

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015

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Clarksville Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Chris Backer	President	2015
Corey Jacobs	Vice President	2015
Justin Clark	Board Member	2017
Tim Backer	Board Member	2017
Shelley Maiers	Board Member	2017
School Officials		
Eric Wood	Superintendent	2015
Shellee Bartlett	Board Secretary/Treasurer	2015
Gruhn Law Firm	Attorney	2015
Swisher & Cohrt Law Firm	Attorney	2015

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(a professional corporation)
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Independent Auditor's Report

To the Board of Education of Clarksville Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District, Clarksville, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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, business type activities, each major fund, and the aggregate remaining fund information of the Clarksville Community School District at 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 12 to the financial statements, Clarksville Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information 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 Clarksville Community School District's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2011 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and 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 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 21, 2016, on our consideration of the Clarksville 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 Clarksville Community School District's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Nolte, Cornman & Johnson PC".

NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,592,277 in fiscal year 2014 to \$3,531,429 in fiscal year 2015, while General Fund expenditures increased from \$3,647,198 in fiscal year 2014 to \$3,857,871 in fiscal year 2015. The District's General Fund balance decreased from \$729,275 at June 30, 2014 to \$402,833 at June 30, 2015, a 44.76% decrease from the prior year.
- The decrease in General Fund revenues was mainly attributable to decreases in local tax and state revenues received in fiscal year 2015. The increase in expenditures was due primarily to increases in negotiated salaries and benefits paid to District employees.

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 Clarksville 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 Clarksville Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Clarksville Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Clarksville Community School District Annual Financial Report

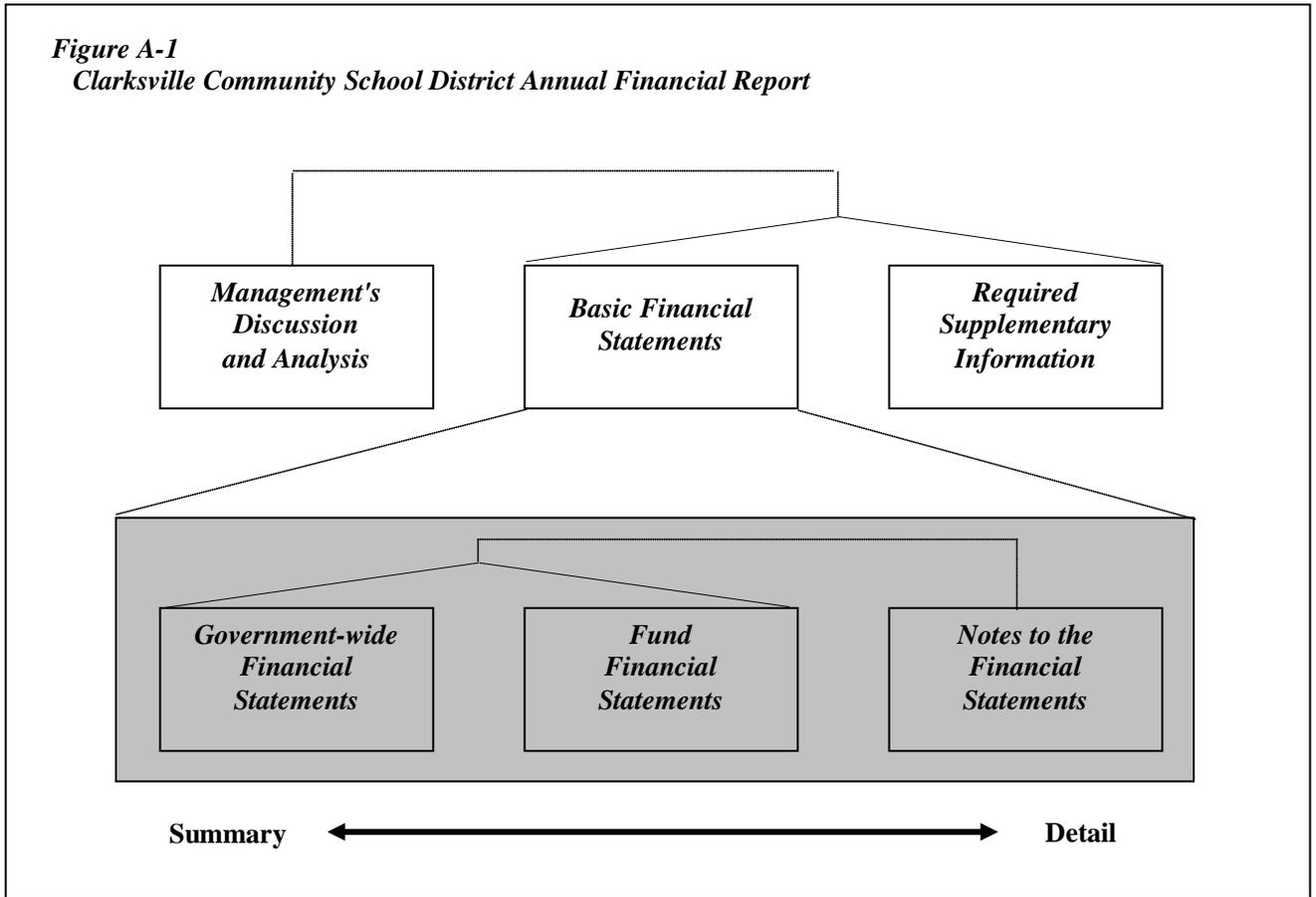


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2				
Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service	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, and 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 position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has 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, Special Revenue Funds, and Capital Projects Funds.

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

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

The required financial statements for 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. This fund is the Private-Purpose Trust Fund.
 - Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
Current and other assets	\$ 2,896,109	2,866,733	40,852	35,511	2,936,961	2,902,244	1.20%
Capital assets	2,818,059	2,900,731	22,229	31,317	2,840,288	2,932,048	-3.13%
Total assets	5,714,168	5,767,464	63,081	66,828	5,777,249	5,834,292	-0.98%
Deferred outflows of resources	497,757	-	12,485	-	510,242	-	100.00%
Long-term liabilities	1,429,428	134,402	31,986	746	1,461,414	135,148	981.34%
Other liabilities	534,355	428,967	2,334	2,610	536,689	431,577	24.36%
Total liabilities	1,963,783	563,369	34,320	3,356	1,998,103	566,725	252.57%
Deferred inflows of resources	1,700,293	1,143,607	11,831	-	1,712,124	1,143,607	49.71%
Net position:							
Net investment in capital assets	2,818,059	2,900,731	22,229	31,317	2,840,288	2,932,048	-3.13%
Restricted	610,747	477,097	-	-	610,747	477,097	28.01%
Unrestricted	(880,957)	682,660	7,186	32,155	(873,771)	714,815	-222.24%
Total net position	\$ 2,547,849	4,060,488	29,415	63,472	2,577,264	4,123,960	-37.51%

The District's combined net position decreased by 37.51% or \$1,546,696 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment).

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position increased \$133,650 or 28.01% from the prior year. The increase in restricted net position can be attributed in part to the increase in amount restricted for school infrastructure as compared to the previous year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement - decreased \$1,588,586 or 222.24%. The decrease in unrestricted net position is primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,237,801 and \$31,348, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

Figure A-4 Changes in Net Position								
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2014		2014		2014		2014	
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	2014-15	
Revenues:								
Program revenues:								
Charges for service	\$ 278,387	267,570	86,328	88,986	364,715	356,556	2.29%	
Operating grants, contributions and restricted interest	292,153	326,544	86,458	84,748	378,611	411,292	-7.95%	
Capital grants, contributions and restricted interest	2,000	2,000	-	-	2,000	2,000	0.00%	
General revenues:								
Property tax	1,141,331	1,176,282	-	-	1,141,331	1,176,282	-2.97%	
Income surtax	158,162	267,925	-	-	158,162	267,925	-40.97%	
Statewide sales, services and use tax	318,277	298,361	-	-	318,277	298,361	6.68%	
Unrestricted state grants	1,917,246	1,922,477	-	-	1,917,246	1,922,477	-0.27%	
Unrestricted investment earnings	25,037	25,382	116	98	25,153	25,480	-1.28%	
Other	44,337	64,160	1,143	459	45,480	64,619	-29.62%	
Total revenues	4,176,930	4,350,701	174,045	174,291	4,350,975	4,524,992	-3.85%	
Program expenses:								
Instructional	2,989,560	2,750,841	-	-	2,989,560	2,750,841	8.68%	
Support services	1,137,174	904,141	14,876	13,235	1,152,050	917,376	25.58%	
Non-instructional programs	5,729	5,307	161,878	211,115	167,607	216,422	-22.56%	
Other expenses	319,305	345,141	-	-	319,305	345,141	-7.49%	
Total expenses	4,451,768	4,005,430	176,754	224,350	4,628,522	4,229,780	9.43%	
Excess(Deficiency) of revenue over(under) expenses	(274,838)	345,271	(2,709)	(50,059)	(277,547)	295,212	-194.02%	
Transfers	-	(87,526)	-	87,526	-	-	0.00%	
Change in net position	(274,838)	257,745	(2,709)	37,467	(277,547)	295,212	-194.02%	
Net position beginning of year, as restated	2,822,687	3,802,743	32,124	26,005	2,854,811	3,828,748	-25.44%	
Net position end of year	\$ 2,547,849	4,060,488	29,415	63,472	2,577,264	4,123,960	-37.51%	

In fiscal year 2015, property tax, income surtax and unrestricted state grants account for 77.01% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.28% of the revenue from business type activities.

The District's total revenues were approximately \$4.35 million, of which approximately \$4.18 million was for governmental activities and \$0.17 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 3.85% in revenues and a 9.43% increase in expenses. Decreases in property tax and income surtax were a contributing factor to the decrease in revenues while the increase in expenses is primarily due to an increase in negotiated salaries and benefits of District employees.

Governmental Activities

Revenues for governmental activities were \$4,176,930 and expenses were \$4,451,768 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 and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2014		Change 2014-15	2014		Change 2014-15
	2015	(Not Restated)		2015	(Not Restated)	
Instruction	\$ 2,989,560	2,750,841	8.68%	2,646,393	2,312,746	14.43%
Support services	1,137,174	904,141	25.77%	1,062,035	898,673	18.18%
Non-instructional	5,729	5,307	7.95%	5,729	5,307	7.95%
Other expenses	319,305	345,141	-7.49%	165,071	192,590	-14.29%
Totals	\$ 4,451,768	4,005,430	11.14%	3,879,228	3,409,316	13.78%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$278,387.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$294,153.
- The net cost of governmental activities was financed with \$1,141,331 in property tax, \$158,162 in income surtax, \$318,277 in statewide sales, services and use tax, \$1,917,246 in unrestricted state grants, \$25,037 in investment income and \$44,337 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$174,045 and expenses were \$176.754 for the year ended June 30, 2015. The District's business type activities include the School Nutrition Fund. Revenues of these activities were mainly comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Clarksville 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 \$971,739, below last year's ending combined fund balances of \$1,069,658. This decrease in combined fund balances is due in part to the decrease in fund balance of the General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. Total revenues decreased as compared to the prior year primarily from decreases in local tax and state sources received. Expenditures increased primarily due to negotiated salaries and benefits paid to employees. Total expenditures outpaced total revenues for the year ensuring a decrease in fund balance. The General Fund balance decreased from \$729,275 at June 30, 2014 to \$402,833 at June 30, 2015.
- The Capital Projects Fund increased from \$163,948 at June 30, 2014 to \$394,228 at June 30, 2015. The primary reason for the increase in fund balance is an increase in local tax and statewide sales, services and use tax revenue received along with a decrease in expenditures needed for capital outlay purposes.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$32,124, restated at July 1, 2014 to \$29,415 at June 30, 2014, representing an increase of 8.43%. Total expenses outpaced total revenues ensuring a decrease in ending net position for the year ended June 30, 2015.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clarksville Community School District amended its budget one time to reflect additional instruction and support service expenditures.

The District's total revenues were \$44,224 more than budgeted revenues, a variance of 1.01%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$2,840,288, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 3.13% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$279,111.

The original cost of the District's capital assets was \$6,633,455. Governmental funds accounted for \$6,488,850 with the remainder of \$144,605 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$261,770 at June 30, 2015, compared to \$283,788 reported at June 30, 2014. The decrease was primarily the result of annual depreciation expense incurred during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 9,505	9,505	-	-	9,505	9,505	0.00%
Buildings	2,302,548	2,354,499	-	-	2,302,548	2,354,499	-2.21%
Improvements other than buildings	266,465	284,256	-	-	266,465	284,256	-6.26%
Machinery and equipment	239,541	252,471	22,229	31,317	261,770	283,788	-7.76%
Total	\$ 2,818,059	2,900,731	22,229	31,317	2,840,288	2,932,048	-3.13%

Long-Term Debt

At June 30, 2015, the District had \$1,461,414 in other long-term debt outstanding. This represents an increase of 981.34% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had termination benefits payable of \$30,315 at June 30, 2015 payable from the special revenue, Management Levy Fund.

The District had a net pension liability of \$1,256,003 at June 30, 2015. \$1,224,980 of this total is attributed to the District's governmental activities while \$31,023 is attributed to the District's business type activities.

The District had a net OPEB liability of \$175,096 at June 30, 2015. \$174,133 of this total is attributed to the District's governmental activities while \$963 is attributed to the District's business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
Termination benefits	\$ 30,315	-	-	-	30,315	-	100.00%
Net pension liability	1,224,980	-	31,023	-	1,256,003	-	100.00%
Net OPEB liability	174,133	134,402	963	746	175,096	135,148	29.56%
Total	\$ 1,429,428	134,402	31,986	746	1,461,414	135,148	981.34%

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:

- Low allowable growth over several years may negatively impact the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.

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 Shellee Bartlett, District Secretary/Treasurer and Business Manager, Clarksville Community School District, 318 N Mather, Clarksville, Iowa, 50619.

Basic Financial Statements

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 1,410,047	33,906	1,443,953
Receivables:			
Property tax:			
Delinquent	22,776	-	22,776
Succeeding year	1,233,121	-	1,233,121
Income surtax	156,894	-	156,894
Accounts	30	-	30
Due from other governments	73,241	-	73,241
Inventories	-	6,946	6,946
Capital assets, net of accumulated depreciation	2,818,059	22,229	2,840,288
TOTAL ASSETS	5,714,168	63,081	5,777,249
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	497,757	12,485	510,242
LIABILITIES			
Accounts payable	140,507	-	140,507
Salaries and benefits payable	358,191	-	358,191
Loans payable	35,657	-	35,657
Unearned revenue	-	2,334	2,334
Long-term liabilities:			
Portion due within one year:			
Termination benefits	6,737	-	6,737
Portion due after one year:			
Termination benefits	23,578	-	23,578
Net pension liability	1,224,980	31,023	1,256,003
Net OPEB liability	174,133	963	175,096
TOTAL LIABILITIES	1,963,783	34,320	1,998,103
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	1,233,121	-	1,233,121
Pension related deferred inflows	467,172	11,831	479,003
TOTAL DEFERRED INFLOWS OF RESOURCES	1,700,293	11,831	1,712,124
NET POSITION			
Net investment in capital assets	2,818,059	22,229	2,840,288
Restricted for:			
Categorical funding	59,944	-	59,944
Management levy purposes	126,107	-	126,107
Student activities	30,468	-	30,468
School infrastructure	334,134	-	334,134
Physical plant and equipment	60,094	-	60,094
Unrestricted	(880,957)	7,186	(873,771)
TOTAL NET POSITION	\$ 2,547,849	29,415	2,577,264

SEE NOTES TO FINANCIAL STATEMENTS.

**CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges	Contributions	Capital Grants,	Govern- mental Activities	Business Type Activities	Total
		for Service	and Restricted Interest	and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 1,867,542	92,994	42,720	-	(1,731,828)	-	(1,731,828)
Special	551,926	-	16,159	-	(535,767)	-	(535,767)
Other	570,092	116,085	75,209	-	(378,798)	-	(378,798)
	<u>2,989,560</u>	<u>209,079</u>	<u>134,088</u>	<u>-</u>	<u>(2,646,393)</u>	<u>-</u>	<u>(2,646,393)</u>
Support services:							
Student	70,810	-	-	-	(70,810)	-	(70,810)
Instructional staff	180,095	24,190	-	-	(155,905)	-	(155,905)
Administration	436,849	45,118	-	-	(391,731)	-	(391,731)
Operation and maintenance of plant	319,838	-	-	2,000	(317,838)	-	(317,838)
Transportation	129,582	-	3,831	-	(125,751)	-	(125,751)
	<u>1,137,174</u>	<u>69,308</u>	<u>3,831</u>	<u>2,000</u>	<u>(1,062,035)</u>	<u>-</u>	<u>(1,062,035)</u>
Non-instructional programs:							
Food service operations	5,729	-	-	-	(5,729)	-	(5,729)
Other expenditures:							
AEA flowthrough	154,234	-	154,234	-	-	-	-
Depreciation(unallocated)*	165,071	-	-	-	(165,071)	-	(165,071)
	<u>319,305</u>	<u>-</u>	<u>154,234</u>	<u>-</u>	<u>(165,071)</u>	<u>-</u>	<u>(165,071)</u>
Total governmental activities	<u>4,451,768</u>	<u>278,387</u>	<u>292,153</u>	<u>2,000</u>	<u>(3,879,228)</u>	<u>-</u>	<u>(3,879,228)</u>
Business type activities:							
Support services:							
Administration	2,963	-	-	-	-	(2,963)	(2,963)
Operation and maintenance of plant	11,913	-	-	-	-	(11,913)	(11,913)
	<u>14,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,876)</u>	<u>(14,876)</u>
Non-instructional programs:							
Food service operations	161,878	86,328	86,458	-	-	10,908	10,908
Total business type activities	<u>176,754</u>	<u>86,328</u>	<u>86,458</u>	<u>-</u>	<u>-</u>	<u>(3,968)</u>	<u>(3,968)</u>
Total	<u>\$ 4,628,522</u>	<u>364,715</u>	<u>378,611</u>	<u>2,000</u>	<u>(3,879,228)</u>	<u>(3,968)</u>	<u>(3,883,196)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,045,706	-	1,045,706
Capital outlay					95,625	-	95,625
Income surtax					158,162	-	158,162
Statewide sales, services and use tax					318,277	-	318,277
Unrestricted state grants					1,917,246	-	1,917,246
Unrestricted investment earnings					25,037	116	25,153
Other					44,337	1,143	45,480
Total general revenues					<u>3,604,390</u>	<u>1,259</u>	<u>3,605,649</u>
Change in net position					(274,838)	(2,709)	(277,547)
Net position beginning of year, as restated					2,822,687	32,124	2,854,811
Net position end of year					<u>\$ 2,547,849</u>	<u>29,415</u>	<u>2,577,264</u>

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 822,994	404,275	182,778	1,410,047
Receivables:				
Property tax:				
Delinquent	19,182	1,908	1,686	22,776
Succeeding year	1,044,132	103,989	85,000	1,233,121
Income surtax	104,596	52,298	-	156,894
Accounts	30	-	-	30
Due from other funds	9,786	-	-	9,786
Due from other governments	23,111	50,130	-	73,241
TOTAL ASSETS	\$ 2,023,831	612,600	269,464	2,905,895
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	-	9,786	9,786
Accounts payable	114,079	26,428	-	140,507
Salaries and benefits payable	358,191	-	-	358,191
Loans payable	-	35,657	-	35,657
Total liabilities	472,270	62,085	9,786	544,141
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,044,132	103,989	85,000	1,233,121
Income surtax	104,596	52,298	-	156,894
Total liabilities	1,148,728	156,287	85,000	1,390,015
Fund balances:				
Restricted for:				
Categorical funding	59,944	-	-	59,944
Management levy purposes	-	-	156,422	156,422
Student activities	-	-	30,468	30,468
School infrastructure	-	334,134	-	334,134
Physical plant and equipment	-	60,094	-	60,094
Unassigned:				
General	342,889	-	-	342,889
Student activities	-	-	(12,212)	(12,212)
Total fund balances	402,833	394,228	174,678	971,739
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,023,831	612,600	269,464	2,905,895

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)	\$	971,739
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		2,818,059
Income surtax receivable are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		156,894
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	\$ 497,757	
Deferred inflows of resources	<u>(467,172)</u>	30,585
Long-term liabilities, including termination benefits, other postemployment benefits payable and the net pension liability, are not due and payable in the current period and therefore, are not reported in the governmental funds.		<u>(1,429,428)</u>
Net position of governmental activities (page 18)	\$	<u><u>2,547,849</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 1,106,369	176,257	84,474	1,367,100
Tuition	84,123	-	-	84,123
Other	136,477	13,943	120,034	270,454
State sources	2,114,576	318,342	58	2,432,976
Federal sources	89,884	-	-	89,884
Total revenues	<u>3,531,429</u>	<u>508,542</u>	<u>204,566</u>	<u>4,244,537</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,828,765	23,938	18,372	1,871,075
Special	554,725	-	-	554,725
Other	444,622	2,198	112,183	559,003
	<u>2,828,112</u>	<u>26,136</u>	<u>130,555</u>	<u>2,984,803</u>
Support services:				
Student	71,748	-	-	71,748
Instructional staff	75,233	105,005	-	180,238
Administration	430,895	3,849	5,083	439,827
Operation and maintenance of plant	211,944	14,891	54,081	280,916
Transportation	85,705	1,407	10,875	97,987
	<u>875,525</u>	<u>125,152</u>	<u>70,039</u>	<u>1,070,716</u>
Non-instructional programs:				
Food service operations	-	-	5,729	5,729
Capital outlay	-	136,124	-	136,124
Other expenditures:				
AEA flowthrough	154,234	-	-	154,234
Total expenditures	<u>3,857,871</u>	<u>287,412</u>	<u>206,323</u>	<u>4,351,606</u>
Excess(Deficiency) of revenues over(under) expenditures	(326,442)	221,130	(1,757)	(107,069)
Other financing sources:				
Compensation for loss on capital asset	-	9,150	-	9,150
Change in fund balances	(326,442)	230,280	(1,757)	(97,919)
Fund balances beginning of year	<u>729,275</u>	<u>163,948</u>	<u>176,435</u>	<u>1,069,658</u>
Fund balances end of year	<u>\$ 402,833</u>	<u>394,228</u>	<u>174,678</u>	<u>971,739</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds (page 22) \$ (97,919)

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

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

Capital outlay	\$ 187,351	
Depreciation expense	(270,023)	(82,672)

Income surtax accounts receivable is not available to finance expenditures of the current period and is recognized as deferred inflows of resources in the governmental funds (67,607)

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred inflow of resources in the Statement of Net Position. 191,019

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.

Termination benefits	(30,315)	
Pension expense	(147,613)	
Other postemployment benefits	(39,731)	(217,659)

Change in net position of governmental activities (page 19) \$ (274,838)

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

	School Nutrition
ASSETS	
Current assets:	
Cash and pooled investments	\$ 33,906
Inventories	6,946
Total current assets	40,852
Noncurrent assets:	
Capital assets, net of accumulated depreciation	22,229
TOTAL ASSETS	63,081
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	12,485
 LIABILITIES	
Current liabilities:	
Unearned revenue	2,334
Noncurrent liabilities:	
Net OPEB liability	963
Net pension liability	31,023
Total noncurrent liabilities	31,986
TOTAL LIABILITIES	34,320
 DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	11,831
 NET POSITION	
Net investment in capital assets	22,229
Unrestricted	7,186
TOTAL NET POSITION	\$ 29,415

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 86,328
Miscellaneous	1,143
Total operating revenues	87,471
Operating expenses:	
Support services:	
Administration:	
Salaries	1,308
Benefits	217
Services	1,438
	2,963
Operation and maintenance of plant:	
Salaries	4,636
Benefits	2,481
Services	3,547
Supplies	1,249
	11,913
Total support services	14,876
Non-instructional programs:	
Food service operations:	
Salaries	48,429
Benefits	7,353
Supplies	97,008
Depreciation	9,088
Total non-instructional programs	161,878
Total operating expenses	176,754
Operating loss	(89,283)
Non-operating revenues:	
State sources	1,496
Federal sources	84,962
Interest income	116
Total non-operating revenues	86,574
Change in net position	(2,709)
Net position beginning of year, as restated	32,124
Net position end of year	\$ 29,415

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 86,052
Cash received from miscellaneous	1,143
Cash paid to employees for services	(65,186)
Cash paid to suppliers for goods or services	(85,444)
Net cash used in operating activities	(63,435)
Cash flows from non-capital financing activities:	
State grants received	1,496
Federal grants received	64,931
Net cash provided by non-capital financing activities	66,427
Cash flows from investing activities:	
Interest on investments	116
Net increase in cash and pooled investments	3,108
Cash and pooled investments beginning of year	30,798
Cash and pooled investments end of year	\$ 33,906
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (89,283)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	20,031
Depreciation	9,088
Increase in inventories	(2,233)
Decrease in unearned revenue	(276)
Decrease in net pension liability	(4,896)
Increase in deferred outflows of resources	(7,914)
Increase in deferred inflows of resources	11,831
Increase in other postemployment benefits	217
Net cash used in operating activities	\$ (63,435)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$20,031 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 50,562
LIABILITIES	<u>-</u>
NET POSITION	
Held in trust for scholarships	<u>\$ 50,562</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 2,000
Interest	1,136
Total additions	3,136
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	6,100
Change in net position	(2,964)
Net position beginning of year	53,526
Net position end of year	\$ 50,562

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Clarksville Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The 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 Butler County Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The District reports the following non-major proprietary fund:

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

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund is as follows:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	10,000
Land improvements	10,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20-50 years
Intangibles	5-10 years
Machinery and equipment	5-12 years

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

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

Loan Payable - The District had a line of credit with Iowa State Bank of Clarksville, Iowa. The outstanding amount drawn against this line of credit is shown as a liability on the financial statements in the Governmental Activities and the Capital Projects: Physical Plant and Equipment Levy Fund.

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

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

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amended certified amounts budgeted in the instructional functional area.

Note 2. Cash and Pooled Investments

The District's deposits at June 30, 2015 were entirely covered by federal depository insurance or 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.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$409 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAA by Standard & Poor's Financial Services.

Note 3. Loans Payable

On August 17, 2012, the District entered into an agreement with Iowa State Bank of Clarksville, Iowa to provide the District with a Line of Credit for \$220,000. The District must make a minimum of semi-annual payments of \$25,000 against this line of credit. The line of credit was issued with an interest rate at 2.95%. Details of the District's activity for the year ended June 30, 2015 is as follows:

Fund	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year	Interest Paid
Capital Projects: Physical Plant & Equipment Levy	\$ 83,543	-	47,886	35,657	2,114

Note 4. Due From and Due to Other Funds

Details of interfund receivables and payables at June 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
General	Student Activity	<u>\$ 9,786</u>

The Student Activity Fund is repaying the General Fund for money which was transferred to the Student Activity Fund to clear deficit accounts if prior fiscal years.

Note 5. Long-Term Liabilities

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
Termination benefits	\$ -	30,315	-	30,315	-
Net pension liability	1,418,291	-	193,311	1,224,980	-
Net OPEB liability	134,402	39,731	-	174,133	-
Total	<u>\$ 1,552,693</u>	<u>70,046</u>	<u>193,311</u>	<u>1,429,428</u>	<u>-</u>
Business Type Activities:					
Net pension liability	\$ 35,919	-	4,896	31,023	-
Net OPEB liability	746	217	-	963	-
Total	<u>\$ 36,665</u>	<u>217</u>	<u>4,896</u>	<u>31,986</u>	<u>-</u>

Termination Benefits

On December 15, 2014, the Clarksville Community School District offered a one-time early retirement incentive for all teachers under contract with the District. This plan was offered for only one year. Eligible employees must have completed at least fifteen years of service to the District and reached the age of fifty-five by August 1, 2014. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits include the Clarksville Community School District providing the full

cost of \$1,000 deductible single health insurance per month for payment of health insurance premiums of each retiree for up to sixty months or upon the retiree reaching to status of being eligible for Medicare. However, each monthly payment shall not exceed the actual cost of the monthly health insurance.

At June 30, 2015 the District had early retirement obligations to one participant with a total liability of \$30,515.

Note 6. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,505	-	-	9,505
Total capital assets not being depreciated	<u>9,505</u>	<u>-</u>	<u>-</u>	<u>9,505</u>
Capital assets being depreciated:				
Buildings	4,932,983	95,329	-	5,028,312
Improvements other than buildings	385,415	-	-	385,415
Machinery and equipment	973,596	92,022	-	1,065,618
Total capital assets being depreciated	<u>6,291,994</u>	<u>187,351</u>	<u>-</u>	<u>6,479,345</u>
Less accumulated depreciation for:				
Buildings	2,578,484	147,280	-	2,725,764
Improvements other than buildings	101,159	17,791	-	118,950
Machinery and equipment	721,125	104,952	-	826,077
Total accumulated depreciation	<u>3,400,768</u>	<u>270,023</u>	<u>-</u>	<u>3,670,791</u>
Total capital assets being depreciated, net	<u>2,891,226</u>	<u>(82,672)</u>	<u>-</u>	<u>2,808,554</u>
Governmental activities capital assets, net	<u>\$ 2,900,731</u>	<u>(82,672)</u>	<u>-</u>	<u>2,818,059</u>
Business type activities:				
Machinery and equipment	\$ 144,605	-	-	144,605
Less accumulated depreciation	113,288	9,088	-	122,376
Business type activities capital assets, net	<u>\$ 31,317</u>	<u>(9,088)</u>	<u>-</u>	<u>22,229</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 46,815
Other	12,939
Support services:	
Administration	5,383
Operation and maintenance of plant	7,373
Transportation	<u>32,442</u>
	104,952
Unallocated depreciation	<u>165,071</u>
Total governmental activities depreciation expense	<u>\$ 270,023</u>
Business type activities:	
Food services operations	<u>\$ 9,088</u>

Note 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 34 active and 5 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit 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 and changes in the District's net OPEB obligation:

Annual required contribution	\$ 61,428
Interest on net OPEB obligation	3,379
Adjustment to annual required contribution	<u>(12,178)</u>
Annual OPEB cost	52,629
Contributions made	<u>(12,681)</u>
Increase in net OPEB obligation	39,948
Net OPEB obligation beginning of year	135,148
Net OPEB obligation end of year	<u><u>\$ 175,096</u></u>

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

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 56,491	36.2%	\$ 99,035
2014	54,952	34.3%	135,148
2015	52,629	24.1%	175,096

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 \$199,531, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$199,531. The covered payroll (annual payroll of active employees covered by the plan) was \$1,898,581 and the ratio of the UAAL to covered payroll was 10.5%. 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 to 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 long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.50% 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 Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information developed by the District. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Pension Plan

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

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

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

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

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$195,736.

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 \$1,256,003 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 0.031035 percent, which was an increase of 0.005351 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$151,351. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,650	\$ -
Changes of assumptions	55,430	-
Net difference between projected and actual earnings on pension plan investments	-	479,003
Changes in proportion and differences between District contributions and proportionate share of contributions	245,426	-
District contributions subsequent to the measurement date	195,736	-
Total	<u>\$ 510,242</u>	<u>\$ 479,003</u>

\$195,736 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	\$ (46,268)
2017	(46,268)
2018	(46,268)
2019	(46,268)
2020	20,575
	<u>\$ (164,497)</u>

There were no non-employer contributing entities at IPERS.

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

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

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

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

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

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

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

investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 2,373,183	\$ 1,256,003	\$ 312,988

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

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$22,909 for legally required employer contributions and \$15,264 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 9. Risk Management

The District is a member in the Iowa Star Schools Employees Benefit Health Plan, an Iowa Code Chapter 28E organization. Iowa Star Schools is a local government risk-sharing pool whose members include various schools throughout the state of Iowa. Iowa Star Schools was set up for the purpose of managing and funding employee benefits. Iowa Star Schools provides coverage and projection in the following categories: dental. District contributions to Iowa Star for the year ended June 30, 2015 were \$340,304.

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$154,234 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Deficit Balances

During the year ended June 30, 2015, the District had a deficit unrestricted net position of \$880,957 in the governmental activities on the Statement of Net Position. The District also had four deficit Student Activity Fund accounts with a total deficit unassigned fund balance of \$12,212.

Note 12. Accounting Change/Restatement

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 4,060,488	\$ 63,472
Net pension liability at June 30, 2014	(1,418,291)	(35,919)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	180,490	4,571
Net position July 1, 2014, as restated	<u>\$ 2,822,687</u>	<u>\$ 32,124</u>

Note 13. Detailed Reconciliation of Governmental Fund Balance to Net Position

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

	<u>Management Levy</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ 156,422	342,889
Termination benefits	(30,315)	-
Income surtax receivable	-	156,894
Net OPEB liability	-	(174,133)
Net pension liability	-	(1,224,980)
Pension related deferred outflows	-	497,757
Pension related deferred inflows	-	(467,172)
Unassigned for Student Activity Fund	-	(12,212)
Net position (Exhibit A)	<u>\$ 126,107</u>	<u>(880,957)</u>

Note 14. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2015, expenditures in the instruction functional area exceeded the amended certified budgeted amounts.

Note 15. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Gifted and talented programs	\$ 19,257
Successful progression for early readers	26,288
Professional development for model core curriculum	8,138
Teacher leadership grants	6,261
Total	<u>\$ 59,944</u>

Required Supplementary Information

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

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 1,721,677	87,587	1,809,264	2,057,094	2,057,094	(247,830)
Intermediate sources	-	-	-	6,000	6,000	(6,000)
State sources	2,432,976	1,496	2,434,472	2,122,014	2,122,014	312,458
Federal sources	89,884	84,962	174,846	189,250	189,250	(14,404)
Total revenues	<u>4,244,537</u>	<u>174,045</u>	<u>4,418,582</u>	<u>4,374,358</u>	<u>4,374,358</u>	<u>44,224</u>
Expenditures/expenses:						
Instruction	2,984,803	-	2,984,803	2,834,600	2,920,500	(64,303)
Support services	1,070,716	14,876	1,085,592	1,106,802	1,150,720	65,128
Non-instructional programs	5,729	161,878	167,607	180,700	180,700	13,093
Other expenditures	290,358	-	290,358	516,432	516,432	226,074
Total expenditures/expenses	<u>4,351,606</u>	<u>176,754</u>	<u>4,528,360</u>	<u>4,638,534</u>	<u>4,768,352</u>	<u>239,992</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(107,069)	(2,709)	(109,778)	(264,176)	(393,994)	284,216
Other financing sources, net	9,150	-	9,150	-	-	9,150
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(97,919)	(2,709)	(100,628)	(264,176)	(393,994)	293,366
Balances beginning of year, as restated	<u>1,069,658</u>	<u>32,124</u>	<u>1,101,782</u>	<u>1,132,680</u>	<u>1,132,680</u>	<u>(30,898)</u>
Balances end of year	<u>\$ 971,739</u>	<u>29,415</u>	<u>1,001,154</u>	<u>868,504</u>	<u>738,686</u>	<u>262,468</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as 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 function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$129,818.

During the year ended June 30, 2015, expenditures in the instruction functional area exceeded the amended certified amounts budgeted.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR *
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.031035%
District's proportionate share of the net pension liability	\$ 1,256,003
District's covered-employee payroll	\$ 2,191,895
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.30%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

Note: 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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 195,736	185,061	144,020	151,191	125,994	117,924	118,456	98,361	93,903	91,345
Contributions in relation to the statutorily required contribution	<u>(195,736)</u>	<u>(185,061)</u>	<u>(144,020)</u>	<u>(151,191)</u>	<u>(125,994)</u>	<u>(117,924)</u>	<u>(118,456)</u>	<u>(98,361)</u>	<u>(93,903)</u>	<u>(91,345)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 2,191,895	2,072,352	1,661,130	1,873,494	1,812,863	1,696,748	1,865,449	1,625,802	1,633,096	1,588,609
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

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.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 163,536	163,536	0.0%	\$ 1,887,000	8.7%
2011	July 1, 2009	-	158,975	158,975	0.0%	1,908,000	8.3%
2012	July 1, 2009	-	150,331	150,331	0.0%	1,627,375	9.2%
2013	July 1, 2012	-	252,130	252,130	0.0%	1,499,492	16.8%
2014	July 1, 2012	-	230,521	230,521	0.0%	1,948,640	11.8%
2015	July 1, 2012	-	199,531	199,531	0.0%	1,898,581	10.5%

See Note 7 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.

Clarksville Community School District

Supplementary Information

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

	Special Revenue		
	Student Activity	Management Levy	Total
ASSETS			
Cash and pooled investments	\$ 28,042	154,736	182,778
Receivables:			
Property tax:			
Delinquent	-	1,686	1,686
Succeeding year	-	85,000	85,000
TOTAL ASSETS	\$ 28,042	241,422	269,464
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ 9,786	-	9,786
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	85,000	85,000
Fund balances:			
Restricted for:			
Management levy purposes	-	156,422	156,422
Student activities	30,468	-	30,468
Unassigned:			
Student activities	(12,212)	-	(12,212)
Total fund balances	18,256	156,422	174,678
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 28,042	241,422	269,464

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Student Activity	Management Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	84,474	84,474
Other	112,284	7,750	120,034
State sources	-	58	58
Total revenues	<u>112,284</u>	<u>92,282</u>	<u>204,566</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	18,372	18,372
Other	112,183	-	112,183
Support services:			
Administration	-	5,083	5,083
Operation and maintenance of plant	-	54,081	54,081
Transportation	-	10,875	10,875
Non-instructional programs:			
Food service operations	-	5,729	5,729
Total expenditures	<u>112,183</u>	<u>94,140</u>	<u>206,323</u>
Change in fund balances	101	(1,858)	(1,757)
Fund balances beginning of year	<u>18,155</u>	<u>158,280</u>	<u>176,435</u>
Fund balances end of year	<u>\$ 18,256</u>	<u>156,422</u>	<u>174,678</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 309,025	95,250	404,275
Receivables:			
Property tax:			
Delinquent	-	1,908	1,908
Succeeding year	-	103,989	103,989
Income surtax	-	52,298	52,298
Due from other governments	50,130	-	50,130
TOTAL ASSETS	\$ 359,155	253,445	612,600
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 25,021	1,407	26,428
Loans payable	-	35,657	35,657
Total liabilities	25,021	37,064	62,085
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	103,989	103,989
Income surtax	-	52,298	52,298
Total deferred inflows of resources	-	156,287	156,287
Fund balances:			
Restricted for:			
School infrastructure	334,134	-	334,134
Physical plant and equipment	-	60,094	60,094
Total fund balances	334,134	60,094	394,228
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 359,155	253,445	612,600

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	176,257	176,257
Other	10,417	3,526	13,943
State sources	318,277	65	318,342
Total revenues	<u>328,694</u>	<u>179,848</u>	<u>508,542</u>
Expenditures:			
Current:			
Instruction:			
Regular	12,717	11,221	23,938
Other	-	2,198	2,198
Support services:			
Instructional staff	99,354	5,651	105,005
Administration	1,736	2,113	3,849
Operation and maintenance of plant	1,535	13,356	14,891
Transportation	-	1,407	1,407
Capital outlay	112,831	23,293	136,124
Total expenditures	<u>228,173</u>	<u>59,239</u>	<u>287,412</u>
Excess of revenues over expenditures	100,521	120,609	221,130
Other financing sources:			
Compensation for loss on capital asset	-	9,150	9,150
Change in fund balances	100,521	129,759	230,280
Fund balances beginning year	233,613	(69,665)	163,948
Fund balances end of year	<u>\$ 334,134</u>	<u>60,094</u>	<u>394,228</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Interest	\$ (231)	748	598	(81)
Athletics	(9,555)	56,591	57,549	(10,513)
Instrumental Music	86	-	86	-
Vocal Music	266	-	266	-
Drill Team	1,234	436	32	1,638
Drama/Speech	87	-	317	(230)
Athletics Clearing	2,082	16,288	12,735	5,635
Music Fundraiser/Trip	1,264	-	-	1,264
School Store	806	-	806	-
Industrial Technology	1,171	-	1,171	-
Elementary Projects	4,691	76	512	4,255
National Honor Society	2,849	812	1,569	2,092
Spanish Club	1,158	-	-	1,158
Washington DC Trip	-	3,892	3,107	785
Special Clearing	20	6,520	6,076	464
PBIS	63	1,156	1,219	-
Senior Class	2,529	256	1,207	1,578
Junior Class	368	11,914	8,858	3,424
Sophomore Class	128	140	-	268
Freshman Class	-	-	-	-
Recycling Project	638	1,634	2,272	-
Special Donations	2,649	220	-	2,869
JH Athletics	1,062	4,102	6,552	(1,388)
JH Student Council	807	-	-	807
SH Student Council	401	2,197	1,485	1,113
Cheerleaders	537	958	1,041	454
Yearbook	3,045	4,344	4,725	2,664
Total	\$ 18,155	112,284	112,183	18,256

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST ACCOUNTS
 JUNE 30, 2015

	Private Purpose Trust - Scholarship							Total
	Clarksville Alumni Scholarship	Asher Scholarship	Weinberg Scholarship	Winkey Scholarship	Eslinger Scholarship	Flint Scholarship		
ASSETS								
Cash and pooled investments	\$ 750	11,975	29,235	6,404	698	1,500	50,562	
LIABILITIES								
	-	-	-	-	-	-	-	
NET POSITION								
Held in trust for scholarships	\$ 750	11,975	29,235	6,404	698	1,500	50,562	

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Private Purpose Trust - Scholarship						Total
	Clarkville Alumni Scholarship	Asher Scholarship	Weinberg Scholarship	Winkey Scholarship	Eslinger Scholarship	Flint Scholarship	
Additions:							
Local sources:							
Gifts and contributions	\$ 500	-	-	-	-	1,500	2,000
Interest	-	278	690	153	15	-	1,136
Total additions	500	278	690	153	15	1,500	3,136
Deductions:							
Instruction:							
Regular:							
Scholarships awarded	1,500	500	2,000	600	-	1,500	6,100
Change in net position	(1,000)	(222)	(1,310)	(447)	15	-	(2,964)
Net position beginning of year	1,750	12,197	30,545	6,851	683	1,500	53,526
Net position end of year	\$ 750	11,975	29,235	6,404	698	1,500	50,562

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 1,367,100	1,437,784	1,866,163	1,819,633	1,680,863	1,528,495	1,560,377	1,509,161	1,502,830	1,380,329
Tuition	84,123	116,301	58,280	56,573	83,729	72,988	79,973	75,297	72,100	95,152
Other	270,454	243,370	173,940	304,333	207,355	166,061	186,687	174,416	207,739	215,024
State sources	2,432,976	2,450,827	2,094,961	2,123,148	2,248,746	1,936,316	2,263,663	1,933,038	1,714,184	1,544,051
Federal sources	89,884	95,996	106,412	184,120	250,376	343,685	158,525	111,912	137,009	289,141
Total	\$ 4,244,537	4,344,278	4,299,756	4,487,807	4,471,069	4,047,545	4,249,225	3,803,824	3,633,862	3,523,697
Expenditures:										
Instruction:										
Regular	\$ 1,871,075	1,760,229	1,660,572	1,607,157	1,749,978	1,631,789	1,655,040	1,612,707	1,462,826	1,445,174
Special	554,725	445,138	663,285	371,268	679,864	648,035	594,112	535,234	440,967	402,860
Other	559,003	630,125	531,854	540,695	581,215	532,322	534,536	419,508	465,865	445,527
Support services:										
Student	71,748	76,910	61,459	56,422	52,888	54,720	49,688	35,537	17,759	1,237
Instructional staff	180,238	131,302	181,566	80,348	74,742	121,612	145,129	135,110	64,119	91,556
Administration	439,827	422,279	391,117	419,748	375,507	346,857	335,648	345,752	338,570	335,300
Operation and maintenance of plant	280,916	277,364	268,500	250,286	255,310	296,361	270,017	320,803	243,655	262,646
Transportation	97,987	158,826	163,475	99,923	123,467	98,463	163,408	102,373	95,011	75,843
Non-instructional programs	5,729	5,307	4,169	4,425	3,468	3,049	3,029	2,629	1,492	1,495
Capital outlay	136,124	217,147	411,545	336,164	259,904	170,609	82,109	74,792	35,117	255,319
Long-term debt:										
Principal	-	-	-	28,491	13,498	12,988	165,000	155,000	154,000	144,000
Interest	-	-	-	987	1,533	2,043	8,155	15,285	22,110	28,010
Other expenditures:										
AEA flow-through	154,234	152,551	149,100	154,404	170,379	163,720	139,317	124,258	11,475	109,443
Total	\$ 4,351,606	4,277,178	4,486,642	3,950,318	4,341,753	4,082,568	4,145,188	3,878,988	3,352,966	3,598,410

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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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 Clarksville 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 Clarksville Community School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarksville 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 Clarksville Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarksville 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 certain deficiencies in internal control over financial reporting that we consider to be a material weakness and a significant deficiency.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarksville Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

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

Clarksville Community School District's Responses to Findings

Clarksville Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Clarksville 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 controls and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2016
Newton, Iowa

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - recording and reconciling cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - recording, journalizing, posting and reconciling.
- 4) Disbursements - purchase order processing, check preparation, mailing and recording.
- 5) Capital assets - recording and reconciling.
- 6) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 7) Financial reporting - preparing, reconciling and approving.
- 8) Computer systems - performing all general accounting functions and controlling all data input and output.
- 9) School lunch program - recording, journalizing, posting, reconciling, purchase order processing, check preparation.

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

Response - We will review our procedures and investigate available alternatives to improve segregation of duties.

Conclusion - Response accepted.

I-B-15 Supporting Documents for Card Payments - During our audit we noted the District makes purchases of fuel for District vehicles on a Casey's Store Card held by the District and that the District receives a monthly statement of activity on this account from Casey's corporate headquarters. However, we also noted the District's local Casey's, where the fuel is purchased, keeps the receipts for purchases made and remits them to the District upon request. As a result we noted the District made payments on this account without any detailed receipts to be used as supporting documentation beyond the monthly statement and that the District would receive these receipts subsequent to the payment of the invoice.

Recommendation - Chapter 279.29 of the Code of Iowa requires the District's Board to audit and allow all bills prior to payment. Lack of supporting documentation for the payment makes it impossible for the Board to audit and approve the bill. The Board

may require alternative documentation when invoices or receipts are not available, however, the Board should make notation on the documents of the approval by the Board. The District should review its procedures and controls and obtain the receipts prior to the payment of the invoice so a reconciliation can be done prior to payment of the invoice. This would also allow the board to “audit and allow” the purchase as required by Chapter 279.29 of the Code of Iowa.

Response - The District will receive receipts from Casey’s prior to payment.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - Expenditures for the year ended June 30, 2015 exceeded the amended certified budget amounts in the instructional functional area.

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

Response - The District will continue to monitor the budget and amend before exceeding the budget.

Conclusion - Response accepted.

II-B-15 Questionable Disbursements - We noted the District purchased prizes to be given to students for being top sellers in District fundraisers. Prizes purchased by the District do not appear to meet public purpose as defined in the Attorney General’s opinion dated April 25, 1979.

Recommendation - The District should refrain from giving prizes to students for being top sellers in fundraisers, as performance incentives or for good behavior to comply with the Attorney General’s opinion dated April 25, 1979.

Response - The District will no longer purchase prizes as incentives for student fundraisers.

Conclusion - Response accepted.

II-C-15 Travel Expense - No expenditures of the District money for travel expenses of spouses of District officials or employees were noted.

II-D-15 Business Transactions - Business transactions between the District and District Officials or employees noted are as follows:

Name, Title and Business Connection	Transaction Description	Amount
Karen Miller, Nurse Owns K&S Grocery	Supplies	\$ 1,119

In accordance with an Attorney General’s opinion dated November 9, 1976 the above transactions with the employee of the District do not appear to represent a conflict of interest.

- II-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-15 Certified Annual Report - The Certified Annual Report was certified timely with the Department of Education and we noted no significant deficiencies in the amounts reported.
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales and Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. 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 including adjustments identified during the fiscal year 2015 audit:

Beginning Balance		\$ 233,613
Revenues:		
Sales tax revenues	\$ 318,277	
Other local revenues	10,417	328,694
		562,307
Expenditures/transfers out:		
School infrastructure construction	98,240	
Equipment	92,418	
Other	37,515	228,173
		228,173
Ending Balance		\$ 334,134

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

II-M-15 Financial Condition - At June 30, 2015, the District had the following deficit balances; the District had four deficit Student Activity Fund accounts with a total deficit unassigned fund balance of \$12,212. The District also had deficit unrestricted net position of \$880,957 in its governmental activities on the Statement of Net Position. The primary reason for the deficit net position in the governmental activities is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should continue to monitor the Student Activity Fund and investigate alternatives to eliminate the deficit account balances. The District should also take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward.

Response - The District will continue to monitor this fund and investigate alternatives to eliminate the deficit fund balance. The District will also continue to educate about GASB Statements No. 68 and No. 71.

Conclusion - Response accepted.

II-N-15 Interfund Loan - We noted during our audit that the District had an interfund loan which was on District balance sheets in prior years and is still on the current year balance sheets. As of June 30, 2015, the Student Activity Fund owed the General Fund \$9,786.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2008, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must seek outside funding to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - If adequate funds are available the District should repay this loan. If funds are not available the District should seek outside funding to comply with the declaratory ruling dated April 11, 2008 and Iowa Code Chapter 74 if needed.

Response - The District will repay the interfund loan if funds are available. If funds are not available the District will borrow from the local bank.

Conclusion - Response accepted.