

**CLARION-GOLDFIELD-DOWS COMMUNITY SCHOOL DISTRICT
CLARION, IOWA**

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

YEAR ENDED JUNE 30, 2015

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Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Clint Middleton	President	2015
Beth Severson	Vice President	2017
Missy Schultz	Board Member	2015
Corey Jacobsen	Board Member	2017
Beth Jackson	Board Member	2017
School Officials		
Robert Olson	Superintendent	Indefinite
Anita Frye	District Secretary	Indefinite
Susan Toftey	District Treasurer	Indefinite
Robert Malloy	Attorney	Indefinite

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Certified Public Accountants

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Independent Auditor's Report

To the Board of Education of
Clarion-Goldfield-Dows 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 Clarion-Goldfield-Dows Community School District, Clarion, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarion-Goldfield-Dows 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 13 to the financial statements, Clarion-Goldfield-Dows Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the 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 5 through 16 and 58 through 65 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 Clarion-Goldfield-Dows 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 year 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 financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2016 on our consideration of Clarion-Goldfield-Dows Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Clarion-Goldfield-Dows Community School District's internal control over financial reporting and compliance.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 17, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clarion-Goldfield-Dows 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

- Voters approved a reorganization of the Clarion-Goldfield Community School District and the Dows Community School District on September 10, 2013, which was effective July 1, 2014. Each district approved the transfer of all assets and liabilities to the Clarion-Goldfield-Dows Community School District.
- Unless noted, the following financial information for FY14 is calculated by adding together FY14 results for Clarion-Goldfield CSD and Dows CSD less inter-district transactions.
- General Fund revenues increased from \$11,470,578 in fiscal year 2014 to \$11,488,687 in fiscal year 2015, while General Fund expenditures decreased from \$11,549,374 in fiscal year 2014 to \$10,789,978 in fiscal year 2015. The District's General Fund balance increased from \$836,753 at the end of fiscal year 2014 to \$1,550,859 at the end of fiscal year 2015, an 85% increase.
- The fiscal year 2015 General Fund revenue increase was attributable to increases in state and federal revenue. The decrease in expenditures was due primarily to the District decreasing spending levels from the prior year to improve the financial condition of the District. The increase in revenue and the decrease in expenditures resulted in the increase in the General Fund balance.

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 Clarion-Goldfield-Dows 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 Clarion-Goldfield-Dows 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 financial information about activities for

which Clarion-Goldfield-Dows 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Clarion-Goldfield-Dows Community School District Annual Financial Report

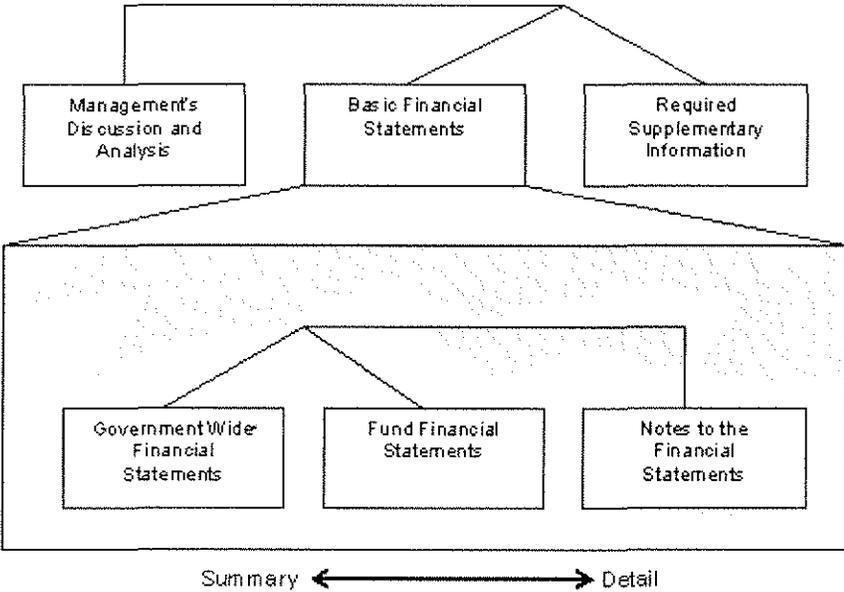


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

**Figure A-2
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide	Fund Statements		
	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 and adult education	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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show 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 Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

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 – The District accounts for outside donations for scholarships and other items for individual students in this fund.
- Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

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 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.

Figure A-3
Condensed Statement of Net Position
(Expressed in Thousands)

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total District</u>
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2015</u>	<u>2015</u>	<u>2015</u>
Current and other assets	\$ 16,634	112	16,746
Capital assets	<u>10,256</u>	<u>70</u>	<u>10,326</u>
Total assets	<u>26,890</u>	<u>182</u>	<u>27,072</u>
Deferred outflows of resources	<u>734</u>	<u>25</u>	<u>759</u>
Long-term liabilities	12,256	220	12,476
Other liabilities	<u>461</u>	<u>9</u>	<u>470</u>
Total liabilities	<u>12,717</u>	<u>229</u>	<u>12,946</u>
Deferred inflows of resources	<u>7,072</u>	<u>38</u>	<u>7,110</u>
Net position:			
Net investment in capital assets	4,691	70	4,761
Restricted	8,261	---	8,261
Unrestricted	<u>(5,117)</u>	<u>(130)</u>	<u>(5,247)</u>
Total net position	<u>7,835</u>	<u>(60)</u>	<u>7,775</u>

The District's total net position was approximately \$7,775. A portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

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

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

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 \$4,498,688 and \$125,310, 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.

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

	<u>Governmental Activities</u> <u>2015</u>	<u>Business Type Activities</u> <u>2015</u>	<u>Total District</u> <u>2015</u>
Revenues:			
Program revenues:			
Charges for service	\$ 675	221	896
Operating grants, contributions and restricted interest	1,810	314	2,124
Capital grants, contributions and restricted interest	29	3	32
General revenues:			
Property tax	5,507	---	5,507
Statewide sales, services and use tax	888	---	888
Income surtax	29	---	29
Unrestricted state grants	4,485	---	4,485
Unrestricted investment earnings	17	---	17
Other	124	---	124
Loss on sale of capital assets	<u>(324)</u>	<u>---</u>	<u>(324)</u>
Total revenues	<u>13,240</u>	<u>538</u>	<u>13,778</u>
Program expenses:			
Instruction	7,215	---	7,215
Support services	3,405	---	3,405
Non-instructional programs	12	516	528
Other expenses	<u>1,495</u>	<u>---</u>	<u>1,495</u>
Total expenses	<u>12,127</u>	<u>516</u>	<u>12,643</u>
Increase (decrease) in net position	1,113	22	1,135
Net position beginning of year	<u>6,722</u>	<u>(82)</u>	<u>6,640</u>
Net position end of year	<u>\$ 7,835</u>	<u>(60)</u>	<u>7,775</u>

In fiscal year 2015, property tax and unrestricted state grants account for 75.5% of governmental activities revenue while charges for service and operating and capital grants and contributions account for all of the revenue from business type activities.

The District's total revenues were approximately \$13.8 million, of which approximately \$13 million was for governmental activities and less than \$1 million was for business type activities.

Governmental Activities

Revenues for governmental activities were \$13,240,489 and expenses were \$12,127,258 for the year ended June 30, 2015.

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

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services	Net Cost of Services
	<u>2015</u>	<u>2015</u>
Instruction	\$ 7,215	5,225
Support services	3,405	3,286
Non-instructional programs	12	12
Other expenses	<u>1,495</u>	<u>1,089</u>
Total	\$ 12,217	9,612
	=====	=====

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$675,564.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,839,221.
- The net cost of governmental activities was financed with \$6,424,585 in property and other taxes and \$4,484,631 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$538,273, representing a 6.6% decrease over the prior year, while expenses totaled \$516,319, a 6.2% decrease from the prior year. 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, capital asset contributions and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Clarion-Goldfield-Dows Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$7,659,710, above last year's ending fund balances of \$4,606,068.

Governmental Fund Highlights

- The General Fund balance increased from \$836,753 to \$1,550,859.
- The Debt Service Fund balance increased from \$93,328 to \$2,908,861. The large increase was due to general obligation bonds issued during the year. This new issuance will be utilized to refinance existing debt
- The Capital Projects Fund balance decreased from \$2,286,665 to \$1,733,207. The decrease was due mostly to expenses exceeding revenues.
- The District began paying for expenses associated with a parking lot project at the high school (\$1.4 million). Expenses for this project will continue into the FY16 school year.

Proprietary Fund Highlights

School Nutrition Fund net position increased from a deficit of \$82,370 at June 30, 2014 to a deficit of \$60,416 at June 30, 2015, representing an increase of approximately 26.7%. The increase was due mostly to revenues exceeding expenditures.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$311,144 more than total budgeted revenues, a variance of 2.2%.

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.

Due to the District's budgetary practice, the certified budget was not exceeded.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$10.3 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$802,924.

The original cost of the District's capital assets was approximately \$19.6 million. Governmental funds account for approximately \$19.4 million, with the remainder of approximately \$0.2 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, Net of Depreciation
(Expressed in Thousands)

	<u>Governmental</u> <u>Activities</u> <u>June 30,</u> <u>2015</u>	<u>Business Type</u> <u>Activities</u> <u>June 30,</u> <u>2015</u>	<u>Total</u> <u>District</u> <u>June 30,</u> <u>2015</u>
Land	\$ 82	---	82
Construction in progress	1,351	---	1,351
Buildings	7,738	---	7,738
Improvements other than buildings	234	---	234
Furniture and equipment	<u>851</u>	<u>70</u>	<u>921</u>
Total	<u>\$ 10,256</u>	<u>70</u>	<u>10,326</u>

Long-Term Debt

At June 30, 2015, the District had \$5,642,261 in total long-term debt outstanding. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations
(expressed in thousands)

	<u>Total</u> <u>District</u> June 30,
	<u>2015</u>
General obligation bonds	\$ 5,493
Revenue bonds	-
Computer lease	71
Termination benefits	<u>78</u>
Total	<u>\$ 5,642</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has experienced a downturn in enrollment October 2015. Certified enrollment decreased by 2.6 students compared to the previous year. In addition to this, preschool enrollment dropped from 66 students in the fall of 2014 to 42 in 2015. A decrease of 24 students equates to 12 students for budgeting, with each student worth one-half a student. Enrollment counts in the fall of 2015 is used for budget purposes in FY17. If the preschool numbers stay at the same level in kindergarten, the District will see 12 students grow into 24 students in FY18. This will present budgeting concerns in the future and corresponding expenditure adjustments.

The avian flu in Wright County is considered to be a significant factor in the District's recent decline in enrollment. Egg laying operations had to be shut down, facilities completely cleaned and sterilized, gain USDA approval to begin operations again, and repopulate facilities.

- Possible sharing opportunities with neighboring districts are being explored to bolster the District's financial position, associated with Clarion-Goldfield-Dows and neighboring districts. Wright County School Districts meet annually in a retreat to examine educational trends and opportunities to share resources and possible operational sharing.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the federal No Child Left Behind

Act, Individuals with Disabilities Education Act, and the state Student Achievement and Teacher Quality Initiative. This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

- It is difficult for the District to project the future impact of legislative changes and or mandates. The District became associated with Rural School Advocates of Iowa to lobby for legislation to remove obstacles for rural schools to provide an equitable educational program. It is hoped that legislation favorable to rural schools will provide relief for all funds, particularly the General Fund. The organization was successful in promoting legislation that removed the age cap on early retirement to allow continued use of the Management Fund rather than using the General Fund for retirees over the age of 65, transportation equalization, expansion of operational sharing, more flexibility in the use of At-Risk and Dropout Prevention funds, and allowing the use of PPEL for bus repairs over \$2,500.

The District will continue to partner with Rural School Advocates of Iowa to push for equity in the area of Controlled Cost Per Pupil (CCPP) and transportation. CGD receives \$140 less than the highest CCPP for other school districts. That is an annual difference of about \$133,000 per year. CGD also ranks in the top ten for the largest geographical school district in the state with 362 square miles. The District spends in excess of \$1,100 per student to transport students to school. This is all from the general fund, designed to pay for instructional costs. The District also resists the Governor's proposal to "scoop" the SAVE (one-cent sales tax) fund designed exclusively for education to pay for water quality. Even though water quality is important for the state of Iowa, it seems improper to divert educational funds for non-educational purposes. These funds should continue to be used to improve school facilities and minimize the impact on local property taxes.

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 Dr. Robert A. Olson, Superintendent, or Anita Frye, District Secretary, Clarion-Goldfield-Dows Community School District, 319 3rd Avenue NE, Clarion, Iowa 50525.

Basic Financial Statements

Clarion-Goldfield-Dows Community School District
Clarion, Iowa
Statement of Net Position
June 30, 2015

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$ 10,613,089	101,159	10,714,248
Receivables:			
Property tax:			
Delinquent	64,941	-	64,941
Succeeding year	5,700,324	-	5,700,324
Accounts	-	1,728	1,728
Due from other governments	232,212	-	232,212
Prepaid expenses	23,384	-	23,384
Inventories	-	9,559	9,559
Capital assets, net of accumulated depreciation	10,255,663	69,641	10,325,304
Total assets	<u>26,889,613</u>	<u>182,087</u>	<u>27,071,700</u>
 Deferred Outflows of Resources			
Pension related deferred outflows	<u>734,660</u>	<u>24,887</u>	<u>759,547</u>
 Liabilities			
Accounts payable	217,504	44	217,548
Salaries and benefits payable	31,723	1,754	33,477
Advances from grantors	180,751	-	180,751
Unearned revenue	-	7,000	7,000
Accrued interest payable	31,094	-	31,094
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	2,800,000	-	2,800,000
Computer lease	71,489	-	71,489
Termination benefits	77,917	-	77,917
Portion due after one year:			
General obligation bonds	2,635,000	-	2,635,000
Bond premium	57,855	-	57,855
Net pension liability	3,593,646	100,101	3,693,747
Net OPEB Liability	3,020,245	120,291	3,140,536
Total liabilities	<u>12,717,224</u>	<u>229,190</u>	<u>12,946,414</u>
 Deferred Inflows of Resources			
Unavailable property tax revenue	5,700,324	-	5,700,324
Pension related deferred inflows	1,371,423	38,200	1,409,623
Total deferred inflows of resources	<u>7,071,747</u>	<u>38,200</u>	<u>7,109,947</u>

Clarion-Goldfield-Dows Community School District
Clarion, Iowa
Statement of Net Position
June 30, 2015

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	4,691,319	69,641	4,760,960
Restricted for:			
Categorical funding	580,236	-	580,236
Management levy	-	-	-
Physical plant and equipment levy	874,203	-	874,203
School infrastructure	859,004	-	859,004
Student activities	196,722	-	196,722
Debt service	2,908,861	-	2,908,861
Health Insurance	2,842,083	-	2,842,083
Unrestricted	<u>(5,117,126)</u>	<u>(130,057)</u>	<u>(5,247,183)</u>
Total net position	<u>\$ 7,835,302</u>	<u>(60,416)</u>	<u>7,774,886</u>

See notes to financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa
Statement of Activities
Year ended June 30, 2015

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 4,177,362	315,850	516,209	29,241
Special instruction	1,582,622	45,703	301,304	-
Other instruction	1,455,019	261,059	520,710	-
	<u>7,215,003</u>	<u>622,612</u>	<u>1,338,223</u>	<u>29,241</u>
Support services:				
Student services	416,048	-	25,731	-
Instructional staff services	403,339	43,732	16,121	-
Administration services	1,027,805	-	7,554	-
Operation and maintenance of plant	865,290	8,457	-	-
Transportation services	692,702	763	16,587	-
	<u>3,405,184</u>	<u>52,952</u>	<u>65,993</u>	<u>-</u>
Non-instructional programs:				
Food services operations	12,508	-	-	-
Other expenditures:				
Facilities acquisition	115,510	-	-	-
Long-term debt interest	186,349	-	-	-
AEA flowthrough	405,764	-	405,764	-
Depreciation (unallocated)	786,940	-	-	-
	<u>1,494,563</u>	<u>-</u>	<u>405,764</u>	<u>-</u>
Total governmental activities	12,127,258	675,564	1,809,980	29,241
Business type activities:				
Non-instructional programs:				
Food service operations	516,319	221,306	313,966	2,620
Total	<u>\$ 12,643,577</u>	<u>896,870</u>	<u>2,123,946</u>	<u>31,861</u>

General Revenues:

Property tax levied for:
General purposes
Debt service
Capital outlay
Statewide sales, service and use tax
Income surtaxes
Unrestricted state grants
Unrestricted investment earnings
Other
Loss on sale of capital assets
Total general revenues
Change in net position
Net position beginning of year, as restated
Net position end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
(3,316,062)	-	(3,316,062)
(1,235,615)	-	(1,235,615)
(673,250)	-	(673,250)
(5,224,927)	-	(5,224,927)
(390,317)	-	(390,317)
(343,486)	-	(343,486)
(1,020,251)	-	(1,020,251)
(856,833)	-	(856,833)
(675,352)	-	(675,352)
(3,286,239)	-	(3,286,239)
(12,508)	-	(12,508)
(115,510)	-	(115,510)
(186,349)	-	(186,349)
-	-	-
(786,940)	-	(786,940)
(1,088,799)	-	(1,088,799)
(9,612,473)	-	(9,612,473)
-	21,573	21,573
(9,612,473)	21,573	(9,590,900)
\$ 4,864,744	-	4,864,744
195,686	-	195,686
446,668	-	446,668
888,573	-	888,573
28,914	-	28,914
4,484,631	-	4,484,631
16,679	381	17,060
123,939	-	123,939
(324,130)	-	(324,130)
10,725,704	381	10,726,085
1,113,231	21,954	1,135,185
6,722,071	(82,370)	9,191,122
\$ 7,835,302	(60,416)	7,774,886

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit C

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, cash equivalents and pooled investments	\$ 1,804,734	2,906,488	1,595,683	1,464,101	7,771,006
Receivables:					
Property tax:					
Delinquent	51,615	2,373	5,073	5,880	64,941
Succeeding year	4,926,096	205,515	468,713	100,000	5,700,324
Due from other governments	93,223	-	138,989	-	232,212
Prepaid expenses	23,384	-	-	-	23,384
Total assets	<u>\$ 6,899,052</u>	<u>\$ 3,114,376</u>	<u>2,208,458</u>	<u>1,569,981</u>	<u>13,791,867</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 209,623	-	6,538	1,343	217,504
Salaries and benefits payable	31,723	-	-	-	31,723
Advances from grantors	180,751	-	-	-	180,751
Termination benefits	-	-	-	1,855	1,855
Total liabilities	<u>422,097</u>	<u>-</u>	<u>6,538</u>	<u>3,198</u>	<u>431,833</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,926,096	205,515	468,713	100,000	5,700,324
Fund balances:					
Restricted for:					
Categorical funding	580,236	-	-	-	580,236
Debt service	-	2,908,861	-	-	2,908,861
School infrastructure	-	-	859,004	-	859,004
Physical plant and equipment	-	-	874,203	-	874,203
Student activities	-	-	-	196,722	196,722
Management levy purposes	-	-	-	1,270,061	1,270,061
Unassigned	970,623	-	-	-	970,623
Total fund balances	<u>1,550,859</u>	<u>2,908,861</u>	<u>1,733,207</u>	<u>1,466,783</u>	<u>7,659,710</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,899,052</u>	<u>\$ 3,114,376</u>	<u>2,208,458</u>	<u>1,569,981</u>	<u>13,791,867</u>

See notes to financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

Total fund balances of governmental funds (page 21) \$ 7,659,710

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. 10,255,663

Internal Service Fund assets that are to be included with governmental funds. 2,842,083

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (31,094)

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	734,660	
Deferred inflows of resources	<u>(1,371,423)</u>	(636,763)

Long-term liabilities, including bonds and notes payable, compensated absences payable, other post employment benefits payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (12,254,297)

Net position of governmental activities (page 18) \$ 7,835,302

See notes to financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 4,695,379	195,686	446,668	497,398	5,835,131
Tuition	313,013	-	-	275,394	588,407
Other	200,659	1,748	54,609	6,095	263,111
State sources	5,773,861	2,879	894,574	-	6,671,314
Federal sources	505,775	-	-	-	505,775
Total revenues	<u>11,488,687</u>	<u>200,313</u>	<u>1,395,851</u>	<u>778,887</u>	<u>13,863,738</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,076,367	-	212,348	283,693	4,572,408
Special	1,672,224	-	-	-	1,672,224
Other	1,281,191	-	-	253,064	1,534,255
	<u>7,029,782</u>	<u>-</u>	<u>212,348</u>	<u>536,757</u>	<u>7,778,887</u>
Support services:					
Student	440,962	-	-	-	440,962
Instructional staff	390,783	-	26,861	-	417,644
Administration	1,071,862	-	1,899	12,197	1,085,958
Operation and maintenance of plant	779,514	-	18,717	101,243	899,474
Transportation	671,311	-	4,573	38,721	714,605
	<u>3,354,432</u>	<u>-</u>	<u>52,050</u>	<u>152,161</u>	<u>3,558,643</u>
Non-instructional programs:					
Food service operations	-	-	-	12,508	12,508
Other expenditures:					
Facilities acquisition	-	-	1,182,913	-	1,182,913
Long-term debt:					
Principal	-	419,549	-	-	419,549
Interest and fiscal charges	-	181,894	-	-	181,894
AEA flowthrough	405,764	-	-	-	405,764
	<u>405,764</u>	<u>601,443</u>	<u>1,182,913</u>	<u>-</u>	<u>2,190,120</u>
Total expenditures	<u>10,789,978</u>	<u>601,443</u>	<u>1,447,311</u>	<u>701,426</u>	<u>13,540,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>698,709</u>	<u>(401,130)</u>	<u>(51,460)</u>	<u>77,461</u>	<u>323,580</u>
Other financing sources (uses):					
General obligation bonds issued	-	2,694,663	-	-	2,694,663
Proceeds from the disposal of property	15,397	-	20,002	-	35,399
Operating transfers in	-	522,000	-	-	522,000
Operating transfers out	-	-	(522,000)	-	(522,000)
Total other financing sources (uses)	<u>15,397</u>	<u>3,216,663</u>	<u>(501,998)</u>	<u>-</u>	<u>2,730,062</u>
Change in fund balances	714,106	2,815,533	(553,458)	77,461	3,053,642
Fund balances beginning of year, as restated	836,753	93,328	2,286,665	1,389,322	4,606,068
Fund balances end of year	<u>\$ 1,550,859</u>	<u>\$ 2,908,861</u>	<u>1,733,207</u>	<u>1,466,783</u>	<u>7,659,710</u>

See notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2015

Change in fund balances - total governmental funds (page 23) \$ 3,053,642

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. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,275,975	
Depreciation expense	(786,940)	
Loss on sale of assets	<u>(359,529)</u>	129,506

Income surtaxes and other receivables not collected for several months after year end are not considered available revenue and are deferred in the governmental funds. (299,119)

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. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues exceeded repayments, as follows

Issued	(2,635,000)	
Repaid	419,549	
Premium on debt issued	(59,663)	
Amortization of premium	<u>1,808</u>	(2,273,306)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (6,263)

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 537,009

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:

Termination benefits	15,754	
Pension expense	(268,730)	
Other postemployment benefits	<u>(279,973)</u>	<u>(532,949)</u>

Internal Service Fund transactions are not reported in the General Fund as revenues and expenditures, however the General Fund is the source of these revenues and use of the expenditures. 504,711

Change in net position of governmental activities (page 20) \$ 1,113,231

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit G

Statement of Net Position
Proprietary Funds

June 30, 2015

	<u>Enterprise</u> School <u>Nutrition</u>	<u>Internal</u> Service Employee <u>Health</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 101,159	2,842,083
Accounts receivable	1,728	-
Inventories	9,559	-
Total current assets	<u>112,446</u>	<u>2,842,083</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	69,641	-
Total assets	<u>182,087</u>	<u>2,842,083</u>
 Deferred Outflows of Resources		
Pension related deferred outflows	<u>24,887</u>	-
 Liabilities		
Current liabilities:		
Accounts payable	44	-
Salaries and benefits payable	1,754	-
Unearned revenue	7,000	-
Total current liabilities	<u>8,798</u>	-
Noncurrent liabilities:		
Net pension liability	100,101	-
Net OPEB liability	120,291	-
Total noncurrent liabilities	<u>220,392</u>	-
Total liabilities	<u>229,190</u>	-
 Deferred Inflows of Resources		
Pension related deferred inflows	<u>38,200</u>	-
 Net Position		
Invested in capital assets	69,641	-
Restricted for health insurance	-	2,842,083
Unrestricted	<u>(130,057)</u>	-
Total net position	<u>\$ (60,416)</u>	<u>2,842,083</u>

See notes to financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit H

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2015

	<u>Enterprise</u> School <u>Nutrition</u>	<u>Internal</u> <u>Service</u> Employee <u>Health</u>
Operating revenues:		
Local sources:		
Charges for service	\$ 221,306	2,225,248
Operating expenses:		
Support services:		
Operation and maintenance of plant	1,101	-
Non-instructional programs:		
Food service operations:		
Salaries	190,468	-
Benefits	96,083	-
Purchased services	496	-
Supplies	212,187	-
Depreciation	15,984	-
	<u>515,218</u>	<u>-</u>
Internal service programs:		
Benefits	-	1,726,654
Total operating expenses	<u>516,319</u>	<u>1,726,654</u>
Operating income/(loss)	<u>(295,013)</u>	<u>498,594</u>
Non-operating revenues:		
State sources	4,265	-
Federal sources	309,701	-
Interest income	381	6,117
Total non-operating revenues	<u>314,347</u>	<u>6,117</u>
Income before capital asset contributions	<u>19,334</u>	<u>504,711</u>

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2015

	<u>Enterprise</u> School <u>Nutrition</u>	Internal <u>Service</u> Employee <u>Health</u>
Capital asset contributions	<u>2,620</u>	<u>-</u>
Increase (decrease) in net position	21,954	504,711
Net position beginning of year, as restated	<u>(82,370)</u>	<u>2,337,372</u>
Net position end of year	<u>\$ (60,416)</u>	<u>2,842,083</u>

See notes to financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2015

	<u>Enterprise</u> School <u>Nutrition</u>	<u>Internal</u> <u>Service</u> Employee <u>Health</u>
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 223,781	-
Cash received from miscellaneous operating activities	\$ -	2,225,248
Cash paid to employees for services	(286,704)	(1,726,654)
Cash paid to suppliers for goods or services	<u>(163,497)</u>	<u>-</u>
Net cash used by operating activities	<u>(226,420)</u>	<u>498,594</u>
Cash flows from non-capital financing activities:		
State grants received	4,265	-
Federal grants received	258,496	-
Warrants issued in excess of cash balance	<u>(15,144)</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>247,617</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Sale of capital assets	<u>421</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>381</u>	<u>6,117</u>
Net increase (decrease) in cash and cash equivalents	21,999	504,711
Cash and cash equivalents beginning of year, as restated	<u>79,160</u>	<u>2,337,372</u>
Cash and cash equivalents end of year	<u>\$ 101,159</u>	<u>2,842,083</u>

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2015

	<u>Enterprise</u> School <u>Nutrition</u>	<u>Internal</u> <u>Service</u> Employee <u>Health</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	\$ (295,013)	498,594
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used	51,205	-
Depreciation	15,984	-
Decrease in accounts receivable	690	-
(Increase) in inventories	(595)	-
(Decrease) in accounts payable	(323)	-
Increase in unearned revenue	1,785	-
(Decrease) in net pension liability	(39,959)	-
(Increase) in deferred outflows of resources	(10,137)	-
Increase in deferred inflows of resources	38,200	-
Increase in other postemployment benefits	<u>11,743</u>	<u>-</u>
 Net cash used by operating activities	 <u>\$ (226,420)</u>	 <u>498,594</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2015, the District received \$51,205 of federal commodities.

See notes to financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit J

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2015

	Private Purpose <u>Trusts</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 146,939
Total assets	146,939
Liabilities	
Accounts payable	-
Total liabilities	-
Net Position	
Reserved for scholarships	142,874
Reserved for student personal needs	4,065
Total net position	<u>\$ 146,939</u>

See notes to financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Exhibit K

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year Ended June 30, 2015

	<u>Private Purpose Trusts</u>
Additions:	
Local sources:	
Interest on investments	\$ 499
Contributions	<u>1,200</u>
Total additions	<u>1,699</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>20,120</u>
Total deductions	<u>20,120</u>
Change in net position	(18,421)
Net position beginning of year, as restated	<u>165,360</u>
Net position end of year	<u>\$ 146,939</u>

See notes to financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

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(1) Summary of Significant Accounting Policies

Clarion-Goldfield-Dows Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Clarion and Goldfield, Iowa, and the agricultural area in Wright, Humboldt, and Hancock counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Clarion-Goldfield-Dows 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. Clarion-Goldfield-Dows 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 Wright County Assessor's Conference boards.

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B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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.

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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. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

The 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 major proprietary fund:

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

The District also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of health care coverage self-funded by the District and provided to other funds on a cost reimbursement basis.

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

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

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C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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.

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments, if any, are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

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

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

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

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

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

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

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangible assets	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:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangible assets	5-10 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 taxes and insurance for the current 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.

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.

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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 unspent grant proceeds as well as 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:

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.

Unassigned – All amounts not included in the preceding classification.

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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 did not exceed the amounts budgeted.

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

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

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

The District had investments in U.S. Treasury notes at June 30, 2015 of \$2,650,482. These investments are valued at fair value. The District also had investments in certificate of deposits at June 30, 2015.

Interest rate risk – The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or with 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs of the City.

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(3) Capital Assets

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

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	86,637	-	(4,258)	82,379
Construction in progress	<u>410,066</u>	<u>941,163</u>	-	<u>1,351,229</u>
Total capital assets not being depreciated	<u>496,703</u>	<u>941,163</u>	<u>(4,258)</u>	<u>1,433,608</u>
Capital assets being depreciated:				
Buildings	14,898,700	144,761	(959,682)	14,083,779
Improvements other than buildings	818,477	6,126	-	824,603
Furniture and equipment	<u>3,013,545</u>	<u>183,925</u>	<u>(187,959)</u>	<u>3,009,511</u>
Total capital assets being depreciated	<u>18,730,722</u>	<u>334,812</u>	<u>(1,147,641)</u>	<u>17,917,893</u>
Less accumulated depreciation for:				
Buildings	6,571,587	452,432	(677,939)	6,346,080
Improvements other than buildings	564,663	26,314	-	590,977
Furniture and equipment	<u>1,965,018</u>	<u>308,194</u>	<u>(114,431)</u>	<u>2,158,781</u>
Total accumulated depreciation	<u>9,101,268</u>	<u>786,940</u>	<u>(792,370)</u>	<u>9,095,838</u>
Total capital assets being depreciated, net	<u>9,629,454</u>	<u>(452,128)</u>	<u>(355,271)</u>	<u>8,822,055</u>
Governmental activities capital assets, net	<u>10,126,157</u>	<u>489,035</u>	<u>(359,529)</u>	<u>10,255,663</u>
<u>Business type activities:</u>				
Furniture and equipment	\$ 216,851	2,620	(421)	219,050
Less accumulated depreciation	<u>133,425</u>	<u>15,984</u>	-	<u>149,409</u>
Business type activities capital assets, net	<u>\$ 83,426</u>	<u>(13,364)</u>	<u>(421)</u>	<u>69,641</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Unallocated				<u>\$786,940</u>
Business type activities:				
Food service operations				<u>\$15,984</u>

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(4) Long-Term Liabilities

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

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$2,995,000	-	195,000	2,800,000	2,800,000
General obligation Refunding bonds	-	2,694,663	1,808	2,692,855	(1) -
Sales tax revenue bonds	155,000	-	155,000	-	-
Computer lease	141,038	-	69,549	71,489	71,489
Termination benefits	93,671	-	15,754	77,917	77,917
Net pension liability	5,028,179	-	1,434,533	3,593,646	-
Net OPEB liability	2,740,272	279,973	-	3,020,245	-
Total	\$11,153,160	2,974,636	1,871,644	12,256,152	2,949,406

(1) Bonds were sold at a premium; unamortized premium at June 30, 2015 totaled \$57,855.

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net pension liability	140,060	-	39,959	100,101	-
Net OPEB liability	108,548	11,743	-	120,291	-
Total	\$248,608	11,743	39,959	220,392	-

General Obligation Refunding Bonds

On February 23, 2015, the District issued \$2,635,000 of general obligation refunding bonds, with interest rates ranging from 1.50% to 2.50%, for a crossover refunding a portion of the general obligation bonds issued August 1, 2006. The District entered in to an escrow agreement whereby the proceeds of the general obligation refunding bonds were converted into U.S securities. These securities along with additional cash were placed in an escrow account for the express purpose of paying the \$2,800,000 principal on the refunding general

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obligation bonds when they become callable on May 1, 2016 and the interest from February 23, 2015 to May 1, 2016 on the refunding bonds. After principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunding debt is not considered extinguished.

The District refunded the bonds to reduce its total debt service payments by approximately \$302,340.00 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$302,340.00. Annual debt service requirements to maturity of the general obligation refunding bonds are as follows:

Year Ending June 30,	Bond Issue of February 23, 2015			
	Interest Rates	Principal	Interest	Total
2016	-	-	63,264	63,264
2017	1.50	245,000	53,213	298,213
2018	1.50	245,000	49,538	294,538
2019	1.50	250,000	45,863	295,863
2020	2.00	255,000	42,113	297,113
2021-2025	2.00-2.50	1,350,000	130,023	1,480,023
2026	2.50	290,000	7,250	297,250
Total		<u>\$ 2,635,000</u>	<u>391,264</u>	<u>3,026,264</u>

Revenue Bonds

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,265,000 of bonds issued in April 2004. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2015. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 40% of the statewide sales,

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services, and use tax revenue. As of June 30, 2015 the revenue bonds have been paid off. For the current year, \$155,000 principal and \$2,868 of interest was paid on the bonds and total statewide sales, services, and use tax revenues were \$888,573.

The resolution providing for the issuance of the statewide 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 sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) \$126,500 of the proceeds from the bond issue was placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the Capital Projects Fund and is reserved for debt service.
- c) Proceeds from the statewide sales, services and use tax shall be placed in a revenue account with a trustee. The trustee will make monthly transfers from the revenue account to the sinking account. The required monthly payment to the sinking account shall equal 1/6 of the installment of interest coming due on the next interest payment date and 1/12 of the installment of principal coming due on the next principal payment date. Money in the sinking account shall be used to pay the interest and principal on the bonds. The sinking fund is part of the Capital Projects Fund, Statewide Sales, Services and Use Tax and is reserved for debt service.

Computer Lease

During the year ended June 30, 2014, the District entered into a capital lease agreement with Apple Inc. to finance the purchase of computers for the one to one computer program totaling \$214,522. The lease is financed for two years at an interest rate of 2.79%. The following is a schedule of the future minimum lease payments, including interest per annum, and the net present value of future minimum lease payments under the agreement at June 30, 2015:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	<u>73,484</u>
Total minimum lease payments	73,484
Less amount representing interest	<u>(1,995)</u>
Net present value of minimum lease payments	\$ <u>71,489</u>

Payments for the year ended June 30, 2015 totaled \$73,484.

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Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have reached the age of fifty-five and a minimum of 16 years of service in the Clarion-Goldfield-Dows Community School District. The application for early retirement is subject to approval by the Board of Education.

If approved, the early retiree has the option for a cash stipend from 16 to 25% of their contract. This cash stipend will be paid in no more than three equal installments. The employee also has the option to apply this stipend towards insurance premiums above the amount paid for single coverage.

The District will also pay for single medical and dental coverage for early-retired employees for a maximum of ten years. The District will pay the amount applicable for single coverage until the retiree elects to enroll in Medicare. At that time, the district will pay the single supplement premium.

The District will also reimburse each employee with at least 10 years of service in the Clarion-Goldfield-Dows Community School District \$25 for each unused sick day up to a maximum of 90 days.

At June 30, 2015, the District has obligations to one participant who had previously been approved for early retirement and an additional twenty-six employees eligible for unused sick days, which combined for a total liability of \$77,917. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$56,195.

(5) Pension Plan

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

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

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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 the date will be used if it is greater than the highest five-year average salary.)

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

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

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the

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“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 \$556,390.

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 \$3,693,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s collective proportion was 0.0931375 percent, which was an increase of 0.003125 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$276,215. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 40,144	\$ -
Changes of assumptions	163,013	-
Net difference between projected and actual earnings on pension plan investments	-	1,408,689
Changes in proportion and differences between District contributions and proportionate share of contributions	-	934
District contributions subsequent to the measurement date	<u>556,390</u>	<u>-</u>
Total	<u>\$ 759,547</u>	<u>\$ 1,409,623</u>

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\$556,390 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (304,924)
2017	(304,924)
2018	(304,924)
2019	(304,924)
2020	13,230
Total	<u>\$ (1,206,466)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

<u>Asset Class</u>	<u>Asset Allocations</u>	<u>Long-Term Expected Real Rate 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	(.069)
Total	<u>100%</u>	

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

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

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
District’s proportionate share of the net pension liability	\$ 6,979,231	\$ 3,693,747	\$ 920,458

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

Payables to the Pension Plan – At June 30, 2015, the District reported no payables to the defined benefit pension plan.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

(6) Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 94 active and 15 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-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 rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 713,405
Interest on net OPEB obligation	70,854
Adjustments to annual required contribution	<u>(267,276)</u>
Annual OPEB cost	516,983
Contributions made	<u>(210,603)</u>
Increase in net OPEB obligation	306,380
Net OPEB obligation beginning of year	<u>2,834,156</u>
Net OPEB obligation end of year	\$ <u>3,140,536</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.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

For the year ended June 30, 2015, the District contributed approximately \$210,603 to the medical plan. Plan members eligible for benefits contributed nothing, or 0% of the premium costs.

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation(Asset)</u>
June 30, 2013	522,229	47.5%	2,562,563
June 30, 2014	495,509	45.2%	2,834,156
June 30, 2015	516,983	40.7%	3,140,536

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 \$3.993 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.993 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6.1 million and the ratio of the UAAL to covered payroll was 65.5%. As of June 30, 2015, there were no trust fund assets.

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

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

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

As of the July 1, 2012 actuarial valuation date, the frozen entry 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%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information provided by the District.

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

(7) 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.

The District maintains its own self-funded insurance plan. The District purchases insurance to cover aggregate and specific losses. The self-funded health insurance plan is accounted for in the Internal Service Fund. The fund actuary found the plan to be in accordance with generally accepted actuarial standards and being operated on a sound financial basis.

(8) 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 \$405,764 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.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

(9) Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Gifted and Talented	\$ 299,481
Four Year Preschool	352
Teacher Salary Supplement	13,786
Successful Progression for Early Readers	48,350
Teacher Leadership Grant	11,997
Home School Assistance Program	8,862
At-Risk	21,067
Dropout Prevention	54,420
Professional Development Core Curriculum	2,090
Professional Development	118,827
Professional Staff Recruitment	<u>1,004</u>
	<u>\$ 580,236</u>

(10) 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	\$ 448,516
Debt Service	PPEL	<u>73,484</u>
Total		<u>522,000</u>

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

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

(11) Deficit Fund Balance

The Enterprise, School Nutrition Fund had a deficit net position of \$60,416 at June 30, 2015. The reason for the deficit net position was due to the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 during the fiscal year, which requires all school districts and other governmental entities in the state of Iowa who contribute to IPERS to show their proportionate share of the IPERS funding deficit as a liability on each entity's financials beginning in fiscal year 2015. (See Note 13, Accounting Change/Restatement).

(12) Combination of Clarion-Goldfield and Dows School Districts

The Districts of Clarion-Goldfield and Dows combined to form a new district, Clarion-Goldfield-Dows Community School District, effective July 1, 2014. Assets and liabilities were assumed by the newly formed district. The beginning balances of West Fork Community School District have been derived from the ending balances of the Clarion-Goldfield and Dows districts at June 30, 2014 as follows:

Government-wide Financial Statements:

(Governmental activities)

	<u>Clarion-Goldfield</u>	<u>Dows</u>	<u>Clarion- Goldfield-Dows</u>
Net assets, June 30, 2014	9,024,953	2,009,738	11,034,691
Restated balance for:			
Net OPEB Liability			108,548
Internal Service Cash			<u>77,520</u>
Net assets, July 1, 2014, restated			
For Clarion-Goldfield-Dows Community School District			\$ <u>11,220,759</u>

Beginning net assets were restated due to OPEB liability being allocated to the Nutrition Fund and a bank account added to the books for the Internal Service Fund.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

Fund Financial Statements:

	<u>Clarion-Goldfield</u>	<u>Dows</u>	<u>Restatement</u>	<u>Clarion- Goldfield-Dows</u>
Governmental Funds:				
General Fund	\$ 857,860	(21,107)	-	836,753
Student Activity	170,925	18,676	-	189,601
Management Levy	619,153	580,568	-	1,199,721
Statewide sales, Services and Use Tax	1,003,739	546,547	-	1,550,286
Physical Plant and Equipment Levy	298,428	437,951	-	736,379
Debt Service	<u>93,328</u>	-	-	<u>93,328</u>
Total Governmental Funds \$	<u>3,043,433</u>	<u>1,562,635</u>	<u>-</u>	<u>4,606,068</u>
Proprietary Funds:				
Nutrition Fund	\$ <u>166,169</u>	<u>(14,681)</u>	<u>(108,548)</u>	<u>42,940</u>
Internal Service:				
Employee Health	\$ <u>2,259,852</u>	<u>-</u>	<u>77,520</u>	<u>2,337,372</u>
Fiduciary Funds:				
Private Purpose Trust	\$ <u>123,690</u>	<u>41,670</u>	<u>-</u>	<u>165,360</u>

The Nutrition Fund was restated due to OPEB liability being allocated to it and the Employee Health Fund was restated to add a bank account to the books.

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

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	\$ 11,220,759	42,940
Net pension liability at June 30, 2014	(5,028,179)	(140,060)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>529,491</u>	<u>14,750</u>
Net position July 1, 2014, as restated	\$ <u>6,722,071</u>	<u>(82,370)</u>

(14) New Governmental Accounting Standards Board (GASB) Statements

As of June 30, 2015, GASB had issued several statements not yet required to be implemented by the District. The Statement which might impact the District is as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the District beginning with its year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District's management has not yet determined the effect these GASB Statements will have on the Districts financial statements.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Financial Statements

June 30, 2015

(15) Subsequent Events

Subsequent events have been evaluated through March 17, 2016, which is the date the financial statements were available to be issued.

(16) Construction Commitment

The District has committed to a parking lot project for the high school for approximately \$1,355,000, which will be paid from cash on hand in the capital projects fund. As of June 30, 2015, costs of approximately \$1,351,000 had been incurred against the project. The balance of approximately \$4,000 remaining at June 30, 2015 will be paid as work on the project progresses.

Required Supplementary Information

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

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

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 6,686,649	221,306
State sources	6,671,314	4,265
Federal sources	<u>505,775</u>	<u>309,701</u>
Total revenues	<u>13,863,738</u>	<u>535,272</u>
Expenditures/Expenses:		
Instruction	7,778,887	-
Support services	3,558,643	1,101
Non-instructional programs	12,508	515,218
Other expenditures	<u>2,190,120</u>	<u>-</u>
Total expenditures/expenses	<u>13,540,158</u>	<u>516,319</u>
Excess (deficiency) of revenues over (under) expenditures	323,580	18,953
Other financing sources, net	<u>2,730,062</u>	<u>3,001</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	3,053,642	21,954
Balances beginning of year	<u>4,606,068</u>	<u>(82,370)</u>
Balances end of year	<u>\$ 7,659,710</u>	<u>(60,416)</u>

See accompanying independent auditor's report.

Total <u>Actual</u>	<u>Budgeted Amounts</u>		Final to Actual <u>Variance</u>
	<u>Original</u>	<u>Final</u>	
6,907,955	7,541,837	7,541,837	(633,882)
6,675,579	5,856,029	5,856,029	819,550
<u>815,476</u>	<u>690,000</u>	<u>690,000</u>	<u>125,476</u>
<u>14,399,010</u>	<u>14,087,866</u>	<u>14,087,866</u>	<u>311,144</u>
7,778,887	8,135,000	8,135,000	356,113
3,559,744	4,043,000	4,043,000	483,256
527,726	500,000	585,000	57,274
<u>2,190,120</u>	<u>1,933,461</u>	<u>2,800,000</u>	<u>609,880</u>
<u>14,056,477</u>	<u>14,611,461</u>	<u>15,563,000</u>	<u>1,506,523</u>
342,533	(523,595)	(1,475,134)	1,817,667
<u>2,733,063</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>2,746,063</u>
3,075,596	(536,595)	(1,488,134)	4,563,730
<u>3,209,602</u>	<u>4,155,522</u>	<u>4,155,522</u>	<u>1,884,705</u>
<u>7,599,294</u>	<u>3,618,927</u>	<u>2,667,388</u>	<u>4,931,906</u>

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides 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 by \$951,539.

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted.

Clarion-Goldfield-Dows Community School District

Clarion, Iowa

Schedule of 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	0.093138%
District's proportionate share of the net pension liability	\$ 3,694
District's covered-employee payroll	\$ 6,129
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.27%
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.

Clarion-Goldfield-Dows Community School District

Clarion, Iowa

Schedule of District Contributions

Iowa Public Employees' Retirement System

Last 2 Fiscal Years

(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 556	542
Contributions in relation to the statutorily required contribution	<u>(556)</u>	<u>(542)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
District's covered-employee payroll	\$ 6,095	6,129
Contributions as a percentage of covered-employee payroll	9.12%	8.84%

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.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

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 3.0 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.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

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

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

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

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

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

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule of Funding Progress for the Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	Jul 1, 2009	-	\$ 7,081	7,081	0.0%	5,600	126.4%
2011	Jul 1, 2009	-	7,027	7,027	0.0%	5,300	132.6%
2012	Jul 1, 2009	-	6,848	6,848	0.0%	5,300	129.2%
2013	Jul 1, 2012	-	4,545	4,545	0.0%	5,300	85.8%
2014	Jul 1, 2012	-	4,291	4,291	0.0%	5,600	76.6%
2015	Jul 1, 2012	-	3,993	3,993	0.0%	6,100	65.5%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	<u>Special Revenue</u>		<u>Total</u>
Assets	<u>Student</u>	<u>Management</u>	
	<u>Activity</u>	<u>Levy</u>	
Cash, cash equivalents and pooled investments	\$ 198,065	1,266,036	1,464,101
Receivables:			
Property tax:			
Delinquent	-	5,880	5,880
Succeeding year	-	100,000	100,000
Total assets	<u>\$ 198,065</u>	<u>1,371,916</u>	<u>1,569,981</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,343	-	1,343
Termination benefits	\$ -	1,855	1,855
Total liabilities	<u>1,343</u>	<u>1,855</u>	<u>3,198</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	100,000	100,000
Total deferred inflows of resources	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Fund balances:			
Restricted for:			
Student activities	196,722	-	196,722
Management levy purposes	-	1,270,061	1,270,061
Total fund balances	<u>196,722</u>	<u>1,270,061</u>	<u>1,466,783</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 198,065</u>	<u>1,370,061</u>	<u>1,568,126</u>

See accompanying independent auditor's report.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule 2

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

	<u>Special Revenue</u>		
	<u>Student</u>	<u>Management</u>	
	<u>Activity</u>	<u>Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ -	497,398	497,398
Other	260,185	15,209	275,394
State sources	-	6,095	6,095
Total revenues	<u>260,185</u>	<u>518,702</u>	<u>778,887</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	283,693	283,693
Other	253,064	-	253,064
	<u>253,064</u>	<u>283,693</u>	<u>536,757</u>
Support Services:			
Administration	-	12,197	12,197
Operation and maintenance of plant	-	101,243	101,243
Transportation	-	38,721	38,721
	<u>-</u>	<u>152,161</u>	<u>152,161</u>
Non-instructional programs:			
Food service operations	-	12,508	12,508
Total expenditures	<u>253,064</u>	<u>448,362</u>	<u>701,426</u>
Change in fund balances	7,121	70,340	77,461
Fund balances beginning of year, as restated	<u>189,601</u>	<u>1,199,721</u>	<u>1,389,322</u>
Fund balances end of year	<u>\$ 196,722</u>	<u>1,270,061</u>	<u>1,466,783</u>

See accompanying independent auditor's report.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Vending machine	\$ 17,076	802	1,285	16,593
Concessions	14,126	33,631	40,294	7,463
Classes	4,418	4,843	3,187	6,074
Spanish club	20,662	6,625	4,273	23,014
MS peer helper	3,345	19,188	17,887	4,646
Cheerleaders	2,599	14,267	13,494	3,372
Future business leaders	1,623	-	250	1,373
Student council	2,439	659	703	2,395
Athletics	5,199	91,067	102,297	(6,031)
Vocal music	4,960	3,337	2,977	5,320
MS vocal	3,766	3,958	2,666	5,058
MS band	7,735	4,048	2,727	9,056
Drama/Speech	3,694	2,712	2,683	3,723
FFA	57,130	35,076	34,070	58,136
National Honor Society	3,210	560	1,404	2,366
Lasso	9,024	4,788	6,796	7,016
Architecture Club	3,971	11,375	6,946	8,400
Science Club	5,081	327	435	4,973
JEL	800	-	-	800
FCCLA	3,816	-	386	3,430
HS band	6,296	17,578	2,607	21,267
Dance	4,009	3,608	5,320	2,297
Fun Run	2,558	1,092	377	3,273
Interest	2,064	644	-	2,708
Total	<u>\$ 189,601</u>	<u>260,185</u>	<u>253,064</u>	<u>196,722</u>

See accompanying independent auditor's report.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule 4

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

Assets	Capital Projects		
	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
Cash, cash equivalents and pooled investments	\$ 723,911	871,772	1,595,683
Receivables:			
Property tax:			
Delinquent	-	5,073	5,073
Succeeding year	-	468,713	468,713
Due from other governments	<u>138,989</u>	<u>-</u>	<u>138,989</u>
Total assets	<u>\$ 862,900</u>	<u>1,345,558</u>	<u>2,208,458</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	<u>\$ 3,896</u>	<u>2,642</u>	<u>6,538</u>
Total liabilities	<u>3,896</u>	<u>2,642</u>	<u>6,538</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	<u>-</u>	<u>468,713</u>	<u>468,713</u>
Total deferred inflows of resources	<u>-</u>	<u>468,713</u>	<u>468,713</u>
Fund balances:			
Restricted for:			
School infrastructure	859,004	-	859,004
Physical plant and equipment	<u>-</u>	<u>874,203</u>	<u>874,203</u>
Total fund balances	<u>859,004</u>	<u>874,203</u>	<u>1,733,207</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 862,900</u>	<u>1,345,558</u>	<u>2,208,458</u>

See accompanying independent auditor's report.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule 5

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	446,668	446,668
Other	23,560	31,049	54,609
State sources	<u>888,573</u>	<u>6,001</u>	<u>894,574</u>
Total revenues	<u>912,133</u>	<u>483,718</u>	<u>1,395,851</u>
Expenditures:			
Instruction:			
Regular	<u>645</u>	<u>211,703</u>	<u>212,348</u>
Support services:			
Instructional staff	-	26,861	26,861
Administration	-	1,899	1,899
Operation and maintenance of plant	6,228	12,489	18,717
Transportation	<u>-</u>	<u>4,573</u>	<u>4,573</u>
	<u>6,228</u>	<u>45,822</u>	<u>52,050</u>
Other expenditures:			
Facilities acquisition	<u>1,148,026</u>	<u>34,887</u>	<u>1,182,913</u>
Total expenditures	<u>1,154,899</u>	<u>292,412</u>	<u>1,447,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(242,766)</u>	<u>191,306</u>	<u>(51,460)</u>
Other financing sources (uses):			
Proceeds from the disposal of property	-	20,002	20,002
Operating transfers out	<u>(448,516)</u>	<u>(73,484)</u>	<u>(522,000)</u>
Total other financing sources (uses)	<u>(448,516)</u>	<u>(53,482)</u>	<u>(501,998)</u>
Change in fund balances	(691,282)	137,824	(553,458)
Fund balances beginning of year, as restated	<u>1,550,286</u>	<u>736,379</u>	<u>2,286,665</u>
Fund balances end of year	<u>\$ 859,004</u>	<u>874,203</u>	<u>1,733,207</u>

See accompanying independent auditor's report.

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Fiscal Year

	Modified Accrual Basis <u>2015</u>
Revenues:	
Local sources:	
Local tax	\$ 5,835,131
Tuition	588,407
Other	263,111
State sources	6,671,314
Federal sources	<u>505,775</u>
Total	<u>\$ 13,863,738</u>
Expenditures:	
Instruction:	\$ 7,778,887
Support services:	
Student	440,962
Instructional staff	417,644
Administration	1,085,958
Operation and maintenance of plant	899,474
Transportation	714,605
Non-instructional programs	12,508
Other expenditures:	
Facilities acquisition	1,182,913
Long-term debt:	
Principal	419,549
Interest and other charges	181,894
AEA flowthrough	<u>405,764</u>
Total	<u>\$ 13,540,158</u>

See accompanying independent auditor's report.

Clarion-Goldfield-Dows
Clarion, Iowa
Schedule of Expenditures of Federal Awards

Schedule 7

Year Ended June 30, 2015

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY15	\$ 40,391
National School Lunch Program	10.555	FY15	267,396 *
Special Milk Program for Children	10.556	FY15	<u>1,914</u>
			<u>309,701</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY15	<u>240,341</u>
Career and Technical Education - Basic Grants to States	84.048	FY15	<u>11,390</u>
Improving Teacher Quality State Grants	84.367	FY15	<u>33,862</u>
Grants for State Assessments	84.369	FY15	<u>4,600</u>
Area Education Agency:			
Special Education- Grants to States	84.027	FY15	<u>44,386</u>
 Total			 <u>\$ 644,280</u>

* - Includes \$51,205 of non-cash awards.

(continued)

Clarion-Goldfield-Dows
Clarion, Iowa
Schedule of Expenditures of Federal Awards

Schedule 7

Year Ended June 30, 2015

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Clarion-Goldfield-Dows 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.

Cornwell, Frideres, Maher & Associates, P.L.C.

Certified Public Accountants

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Clarion-Goldfield-Dows Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clarion-Goldfield-Dows 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 March 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarion-Goldfield-Dows 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 Clarion-Goldfield-Dows Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarion-Goldfield-Dows Community School District's internal control.

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

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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-15 to be a material weakness.

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

Compliance and Other Matters

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

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

Clarion-Goldfield-Dows Community School District's Responses to Findings

Clarion-Goldfield-Dows Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Clarion-Goldfield-Dows 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 communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clarion-Goldfield-Dows 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.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 17, 2016

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
Clarion-Goldfield-Dows Community School District:

Report on Compliance for Each Major Federal Program

We have audited Clarion-Dows-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. Clarion-Goldfield-Dows' 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 Clarion-Goldfield-Dows' 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 Clarion-Goldfield-Dows' 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 programs. However, our audit does not provide a legal determination of Clarion-Goldfield-Dows' compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of Clarion-Goldfield-Dows Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clarion-Goldfield-Dows' 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 or expressing an opinion on the effectiveness of Clarion-Goldfield-Dows' internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operations of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described on the accompanying Schedule of Findings and Questioned Costs as item III-A-15 to be a material weakness.

Clarion-Goldfield-Dows Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Clarion-Goldfield-Dows' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 17, 2016

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office and Management Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.556 – Special Milk Program for Children
 - CFDA Number 84.010 – Title I Grants to local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clarion-Goldfield-Dows Community School District did not qualify as a low-risk auditee.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Internal Control Deficiencies:

II-A-15 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although the District has divided incompatible duties among existing personnel, the District Secretary still has the ability to override the system without the knowledge of any other personnel.

Recommendation - We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has a large number of required duties under the Code of Iowa which makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response - We are doing everything we can within our situation and will make improvements as the situation changes.

Conclusion - Response accepted.

II-B-15 Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Clarion-Goldfield-Dows Community School District does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes and statement of cash flows, as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate this matter to those charged with governance.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The outsourcing of these services is not unusual in an organization of your size.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the District’s management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources necessary to remain current on GAAP and GASB reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue evaluating on a going forward basis.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiency:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program and
CFDA Number 10.556: Special Milk Program for Children
Federal Award Year: 2015
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies
Federal Award Year: 2015
U.S. Department of Education
Passed through the Iowa Department of Education

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part III: (Continued)

III-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although the District has divided incompatible duties among existing personnel, the District Secretary still has the ability to override the system without the knowledge of any other personnel.

Recommendation – We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has a large number of duties under the Code of Iowa which makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response – We are doing everything we can within our situation and will make improvements as the situation changes.

Conclusion – Response accepted.

Part II: Other Findings Related to Statutory Reporting:

IV-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 did not exceed the certified budget amounts.

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 - No business transactions between the District and District officials or employees were noted.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

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

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

IV-G-15 Certified Enrollment – The number of students reported to the Iowa Department of Education on Line 7 of the Certified Enrollment Certification Form for October 2014 was overstated. The District included one student that was funded that was not enrolled.

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

Response – We will contact the Iowa Department of Education and the Department of Management.

Conclusion – Response accepted.

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 of the Code of Iowa and the District's investment policy were noted. However, one instance of non-compliance with Chapter 12C was noted. The District exceeded its approved maximum depository amount stated in its depository resolution.

Also, the District has a written investment policy that is established per Chapter 452 of the Code of Iowa and not updated to Chapter 12B of the Code of Iowa.

Recommendation – The District should review for sufficiency the maximum amount to be deposited at its depositories and increase the amount if needed. Also, the District should adopt a written investment policy that complies with the provisions of Chapter 12B of the Code of Iowa.

Response – We will do the above at our next board meeting.

Conclusion – Response accepted.

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule of Findings

Year ended June 30, 2015

- IV-J-15 Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely.
- IV-K-15 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-15 Revenue Bonds – No noncompliance with the provisions on the revenue bonds were noted.
- IV-M-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		\$ 1,550,286
Revenues:		
Sales tax revenues	\$ 888,573	
Other local revenues	<u>23,560</u>	<u>912,133</u>
		2,462,419
Expenditures/transfers out:		
School infrastructure construction	1,118,793	
Equipment	11,948	
Other	24,158	
Transfers to other funds:		
Debt service	<u>448,516</u>	<u>1,603,415</u>
Ending balance		\$ <u>859,004</u>

Clarion-Goldfield-Dows Community School District
Clarion, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

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

	Rate of Levy Reduction Per \$1,000 of Taxable <u>Valuation</u>	Property Tax Dollars <u>Reduced</u>
Debt service levy	\$ 0.64684	\$ <u>290,648</u>

IV-N-15 Deficit Balances – The Enterprise, School Nutrition Fund had a deficit net position at June 30, 2015. The primary reason for this deficit net position is due to the implementation of GASB Statement No. 68 during the year. Also, one student activity account had a deficit balance at June 30, 2015.

Recommendation – The district should take steps to ensure the District’s administration and Board of Education understand this accounting change/restatement and how GASB Statement 68 will affect the District’s financial moving forward. Also, the District should continue to investigate alternatives to eliminate the deficit in the student activities account in order to return the account to a sound financial condition.

Response – The District’s business-type activities went into a deficit in fiscal year 2015 due to the implementation of GASB Statement 68 which required the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position. Also, the District is continuing to investigate alternatives to eliminate deficit in the student activity account at the end of the fiscal year.

Conclusion – Response accepted.