

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

June 30, 2015

CLINTON COMMUNITY SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
INDEPENDENT AUDITOR’S REPORT	2
MANAGEMENT’S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	17
	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position..... A.....	18
Statement of Activities..... B.....	19
Governmental Fund Financial Statements:	
Balance Sheet..... C.....	21
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)..... E.....	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - Governmental Funds to the Statement of Activities..... F.....	24
Proprietary Fund Financial Statements:	
Statement of Net Position..... G.....	25
Statement of Revenues, Expenses and Changes in Fund Net Position	26
Statement of Cash Flows	27
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position..... K.....	29
Notes to Financial Statements	30
REQUIRED SUPPLEMENTARY INFORMATION	54
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds	55
Notes to Required Supplementary Information - Budgetary Reporting	56
Schedule of the District’s Proportionate Share of the Net Pension Liability	57
Schedule of District Contributions	58
Notes to Required Supplementary Information - Pension Liability	59
Schedule of Funding Progress for the Retiree Health Plan.....	61

CLINTON COMMUNITY SCHOOL DISTRICT

TABLE OF CONTENTS

(Continued)

	PAGE
SUPPLEMENTARY INFORMATION	62
	<u>Schedule</u>
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	1 63
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)	2 64
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3 65
Capital Project Accounts:	
Combining Balance Sheet	4 69
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	5 70
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	6 71
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7 72
Schedule of Expenditures of Federal Awards	8 73
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 <i>Government Auditing Standards</i>	74
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	76
Schedule of Findings and Questioned Costs	78

CLINTON COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term</u>
Board of Education		
James McGraw	President	September 2015
Jack Wenzel	Vice President	September 2017
Jenny Green	Board Member	September 2015
Missey Sullivan-Pope	Board Member	September 2015
Dana Evers	Board Member	September 2017
Eric Gettes	Board Member	September 2017
Gregg Obren	Board Member	September 2017
School Officials		
Deb Olson	Superintendent	Current
Cindy McAleer	District Secretary/Treasurer and Business Manager	Current

Independent Auditor's Report

To the Board of Education of
Clinton Community School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clinton Community School District, Clinton, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As discussed in Note 17 to the financial statements, Clinton Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions and the schedule of funding progress for the retiree health plan on pages 5 through 16 and 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clinton Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2014 (which are not presented herein). The financial statements for the years ended June 30, 2014, June 30, 2013, June 30, 2012, and June 30, 2009 expressed unmodified opinions, while the financial statements for the years ended June 30, 2011 and June 30, 2010 expressed modified opinions. The financial statements for the three years ended June 30, 2008, presented in schedule 7 on page 72 of this report, were audited by other auditors whose reports expressed unmodified opinions on those financial statements. The supplementary information included in schedules 1 through 8 on pages 63 through 73, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments,*

and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information included in schedules 1 through 8 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in schedules 1 through 8 are 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 February 8, 2016 on our consideration of Clinton Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clinton Community School District's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
February 8, 2016

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Clinton 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.

FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$43,730,295 in fiscal year 2014 to \$44,560,160 in fiscal year 2015, while General Fund expenditures decreased from \$43,809,072 in fiscal year 2014 to \$43,059,298 in fiscal year 2015. The District's General Fund balance increased from \$291,332 at the end of fiscal year 2014 to \$1,798,170 at the end of fiscal year 2015.
- The fiscal year 2015 General Fund revenue increase was attributable to an increase in state aid. The decrease in expenditures was due primarily to a reduction in staff.

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

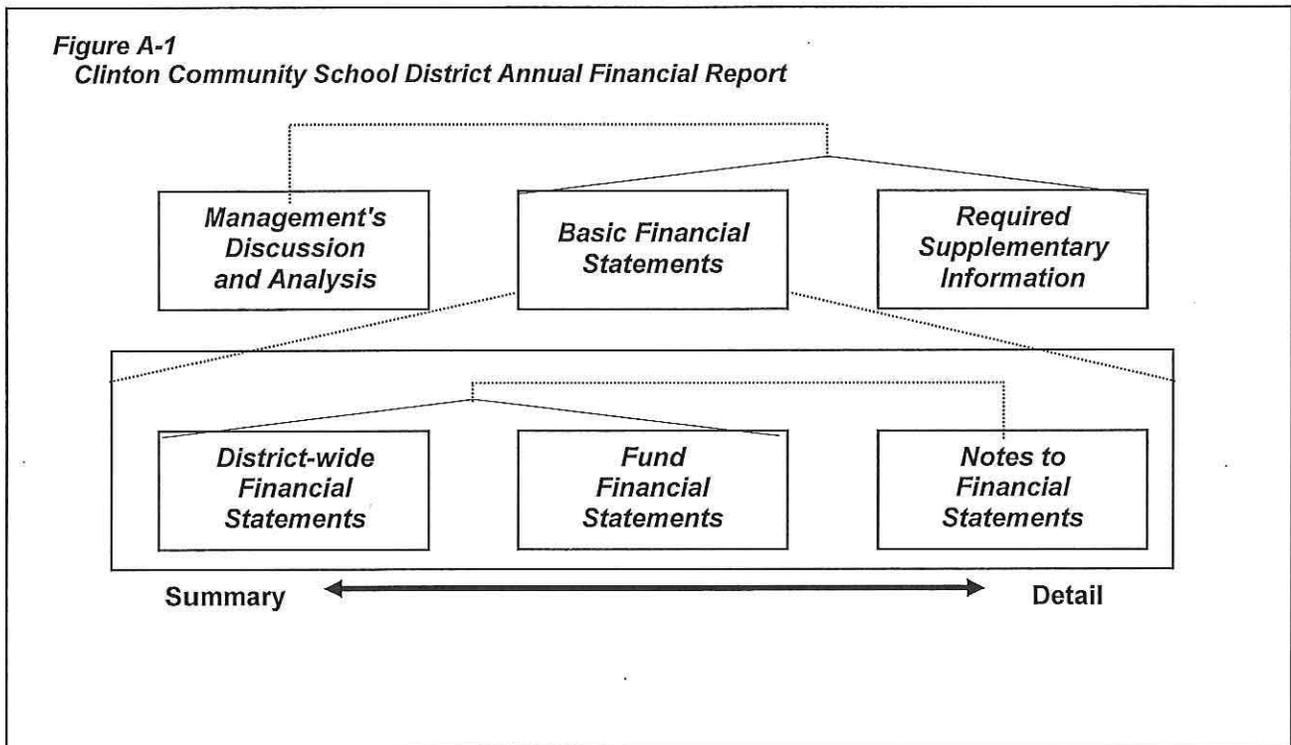
Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

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

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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

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



**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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 services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances (deficits) 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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

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

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

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.
- Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - Agency Funds - These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

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

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

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

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,205,952 as of June 30, 2015.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition, refinancing and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the District's net position for the fiscal year ended June 30, 2015 compared to June 30, 2014.

	Governmental Activities		Business type Activities		Total School District		Total Change
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-2015
Current and other assets	\$38,368,602	\$ 34,740,052	\$1,349,829	\$ 1,513,856	\$39,718,431	\$ 36,253,908	9.6%
Capital assets	67,542,011	66,680,099	733,192	661,700	68,275,203	67,341,799	1.4%
Total assets	105,910,613	101,420,151	2,083,021	2,175,556	107,993,634	103,595,707	4.2%
Deferred outflows of resources	2,947,424	-	77,759	-	3,025,183	-	100.00%
Long-term liabilities	55,212,584	37,186,970	406,019	23,177	55,618,603	37,210,147	49.5%
Other liabilities	7,416,943	8,887,203	51,936	64,865	7,468,879	8,952,068	-16.6%
Total liabilities	62,629,527	46,074,173	457,955	88,042	63,087,482	46,162,215	36.7%
Deferred inflows of resources	20,574,342	14,750,440	151,041	-	20,725,383	14,750,440	40.5%
Net position:							
Net investment in capital assets	29,843,503	32,950,447	733,192	661,700	30,576,695	33,612,147	-9.0%
Restricted	8,155,541	5,119,304	-	-	8,155,541	5,119,304	59.3%
Unrestricted	(12,344,876)	2,525,787	818,592	1,425,814	(11,526,284)	3,951,601	-391.7%
Total net position	\$25,654,168	\$ 40,595,538	\$1,551,784	\$ 2,087,514	\$27,205,952	\$ 42,683,052	-36.3%

The District's total net position decreased by 36.3%, or \$15,477,100, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings, equipment, buses and other pupil transportation), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position was \$8,155,541 at year end.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$15,477,885, or 392%. This reduction in unrestricted net position was primarily a result of the District's net pension liability recorded in the current year.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

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 \$18,432,992 and \$486,225, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Changes in net position. The District's total revenue for the fiscal year ended June 30, 2015 was \$52,912,699 compared to \$49,950,548 at June 30, 2014. The total cost of all programs and services for fiscal year 2015 was \$49,470,582 compared to \$50,420,298 in fiscal year 2014. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and 2014:

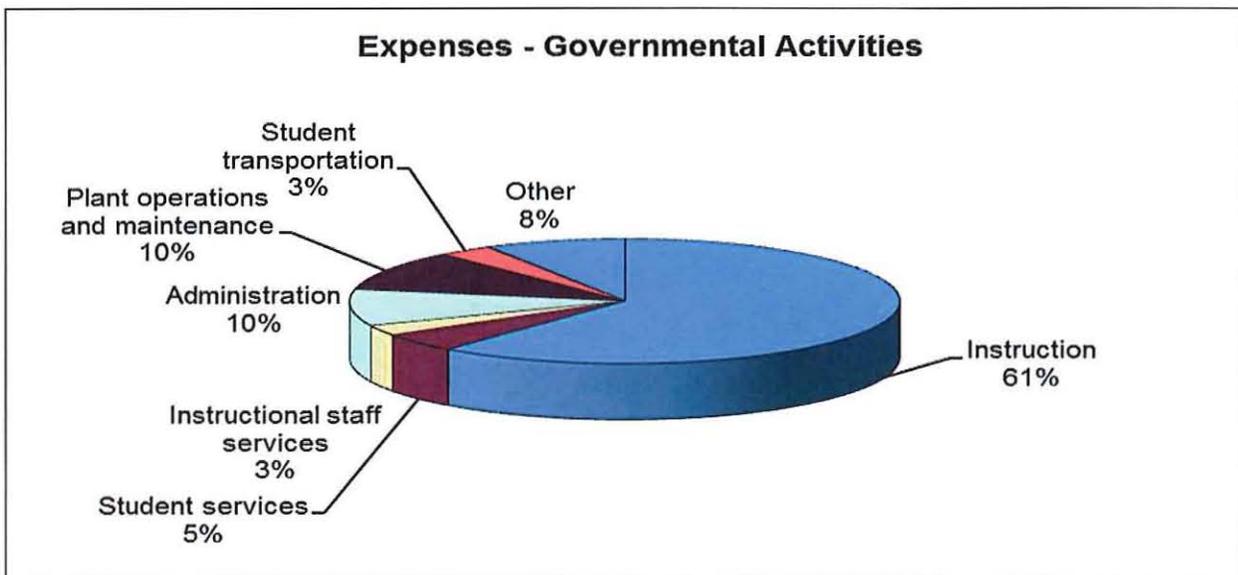
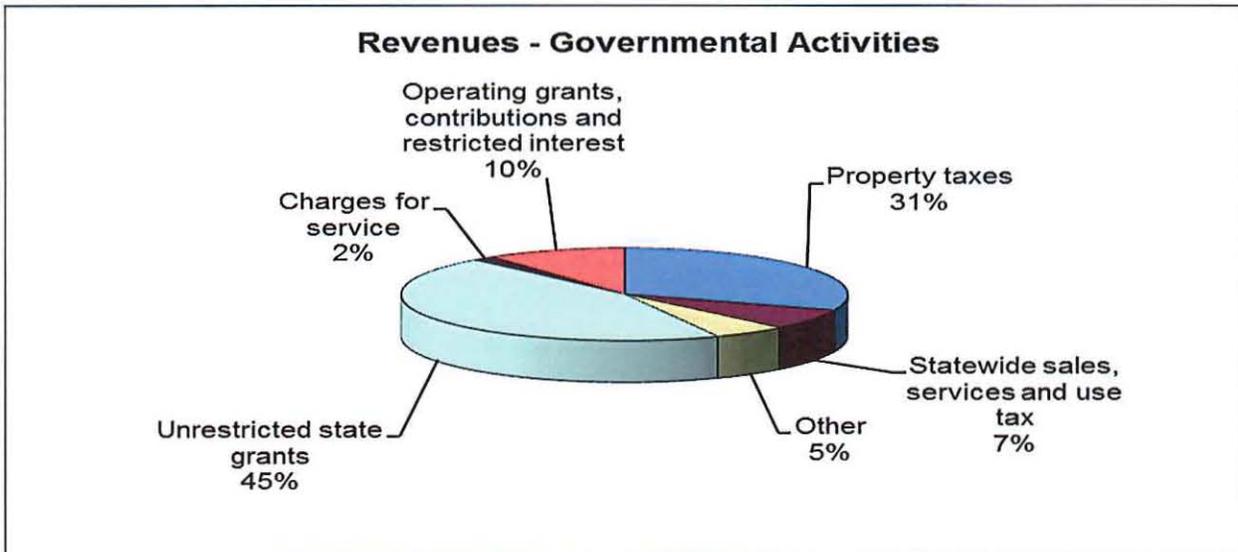
	Governmental Activities		Business type Activities		Total School District		Total Change
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-2015
Revenues:							
Program revenues:							
Charges for service	\$ 822,035	\$ 657,680	\$ 712,275	\$ 542,875	\$ 1,534,310	\$ 1,200,555	27.8%
Operating grants, contributions and restricted interest	5,114,928	5,344,437	1,363,620	1,306,957	6,478,548	6,651,394	-2.6%
General revenues:							
Property tax	15,555,076	14,351,515	-	-	15,555,076	14,351,515	8.4%
Statewide sales, services and use tax	3,695,882	3,401,275	-	-	3,695,882	3,401,275	8.7%
Unrestricted state grants	22,929,530	21,621,648	-	-	22,929,530	21,621,648	6.0%
AEA flowthrough	1,678,476	1,672,859	-	-	1,678,476	1,672,859	0.3%
Unrestricted investment earnings	16,446	17,958	-	-	16,446	17,958	-8.4%
Miscellaneous	1,013,455	1,030,144	-	-	1,013,455	1,030,144	-1.6%
Gain on disposal of capital assets	10,976	3,200	-	-	10,976	3,200	243.0%
Total revenues	50,836,804	48,100,716	2,075,895	1,849,832	52,912,699	49,950,548	5.9%
Program expenses:							
Instruction	28,898,361	28,994,088	-	-	28,898,361	28,994,088	-0.3%
Support services							
Student	2,318,396	2,514,894	-	-	2,318,396	2,514,894	-7.8%
Instructional staff	1,269,903	1,362,914	-	-	1,269,903	1,362,914	-6.8%
Administration services	4,500,810	4,863,606	86,550	97,007	4,587,360	4,960,613	-7.5%
Operation and maintenance of plant	4,931,121	4,902,781	71,090	41,545	5,002,211	4,944,326	1.2%
Transportation	1,496,601	1,465,594	-	-	1,496,601	1,465,594	2.1%
Non-instructional programs	30,042	28,070	1,967,760	1,739,910	1,997,802	1,767,980	13.0%
Other expenditures							
Facilities acquisition	739,296	1,216,390	-	-	739,296	1,216,390	-39.2%
Long-term debt interest	1,482,176	1,520,640	-	-	1,482,176	1,520,640	-2.5%
AEA flowthrough	1,678,476	1,672,859	-	-	1,678,476	1,672,859	0.3%
Total expenses	47,345,182	48,541,836	2,125,400	1,878,462	49,470,582	50,420,298	-1.9%
Increase (decrease) in net position	3,491,622	(441,120)	(49,505)	(28,630)	3,442,117	(469,750)	-832.8%
Net position, beginning of year, as restated	22,162,546	41,036,658	1,601,289	2,116,144	23,763,835	43,152,802	-44.9%
Net position, end of year	\$ 25,654,168	\$ 40,595,538	\$ 1,551,784	\$ 2,087,514	\$ 27,205,952	\$ 42,683,052	-36.3%

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Governmental Activities

Unrestricted state grants, property taxes, and operating grants, contributions and restricted interest are the primary sources of revenue for the District accounting for approximately 86% of total governmental revenues.

Instruction constitutes the largest portion of expenditures at \$28,898,361. The District offers a wide array of programs including general education, special education, vocational and college preparatory classes. The purely administrative activities of the District accounted for approximately 10% of total costs.



**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenditures, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Change 2014-2015	2015	2014 (Not Restated)	Change 2014-2015
Instruction	\$28,898,361	\$ 28,994,088	-0.3%	\$23,915,127	\$ 24,174,259	-1.1%
Support services	14,516,831	15,109,789	-3.9%	13,563,102	13,927,501	-2.6%
Non-instructional programs	30,042	28,070	7.0%	30,042	28,070	7.0%
Other expenditures	3,899,948	4,409,889	-11.6%	3,899,948	4,409,889	-11.6%
Total expenses	<u>\$47,345,182</u>	<u>\$ 48,541,836</u>	<u>-2.5%</u>	<u>\$41,408,219</u>	<u>\$ 42,539,719</u>	<u>-2.7%</u>

- The cost of all governmental activities this year was \$47,345,182.
- Federal and state governments subsidized certain governmental activities with grants and contributions totaling \$5,114,928.
- The net cost of governmental activities of \$41,408,219 was financed by general revenues, which are made up of primarily property and statewide sales, services and use tax (\$19.3 million) and unrestricted state grants (\$22.9 million). AEA flowthrough, unrestricted investment earnings and miscellaneous sources accounted for \$2.7 million.

Business type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$2,075,895, representing a 12.2% increase from the prior year, while expenses totaled \$2,125,400, a 13.1% increase from the prior year. The District's business type activities include the School Nutrition Fund and the Student Construction Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

As previously noted, Clinton 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 \$8,145,353, well over last year's ending fund balances of \$2,957,644. The primary reasons for the increase in combined fund balances at the end of fiscal year 2015 compared to fiscal year 2014 is underspending in the General Fund and the sale of the Bond Anticipation Notes in the Capital Projects Fund.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

Governmental Fund Highlights

- The General Fund is the principal operating fund of the District. The General Fund increased its fund balance by \$1,506,838 during fiscal year 2015. The increase in fund balance is due to the increase in state supplemental aid and staff reductions.
- The Debt Service Fund balance decreased from \$(126,289) at the end of fiscal year 2014 to \$(135,701) at the end of fiscal year 2015. The decrease is due to property tax revenues not received.
- The Capital Projects Fund balance increased due to Bond Anticipation Notes being issued for completion of the new middle school.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$1,332,760 at June 30, 2014, as restated, to \$1,285,597 at June 30, 2015, representing a decrease of 3.5%. The decrease in the fund is a result of the school nutrition fund purchasing tables for the new middle school building.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton Community School District amended its budget one time to reflect actual expenses related to non-instructional programs.

The District's total revenues were \$697,751 less than total budgeted revenues, a variance of 1.3%. This variance is a result property tax revenues not received.

The District's total actual expenditures were \$2,520,695 less than the total budgeted expenditures, a variance of 4.5%.

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.

A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and other governmental funds are not presented in the budgetary comparison on page 55.

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District had invested \$68,275,203 in capital assets, including land, construction in progress, school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase of \$933,404 from last year. Total depreciation expense for the year was \$1,608,832. Additional information on the District's capital assets can be found in Note 4 on pages 38-39 of this report.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2015 compared to the fiscal year ended June 30, 2014.

Capital Assets, net of Depreciation/Amortization

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 1,860,229	\$ 1,860,229	\$ -	\$ -	\$ 1,860,229	\$ 1,860,229	0.0%
Construction in progress	34,424,398	32,077,686	496,808	415,671	34,921,206	32,493,357	7.5%
Land improvements	3,026,423	3,170,345	-	-	3,026,423	3,170,345	-4.5%
Buildings	26,978,696	28,026,797	-	-	26,978,696	28,026,797	-3.7%
Furniture and equipment	771,306	882,844	236,384	246,029	1,007,690	1,128,873	-10.7%
Buses	480,959	662,198	-	-	480,959	662,198	-27.4%
Total assets	\$ 67,542,011	\$ 66,680,099	\$ 733,192	\$ 661,700	\$ 68,275,203	\$ 67,341,799	1.4%

Debt Administration. At year-end, the District had \$38,836,094 in general obligation bonds, revenue bonds and anticipation notes, and capital leases outstanding, of which \$2,241,258 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal years ended June 30, 2015 and June 30, 2014, respectively.

State statutes currently limit the amount of general obligation debt a district may issue to 5 percent of its total assessed valuation. The current debt limitation for the District is \$70.6 million, which is more than the District's outstanding bonded debt. Additional information on the District's long-term debt can be found in Note 5 on pages 39-41 of this report.

	Total Cost School District		Total Change
	2015	2014	2015-2014
General obligation bonds *	\$ 1,367,022	\$ 2,023,032	-32.4%
Revenue bonds and anticipation notes *	37,465,564	33,479,619	11.9%
Capital leases payable	3,508	4,652	-24.6%
	\$38,836,094	\$35,507,303	9.4%

* Net of premiums and discounts

**CLINTON COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- District enrollment increased in fiscal year 2015-2016 by 12 students. This is the first increase in enrollment the district has had in at least ten years. Under Iowa's school funding formula, District funding for the next year is highly dependent upon the District's enrollment on student count day in October. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- Funding at the state level continues to be a focal point for educators. Low state supplemental aid increases are not satisfying cost of living increases as well as increased costs for utilities and purchased services.
- The extension of the Secure an Advanced Vision for Education (SAVE, formerly LOST Fund) is critical for future bonding initiatives for school districts as well as maintaining all funds for school infrastructure and not water quality issues.

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 Cindy McAleer, District Secretary/Treasurer and Business Manager, Clinton Community School District, 1401 12th Avenue North, Clinton, Iowa 52732.

BASIC FINANCIAL STATEMENTS

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
Year Ended June 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,267,053	\$ 1,174,819	\$ 13,441,872
Investments	13,966	-	13,966
Receivables:			
Property tax:			
Delinquent	172,381	-	172,381
Succeeding year	14,848,294	-	14,848,294
Other	771,458	39,558	811,016
Due from other governments	3,120,869	25,096	3,145,965
Inventories	74,103	110,356	184,459
Restricted cash and investments	7,100,478	-	7,100,478
Capital assets, net of accumulated depreciation/amortization	67,542,011	733,192	68,275,203
Total assets	<u>105,910,613</u>	<u>2,083,021</u>	<u>107,993,634</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	<u>2,947,424</u>	<u>77,759</u>	<u>3,025,183</u>
LIABILITIES			
Accounts payable	2,617,444	28,396	2,645,840
Salaries and benefits payable	4,093,098	8,064	4,101,162
Advances from others	-	15,476	15,476
Accrued interest payable	706,401	-	706,401
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	665,000	-	665,000
Revenue bonds and anticipation notes	1,575,000	-	1,575,000
Capital leases	1,258	-	1,258
Compensated absences	164,508	22,056	186,564
Portion due after one year:			
General obligation bonds	702,022	-	702,022
Revenue bonds and anticipation notes	35,890,564	-	35,890,564
Capital leases	2,250	-	2,250
Net pension liability	14,556,213	383,963	14,940,176
Net OPEB liability	1,655,769	-	1,655,769
Total liabilities	<u>62,629,527</u>	<u>457,955</u>	<u>63,087,482</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	14,848,294	-	14,848,294
Pension related deferred inflows	<u>5,726,048</u>	<u>151,041</u>	<u>5,877,089</u>
Total deferred inflows of resources	<u>20,574,342</u>	<u>151,041</u>	<u>20,725,383</u>
NET POSITION			
Net investment in capital assets	29,843,503	733,192	30,576,695
Restricted for:			
Categorical funding	489,830	-	489,830
Management levy purposes	364,737	-	364,737
School infrastructure	6,532,892	-	6,532,892
Physical plant and equipment	240,880	-	240,880
Other purposes	50,915	-	50,915
Debt service	476,287	-	476,287
Unrestricted	<u>(12,344,876)</u>	<u>818,592</u>	<u>(11,526,284)</u>
Total net position	<u>\$ 25,654,168</u>	<u>\$ 1,551,784</u>	<u>\$ 27,205,952</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>
Governmental activities:			
Instruction:			
Regular instruction	\$ 15,125,660	\$ 336,106	\$ 4,183,742
Special instruction	8,627,436	137,895	-
Other instruction	5,145,265	315,134	10,357
Total instruction	28,898,361	789,135	4,194,099
Support services:			
Student	2,318,396	-	884,772
Instructional staff	1,269,903	5,182	17,550
General administration	747,115	-	-
Building administration	2,333,461	-	-
Business administration	1,420,234	-	-
Operation and maintenance of plant	4,931,121	7,225	-
Transportation	1,496,601	20,493	18,507
Total support services	14,516,831	32,900	920,829
Non-instructional programs	30,042	-	-
Other expenditures:			
Facilities acquisition	739,296	-	-
Long-term debt interest	1,482,176	-	-
AEA flowthrough	1,678,476	-	-
Total other expenditures	3,899,948	-	-
Total governmental activities	47,345,182	822,035	5,114,928
Business type activities:			
Support services:			
General administration	2,624	-	-
Business administration	83,926	-	-
Operation and maintenance of plant	71,090	-	-
Total support services	157,640	-	-
Non-instructional programs:			
Food service operations	1,800,953	547,810	1,363,620
Student construction	166,807	164,465	-
Total non-instructional programs	1,967,760	712,275	1,363,620
Total business-type activities	2,125,400	712,275	1,363,620
Total	\$ 49,470,582	\$ 1,534,310	\$ 6,478,548
General revenues:			
Property taxes levied for:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, services and use tax			
Unrestricted state grants			
AEA flowthrough			
Unrestricted investment earnings			
Miscellaneous			
Gain on disposal of capital assets			
Total general revenues			

CHANGE IN NET POSITION

NET POSITION, BEGINNING OF YEAR, AS RESTATED

NET POSITION, END OF YEAR

See notes to financial statements.

EXHIBIT B

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ (10,605,812)	\$ -	\$ (10,605,812)
(8,489,541)	-	(8,489,541)
(4,819,774)	-	(4,819,774)
<u>(23,915,127)</u>	<u>-</u>	<u>(23,915,127)</u>
(1,433,624)	-	(1,433,624)
(1,247,171)	-	(1,247,171)
(747,115)	-	(747,115)
(2,333,461)	-	(2,333,461)
(1,420,234)	-	(1,420,234)
(4,923,896)	-	(4,923,896)
(1,457,601)	-	(1,457,601)
<u>(13,563,102)</u>	<u>-</u>	<u>(13,563,102)</u>
<u>(30,042)</u>	<u>-</u>	<u>(30,042)</u>
(739,296)	-	(739,296)
(1,482,176)	-	(1,482,176)
(1,678,476)	-	(1,678,476)
<u>(3,899,948)</u>	<u>-</u>	<u>(3,899,948)</u>
<u>(41,408,219)</u>	<u>-</u>	<u>(41,408,219)</u>
-	(2,624)	(2,624)
-	(83,926)	(83,926)
-	(71,090)	(71,090)
<u>-</u>	<u>(157,640)</u>	<u>(157,640)</u>
-	110,477	110,477
-	(2,342)	(2,342)
<u>-</u>	<u>108,135</u>	<u>108,135</u>
-	(49,505)	(49,505)
<u>(41,408,219)</u>	<u>(49,505)</u>	<u>(41,457,724)</u>
14,597,787	-	14,597,787
665,114	-	665,114
292,175	-	292,175
3,695,882	-	3,695,882
22,929,530	-	22,929,530
1,678,476	-	1,678,476
16,446	-	16,446
1,013,455	-	1,013,455
10,976	-	10,976
<u>44,899,841</u>	<u>-</u>	<u>44,899,841</u>
3,491,622	(49,505)	3,442,117
<u>22,162,546</u>	<u>1,601,289</u>	<u>23,763,835</u>
\$ 25,654,168	\$ 1,551,784	\$ 27,205,952

CLINTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and cash equivalents	\$ 3,916,676	\$ 264,409	\$ -	\$ 410,925	\$ 4,592,010
Investments	12,964	1,002	-	-	13,966
Receivables:					
Property tax:					
Delinquent	152,864	3,453	7,861	8,203	172,381
Succeeding year	13,242,061	306,913	699,320	600,000	14,848,294
Other receivables	118,056	-	-	251	118,307
Due from other funds	1,504,905	-	-	-	1,504,905
Due from other governments	2,551,610	567,709	-	1,550	3,120,869
Restricted cash and investments	-	7,100,478	-	-	7,100,478
Total assets	<u>21,499,136</u>	<u>8,243,964</u>	<u>707,181</u>	<u>1,020,929</u>	<u>31,471,210</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 21,499,136</u>	<u>\$ 8,243,964</u>	<u>\$ 707,181</u>	<u>\$ 1,020,929</u>	<u>\$ 31,471,210</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 814,419	\$ 680,652	\$ -	\$ 31,756	\$ 1,526,827
Salaries and benefits payable	4,091,784	-	-	-	4,091,784
Due to other funds	-	482,627	143,562	680,061	1,306,250
Total liabilities	<u>4,906,203</u>	<u>1,163,279</u>	<u>143,562</u>	<u>711,817</u>	<u>6,924,861</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues:					
Succeeding year property tax	13,242,061	306,913	699,320	600,000	14,848,294
Other	1,552,702	-	-	-	1,552,702
Total deferred inflows of resources	<u>14,794,763</u>	<u>306,913</u>	<u>699,320</u>	<u>600,000</u>	<u>16,400,996</u>
FUND BALANCES (DEFICITS)					
Restricted for:					
Categorical funding	489,830	-	-	-	489,830
Management levy purposes	-	-	-	364,737	364,737
School infrastructure	-	6,532,892	-	-	6,532,892
Physical plant and equipment	-	240,880	-	-	240,880
Other purposes	-	-	-	50,915	50,915
Unassigned	1,308,340	-	(135,701)	(706,540)	466,099
Total fund balances (deficits)	<u>1,798,170</u>	<u>6,773,772</u>	<u>(135,701)</u>	<u>(290,888)</u>	<u>8,145,353</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 21,499,136</u>	<u>\$ 8,243,964</u>	<u>\$ 707,181</u>	<u>\$ 1,020,929</u>	<u>\$ 31,471,210</u>

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015**

Total fund balances (deficits) of governmental funds (page 21) **\$ 8,145,353**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 67,539,582

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 1,552,702

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (706,401)

The Internal Service Funds are used by management to charge the costs of self funding the District's health insurance benefit plan and print shop activities to individual funds.

The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.

Capital assets	\$ 2,429	
Remaining assets and liabilities	<u>7,111,711</u>	7,114,140

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	2,947,424	
Deferred inflows of resources	<u>(5,726,048)</u>	(2,778,624)

Long-term liabilities, including bonds and anticipation notes payable, leases payable, compensated absences, net pension liability and other post employment benefits payable are not due and payable in the current year and, therefore, are not reported in the governmental funds. (55,212,584)

Net position of governmental activities (page 18) **\$ 25,654,168**

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
REVENUES					
Local sources:					
Taxes	\$ 14,023,530	\$ 292,175	\$ 665,114	\$ 664,786	\$ 15,645,605
Tuition	363,421	-	-	-	363,421
Other	542,794	404,051	-	541,670	1,488,515
State sources	27,363,981	3,707,477	26,394	26,541	31,124,393
Federal sources	2,266,434	-	-	-	2,266,434
Total revenues	<u>44,560,160</u>	<u>4,403,703</u>	<u>691,508</u>	<u>1,232,997</u>	<u>50,888,368</u>
EXPENDITURES					
Current:					
Instruction:					
Regular	14,240,282	36,747	-	348,757	14,625,786
Special	8,788,607	-	-	-	8,788,607
Other	4,694,343	-	-	528,602	5,222,945
Total instruction	<u>27,723,232</u>	<u>36,747</u>	<u>-</u>	<u>877,359</u>	<u>28,637,338</u>
Support services:					
Student	2,359,889	-	-	3,158	2,363,047
Instructional staff	1,296,235	-	-	-	1,296,235
General administration	620,281	21,070	-	51,424	692,775
Building administration	2,383,379	-	-	9,043	2,392,422
Business administration	1,436,539	10,445	-	-	1,446,984
Operation and maintenance of plant	4,289,229	342,328	-	334,212	4,965,769
Transportation	1,269,169	-	-	75,818	1,344,987
Total support services	<u>13,654,721</u>	<u>373,843</u>	<u>-</u>	<u>473,655</u>	<u>14,502,219</u>
Non-instructional programs	<u>2,869</u>	<u>-</u>	<u>-</u>	<u>3,158</u>	<u>6,027</u>
Other expenditures:					
Facilities acquisition	-	2,762,267	-	-	2,762,267
Long-term debt:					
Principal	-	-	1,960,000	-	1,960,000
Interest and fiscal charges	-	-	1,431,062	-	1,431,062
Bond issuance costs	-	11,496	7,750	-	19,246
AEA flowthrough	1,678,476	-	-	-	1,678,476
Total other expenditures	<u>1,678,476</u>	<u>2,773,763</u>	<u>3,398,812</u>	<u>-</u>	<u>7,851,051</u>
Total expenditures	<u>43,059,298</u>	<u>3,184,353</u>	<u>3,398,812</u>	<u>1,354,172</u>	<u>50,996,635</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,500,862</u>	<u>1,219,350</u>	<u>(2,707,304)</u>	<u>(121,175)</u>	<u>(108,267)</u>
OTHER FINANCING SOURCES (USES)					
Revenue bonds issued	-	5,285,000	-	-	5,285,000
Transfers in	-	-	2,697,892	-	2,697,892
Transfers out	-	(2,697,892)	-	-	(2,697,892)
Proceeds from sale of capital assets	5,976	5,000	-	-	10,976
Total other financing sources (uses)	<u>5,976</u>	<u>2,592,108</u>	<u>2,697,892</u>	<u>-</u>	<u>5,295,976</u>
CHANGE IN FUND BALANCES (DEFICITS)	1,506,838	3,811,458	(9,412)	(121,175)	5,187,709
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>291,332</u>	<u>2,962,314</u>	<u>(126,289)</u>	<u>(169,713)</u>	<u>2,957,644</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 1,798,170</u>	<u>\$ 6,773,772</u>	<u>\$ (135,701)</u>	<u>\$ (290,888)</u>	<u>\$ 8,145,353</u>

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>		<u>Total Internal Service</u>
	<u>School Nutrition</u>	<u>Nonmajor Student Construction</u>	<u>Total Enterprise</u>	<u>Insurance</u>	<u>Print Shop</u>	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,054,095	\$ 120,724	\$ 1,174,819	\$ 7,657,024	\$ 18,019	\$ 7,675,043
Other receivables	39,558	-	39,558	653,151	-	653,151
Due from other governments	25,096	-	25,096	-	-	-
Inventories	110,356	-	110,356	-	74,103	74,103
Total current assets	<u>1,229,105</u>	<u>120,724</u>	<u>1,349,829</u>	<u>8,310,175</u>	<u>92,122</u>	<u>8,402,297</u>
Noncurrent assets:						
Land and construction in progress	351,333	145,475	496,808	-	-	-
Furniture and equipment	907,692	-	907,692	-	52,090	52,090
Less accumulated depreciation	<u>(671,308)</u>	<u>-</u>	<u>(671,308)</u>	<u>-</u>	<u>(49,661)</u>	<u>(49,661)</u>
Total noncurrent assets	<u>587,717</u>	<u>145,475</u>	<u>733,192</u>	<u>-</u>	<u>2,429</u>	<u>2,429</u>
Total assets	<u>1,816,822</u>	<u>266,199</u>	<u>2,083,021</u>	<u>8,310,175</u>	<u>94,551</u>	<u>8,404,726</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	<u>77,759</u>	<u>-</u>	<u>77,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	28,384	12	28,396	223,545	1,717	225,262
Salaries and benefits payable	8,064	-	8,064	-	1,314	1,314
Compensated absences payable	22,056	-	22,056	-	-	-
Claims payable	-	-	-	865,355	-	865,355
Due to other funds	-	-	-	-	198,655	198,655
Advances from others	15,476	-	15,476	-	-	-
Total current liabilities	<u>73,980</u>	<u>12</u>	<u>73,992</u>	<u>1,088,900</u>	<u>201,686</u>	<u>1,290,586</u>
Noncurrent liabilities:						
Net pension liability	<u>383,963</u>	<u>-</u>	<u>383,963</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>457,943</u>	<u>12</u>	<u>457,955</u>	<u>1,088,900</u>	<u>201,686</u>	<u>1,290,586</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	<u>151,041</u>	<u>-</u>	<u>151,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	587,717	145,475	733,192	-	2,429	2,429
Unrestricted	<u>697,880</u>	<u>120,712</u>	<u>818,592</u>	<u>7,221,275</u>	<u>(109,564)</u>	<u>7,111,711</u>
Total net position	<u>\$ 1,285,597</u>	<u>\$ 266,187</u>	<u>\$ 1,551,784</u>	<u>\$ 7,221,275</u>	<u>\$ (107,135)</u>	<u>\$ 7,114,140</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds			Internal Service Funds		Total Internal Service
	School Nutrition	Nonmajor Student Construction	Total Enterprise	Insurance	Print Shop	
OPERATING REVENUES						
Local sources:						
Charges for service	\$ 547,036	\$ -	\$ 547,036	\$ -	\$ -	\$ -
Charges to other funds	-	-	-	5,888,833	89,134	5,977,967
Other	774	164,465	165,239	362	-	362
Total operating revenues	<u>547,810</u>	<u>164,465</u>	<u>712,275</u>	<u>5,889,195</u>	<u>89,134</u>	<u>5,978,329</u>
OPERATING EXPENSES						
Support services:						
General administration	2,624	-	2,624	-	-	-
Business administration	83,926	-	83,926	-	-	-
Operation and maintenance of plant	71,090	-	71,090	-	-	-
Total support services	<u>157,640</u>	<u>-</u>	<u>157,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs						
Food service operations:						
Salaries	592,884	-	592,884	-	15,660	15,660
Benefits	133,915	-	133,915	-	2,659	2,659
Purchased services	3,223	43,458	46,681	-	38,260	38,260
Supplies	999,787	123,349	1,123,136	-	25,089	25,089
Depreciation	69,061	-	69,061	-	482	482
Other operating costs	2,083	-	2,083	5,992,797	-	5,992,797
Total non-instructional programs	<u>1,800,953</u>	<u>166,807</u>	<u>1,967,760</u>	<u>5,992,797</u>	<u>82,150</u>	<u>6,074,947</u>
Total operating expenses	<u>1,958,593</u>	<u>166,807</u>	<u>2,125,400</u>	<u>5,992,797</u>	<u>82,150</u>	<u>6,074,947</u>
Operating income (loss)	<u>(1,410,783)</u>	<u>(2,342)</u>	<u>(1,413,125)</u>	<u>(103,602)</u>	<u>6,984</u>	<u>(96,618)</u>
NON-OPERATING REVENUES						
State sources	16,505	-	16,505	-	-	-
Federal sources:						
Federal food commodities	87,034	-	87,034	-	-	-
Federal subsidy	1,260,081	-	1,260,081	-	-	-
Total non-operating revenues	<u>1,363,620</u>	<u>-</u>	<u>1,363,620</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	(47,163)	(2,342)	(49,505)	(103,602)	6,984	(96,618)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>1,332,760</u>	<u>268,529</u>	<u>1,601,289</u>	<u>7,324,877</u>	<u>(114,119)</u>	<u>7,210,758</u>
NET POSITION, END OF YEAR	<u>\$ 1,285,597</u>	<u>\$ 266,187</u>	<u>\$ 1,551,784</u>	<u>\$ 7,221,275</u>	<u>\$ (107,135)</u>	<u>\$ 7,114,140</u>

See notes to financial statements.

CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Enterprise Funds			Internal Service Funds		Total Internal Service
	School Nutrition	Nonmajor Student Construction	Total Enterprise	Insurance	Print Shop	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from sale of lunches and breakfasts	\$ 537,615	\$ -	\$ 537,615	\$ -	\$ -	\$ -
Cash received from operating fund reimbursements	774	164,465	165,239	5,945,646	89,134	6,034,780
Cash payments to employees for services	(844,495)	-	(844,495)	-	(18,176)	(18,176)
Cash payments to suppliers for goods and services	(1,001,189)	(172,176)	(1,173,365)	(5,879,676)	(78,060)	(5,957,736)
Net cash provided by (used in) operating activities	(1,307,295)	(7,711)	(1,315,006)	65,970	(7,102)	58,868
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
State grants received	16,505	-	16,505	-	-	-
Federal grants received	1,252,352	-	1,252,352	-	-	-
Net cash provided by non-capital financing activities	1,268,857	-	1,268,857	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(177,976)	(131,467)	(309,443)	-	-	-
Sale of capital assets	2,083	166,807	168,890	-	-	-
Net cash provided by (used in) capital and related financing activities	(175,893)	35,340	(140,553)	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(214,331)	27,629	(186,702)	65,970	(7,102)	58,868
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,268,426	93,095	1,361,521	7,591,054	25,121	7,616,175
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,054,095	\$ 120,724	\$ 1,174,819	\$ 7,657,024	\$ 18,019	\$ 7,675,043
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ (1,410,783)	\$ (2,342)	\$ (1,413,125)	\$ (103,602)	\$ 6,984	\$ (96,618)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Commodities used	84,123	-	84,123	-	-	-
Depreciation	69,061	-	69,061	-	482	482
(Increase) decrease in other receivables	(10,480)	-	(10,480)	56,451	-	56,451
Increase in inventories	(1,555)	-	(1,555)	-	(15,875)	(15,875)
Increase in deferred outflows of resources	(21,186)	-	(21,186)	-	-	-
Increase (decrease) in accounts payable	1,124	(5,369)	(4,245)	31,545	1,164	32,709
Increase (decrease) in salaries and benefits payable	(9,743)	-	(9,743)	-	143	143
Decrease in compensated absences payable	(1,121)	-	(1,121)	-	-	-
Increase in claims payable	-	-	-	81,576	-	81,576
Increase in advances from others	1,059	-	1,059	-	-	-
Decrease in net pension liability	(158,835)	-	(158,835)	-	-	-
Increase in deferred inflows of resources	151,041	-	151,041	-	-	-
Net cash provided by (used in) operating activities	\$ (1,307,295)	\$ (7,711)	\$ (1,315,006)	\$ 65,970	\$ (7,102)	\$ 58,868

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year ended June 30, 2015, the District received \$87,034 of federal commodities.

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and cash equivalents	\$ 513,967	\$ 6,588
LIABILITIES		
Accounts payable	-	6,588
NET POSITION		
Reserved for scholarships	\$ 513,967	-

See notes to financial statements.

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

	<u>Private Purpose Trust Scholarship</u>
ADDITIONS:	
Local sources:	
Interest	\$ 2,001
Memorials/contributions	<u>3,778</u>
Total additions	<u>5,779</u>
DEDUCTIONS:	
Support services:	
Scholarships	<u>24,080</u>
CHANGE IN NET POSITION	(18,301)
NET POSITION, BEGINNING OF YEAR	<u>532,268</u>
NET POSITION, END OF YEAR	<u><u>\$ 513,967</u></u>

See notes to financial statements.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clinton Community School District is a political subdivision of the State of Iowa and provides elementary and secondary education to the citizens within the District. The District encompasses an area of approximately 18 square miles of the City of Clinton's 34.75 square miles. Within the District are seven schools, including four elementary schools for grades kindergarten to five, one middle school for grades six to eight, one high school for grades nine to twelve, and one alternative high school. Financial accountability for the District's operations is vested with the independently elected Board of Education. Management of the District is appointed by and is accountable to the Board of Education. The District is an independent reporting entity, unaffiliated with the City of Clinton or other local government jurisdictions.

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, Clinton 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 Organization - 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 City's Conference Board.

B. Basis of Presentation

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

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

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization 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 are 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 not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects 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 expenditures, including instructional, support and other costs.

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

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

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

The District reports the following major proprietary fund:

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

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

The District 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, Cash Equivalents and Pooled Investments - 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, have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Land	\$ 5,000
Land improvements	5,000
Buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000
Buses and other pupil transportation	5,000

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years
Buses and other pupil transportation	5-10 years

Impairment of Long-Lived Assets - The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year end.

Deferred inflows of resources in 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 classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted. In addition, the District did not exceed its General Fund unspent authorized budget.

F. Subsequent Events

Management has evaluated subsequent events through February 8, 2016, the date the financial statements were available to be issued.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 2 - CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

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

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

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 \$13,966 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

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

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund		\$ 1,504,905
	Capital Projects	482,627
	Debt Service Fund	143,562
	Student Activity	680,061
	Print Shop Fund	198,655

The Student Activity Fund, Capital Projects Fund, Debt Service Fund and Print Shop Fund are repaying the General Fund for amounts borrowed to cover negative cash balances at June 30, 2015. The balances are to be repaid by June 30, 2016.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,860,229	\$ -	\$ -	\$ 1,860,229
Construction in progress	<u>32,077,684</u>	<u>2,346,714</u>	<u>-</u>	<u>34,424,398</u>
Total capital assets not being depreciated/amortized	<u>33,937,913</u>	<u>2,346,714</u>	<u>-</u>	<u>36,284,627</u>
Capital assets being depreciated/amortized:				
Land improvements	4,546,937	-	-	4,546,937
Buildings and building improvements	49,376,368	1,204	3,850,587	45,526,985
Furniture and equipment	7,884,132	53,765	6,109,675	1,828,222
Buses and other pupil transportation	<u>2,492,606</u>	<u>-</u>	<u>223,502</u>	<u>2,269,104</u>
Total capital assets being depreciated/amortized	<u>64,300,043</u>	<u>54,969</u>	<u>10,183,764</u>	<u>54,171,248</u>
Less accumulated depreciation/amortization for:				
Land improvements	1,376,591	143,923	-	1,520,514
Buildings and building improvements	21,349,571	1,049,305	3,850,587	18,548,289
Furniture and equipment	7,001,288	165,303	6,109,675	1,056,916
Buses and other pupil transportation	<u>1,830,407</u>	<u>181,240</u>	<u>223,502</u>	<u>1,788,145</u>
Total accumulated depreciation/amortization	<u>31,557,857</u>	<u>1,539,771</u>	<u>10,183,764</u>	<u>22,913,864</u>
Total capital assets being depreciated/amortized, net	<u>32,742,186</u>	<u>(1,484,802)</u>	<u>-</u>	<u>31,257,384</u>
Governmental activities capital assets, net	<u>\$ 66,680,099</u>	<u>\$ 861,912</u>	<u>\$ -</u>	<u>\$ 67,542,011</u>
Business type activities:				
Capital assets not being depreciated/amortized:				
Construction in progress	\$ 415,671	\$ 81,137	\$ -	\$ 496,808
Capital assets being depreciated/amortized:				
Furniture and equipment	931,553	61,499	(85,360)	907,692
Less accumulated depreciation	<u>685,524</u>	<u>69,061</u>	<u>(83,277)</u>	<u>671,308</u>
Capital assets being depreciated/amortized	<u>246,029</u>	<u>(7,562)</u>	<u>(2,083)</u>	<u>236,384</u>
Business type activities capital assets, net	<u>\$ 661,700</u>	<u>\$ 73,575</u>	<u>\$ (2,083)</u>	<u>\$ 733,192</u>

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

 Regular \$ 895,671

Support services:

 General administration 61,728

 Operation and maintenance of plant 52,721

 Transportation 173,308

 Instructional staff 504

 Non-instructional 24,497

 Facilities acquisition 331,342

Total depreciation/amortization expense - governmental activities \$ 1,539,771

Business-type activities:

School nutrition:

 Food service operations \$ 69,061

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 <u>Restated</u>	<u>Additions</u>	<u>Reductions</u>	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 1,990,000	\$ -	\$ 645,000	\$ 1,345,000	\$ 665,000
Revenue bonds and anticipation notes	33,725,000	5,285,000	1,315,000	37,695,000	1,575,000
Capital leases payable	4,652	-	1,144	3,508	1,258
Early retirement	133,266	-	133,266	-	-
Compensated absences	194,401	345,098	374,991	164,508	164,508
Net pension liability	20,577,721	-	6,021,508	14,556,213	-
Net OPEB liability	1,352,000	363,847	60,078	1,655,769	-
Plus bond premium	120,082	-	17,227	102,855	-
Less bond discount	(332,431)	-	(22,162)	(310,269)	-
Total	<u>\$57,764,691</u>	<u>\$5,993,945</u>	<u>\$ 8,546,052</u>	<u>\$55,212,584</u>	<u>\$2,405,766</u>

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

	<u>Balance Beginning of Year Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Business type activities:					
Net pension liability	\$ 542,798	\$ -	\$ 158,835	\$ 383,963	\$ -
Compensated absences	23,177	10,389	11,510	22,056	22,056
Total	<u>\$ 565,975</u>	<u>\$ 10,389</u>	<u>\$ 170,345</u>	<u>\$ 406,019</u>	<u>\$ 22,056</u>

General Obligation Bonds

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

Year Ending June 30,	<u>Refunding Bond Issue of 2010</u>			
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.40	\$ 665,000	\$ 34,320	\$ 699,320
2017	2.70	680,000	18,360	698,360
Total		<u>\$ 1,345,000</u>	<u>\$ 52,680</u>	<u>\$ 1,397,680</u>

On July 8, 2010, the District issued \$4,405,000 of general obligation refunding bonds, with interest rates ranging from 2.40% to 3.00%, for a current refunding of the general obligation bonds issued May 1, 2005. The District refunded the bonds to reduce its total debt service payments by approximately \$293,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$266,000.

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue and bond anticipation note indebtedness are as follows:

Year Ending June 30,	<u>Series 2010 Revenue Bond</u>			<u>Series 2013 Revenue Bond</u>			<u>Series 2014 Bond Anticipation Notes</u>			<u>Total</u>	
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	3.00	\$ 1,320,000	\$ 1,154,685	2.00	\$ 255,000	\$ 131,218	1.87	\$ -	\$ 98,830	\$ 1,575,000	\$ 1,384,733
2017	3.00	1,335,000	1,114,860	2.00	285,000	125,818	1.87	-	98,830	1,620,000	1,339,508
2018	3.75	1,355,000	1,069,429	2.00	310,000	119,868	1.87	5,285,000	49,415	6,950,000	1,238,712
2019	3.75	1,395,000	1,017,866	2.00	330,000	113,468		-	-	1,725,000	1,131,334
2020	4.00	1,450,000	962,710	2.00	330,000	106,888		-	-	1,780,000	1,069,578
2021-2025	4.00-4.50	8,250,000	3,841,936	2.00-2.75	1,700,000	428,544		-	-	9,950,000	4,270,480
2026-2030	4.75-5.00	11,995,000	1,729,572	3.00-3.25	2,100,000	166,134		-	-	14,095,000	1,915,706
Total		<u>\$ 27,100,000</u>	<u>\$ 10,891,058</u>		<u>\$ 5,310,000</u>	<u>\$ 1,211,918</u>		<u>\$ 5,285,000</u>	<u>\$ 247,075</u>	<u>\$ 37,695,000</u>	<u>\$ 12,350,051</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$30,000,000 bonds issued during the June 30, 2010 fiscal year and the \$5,310,000 bonds issued during the June 30, 2013 fiscal year. The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030.

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)

The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$37,991,058 on the 2010 issue and \$6,521,918 on the 2013 issue. For the current year, total principal and interest paid was \$2,642,978 and total statewide sales, services and use tax revenues were \$3,695,882.

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

- a) The net bond proceeds shall be deposited in to a Project Fund for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Fund.
- c) Monies in the Revenue Fund shall be disbursed to the Sinking Fund, Debt Service Reserve Fund and Surplus Revenue Fund in order of priority.
- d) The required amount to be deposited in the Sinking Fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date, plus the equal monthly amount necessary to pay in full the installment of principal coming due on the next succeeding principal payment date until the full amount of such installment is on hand. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Revenue Fund.
- e) Upon settlement, from proceeds of the Bonds, the Debt Service Reserve Fund will be funded to a balance equal to the Reserve Fund Requirement. Reserve funds are to be established for each of the revenue bonds issued. Monies deposited in the Reserve Fund shall be used solely for the purpose of paying principal and interest on the Bonds or Parity Obligations.
- f) All money thereafter remaining in the Revenue Fund at the close of each month may be used to pay for other expenses of the Project, pay or redeem the Bonds or obligations, or for any lawful purpose.

Bond Anticipation Notes

On July 1, 2014, the District issued \$5,285,000 in School Infrastructure Sales, Services and Use Tax Revenue Bond Anticipation Notes. The bonds carry an interest rate of 1.87% and mature on July 1, 2017. During the year ended June 30, 2015 the District paid \$49,415 in interest.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments by fund as of June 30, 2015 are as follows:

	<u>General Fund</u>
State appropriations	
Community Partnership	\$ 13,887
Special Education Services	103,210
Transportation Aid for Nonpublic Students	18,506
Decat	4,838
Vocational Aid	<u>1,486</u>
Total state appropriations	<u>141,927</u>
Federal appropriations	
Twenty-First Century	137,155
Juvenile Mentoring Program	9,182
Title I	241,751
Title IIA	185,757
Gaining Early Awareness	36,892
Grants for State Assessments and Related Activities	3,510
Part B	98,343
Medical Assistance Program	48,526
Aids Education	700
Advanced Placement Program	1,512
Vocational Education - Basic Grants to States	<u>61,721</u>
Total federal appropriations	<u>825,049</u>
Miscellaneous	
Income Surtax Receivable	1,515,810
Other local sources	<u>68,824</u>
Total miscellaneous	<u>1,584,634</u>
Total due from other governments	<u>\$2,551,610</u>
	<u>Student Activity Fund</u>
Miscellaneous - other local sources	<u>\$ 1,550</u>
	<u>Capital Projects Fund</u>
Statewide sales, services and use tax	<u>\$ 567,709</u>
	<u>School Nutrition Fund</u>
Federal appropriations - summer food program	<u>\$ 25,096</u>

CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 - PENSION PLAN

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

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

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's year 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 of 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 the 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 members 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.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - PENSION PLAN (CONTINUED)

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and 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 \$2,203,468.

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 \$14,940,176 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 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 0.376715 percent, which was an increase of 0.008870 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,076,333. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 162,371	\$ -
Changes of assumptions	659,344	-
Net difference between projected and actual earnings on pension plan investments	-	5,697,753
Changes in proportion and differences between District contributions and proportionate share of contributions	-	179,336
District contributions subsequent to the measurement date	<u>2,203,468</u>	<u>-</u>
Total	<u>\$ 3,025,183</u>	<u>\$ 5,877,089</u>

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - PENSION PLAN (CONTINUED)

\$2,203,468 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 expenses as follows:

Year Ended <u>June 30,</u>	
2016	\$ (1,277,283)
2017	(1,277,283)
2018	(1,277,283)
2019	(1,277,283)
2020	<u>53,758</u>
Total	<u>\$ (5,055,374)</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:

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Asset Allocations</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 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 plans 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.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$28,229,043	\$14,940,176	\$ 3,722,996

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 \$260,879 for legally required employer contributions and \$173,822 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 392 active and 38 retired members in the plan. Participants must be age 55 or older at retirement. The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

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	\$ 422,877
Interest on net OPEB obligation	33,800
Adjustment to annual required contribution	<u>(92,830)</u>
Annual OPEB cost	363,847
Contributions made	<u>(60,078)</u>
Increase in net OPEB obligation	303,769
Net OPEB obligation beginning of year	<u>1,352,000</u>
Net OPEB obligation end of year	<u>\$ 1,655,769</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$60,078 to the medical plan.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 287,000	59.9%	\$ 723,174
June 30, 2012	287,000	59.9%	838,174
June 30, 2013	435,000	40.9%	1,095,000
June 30, 2014	435,000	40.9%	1,352,000
June 30, 2015	363,847	16.5%	1,655,769

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$2.984 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.984 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$21,285,000 and the ratio of the UAAL to covered payroll was 14.0%. As of June 30, 2015, there were no trust fund assets.

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

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

As of the July 1, 2014 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Mortality rates are from the RP-2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon the 2006 Society of Actuaries Study.

The salary increase rate was assumed to be 0% per year. The UAAL is being amortized as a level dollar amount over active service of the group on a closed basis over 30 years.

NOTE 9 - INTERFUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Fund	\$ -	\$ 2,697,892
Debt Service Fund	2,697,892	-
Total	\$ 2,697,892	\$ 2,697,892

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

NOTE 10 - CONTINGENT LIABILITIES

As of June 30, 2015, the District is contingently liable for the unvested portion of sick leave, which totals approximately \$10,970,629.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. There have been no significant reductions in insurance coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District also has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$75,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 11 - RISK MANAGEMENT (CONTINUED)

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. That reserve was \$865,355 at June 30, 2015. Changes in the aggregate claims liability for the current year is as follows:

	<u>2015</u>
Balance, beginning of year	\$ 783,779
Incurred claims (including IBNRs)	6,074,368
Claim payments	<u>5,992,792</u>
Balance, end of year	<u>\$ 865,355</u>

NOTE 12 - LEASES

Operating

The District has various operating leases for equipment expiring on various dates through 2020 with various minimum annual rentals. Certain operating leases provide for renewal options at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. The following is a schedule, by year, of the future minimum rentals due under these operating leases:

Year Ended	
<u>June 30,</u>	
2016	\$ 39,480
2017	27,278
2018	9,694
2019	8,553
2020	<u>4,018</u>
Total minimum lease payments	<u>\$ 89,023</u>

Rental payments made during the year ended June 30, 2015 for all operating leases totaled approximately \$53,551.

Capital

The District is the lessee of equipment under a capital lease expiring in 2018. The assets and liabilities under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized (or depreciated) over the lower of their related lease terms or their estimated productive lives. Amortization (or depreciation) of assets under capital leases is included in depreciation expense for the year ended June 30, 2015.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 12 - LEASES (CONTINUED)

The following is a schedule, by year, of the future minimum rentals due under the capital lease for each of the next four years:

Year Ended <u>June 30,</u>	
2016	\$ 1,536
2017	1,536
2018	<u>896</u>
Total minimum lease payments	<u>3,968</u>
Less amount representing interest	<u>(460)</u>
Present value of net minimum lease payments	<u>\$ 3,508</u>

Amortization on assets under the capital lease charged to expense in 2015 was \$391.

The interest rate on the capitalized lease is 9.46% and is imputed based on the lower of District's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

NOTE 13 - 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 \$1,678,476 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

NOTE 14 - CONSTRUCTION COMMITMENTS

The District has entered into contracts totaling \$31,001,030 for various construction projects. As of June 30, 2015, costs of \$30,689,298 had been incurred against the contracts. The balance of \$311,732 remaining at June 30, 2015 will be paid as work on the projects progress.

NOTE 15 - DEFICIT BALANCES

At June 30, 2015, the Debt Service Fund, Student Activity Fund and Print Shop Fund had fund balance deficits of \$135,701, \$706,540 and \$107,135, respectively, resulting from current and prior year expenses in excess of total revenues. It is expected that revenues for the next year will provide a positive fund balance in the Debt Service Fund and Print Shop Fund. The Student Activity Fund will continue to have a deficit fund balance into the foreseeable future.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 16 - CATEGORICAL FUNDING

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

<u>Program</u>	<u>Amount</u>
Beginning Teacher Mentoring and Induction	\$ 18,749
Teacher Salary Supplement	117,464
Returning Dropouts and Dropout Prevention	76,865
At-Risk Formula Supplementary Weighting	7,947
Gifted and Talented	23,117
Market Factor Project	26,704
Beginning Administrator Mentoring and Induction	1,275
Textbook Aid for Nonpublic Students	1,013
State Decategorization	800
Innovative Substance Abuse Prevention Grant	2,092
Community Coalition Grant	4,562
Four-Year-Old Preschool State Aid	15,895
Successful Progression for Early Readers	75,655
Professional Development for Model Core Curriculum	64,904
Professional Development	52,788
	<u>\$ 489,830</u>

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

NOTE 17 - 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:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	\$40,595,538	\$ 2,087,514
Net pension liability at June 30, 2014	(20,577,721)	(542,798)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	2,144,729	56,573
Net position July 1, 2014, as restated	\$22,162,546	\$ 1,601,289

NOTE 18 - SUBSEQUENT EVENTS

On August 10, 2015 the District awarded the bid from Rittmer, Inc. in the amount of \$98,390 for the Clinton Community School District Subdivision #2 infrastructure project for the building trades homes.

On September 14, 2015 the District approved the lease/purchase of two new school buses over a three year period in the amount of \$176,132.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES						
Local sources	\$ 17,497,541	\$ 712,275	\$ 18,209,816	\$ 18,850,487	\$ 18,850,487	\$ (640,671)
State sources	31,124,393	16,505	31,140,898	30,874,600	30,874,600	266,298
Federal sources	2,266,434	1,347,115	3,613,549	3,936,927	3,936,927	(323,378)
Total revenues	<u>50,888,368</u>	<u>2,075,895</u>	<u>52,964,263</u>	<u>53,662,014</u>	<u>53,662,014</u>	<u>(697,751)</u>
EXPENDITURES/EXPENSES						
Instruction	28,637,338	-	28,637,338	29,460,373	29,460,373	823,035
Support services	14,502,219	157,640	14,659,859	15,698,142	15,698,142	1,038,283
Non-instructional programs	6,027	1,967,760	1,973,787	1,857,064	2,100,000	126,213
Other expenditures	7,851,051	-	7,851,051	8,384,215	8,384,215	533,164
Total expenditures/expenses	<u>50,996,635</u>	<u>2,125,400</u>	<u>53,122,035</u>	<u>55,399,794</u>	<u>55,642,730</u>	<u>2,520,695</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(108,267)	(49,505)	(157,772)	(1,737,780)	(1,980,716)	1,822,944
OTHER FINANCING SOURCES, NET	<u>5,295,976</u>	<u>-</u>	<u>5,295,976</u>	<u>7,000</u>	<u>7,000</u>	<u>5,288,976</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES/EXPENSES AND OTHER FINANCING USES	5,187,709	(49,505)	5,138,204	(1,730,780)	(1,973,716)	7,111,920
BALANCES BEGINNING OF YEAR	<u>2,957,644</u>	<u>1,601,289</u>	<u>4,558,933</u>	<u>6,312,688</u>	<u>6,312,688</u>	<u>(1,753,755)</u>
BALANCES END OF YEAR	<u>\$ 8,145,353</u>	<u>\$ 1,551,784</u>	<u>\$ 9,697,137</u>	<u>\$ 4,581,908</u>	<u>\$ 4,338,972</u>	<u>\$ 5,358,165</u>

See accompanying independent auditor's report.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING
Year ended June 30, 2015**

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures 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 District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District had one budget amendment, increasing budgeted expenditures by \$242,936.

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

**CLINTON 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

	<u>2015</u>
District's proportion of the net pension liability	0.376715%
District's proportionate share of the net pension liability	\$ 14,940,176
District's covered-employee payroll	\$ 24,650,638
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

See accompanying independent auditor's report.

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

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contribution	\$ 2,203,468	\$ 2,201,302	\$ 2,090,528	\$ 2,086,665	\$ 1,704,410	\$ 1,699,212	\$ 1,552,416	\$ 1,391,269	\$ 1,272,510	\$ 1,212,674
Contributions in relation to the statutorily required contribution	<u>(2,203,468)</u>	<u>(2,201,302)</u>	<u>(2,090,528)</u>	<u>(2,086,665)</u>	<u>(1,704,410)</u>	<u>(1,699,212)</u>	<u>(1,552,416)</u>	<u>(1,391,269)</u>	<u>(1,272,510)</u>	<u>(1,212,674)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 24,674,894	\$ 24,650,638	\$ 24,112,203	\$ 25,857,063	\$ 24,523,885	\$ 25,552,060	\$ 24,447,496	\$ 22,996,182	\$ 22,130,609	\$ 21,089,983
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report.

CLINTON 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.

**CLINTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
Year Ended June 30, 2015**

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

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

**CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION**

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2010	July 1, 2008	-	\$2,662	\$2,662	0.00%	\$ 20,500	13.0%
2011	July 1, 2010	-	2,526	2,526	0.00%	20,488	12.3%
2012	July 1, 2010	-	2,526	2,526	0.00%	21,660	11.7%
2013	July 1, 2012	-	3,523	3,523	0.00%	20,767	17.0%
2014	July 1, 2012	-	3,523	3,523	0.00%	21,368	16.5%
2015	July 1, 2014	-	2,984	2,984	0.00%	21,285	14.0%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CLINTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Student Activity	Management Levy	Helen O. Stoddard Bequest	Margaret N. Kracht Gift	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 1,000	\$ 359,010	\$ 50,832	\$ 83	\$ 410,925
Receivables:					
Property tax:					
Delinquent	-	8,203	-	-	8,203
Succeeding year	-	600,000	-	-	600,000
Other receivables	251	-	-	-	251
Due from other governments	1,550	-	-	-	1,550
Total assets	<u>2,801</u>	<u>967,213</u>	<u>50,832</u>	<u>83</u>	<u>1,020,929</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,801</u>	<u>\$ 967,213</u>	<u>\$ 50,832</u>	<u>\$ 83</u>	<u>\$ 1,020,929</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 29,280	\$ 2,476	\$ -	\$ -	\$ 31,756
Due to other funds	680,061	-	-	-	680,061
Total liabilities	<u>709,341</u>	<u>2,476</u>	<u>-</u>	<u>-</u>	<u>711,817</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues:					
Succeeding year property tax	-	600,000	-	-	600,000
FUND BALANCES (DEFICITS)					
Restricted for:					
Management levy purposes	-	364,737	-	-	364,737
Other purposes	-	-	50,832	83	50,915
Unassigned	(706,540)	-	-	-	(706,540)
Total fund balances (deficits)	<u>(706,540)</u>	<u>364,737</u>	<u>50,832</u>	<u>83</u>	<u>(290,888)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 2,801</u>	<u>\$ 967,213</u>	<u>\$ 50,832</u>	<u>\$ 83</u>	<u>\$ 1,020,929</u>

See accompanying independent auditor's report.

CLINTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2015

	Student Activity	Management Levy	Helen O. Stoddard Bequest	Margaret N. Kracht Gift	Total
REVENUES					
Local sources:					
Taxes	\$ -	\$ 664,786	\$ -	\$ -	\$ 664,786
Other	515,080	26,590	-	-	541,670
State sources	-	26,541	-	-	26,541
Total revenues	<u>515,080</u>	<u>717,917</u>	<u>-</u>	<u>-</u>	<u>1,232,997</u>
EXPENDITURES					
Current:					
Instruction:					
Regular	-	348,757	-	-	348,757
Other	528,602	-	-	-	528,602
Total instruction	<u>528,602</u>	<u>348,757</u>	<u>-</u>	<u>-</u>	<u>877,359</u>
Support services:					
Student	-	3,158	-	-	3,158
General administration	-	51,424	-	-	51,424
Building administration	-	9,043	-	-	9,043
Operation and maintenance of plant	5,534	328,678	-	-	334,212
Transportation	13,552	62,266	-	-	75,818
Total support services	<u>19,086</u>	<u>454,569</u>	<u>-</u>	<u>-</u>	<u>473,655</u>
Non-instructional programs	-	3,158	-	-	3,158
Total expenditures	<u>547,688</u>	<u>806,484</u>	<u>-</u>	<u>-</u>	<u>1,354,172</u>
CHANGE IN FUND BALANCES (DEFICITS)	(32,608)	(88,567)	-	-	(121,175)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>(673,932)</u>	<u>453,304</u>	<u>50,832</u>	<u>83</u>	<u>(169,713)</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ (706,540)</u>	<u>\$ 364,737</u>	<u>\$ 50,832</u>	<u>\$ 83</u>	<u>\$ (290,888)</u>

See accompanying independent auditor's report.

SCHEDULE 3

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

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Clinton High School				
10th grade	\$ 6,093	\$ -	\$ 6,093	\$ -
11th grade	5,085	-	5,085	-
Activity tickets	42,820	355	21,186	21,989
Archery club	2,054	-	815	1,239
Art club	860	126	-	986
Art of film	105	-	-	105
Biology club	968	-	406	562
Camp courageous	1,348	-	547	801
Chess club	4	-	-	4
Class of 2013	423	-	423	-
Class of 2014	5,826	379	15	6,190
Class of 2015	3,395	998	4,563	(170)
Class of 2016	253	13,543	8,503	5,293
Class of 2017	23	761	598	186
Class of 2018	-	840	650	190
Color guard	346	-	-	346
Culinary class	8,439	1,415	2,486	7,368
Dance	398	-	199	199
Debate	1,122	-	-	1,122
Drama	4,475	7,371	9,704	2,142
Environmental heroes	100	140	-	240
FBLA	686	16,849	17,973	(438)
FCS fundraiser	150	-	-	150
Friends of Rachael	(86)	86	-	-
General activity	(602)	3,304	700	2,002
Get a grip	378	-	378	-
Historical guild	818	145	694	269
Instrumental music	13,589	3,471	17,225	(165)
Instrumental music-special	3,148	195	1,234	2,109
Landscaping	4,590	3,968	6,378	2,180
Language arts	62	-	-	62
Lettermans club	914	-	304	610
Literacy club	256	300	398	158
Little theater	-	120	120	-
Medical careers	175	-	-	175
NHS	1,322	4,417	3,890	1,849
Orchestra	5,640	884	2,829	3,695
Orchestra-special	449	10,021	7,389	3,081
Pep club	(464)	945	-	481
SADD	(1,156)	2,286	898	232
Science club	244	294	352	186
Spanish class	907	1,258	1,505	660
Speak up club	-	1,131	880	251
Special education	443	1,409	537	1,315
Speech	1,155	527	3,544	(1,862)
Student council	(316)	7,065	4,405	2,344
Student venture	1,245	225	846	624
Trapshooting	660	-	-	660
Vocal music	33,418	10,467	12,478	31,407
Vocal music-special	31,739	31,721	27,983	35,477
World language club	1,284	528	378	1,434
Yearbook	26,350	17,769	28,736	15,383
Total Clinton High School	<u>211,135</u>	<u>145,313</u>	<u>203,327</u>	<u>153,121</u>

SCHEDULE 3
(CONTINUED)

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

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Clinton High School Athletics				
Athletic concessions	\$ 30,783	\$ -	\$ 18,642	\$ 12,141
Athletic promotions	(25,368)	25,903	535	-
Athletic resale	210	-	210	-
Athletic support	(6,202)	6,202	-	-
Baseball	(132,040)	5,291	5,786	(132,535)
Baseball fundraisers	2,985	14,082	15,823	1,244
Boys bowling	(1,225)	275	555	(1,505)
Boys bowling fundraisers	(86)	586	-	500
Boys basketball	54,945	5,925	6,724	54,146
Boys basketball fundraisers	1,866	3,643	5,392	117
Boys cross country	(8,840)	1,027	2,110	(9,923)
Boys cross country fundraisers	178	72	-	250
Boys golf	(38,917)	1,403	520	(38,034)
Boys golf fundraisers	-	912	247	665
Boys soccer	(47,756)	3,639	2,106	(46,223)
Boys soccer fundraisers	7,313	8,548	8,180	7,681
Boys swimming	(18,662)	2,370	4,078	(20,370)
Boys swimming fundraisers	(1,152)	5,514	3,653	709
Boys tennis	(27,611)	1,861	1,341	(27,091)
Boys tennis fundraisers	218	3,052	2,886	384
Boys track	(104,250)	5,702	2,601	(101,149)
Boys track fundraisers	991	1,380	584	1,787
Cheerleading	314	8,306	7,418	1,202
Football	140,638	5,677	10,042	136,273
Football fundraisers	9,677	24,725	23,921	10,481
General athletics	(232,823)	25,389	9,786	(217,220)
Girls basketball	(25,821)	5,833	6,928	(26,916)
Girls basketball fundraisers	(3,240)	5,859	1,746	873
Girls bowling	(990)	49	188	(1,129)
Girls cross country	(7,889)	382	792	(8,299)
Girls cross country fundraisers	1,188	116	-	1,304
Girls golf	(31,061)	2,109	1,729	(30,681)
Girls golf fundraisers	(797)	1,047	245	5
Girls soccer	(35,663)	3,270	5,929	(38,322)
Girls soccer fundraisers	5,455	18,138	14,608	8,985
Girls softball	(91,750)	1,096	6,157	(96,811)
Girls softball fundraisers	7,281	8,669	5,364	10,586
Girls swimming	(29,952)	2,416	3,689	(31,225)
Girls swimming fundraisers	154	2,174	1,325	1,003
Girls tennis	(36,607)	2,912	2,536	(36,231)
Girls tennis fundraisers	1,341	3,668	3,902	1,107
Girls track	(91,019)	3,009	4,724	(92,734)
Girls track fundraisers	(2,231)	3,931	72	1,628
Girls volleyball	(44,086)	4,970	3,637	(42,753)
Girls volleyball fundraisers	4,830	16,506	15,328	6,008
Strength & conditioning fundraisers	2,415	601	2,133	883
Wrestling	(108,525)	9,728	10,224	(109,021)
Wrestling fundraiser	(5,941)	7,384	1,328	115
Total Clinton High School Athletics	<u>(887,722)</u>	<u>265,351</u>	<u>225,724</u>	<u>(848,095)</u>

SCHEDULE 3
(CONTINUED)

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

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Clinton Middle School				
6th grade	\$ 2,619	\$ 8,551	\$ 8,602	\$ 2,568
7th grade	5,457	2,014	4,094	3,377
8th grade	1,715	-	1,116	599
Activity tickets	(1,175)	3,403	2,228	-
Archery club	(340)	340	-	-
Art club	(374)	424	-	50
AV club	817	-	817	-
Boys basketball	7,596	2,284	9,880	-
Boys track	1,116	197	1,233	80
Drama	2,415	30,644	16,228	16,831
Football	(9,647)	3,024	1,802	(8,425)
General	767	4,451	-	5,218
General athletics	(41,296)	-	1,141	(42,437)
Girls basketball	(8,511)	360	2,360	(10,511)
Girls track	1,586	110	1,461	235
Girls volleyball	3,400	1,218	3,844	774
Instrumental music	6,818	7,074	5,373	8,519
Landscaping	355	-	-	355
Orchestra	5,742	-	643	5,099
Pep club	(340)	340	-	-
Press club	10	-	10	-
Pride club	65	-	65	-
Publications	(774)	774	-	-
Ski trip	4,320	14,071	14,332	4,059
Spanish class	(340)	340	-	-
Special education	(71)	71	-	-
Special olympics	-	177	-	177
Student council	2,210	8,510	7,007	3,713
Student government	3,432	-	3,432	-
Swimming	2	1,164	1,357	(191)
Tennis club	(340)	340	-	-
Vocal music	10,140	528	8,108	2,560
Wrestling	1,233	496	1,729	-
Yearbook	3,134	9,427	6,738	5,823
Total Clinton Middle School	<u>1,741</u>	<u>100,332</u>	<u>103,600</u>	<u>(1,527)</u>

SCHEDULE 3
(CONTINUED)

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

<u>Account</u>	<u>Balance, Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Balance, End of Year</u>
Eagle Heights Elementary School				
Student council	\$ 80	\$ -	\$ -	\$ 80
Jefferson Elementary School				
Student council	1,683	395	572	1,506
Whittier Elementary School				
Student council	(520)	591	-	71
District-Wide				
General	(2,943)	-	12,895	(15,838)
Vocal music	2,083	1,948	1,083	2,948
Wall of fame donations	531	1,150	487	1,194
Total District-Wide	(329)	3,098	14,465	(11,696)
TOTAL	\$ (673,932)	\$ 515,080	\$ 547,688	\$ (706,540)

See accompanying independent auditor's report.

CLINTON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and cash equivalents	\$ 20,028	\$ 244,381	\$ 264,409
Investments	1,002	-	1,002
Receivables:			
Property tax:			
Delinquent	-	3,453	3,453
Succeeding year	-	306,913	306,913
Due from other governments	567,709	-	567,709
Restricted cash and investments	7,100,478	-	7,100,478
Total assets	7,689,217	554,747	8,243,964
DEFERRED OUTFLOWS OF RESOURCES			
None	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,689,217	\$ 554,747	\$ 8,243,964
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 673,698	\$ 6,954	\$ 680,652
Due to other funds	482,627	-	482,627
Total liabilities	1,156,325	6,954	1,163,279
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues:			
Succeeding year property tax	-	306,913	306,913
FUND BALANCES			
Restricted for:			
School infrastructure	6,532,892	-	6,532,892
Physical plant and equipment	-	240,880	240,880
Total fund balances	6,532,892	240,880	6,773,772
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,689,217	\$ 554,747	\$ 8,243,964

See accompanying independent auditor's report.

**CLINTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CAPITAL PROJECT ACCOUNTS
Year Ended June 30, 2015**

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES			
Local sources:			
Taxes	\$ -	\$ 292,175	\$ 292,175
Other	388,636	15,415	404,051
State sources	3,695,882	11,595	3,707,477
Total revenues	4,084,518	319,185	4,403,703
EXPENDITURES			
Current:			
Instruction:			
Regular	36,747	-	36,747
Support services:			
General administration	21,070	-	21,070
Business administration	8,918	1,527	10,445
Operation and maintenance of plant	326,928	15,400	342,328
Total support services	356,916	16,927	373,843
Other expenditures:			
Facilities acquisition	2,615,945	146,322	2,762,267
Bond issuance costs	11,496	-	11,496
Total other expenditures	2,627,441	146,322	2,773,763
Total expenditures	3,021,104	163,249	3,184,353
EXCESS OF REVENUES OVER EXPENDITURES	1,063,414	155,936	1,219,350
OTHER FINANCING SOURCES (USES)			
Revenue bonds issued	5,285,000	-	5,285,000
Transfers out	(2,697,892)	-	(2,697,892)
Proceeds from sale of capital asset	-	5,000	5,000
Total other financing sources (uses)	2,587,108	5,000	2,592,108
CHANGE IN FUND BALANCES	3,650,522	160,936	3,811,458
FUND BALANCES, BEGINNING OF YEAR	2,882,370	79,944	2,962,314
FUND BALANCES, END OF YEAR	\$ 6,532,892	\$ 240,880	\$ 6,773,772

See accompanying independent auditor's report.

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
Year Ended June 30, 2015

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Cash and cash equivalents	<u>\$ 7,019</u>	<u>\$ 10,996</u>	<u>\$ 11,427</u>	<u>\$ 6,588</u>
LIABILITIES				
Accounts payable	<u>\$ 7,019</u>	<u>\$ 10,996</u>	<u>\$ 11,427</u>	<u>\$ 6,588</u>

See accompanying independent auditor's report.

CLINTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	2015	2014	2013	2012	Modified Accrual Basis		2009	2008	2007	2006
					2011	2010				
REVENUES										
Local sources	\$ 17,497,541	\$ 18,261,748	\$ 20,889,150	\$ 20,945,368	\$ 20,741,061	\$ 19,678,824	\$ 15,819,106	\$ 15,103,876	\$ 14,697,134	\$ 13,662,495
Intermediate sources	-	-	-	3,036	-	55,000	1,084,316	1,353,835	2,345,250	2,035,721
State sources	31,124,393	29,505,377	26,843,587	26,269,872	26,649,863	23,652,940	26,903,191	25,688,335	23,994,622	22,411,152
Federal sources	2,266,434	2,535,291	2,863,179	3,317,330	3,504,938	6,173,564	2,522,040	2,231,413	2,684,375	2,840,567
TOTAL REVENUES	\$ 50,888,368	\$ 50,302,416	\$ 50,595,916	\$ 50,535,606	\$ 50,895,862	\$ 49,560,328	\$ 46,328,653	\$ 44,377,459	\$ 43,721,381	\$ 40,949,935
EXPENDITURES										
Instruction	\$ 28,637,338	\$ 28,601,591	\$ 29,265,442	\$ 29,337,257	\$ 29,184,412	\$ 30,157,474	\$ 28,095,451	\$ 26,072,867	\$ 25,120,818	\$ 23,924,938
Support services:										
Student	2,363,047	2,505,018	2,428,715	2,509,047	2,233,621	2,286,580	2,237,361	2,372,567	2,455,271	2,566,531
Instructional staff	1,296,235	1,355,053	1,440,467	1,248,053	1,356,898	1,445,502	1,140,229	1,220,633	1,162,756	1,242,624
General administration	692,775	693,967	706,059	708,326	727,422	869,920	532,196	675,091	550,268	511,883
Building administration	2,392,422	2,551,667	2,454,124	2,650,850	2,252,313	2,356,980	2,188,122	1,999,990	2,012,362	1,892,744
Business administration	1,446,984	1,546,847	1,698,879	1,765,371	1,354,713	1,415,376	1,510,298	1,765,364	1,515,714	1,665,013
Operation and maintenance of plant	4,965,769	4,873,444	4,715,786	4,325,841	4,135,325	3,984,723	4,035,938	3,917,586	3,760,269	3,817,687
Transportation	1,344,987	1,534,984	1,472,802	1,535,660	1,439,233	1,881,958	1,694,934	1,455,990	917,280	1,249,182
Non-instructional programs	6,027	4,053	5,191	17,054	3,181	3,708	5,412	4,024	2,786	11,419
Other expenditures	7,851,051	21,158,777	8,803,254	11,689,493	15,438,546	10,000,394	6,155,500	8,554,663	20,509,803	6,650,066
TOTAL EXPENDITURES	\$ 50,996,635	\$ 64,825,401	\$ 52,990,719	\$ 55,786,952	\$ 58,125,664	\$ 54,402,615	\$ 47,595,441	\$ 48,038,775	\$ 58,007,327	\$ 43,532,087

See accompanying independent auditor's report.

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

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Direct:			
U.S. Department of Justice:			
Juvenile Mentoring Program	16.726	FY15	\$ 65,972
Total U.S. Department of Justice			<u>65,972</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY15	241,655
National School Lunch Program	10.555	FY15	1,130,067 *
Summer Food Service Program for Children	10.559	FY15	38,850
Total Child Nutrition Cluster			<u>1,410,572</u>
Fresh Fruit and Vegetable Program	10.582	FY15	33,999
Total U.S. Department of Agriculture			<u>1,444,571</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY15	954,305
Career and Technical Education - Basic Grants to States	84.048	FY15	61,721
Special Education_Grants to States	84.027	FY15	196,687
Twenty-First Century Community Learning Centers	84.287	FY15	407,846
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	FY15	37,737
Improving Teacher Quality State Grants	84.367	FY15	191,711
Grants for State Assessments and Related Activities	84.369	FY15	17,550
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330	FY15	1,512
Total U.S. Department of Education			<u>1,869,069</u>
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY15	700
Total U.S. Department of Health and Human Services			<u>700</u>
Total			<u>\$ 3,380,312</u>

* - Includes \$84,123 of non-cash awards.

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

**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
Clinton Community School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clinton Community School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Clinton Community School District's basic financial statements and have issued our report thereon dated February 8, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clinton Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2015-002. In addition, we noted an immaterial instance of noncompliance or other matter that is described in part IV of the accompanying schedule of findings and questioned costs as item 2015-009.

Comments involving statutory and other legal matters about Clinton Community School 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 Clinton Community School 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.

Clinton Community School District's Responses to Findings

Clinton Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Clinton Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 Clinton 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.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
February 8, 2016

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

To the Board of Education of
Clinton Community School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
February 8, 2016

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

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

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? x yes no
- Significant deficiency(ies) identified? yes x none reported
- Noncompliance material to financial statements noted? x yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes x no

Identification of major programs:

Twenty-First Century:
CFDA Number 84.287

Twenty-First Century Community Learning Centers

School Nutrition Cluster Programs:
CFDA Number 10.553
CFDA Number 10.555
CFDA Number 10.559

School Breakfast Program
National School Lunch Program
Summer Food Service Program for Children

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes x no

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

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2015-001 Financial Reporting

Criteria - The Board of Education and management share the ultimate responsibility for the District's financial statements, including disclosures. Clinton Community School District's internal controls over financial reporting should include adequately trained personnel with the knowledge, skill, and experience to prepare and/or thoroughly review financial statements to ensure they are free of material misstatements and include all disclosures as required by Generally Accepted Accounting Principles (GAAP).

Condition - Clinton Community School District does not have sufficient internal controls over the financial reporting process. While the District maintains controls over the processing of day to day accounting transactions, material journal entries were proposed to adjust the accounts receivable balance for a payment received but not recorded in fiscal year 2015 and to adjust capital assets.

Effect - As a result of this condition, there is a higher risk that financial statement omissions or other errors could occur and not be detected and corrected.

Cause - Management did not effectively identify all adjustments required in order to present the financial statements in accordance with generally accepted accounting principles.

Recommendation - We recommend that the District perform a comprehensive review procedure, prior to the audit of the financial statements, to ensure that the financial information provided is complete and accurate and all year-end adjustments have been properly recorded.

Response - Management will perform a comprehensive review of the financial statements prior to the audit of the financial statements to ensure that all required adjustments have been recorded.

Conclusion - Response accepted.

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

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

2015-002 Deficit Balances

Criteria - The fundamental purpose of fund accounting is to properly account for all resources received and used. Each fund has its own revenues, expenditures, transfers, assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balance. A change in fund balance represents the difference between fund additions (revenues and other financing sources) and deductions (expenditures and other financing uses). A fund balance is identified as the net difference between a fund's assets, deferred outflows of resources, liabilities and deferred inflows of resources. A fund is in a deficit status if the expenditures and transfers out exceed revenues and transfers in.

Condition - The Debt Service Fund, Student Activity Fund, and Print Shop Fund had deficit fund balances at June 30, 2015.

Effect - Fund balance deficits could continue to increase if spending levels are not adjusted to correspond with the amount of revenue received in each of these funds.

Cause - Expenditures paid out of these funds exceed the revenues received.

Recommendation - The District should investigate alternatives to eliminate these deficits and return the funds to a sound financial condition.

Response - The District is continuing to investigate alternatives to eliminate the deficit balances in these funds.

Conclusion - Response accepted.

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

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

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

Part IV: Other Findings Related to Required Statutory Reporting:

2015-003 Certified Budget - Expenditures during the year ended June 30, 2015 did not exceed the amended certified budget amounts.

2015-004 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2015-005 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

2015-006 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
James McGraw, Board President, Owner of Happy Joe's Pizza	Food	\$ 7,399

Although transactions during the year exceeded \$2,500, these purchases were not made pursuant to a contract as described in Chapter 279.7(a) of the Code of Iowa. In addition, no individual purchase exceeded \$2,500. Therefore, the transactions with the Board Member do not appear to represent a conflict of interest.

2015-007 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

2015-008 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

2015-009 Certified Enrollment - Variances in the basic enrollment data certified to the Department of Education were noted.

Recommendation - Certified enrollment numbers should be verified prior to being submitted to the Department of Education.

Response - Certified enrollment numbers will be verified in the future prior to submission.

Conclusion - Response accepted.

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

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

- 2015-010 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- 2015-011 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

- 2015-012 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

- 2015-013 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

- 2015-014 Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education.

For the year ended June 30, 2015, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2015 audit:

Beginning Balance		\$ 2,882,370
Statewide sales, services and use tax	\$3,695,882	
Sale of long-term debt	5,285,000	
Other local revenues	<u>388,636</u>	<u>9,369,518</u>
		12,251,888
Expenditures/transfers out:		
School infrastructure construction	2,615,945	
Equipment	326,928	
Other	78,231	
Transfers to other funds:		
Debt service fund	<u>2,697,892</u>	<u>5,718,996</u>
Ending Balance		<u>\$ 6,532,892</u>

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.