3,135,043</u>	<u>3,564,109</u>
Cash and cash equivalents at end of year	<u>\$ 3,242,983</u>	<u>\$ 100,000</u>	<u>\$ 903,754</u>	<u>\$ (903,754)</u>	<u>\$ 3,342,983</u>	<u>\$ 3,135,043</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION						
Cash payments for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,874</u>

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 4

STATEMENT OF FINANCIAL POSITION
IOWA ASSOCIATION OF SCHOOL BOARDS

June 30, 2016

With Comparative Totals for 2015

ASSETS	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 3,242,983	\$ 3,052,385
Assets held on behalf of others in an agency capacity:		
Cash held on behalf of Iowa Association of School Personnel Administrators	10,911	-
Accounts receivable, net of allowance 2016 \$-0- and 2015 \$82,611	103,419	102,368
Office property and equipment, net	106,211	134,710
Prepaid expenses	<u>43,252</u>	<u>24,157</u>
 Total assets	 <u>\$ 3,506,776</u>	 <u>\$ 3,313,620</u>
 LIABILITIES		
Accounts payable	\$ 39,153	\$ 67,067
Deferred revenue	306,425	408,551
Accrued wages	52,885	39,929
Accrued vacation	<u>12,905</u>	<u>12,395</u>
	<u>\$ 411,368</u>	<u>\$ 527,942</u>
 Agency fund - held in trust for Iowa Association of School Personnel Administrators	 <u>\$ 10,911</u>	 <u>\$ -</u>
 Accrued pension benefit liability	 <u>\$ 592,766</u>	 <u>\$ 265,192</u>
 Total liabilities	 <u>\$ 1,015,045</u>	 <u>\$ 793,134</u>
 NET ASSETS		
Unrestricted	\$ 2,491,731	\$ 2,520,486
Total net assets	<u>\$ 2,491,731</u>	<u>\$ 2,520,486</u>
 Total liabilities and net assets	 <u>\$ 3,506,776</u>	 <u>\$ 3,313,620</u>

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 5

STATEMENT OF ACTIVITIES
IOWA ASSOCIATION OF SCHOOL BOARDS
Year Ended June 30, 2016
With Comparative Totals for 2015

	2016	2015
REVENUES		
Memberships	\$ 1,324,335	\$ 1,293,750
Publications, forms and materials	171,465	180,602
Convention and conferences	679,344	633,509
Consulting services	63,410	60,547
Program endorsed services	671,337	682,848
Sponsorships	654,933	595,212
Risk management and insurance program	351,915	376,880
Rental income (LGS)	-	55,262
Total revenues	\$ 3,916,739	\$ 3,878,610
EXPENSES		
Salaries	\$ 1,424,683	\$ 1,395,813
Payroll taxes	112,846	110,651
Retirement benefits	71,785	57,228
Benefit costs	40,062	23,449
Staff insurance	142,040	159,216
Staff development	16,868	15,557
Travel	104,180	95,543
Building operations	179,546	88,166
Equipment and computers	183,317	234,708
Depreciation and amortization	54,481	18,445
Office supplies	23,180	19,370
Cartage and postage	12,427	16,332
Telephone	16,011	18,579
Professional fees	802,561	886,387
Sponsorship fees	15,624	13,080
Printing	74,450	39,813
Reference materials	8,002	6,724
Dues	70,734	93,287
Conventions and conferences	246,877	234,255
Interest	-	1,856
Web hosting, registration and internet	22,515	29,139
Miscellaneous	11	-
Bad debt expense	-	25
Program banking fees	10,839	10,324
LGS expenses	-	266,743
Total expenses	\$ 3,633,039	\$ 3,834,690
OTHER REVENUE (EXPENSE)		
Interest income	\$ 5,931	\$ 5,643
Other income	9,188	5,956
Change in value of interest rate swap	-	29,375
Change in accrued pension liability	(327,574)	(142,867)
Loss on the sale of fixed assets	-	(1,585,667)
Total other revenue (expense)	\$ (312,455)	\$ (1,687,560)
Change in net assets	\$ (28,755)	\$ (1,643,640)
Net assets at beginning of year	2,520,486	4,164,126
Net assets at end of year	\$ 2,491,731	\$ 2,520,486

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 6

STATEMENT OF CASH FLOWS
IOWA ASSOCIATION OF SCHOOL BOARDS

Year Ended June 30, 2016
With Comparative Totals for 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (28,755)	\$ (1,643,640)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	54,481	61,085
Swap liability	-	(29,375)
Loss on the sale of fixed assets	-	1,585,667
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(1,051)	22,217
Other assets	(19,095)	11,699
Increase (decrease) in liabilities:		
Accounts payable	(27,914)	(48,161)
Accrued property taxes	-	(67,136)
Accrued interest	-	(1,278)
Accrued wages	12,956	3,929
Accrued vacation	510	875
Accrued pension liability	327,574	(685,786)
Deferred revenue	(102,126)	57,300
Net cash provided by (used in) operating activities	<u>\$ 216,580</u>	<u>\$ (732,604)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (25,982)	\$ (57,513)
Proceeds from the sale of fixed assets	-	1,406,851
Net cash (used in) provided by investing activities	<u>\$ (25,982)</u>	<u>\$ 1,349,338</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payment on interest rate swap	\$ -	\$ (90,950)
Principal payments on notes payable	-	(1,018,310)
Net cash (used in) financing activities	<u>\$ -</u>	<u>\$ (1,109,260)</u>
Net increase (decrease) in cash and cash equivalents	\$ 190,598	\$ (492,526)
Cash and cash equivalents at beginning of year	<u>3,052,385</u>	<u>3,544,911</u>
Cash and cash equivalents at end of year	<u>\$ 3,242,983</u>	<u>\$ 3,052,385</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ -</u>	<u>\$ 48,874</u>

See Accompanying Independent Auditor's Report.

IOWA ASSOCIATION OF SCHOOL BOARDS

Schedule 7

CONSOLIDATING STATEMENT OF EXPENSES BY PROGRAM

Year Ended June 30, 2016

Program Services

	Advocacy	Governance and Leadership Services	Convention and Conferences	ISJIT Investment Services	ISCAP Administrative Services	Other Programs	Total Program Services	Management and General	Eliminations	2016 Consolidating Totals
Salaries	\$ 64,218	\$ 527,727	\$ 81,412	\$ -	\$ -	\$ 37,985	\$ 711,342	\$ 713,340	\$ -	\$ 1,424,682
Payroll taxes	4,913	40,371	6,228	-	-	2,906	54,418	58,428	-	112,846
Retirement expense	1,927	15,832	2,442	-	-	1,140	21,341	50,445	-	71,786
Benefit costs	-	-	-	-	-	-	-	40,062	-	40,062
Staff insurance	-	-	-	-	-	-	-	142,040	-	142,040
Program management	-	-	-	264,378	-	-	264,378	-	-	264,378
Staff development	5,018	8,656	-	-	-	-	13,674	3,194	-	16,868
Marketing	-	-	-	199,121	-	-	199,121	-	-	199,121
Travel	4,811	14,964	18,938	-	-	449	39,162	65,018	-	104,180
Building operations	-	-	-	-	-	-	-	179,546	-	179,546
Equipment and computers	-	-	-	-	-	-	-	183,317	-	183,317
Depreciation and amortization	-	-	-	-	-	-	-	54,481	-	54,481
Office supplies	-	9,470	537	-	-	-	10,007	13,173	-	23,180
Cartage and postage	-	5,090	4,851	-	-	-	9,941	2,486	-	12,427
Telephone	-	240	11	-	-	441	692	15,319	-	16,011
Investment advisory fees	-	-	-	170,668	-	-	170,668	-	-	170,668
Professional fees	64,896	81,734	87,869	46,741	4,334	496,403	781,977	71,659	-	853,636
Sponsorship fees	-	-	-	227,556	-	15,524	243,080	100	(227,556)	15,624
Printing	773	38,379	25,311	-	-	3,942	68,405	6,045	-	74,450
Reference materials	5,250	678	-	-	-	-	5,928	2,074	-	8,002
Dues	-	475	-	-	-	12,305	12,780	57,954	-	70,734
Conventions and conferences	1,128	11,625	230,584	-	-	2,808	246,145	732	-	246,877
Web hosting, registration and internet	-	-	-	-	-	-	-	22,515	-	22,515
Miscellaneous	-	11	-	32,322	-	-	32,333	-	-	32,333
Program banking fees	-	-	-	-	-	199	199	10,640	-	10,839
Total expenses	\$ 152,934	\$ 755,252	\$ 458,183	\$ 940,786	\$ 4,334	\$ 574,102	\$ 2,885,591	\$ 1,692,568	\$ (227,556)	\$ 4,350,603