

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

JUNE 30, 2015

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**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

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OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2015 Election)		
Kathy Ihde	President	2017
Janice Andregg	Vice President	2015
Michael Finnegan	Board Member	2017
Dr. Jeff Hoffman	Board Member	2015
John Heying	Board Member	2015
Christine Aulwes	Board Member	2015
Jason Reimer	Board Member	2017
Board of Education (After September 2015 Election)		
John Heying	President	2019
Christine Aulwes	Vice President	2019
Michael Finnegan	Board Member	2017
Alicia Helle	Board Member	2019
Kathy Ihde	Board Member	2017
Ellen Johnson	Board Member	2019
Jason Reimer	Board Member	2017
School Officials		
Shane Wahls	Superintendent	2015
Mary Seifert	Board Secretary	2015
David Schlueter	Business Manager/Treasurer	2015
Brett Nitschke	Attorney	Indefinite

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Clayton Ridge Community School District

Report on the Financial Statements

www.oconnorbrooks.com

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 Clayton Ridge Community School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District's primary government 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 U.S. generally accepted accounting principles. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for component units to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets of \$400,000, liabilities of \$381,000, net position of \$19,000, revenues of \$1,700,000, and expenses of \$1,600,000 of the discretely presented component unit would have been reported.

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Clayton Ridge Community School District, as of June 30, 2015, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

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

Emphasis of Matter

As discussed in Note 14 to the financial statements, Clayton Ridge Community School District adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of FASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 13 and pages 50 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clayton Ridge Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (none of which are presented herein) and expressed unmodified opinions on those financial statements with the exception of the two years ended June 30, 2014 and 2013. For the two years ended June 30, 2014 and 2013, we expressed an unmodified opinion on the financial statements of the various opinion units of the primary government and we expressed an adverse opinion on the aggregate discretely presented component unit due to the omission of the financial data for the District's legally separate component unit. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2016, on our consideration of the Clayton Ridge 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 Clayton Ridge Community School District's internal control over financial reporting and compliance.

O'CONNOR, BROOKS & CO., P.C.
O'Connor, Brooks & Co. P.C.
Dubuque, Iowa
February 8, 2016

**REQUIRED
SUPPLEMENTARY
INFORMATION
(PART I)**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section of the Clayton Ridge Community School District's Comprehensive Annual Financial Report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. The analysis focuses on District financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

2015 Financial Highlights

- The district established the Iowa Virtual Academy (IVA), an online school for students in grades K-12. Students are accepted for enrollment in IVA on a statewide open enrollment basis. Revenues are received from the resident district in the same manner as all other open enrollment students. Clayton Ridge contracts with K12 Inc to provide the educational services for IVA.
- General fund revenues increased from \$7,855,110 in fiscal 2014 to \$8,222,697 in fiscal 2015 while General fund expenditures increased from \$7,808,622 in fiscal 2014 to \$8,267,561 in fiscal 2015. The District's General fund balance decreased from \$1,357,740 on June 30, 2014 to \$1,292,045 on June 30, 2015.
- A special election was held on April 7, 2015 to issue general obligation bonds in the amount of \$10,000,000 for replacement of the 1903 building with construction of a new gymnasium, classrooms, offices, food service, and other facilities. There were 224 votes in favor and 892 votes against. Public measure failed.
- The district entered into a three-year loan agreement with Peoples State Bank in the amount of \$450,000 to finance middle school HVAC projects to be financed with voter-approved PPEL funds.
- The Department of Education approved the district's application for Teacher Leadership Compensation Grant, which will begin in the 2016-2017 school year.
- Pending the retirement of Superintendent Allan Nelson on June 30, 2015 the board reduced administration from three to two positions.
- General fund revenues increased \$367,587. The increase is primarily due to increased enrollment in the Iowa Virtual Academy, which was partially offset by reductions of property and income taxes, state aid, and federal categorical funds.
- General fund expenditures increased \$458,940. The increase is due to increased enrollment in the Iowa Virtual Academy which was partially offset by reductions in costs of staff, fuel, and energy costs.

- Total state-wide sales tax revenues for fiscal 2015 were \$588,787.
- The Instructional Support Levy was renewed by the Board in 2013 for an additional five years. This levy generates an additional 10% of regular program district cost.
- The fiscal 2015 budget enrollment of 621.1 students decreased 7.7 versus fiscal 2014.

Overview of Financial Statements

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

- The Statement of Net Position and Statement of Activities provide information on a district-wide basis. The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. The District's governmental funds include the General, Special Revenue, Capital Projects, and Debt Service funds.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as food services. The District currently has one proprietary fund, the Nutrition fund.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others. These funds include a private purpose trust fund and agency fund.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, and a schedule of funding progress for the retiree health plan. Other supplementary information provides non-major fund details, along with comparisons of revenues and expenses by fiscal year.

Government-wide Statements

The Government-wide 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 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 are an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall financial health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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 taxes 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

Fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in the 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 funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- *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 statements. The District's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds. The District accounts for outside donations for specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these 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.

Reconciliations between the Government-wide financial statements and the fund financial statements follow the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. Figure A-1 below provides a summary of the District's net position at June 30, 2015 as compared to June 30, 2014.

Figure A-1 Condensed Statement of Net Assets (\$000) (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30, 2014 not restated		June 30, 2014 not restated		June 30, 2014 not restated		June 30, 2014-2015
Current assets	\$ 6,750	\$ 6,643	\$ 35	\$ 35	\$ 6,785	\$ 6,678	1.60%
Capital assets	4,019	4,166	4	6	4,023	4,172	-3.50%
Total assets	\$ 10,769	\$ 10,809	\$ 39	\$ 41	\$ 10,808	\$ 10,850	-0.30%
Deferred outflows of resources	\$ 470	\$ -	\$ 17	\$ -	\$ 487	\$ -	100.00%
Current liabilities	\$ 1,469	\$ 1,900	\$ 1	\$ 3	\$ 1,470	\$ 1,903	-22.70%
Non-current liabilities	3,307	387	97	9	3,404	396	759.50%
Total liabilities	\$ 4,776	\$ 2,287	\$ 98	\$ 12	\$ 4,874	\$ 2,299	112.00%
Deferred inflows of resources	\$ 4,322	\$ 3,268	\$ 35	\$ -	\$ 4,357	\$ 3,268	33.30%
Net position							
Invested in capital							
assets, net of related debt	\$ 3,258	\$ 3,748	\$ 4	\$ 6	\$ 3,262	\$ 3,754	-13.10%
Restricted	900	714	-	-	900	714	26.05%
Unrestricted (deficit)	(2,017)	792	(81)	23	(2,098)	815	-357.42%
Total net position	\$ 2,141	\$ 5,254	\$ (77)	\$ 29	\$ 2,064	\$ 5,283	60.90%

The District's combined net position decreased approximately 60.90% over the prior year.

Unrestricted net position - the part of net position that can be used to finance day to day activity without constraints such as enabling legislation or other legal requirements - decreased 357% or \$2,914,447.

This reduction in unrestricted net position was primarily a result of the District's net position liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,046,580 and \$110,775, 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.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The district's restricted net position consist primarily of fund balances in the General Fund for categorical funding, management levy, and student activities. The District's restricted net position increased 26% or \$185,864. The increase is due to increases in carryover funds restricted for dropout prevention and TAG.

Changes in net position. Figure A-2 below provides a summary of the changes in net position at June 30, 2015 as compared to June 30, 2014.

Figure A-2							
Changes in Net Position (\$000)							
(Expressed in Thousands)							
	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014		2014		2014		
	not		not		Not		
	restated		restated		restated		2014-2015
	2015	restated	2015	restated	2015	restated	
Revenues							
Program revenues:							
Charges for services	\$ 2,320	\$ 1,572	\$ 217	\$ 223	\$ 2,537	\$ 1,795	41.34%
Operating grants and contributions	979	1,149	176	173	1,155	1,322	-12.63%
General revenues:							
Property taxes	3,300	3,335	-	-	3,300	3,335	-1.05%
Statewide sales tax	588	552	-	-	588	552	6.52%
Unrestricted state grants	2,325	2,409	-	-	2,325	2,409	-3.49%
Other	60	133	-	-	60	133	-54.89%
Total Revenues	\$ 9,572	\$ 9,150	\$ 393	\$ 396	\$ 9,965	\$ 9,546	4.39%
Expenses							
Instruction	\$ 6,599	\$ 5,922	-	-	\$ 6,599	\$ 5,922	11.43%
Student and instructional services	725	734	-	-	725	734	-1.23%
Administrative & business	645	665	-	-	645	665	-3.01%
Maintenance & operations	564	529	-	-	564	529	6.62%
Transportation	568	583	-	-	568	583	-2.57%
Other	537	684	389	395	926	1,079	-14.18%
Total Expenses	\$ 9,638	\$ 9,117	\$ 389	\$ 395	\$10,027	\$ 9,512	5.41%
Increase (Decrease) in net position	\$ (66)	\$ 33	\$ (4)	\$ 1	\$ (62)	\$ 34	-282.35%

In fiscal 2015, property tax and unrestricted state grants account for 59% of the revenue from governmental activities while charges for services and operating grants and contributions account for 100% of the revenue from business type activities.

As shown in Figure A-2, the District as a whole experienced a 4.3% increase in revenue and a 5.4% increase in expenses. The increase in revenue and expenses is primarily due to increased enrollment in the Iowa Virtual Academy, which generates open enrollment income and contracted services expense.

Governmental Activities

Revenues for governmental activities were \$9,571,571 while total expenses were \$9,637,712. Figure A-3 below presents the cost of six major district activities and each activity's net cost. Net cost shows the total cost less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

The total cost of all governmental activities in 2015 was \$9,637,712. The net cost is \$3,299,433 less due to funds received for instructional services provided to students from other districts, and due to funds received from the federal and state governments for certain programs they choose to subsidize (such as Title I). Transportation aid is also received from the State for the non-public school in our district.

	Total Cost of Services			Net Cost of Services		
	2015	2014 not restated	Change 2014-2015	2015	2014 not restated	Change 2014-2015
Instruction	\$ 6,599	\$ 5,922	11.43%	\$ 3,621	\$ 3,548	2.06%
Student and instructional services	725	734	-1.23%	721	730	-1.23%
Administrative & business	645	665	-3.01%	645	665	-3.01%
Maintenance & operations	564	529	6.62%	557	501	11.18%
Transportation	568	583	-2.57%	523	530	-1.32%
Other	537	684	-21.49%	272	421	-35.39%
Total	\$ 9,638	\$ 9,117	5.71%	\$ 6,339	\$ 6,395	-0.88%

Business-Type Activities

Revenues of the District's business-type activities (school nutrition) were comprised of charges for meals, federal and state reimbursements, and interest earnings. (See Figure A-2.)

Business-type activities revenues exceeded expenses by \$3,613. Charges for meals accounts for 55% of the total revenues, while contributions from the federal and state government for free and reduced meals and commodities accounts for the remaining 45%.

Fund Analysis of the District's Funds

Clayton Ridge Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal 2015, the governmental funds reported combined ending fund balances of \$2,322,050, which was a \$459,816 increase from fiscal 2014. The increase is due to reduction of expenditures for capital projects and PPEL funds in fiscal 2015, resulting in increased ending fund balances.

The General fund is the chief operating fund of the District. The fund balance decreased from \$1,357,740 in fiscal 2014 to \$1,292,045 in fiscal 2015. The decrease is due primarily to increase in costs of providing special education.

The Management fund is used to account for health and retirement benefits for the retirees of the district. The fund balance decreased \$75,097 from fiscal 2014. The decrease is due to reduction of the management tax rate as part of the budget plan to maintain a stable total tax rate and to reduce the fund balance to an amount closer to the amount of long term liability.

Proprietary Funds

The Nutrition fund consists of revenues and expenditures related to the operation of the food services department. The net deficit at the end of fiscal 2015 was \$77,744. This represented a \$3,613 increase from fiscal 2014.

Budgetary Highlights

The District adopts a budget in April for the following fiscal year. A comparison of the District's budget amounts compared to actual financial activity is provided in this report in the required supplementary information.

Total revenues were under budget by \$451,729 or 4%. Total expenditures were under budget by \$2,285,186 which is 18%.

The total revenues were under budget primarily due to over-budgeting anticipated revenues for the Iowa Virtual Academy.

The total expenditures were less than budget primarily due to the District's General fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General fund. The District then controls General fund spending through its line-item budget. As a result, the certified budget should always exceed actual expenditures for the year, as required by law. The District also budgets to spend the entire balance in the Capital Projects fund as it does with the General fund. Spending is controlled through the line item budgets.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2015 for its governmental and business-type activities was \$4,024,149 net accumulated depreciation. This investment includes land, buildings, and equipment. This represents a net decrease of approximately 3.5% from the prior year. Major improvements included the middle school HVAC system, and the purchase of 2 passenger vehicles.

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 55	\$ 55	\$ -	\$ -	\$ 55	\$ 55	0.00%
Construction in process	-	252	-	-	-	252	-100.00%
Buildings	2,192	1,791	-	-	2,192	1,791	22.34%
Improvements other than buildings	1,178	1,225	-	-	1,178	1,225	-3.84%
Equipment & furniture	594	843	4	6	598	849	-29.56%
Total	\$ 4,019	\$ 4,166	\$ 4	\$ 6	\$4,023	\$ 4,172	-3.57%

More detailed information about the Districts' capital assets is presented in Note 3 to the financial statements.

Depreciation expense for the year was \$490,823.

Long-Term Debt

At June 30, 2015, the District had the following long term debt outstanding:

- The District entered into a capital lease to finance the purchase of 360 laptop computers in fiscal 2014. At June 30, 2015 the balance of the outstanding capital lease was \$312,003.
- The District entered into a loan agreement with a local bank to finance HVAC improvements at the middle school. At June 30, 2015 the balance was \$450,000.

See Note 4, Note 5, and Note 9 for additional information regarding the District's long term debt.

Economic Factors Bearing on the District's Future

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

- The District anticipates the trend of declining enrollment will continue. This trend coupled with the trend of minimal, if any, increases in state funding per pupil will create decreases in revenue in the general fund for operations.
- The certified employees' bargaining unit contract is a one-year contract, and open for negotiation in 2016. Salary and benefits represent a majority of the general fund expenses. Since the District receives only minimal or no increases in spending authority, any increase in settlements causes an adverse effect on the general fund budget and related fund balance.
- Lower interest rates and reduced cash balances will result in reduced interest income and spending authority.
- Fluctuating prices for gasohol and diesel continue to create added costs for transportation of students.
- The district has the following long-term obligations – operating bus leases, computer capital lease, and early retirement benefits.
- In February, 2011 the district began studying the possibility of establishing an online academy through a services agreement with K12Inc. In January, 2012 a five-year agreement was completed and approved to form the Iowa Virtual Academy. Clayton Ridge should receive annual income of \$50,000 for administering this academy. Full funding for virtual school open enrollment students is allowed by the Iowa legislature through the 2017-2018 school year.
- The Instructional Support Levy expires at the end of FY19.
- The district's 1903 building is in need of major renovations. The district is in the process of considering options for replacement, which would likely require an election to either approve bonds or additional PPEL taxes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives.

If you have questions about this report or need additional financial information, contact David Schlueter, Clayton Ridge Community School District, PO Box 520, Guttenberg, Iowa, 52052.

**BASIC
FINANCIAL
STATEMENTS**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
Assets			
Cash and cash equivalents	\$ 2,963,645	\$ 22,784	\$ 2,986,429
Receivables:			
Property tax:			
Delinquent	40,705	---	40,705
Succeeding year property tax	3,356,660	---	3,356,660
Accounts	---	300	300
Due from other governments	389,373	---	389,373
Inventories	---	11,233	11,233
Capital assets, net of accumulated depreciation	4,019,920	4,229	4,024,149
	-----	-----	-----
Total Assets	\$ 10,770,303	\$ 38,546	\$ 10,808,849
	-----	-----	-----
Deferred Outflows of Resources			
Pension related deferred outflows	\$ 469,459	\$ 17,159	\$ 486,618
	-----	-----	-----
Liabilities			
Accounts payable	\$ 442,162	\$ 619	\$ 442,781
Salaries and benefits payable	579,149	355	579,504
Accrued interest payable	10,859	---	10,859
Due to other governments	50,356	---	50,356
Long-term liabilities:			
Portion due within one year:			
Lease payable	101,941	---	101,941
Early retirement payable	130,962	---	130,962
Loan payable	148,164	---	148,164
Portion due after one year:			
Lease payable	210,062	---	210,062
Early retirement payable	266,025	---	266,025
Loan payable	301,836	---	301,836
Net pension liability	2,376,047	86,177	2,462,224
Net OPEB liability	158,872	11,011	169,883
	-----	-----	-----
Total Liabilities	\$ 4,776,435	\$ 98,162	\$ 4,874,597
	-----	-----	-----
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 3,356,660	\$ ---	\$ 3,356,660
Pension related deferred inflows	965,258	35,287	1,000,545
	-----	-----	-----
Total Deferred Inflows of Resources	\$ 4,321,918	\$ 35,287	\$ 4,357,205
	-----	-----	-----
Net Position			
Net investment in capital assets	\$ 3,257,917	\$ 4,229	\$ 3,262,146
Restricted for:			
Categorical funding	202,611	---	202,611
Music programs	64,885	---	64,885
Management levy purposes	224,757	---	224,757
Physical plant and equipment	134,296	---	134,296
Student activities	90,540	---	90,540
Capital needs	183,485	---	183,485
Unrestricted	(2,017,082)	(81,973)	(2,099,055)
	-----	-----	-----
Total Net Position	\$ 2,141,409	\$ (77,744)	\$ 2,063,665
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

EXHIBIT "B"

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental Activities:						
Instruction:						
Regular	\$ 4,497,519	\$ 1,724,605	\$ 564,817	\$ (2,208,097)	\$ ---	\$ (2,208,097)
Special	1,102,611	219,712	100,696	(782,203)	---	(782,203)
Other	999,324	368,600	---	(630,724)	---	(630,724)
	\$ 6,599,454	\$ 2,312,917	\$ 665,513	\$ (3,621,024)	\$ ---	\$ (3,621,024)
Support Services:						
Student	\$ 235,997	\$ ---	\$ ---	\$ (235,997)	\$ ---	\$ (235,997)
Instructional staff	488,717	---	3,920	(484,797)	---	(484,797)
Administration	644,803	---	---	(644,803)	---	(644,803)
Operation and maintenance of plant	563,574	6,883	---	(556,691)	---	(556,691)
Transportation	568,032	327	44,477	(523,228)	---	(523,228)
	\$ 2,501,123	\$ 7,210	\$ 48,397	\$ (2,445,516)	\$ ---	\$ (2,445,516)
Non-instructional Programs	\$ 2,082	\$ ---	\$ ---	\$ (2,082)	\$ ---	\$ (2,082)

The accompanying notes are an integral part of these financial statements.

EXHIBIT "B" (CONTINUED)

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Other Expenditures:							
Facilities acquisition	\$ 72,064	\$ ---	\$ ---	\$ ---	\$ (72,064)	\$ ---	\$ (72,064)
Long-term debt interest	12,782	---	---	---	(12,782)	---	(12,782)
AEA flowthrough	265,396	---	265,396	---	---	---	---
Depreciation (unallocated)*	184,811	---	---	---	(184,811)	---	(184,811)
	<u>\$ 535,053</u>	<u>\$ ---</u>	<u>\$ 265,396</u>	<u>\$ ---</u>	<u>\$ (269,657)</u>	<u>\$ ---</u>	<u>\$ (269,657)</u>
Total Governmental Activities	\$ 9,637,712	\$ 2,320,127	\$ 979,306	\$ ---	\$ (6,338,279)	\$ ---	\$ (6,338,279)
Business Type Activities:							
Noninstructional Programs:							
Food service operations	\$ 389,386	\$ 217,377	\$ 175,555	\$ ---	\$ ---	\$ 3,546	\$ 3,546
Total	<u>\$ 10,027,098</u>	<u>\$ 2,537,504</u>	<u>\$ 1,154,861</u>	<u>\$ ---</u>	<u>\$ (6,338,279)</u>	<u>\$ 3,546</u>	<u>\$ (6,334,733)</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT "B" (CONTINUED)

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
General Revenues:						
Property tax levied for:				\$ 3,006,781	\$ --	\$ 3,006,781
General purposes				293,551	--	293,551
Capital outlay				587,635	--	587,635
Statewide sales, services and use tax				20,479	--	20,479
Instructional support surtax				2,324,435	--	2,324,435
Unrestricted state grants				11,402	67	11,469
Unrestricted investment earnings				2,170	--	2,170
Gain on sale of fixed assets				25,685	--	25,685
Other						
Total General Revenues				\$ 6,272,138	\$ 67	\$ 6,272,205
Change in Net Position				\$ (66,141)	\$ 3,613	\$ (62,528)
Net Position Beginning of Year, as restated				2,207,550	(81,357)	2,126,193
Net Position End of Year				\$ 2,141,409	\$ (77,744)	\$ 2,063,665

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

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Management Levy	Nonmajor Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 2,017,976	\$ 619,864	\$ 325,799	\$ 2,963,639
Receivables:				
Property tax:				
Delinquent	35,298	1,880	3,527	40,705
Succeeding year property tax	2,933,973	125,001	297,686	3,356,660
Due from other governments	298,013	---	91,360	389,373
Total Assets	\$ 5,285,260	\$ 746,745	\$ 718,372	\$ 6,750,377
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 429,737	---	\$ 12,425	\$ 442,162
Salaries and benefits payable	579,149	---	---	579,149
Due to other governments	50,356	---	---	50,356
Total Liabilities	\$ 1,059,242	\$ ---	\$ 12,425	\$ 1,071,667
Deferred Inflows of Resources:				
Unavailable revenues:				
Succeeding year property tax	\$ 2,933,973	\$ 125,001	\$ 297,686	\$ 3,356,660

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Management Levy	Nonmajor Governmental Funds	Total
Fund Balances:				
Restricted for:				
Categorical funding	\$ 202,611	\$ --	\$ --	\$ 202,611
Music programs	64,885	--	--	64,885
Management levy purposes	--	621,744	--	621,744
Student activities	--	--	90,540	90,540
Capital needs	--	--	183,425	183,425
Physical plant and equipment	--	--	134,296	134,296
Unassigned	1,024,549	--	--	1,024,549
Total Fund Balances	\$ 1,292,045	\$ 621,744	\$ 408,261	\$ 2,322,050
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,285,260	\$ 746,745	\$ 718,372	\$ 6,750,377

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

Total fund balances of governmental funds (page 19)	\$ 2,322,050
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,019,920
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.	(10,859)
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.	(495,799)
Long-term liabilities, including capital lease and loan payable, early retirement payable, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(3,693,903)
Net position of governmental activities (page 14)	----- \$ 2,141,409 =====

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

	General	Management Levy	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 2,995,007	\$ 151,379	\$ 293,547	\$ 3,439,933
Tuition	1,777,123	---	---	1,777,123
Other	74,777	56,656	397,496	528,929
State sources	3,173,817	95	587,635	3,761,547
Federal sources	201,973	---	---	201,973
Total Revenues	\$ 8,222,697	\$ 208,130	\$ 1,278,678	\$ 9,709,505
Expenditures:				
Current:				
Instruction:				
Regular	\$ 4,276,279	\$ 203,604	\$ ---	\$ 4,479,883
Special	1,123,819	---	---	1,123,819
Other	607,770	---	413,232	1,021,002
Total Expenditures	\$ 6,007,868	\$ 203,604	\$ 413,232	\$ 6,624,704
Support Services:				
Student	\$ 239,111	\$ 2,227	\$ ---	\$ 241,338
Instructional staff	186,080	1,288	88,283	275,651
Administration	657,594	13,034	241	670,869
Operation and maintenance of plant	512,609	47,171	---	559,780
Transportation	398,903	13,821	181,558	594,282
Total Support Services	\$ 1,994,297	\$ 77,541	\$ 270,082	\$ 2,341,920
Non-instructional Programs	\$ ---	\$ 2,082	\$ ---	\$ 2,082

The accompanying notes are an integral part of these financial statements.

EXHIBIT "E" (CONTINUED)

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

	General	Management Levy	Nonmajor Governmental Funds	Total
Other Expenditures:				
Facilities acquisition	\$ ---	\$ ---	\$ 361,666	\$ 361,666
Long-term debt:				
Principal	---	---	106,166	106,166
Interest and fiscal charges	---	---	1,924	1,924
AEA flowthrough	265,396	---	---	265,396
	\$ 265,396	\$ ---	\$ 469,756	\$ 735,152
Total Expenditures	\$ 8,267,561	\$ 283,227	\$ 1,153,070	\$ 9,703,858
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (44,864)	\$ (75,097)	\$ 125,608	\$ 5,647
Other Financing Sources (Uses):				
Proceeds of long term debt	\$ ---	\$ ---	\$ 450,000	\$ 450,000
Operating transfers in	---	---	133,090	133,090
Operating transfers out	(25,000)	---	(108,090)	(133,090)
Sale of equipment and materials	4,169	---	---	4,169
Total Other Financing Sources (Uses)	\$ (20,831)	\$ ---	\$ 475,000	\$ 454,169
Net Change in Fund Balances	\$ (65,695)	\$ (75,097)	\$ 600,608	\$ 459,816
Fund Balances, Beginning of Year	1,357,740	696,841	(192,347)	1,862,234
Fund Balances End of Year	\$ 1,292,045	\$ 621,744	\$ 408,261	\$ 2,322,050

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

Net change in fund balances - total governmental funds page 22) \$ 459,816

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

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

Expenditures for capital assets	\$ 345,015	
Depreciation expense	(490,824)	(145,809)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments as follows:

Issued	\$(450,000)	
Repaid	106,166	(343,834)

Because income surtaxes will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are shown as deferred inflows of resources in the governmental funds. Deferred tax revenues (decreased) by this amount this year. (121,013)

Because certain pledges will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are shown as deferred inflows of resources in the governmental funds. Pledge revenues (decreased) by this amount this year. (21,106)

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(10,859)
The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		338,778
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Early retirement	\$ (31,558)	
Pension expense	(164,028)	
Other postemployment benefits	(26,528)	(222,114)
	-----	-----
Change in net position of governmental activities (page 17)		\$ (66,141)
		=====

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015**

	Enterprise, School Nutrition <hr style="border-top: 1px dashed black;"/>
Assets	
Current assets:	
Cash and cash equivalents	\$ 22,784
Accounts receivable	300
Inventories	11,233
	<hr style="border-top: 1px dashed black;"/>
Total current assets	\$ 34,317
	<hr style="border-top: 1px dashed black;"/>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	\$ 4,229
	<hr style="border-top: 1px dashed black;"/>
Total Assets	\$ 38,546
	<hr style="border-top: 1px dashed black;"/>
Deferred Outflows of Resources	
Pension related deferred outflows	\$ 17,159
	<hr style="border-top: 1px dashed black;"/>
Liabilities	
Current liabilities:	
Accounts payable	\$ 619
Accrued salaries and benefits	97
Benefits payable	258
	<hr style="border-top: 1px dashed black;"/>
Total current liabilities	\$ 974
	<hr style="border-top: 1px dashed black;"/>
Noncurrent liabilities:	
Net pension liability	\$ 86,177
Net OPEB liability	11,011
	<hr style="border-top: 1px dashed black;"/>
Total Noncurrent Liabilities	\$ 97,188
	<hr style="border-top: 1px dashed black;"/>
Total Liabilities	\$ 98,162
	<hr style="border-top: 1px dashed black;"/>
Deferred Inflows of Resources	
Pension related deferred inflows	\$ 35,287
	<hr style="border-top: 1px dashed black;"/>
Net Position	
Investment in capital assets	\$ 4,229
Unrestricted	(81,973)
	<hr style="border-top: 1px dashed black;"/>
Total Net Position	\$ (77,744)
	<hr style="border-top: 3px double black;"/>

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015**

	Enterprise, School Nutrition -----
Operating Revenue:	
Local sources:	
Charges for services	\$ 217,377

Operating Expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	\$ 187,655
Purchased services	1,280
Supplies	198,794
Depreciation	1,657

Total Operating Expenses	\$ 389,386

Operating Loss	\$ (172,009)

Non-operating Revenue:	
State sources	\$ 2,765
Federal sources	172,790
Interest income	67

Total Non-Operating Revenues	\$ 175,622

Increase in Net Position	\$ 3,613

Net Position Beginning of Year, as restated	(81,357)

Net Position End of Year	\$ (77,744)
	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015**

	Enterprise, School Nutrition -----
Cash Flows From Operating Activities:	
Cash received from sale of lunches and breakfasts	\$ 217,377
Cash paid to employees for services	(191,931)
Cash paid to suppliers for goods and services	(171,979)

Net Cash Used by Operating Activities	\$ (146,533)

Cash Flows From Noncapital Financing Activities:	
State grants received	\$ 2,766
Federal grants received	141,167

Net Cash Provided by Noncapital Financing Activities	\$ 143,933

Cash Flows From Investing Activities:	
Interest on investments	\$ 67

Net Decrease in Cash and Cash Equivalents	\$ (2,533)
Cash and Cash Equivalents Beginning of Year	25,317

Cash and Cash Equivalents End of Year	\$ 22,784
	=====
Reconciliation of Operating Loss to Net Cash Used By Operating Activities:	
Operating loss	\$ (172,009)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	31,623
Depreciation	1,657
(Increase) in inventory	(1,814)
(Decrease) in accounts payable	(991)
(Decrease) in due to other funds	(1,000)
Increase in salaries and benefits payable	355
(Decrease) in net pension liability	(37,018)
(Increase) in deferred outflows of resources	(4,462)
Increase in deferred inflows of resources	35,287
Increase in Net OPEB liability	1,839

Net Cash Used by Operating Activities	\$ (146,533)
	=====

Non-Cash Investing, Capital and Financing Activities:

During the year ended June 30, 2015, the District received \$31,623 of federal commodities.

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private Purpose Trust	
	----- Scholarship	----- Agency
Assets		
Cash and deposits	\$ 45,874	\$ 2,505
Liabilities		
Due to other governments	\$ ---	\$ 2,505
Net Position		
Reserved for scholarships	\$ 45,874	\$ ---

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	Private Purpose Trust -----
Additions:	
Local sources:	
Gifts and contributions	\$ 17,608
Interest income	720

Total Additions	\$ 18,328

Deductions:	
Support services:	
Scholarships awarded	14,852

Change in Net Position	\$ 3,476
Net Position Beginning of Year	42,398

Net Position End of Year	\$ 45,874
	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Policies:

The Clayton Ridge Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

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

A. Reporting Entity

For financial reporting purposes, Clayton Ridge 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 Clayton Ridge Community School District has one component unit which meets the Governmental Accounting Standards Board criteria, the Iowa Virtual Academy. This component unit has not been included in the District's financial statements.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

B. Basis of Presentation

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

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

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 three categories:

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

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

Unrestricted net position consist of net position that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources 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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The Management Levy (Special Revenue) is used to account for health and retirement benefits for the employees of the district and general insurance costs of the District.

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 that 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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 are reported as other financing sources.

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

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

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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 and Cash Equivalents - The cash balances of most District funds are pooled and invested in money market accounts and certificates of deposit.

For purposes of the statements of cash flows, all short-term cash deposits that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than 365 days.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year.

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with 1-1/2% 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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**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)

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

Compensated Absences - School District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently, no liability at June 30, 2015 has been accrued.

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.

Due to Other Governments - Due to other governments represents amount due to other school districts for special education and other student service provided.

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

Land	All
Buildings	1,500
Improvements other than buildings	1,500
Furniture and equipment:	
School Nutrition Fund equipment	1,500
Other furniture and equipment	1,500

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**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 using the straight-line method over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5 years

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

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.

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

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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**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.

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

Restricted - Amounts restricted to specific purposes when constraints place 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 other spendable classifications.

E. Budgets and Budgetary Accounting

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

Note 2 - Cash and Cash Equivalents:

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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 3 - Capital Assets:

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 55,335	\$ ---	\$ ---	\$ 55,335
Construction in progress	251,855	---	(251,855)	---
	-----	-----	-----	-----
Total capital assets, not being depreciated	\$ 307,190	\$ ---	\$ (251,855)	\$ 55,335
	-----	-----	-----	-----
Capital assets being depreciated:				
Buildings	\$ 4,406,208	\$ 539,672	\$ (185,956)	\$ 4,759,924
Improvements other than buildings	1,711,770	---	---	1,711,770
Furniture and equipment	2,226,399	57,198	(39,267)	2,244,330
	-----	-----	-----	-----
Total capital assets being depreciated	\$ 8,344,377	\$ 596,870	\$ (225,223)	\$ 8,716,024
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings	\$ 2,615,190	\$ 138,261	\$ (185,956)	\$ 2,567,495
Improvements other than buildings	487,218	46,335	---	533,553
Furniture	1,383,431	306,227	(39,267)	1,650,391
	-----	-----	-----	-----
Total accumulated depreciation	\$ 4,485,839	\$ 490,823	\$ (225,223)	\$ 4,751,439
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 3,858,538	\$ 106,047	\$ ---	\$ 3,964,585
	-----	-----	-----	-----
Total Governmental activities capital assets, net	\$ 4,165,728	\$ 106,047	\$ (251,855)	\$ 4,019,920
	=====	=====	=====	=====
Business-type activities:				
Furniture and equipment	\$ 129,013	\$ ---	\$ ---	\$ 129,013
Less accumulated depreciation	123,126	1,658	---	124,784
	-----	-----	-----	-----
Business-type activities capital assets, net	\$ 5,887	\$ (1,658)	\$ ---	\$ 4,229
	=====	=====	=====	=====

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 3 - Capital Assets: (Continued)

Depreciation and amortization expense were charged to the following functions:

Governmental activities:

Instruction:

Regular instruction \$ 39,386

Support services:

Instructional staff support services 219,903

Operation and maintenance of plant services 14,117

Transportation services 32,606

Unallocated 184,811

Total - governmental activities \$ 490,823
=====

Business type activities:

Food services \$ 1,658

Note 4 - Long-Term Liabilities:

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

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
	-----	-----	-----	-----	-----
Governmental Activities:					
Early retirement	\$ 365,429	\$ 141,987	\$ 110,429	\$ 396,987	\$ 130,962
Lease payable	418,169	---	106,166	312,003	101,941
Loan payable	---	450,000	---	450,000	148,164
Net pension liability	3,396,665	---	1,020,618	2,376,047	---
Net OPEB liability	132,343	26,529	---	158,872	---
	-----	-----	-----	-----	-----
Total	\$ 4,312,606	\$ 618,516	\$ 1,237,213	\$ 3,693,909	\$ 381,067
	=====	=====	=====	=====	=====
Business Type Activities:					
Net pension liability	\$ 123,194	\$ ---	\$ 37,017	\$ 86,177	\$ ---
Net OPEB liability	9,172	1,839	---	11,011	---
	-----	-----	-----	-----	-----
Total	\$ 132,366	\$ 1,839	\$ 37,017	\$ 97,188	\$ ---
	=====	=====	=====	=====	=====

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 4 - Long-Term Liabilities: (Continued)

Early Retirement

The District offers a voluntary early retirement plan to its certified and non-certified employees. The employee is eligible to participate in the early retirement program if the following conditions are met at June 30, 2015.

- 1) The employee has reached a minimum age of 55.
- 2) The employee has completed at least 15 years of full service to the Clayton Ridge Community School District and/or the Garnavillo Community School District and/or the Guttenberg Community School District.

The eligible employee must submit an application of early retirement to the Board of Education. The Board has sole discretion over the approval of early retirement.

Early retirement benefits are equal to a one time payment of approximately 6% to 15% of the employee's contracted salary in effect during the last year of employment depending on whether the employee is a certified or non-certified employee. The employee shall also be eligible for an additional payment based on a percentage of unused sick leave at June 30, 2015. The District will continue to pay the employee's health insurance premium on a monthly basis for up to \$475 per month for teachers and administrators for a maximum period of ten years.

Early retirement benefits paid during the year ended June 30, 2015 totaled \$110,429.

Lease Payable

The District entered into a lease agreement for laptop computers totaling \$418,169. Accumulated amortization as of June 30, 2015 was \$83,634. Future lease payments including interest at 1.95% are summarized as follows:

Year Ended June 30 -----	
2016	\$ 108,090
2017	108,090
2018	108,202

	\$ 324,382
	=====

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 4 - Long-Term Liabilities: (Continued)

Loan Payable

The District entered into a loan agreement for \$450,000 with a local bank for middle school HVAC improvements. The note requires annual principal and interest payments at 1.25% and matures August 14, 2017. Future loan payments are as follows:

Year Ended June 30	Principal	Interest
2016	\$ 148,164	\$ 5,657
2017	150,027	3,795
2018	151,809	1,909
	\$ 450,000	\$ 11,361

Net OPEB Liability and net Pension Liability

See Note 5 and Note 9 to the financial statements for additional details.

Note 5 - Pension Plan:

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

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general 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 years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member’s first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member’s monthly IPERS benefit includes:

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 5 - Pension Plan: (Continued)

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

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

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

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

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$351,443.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$2,462,193 for its proportionate share of the net pension liability.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 5 - Pension Plan: (Continued)

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.060839 percent, which was a decrease of 0.001327 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$169,977. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	-----	-----
Difference between expected and actual experience	\$ 26,759	\$ ---
Change in assumptions	108,662	---
Net difference between projected and actual earnings on pension plan investments	---	939,010
Changes in proportion and differences between District contributions and proportionate share of contributions	---	61,535
District contributions subsequent to the measurement date	351,197	---
	-----	-----
	\$ 486,618	\$ 1,000,545
	=====	=====

\$351,197 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	

2016	\$ (217,424)
2017	(217,424)
2018	(217,424)
2019	(217,424)
2020	4,852

	\$ (864,844)
	=====

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 5 - Pension Plan: (Continued)

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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
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	100%	

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 5 - Pension Plan: (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position as 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 Proportional Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
	-----	-----	-----
District’s proportionate share of the net pension liability	\$ 4,652,245	\$ 2,462,224	\$ 613,563

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.

Note 6 - Risk Management:

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

Note 7 - 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 \$265,396 for the year ended June 30, 2015, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Operating Lease Commitment:

The District has entered into noncancellable operating leases for ten school buses.

Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2015, are as follows:

Year Ending June 30	

2016	\$ 112,131
2017	68,969
2018	39,400

Total	\$ 220,500
	=====

Note 9 - 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 86 active and 33 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 Medical Associates. 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. Retirees pay the full cost of premiums for the medical/prescription drug benefit. 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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9 - Other Postemployment Benefits (OPEB): (Continued)

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

Annual required contribution	\$	78,025
Interest on net OPEB obligation		3,538
Adjustment to annual required contribution		(15,293)

Annual OPEB cost	\$	66,270
Contributions made		(37,904)

Increase in net OPEB obligation	\$	28,366
Net OPEB obligation beginning of year		141,517

Net OPEB obligation end of year	\$	169,883
		=====

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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 \$37,905 to the medical plan premiums. Plan members eligible for benefits contributed \$47,813, or 56% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
-----	-----	-----	-----
June 30, 2013	\$ 65,135	59.92%	\$ 112,208
June 30, 2014	68,708	57.34%	141,517
June 30, 2015	66,270	39.00%	169,883

Funded Status and Funding Process - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2014, the actuarial accrued liability was \$507,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$507,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,400,000, and the ratio of the UAAL to covered payroll was 14.91%. As of June 30, 2015, there were no trust fund assets.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9 - Other Postemployment Benefits (OPEB): (Continued)

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

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The UAAL is being amortized as a level dollar on a closed basis over 30 years.

Note 10 - 28E Agreement:

On March 12, 2008, the District entered into a 28E Agreement with Northeast Iowa Community College. The agreement is for the purpose of jointly administering an alternative high school.

Note 11 - Categorical Funding:

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

Program	Amount
-----	-----
Gifted and Talented	\$ 27,892
Educator quality	44,805
Dropout prevention	128,179
Other	1,735

	\$ 202,611
	=====

Note 12 - Deficit Fund Balance:

The Enterprise, School Nutrition Fund had a deficit balance of \$77,744 at June 30, 2015. The deficit balance was a result of implementing Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. See Note 14 for additional details. The deficit will be eliminated by future revenues.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 13 - Interfund Transfers:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 108,090
Activity	General	25,000

Transfers are used to (1) move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds.

Note 14 - 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	\$ 5,254,130	\$ 29,418
Net pension liability at June 30, 2014	(3,396,665)	(123,194)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	350,085	12,419
Net Position July 1, 2014, as Restated	\$ 2,207,550	\$ (81,357)

Note 15 - Subsequent Events:

The District's management has evaluated events and transactions for potential financial statement recognition or disclosure through February 8, 2016, the date the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY
INFORMATION
(PART II)**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ ---	\$ 541,000	\$ 541,000	0.0%	\$ 3,639,000	14.86%
2011	July 1, 2009	---	541,000	541,000	0.0%	3,649,000	14.82%
2012	July 1, 2009	---	541,000	541,000	0.0%	3,470,000	15.50%
2013	July 1, 2012	---	507,000	507,000	0.0%	3,520,000	14.40%
2014	July 1, 2012	---	507,000	507,000	0.0%	3,300,000	15.36%
2015	July 1, 2012	---	507,000	507,000	0.0%	3,400,000	14.91%

See Note 9 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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

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

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 5,745,985	\$ 217,444	\$ 5,963,429	\$ 6,401,142	\$ 6,401,142	\$ (437,713)
State sources	3,761,547	2,765	3,764,312	3,744,606	3,744,606	19,706
Federal sources	201,973	172,790	374,763	408,485	408,485	(33,722)
Total Revenues	\$ 9,709,505	\$ 392,999	\$ 10,102,503	\$ 10,554,233	\$ 10,554,233	\$ (451,729)
Expenditures:						
Instruction	\$ 6,624,704	---	\$ 6,624,704	\$ 8,150,000	\$ 8,150,000	\$ 1,525,296
Support services	2,341,920	---	2,341,920	2,512,000	2,512,000	170,080
Non-instructional programs	2,082	389,386	391,468	400,000	400,000	8,532
Other	735,152	---	735,152	1,316,429	1,316,429	581,277
Total Expenditures	\$ 9,703,858	\$ 389,386	\$ 10,093,244	\$ 12,378,429	\$ 12,378,429	\$ 2,285,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 5,647	\$ 3,613	\$ 9,260	\$ (1,824,196)	\$ (1,824,196)	\$ 1,833,456
Other Financing Sources, net	454,169	---	454,169	---	---	454,169
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 459,816	\$ 3,613	\$ 463,429	\$ (1,824,196)	\$ (1,824,196)	\$ 2,287,625
Balances Beginning of Year	1,862,234	(81,357)	1,780,877	2,196,014	2,196,014	(415,137)
Balances End of Year	\$ 2,322,050	\$ (77,744)	\$ 2,244,306	\$ 371,818	\$ 371,818	\$ 1,872,488

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015**

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on 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, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2015, expenditures did not exceed the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
(IN THOUSANDS)**

	2015 -----
District's proportion of the net pension liability	0.060839%
District's proportionate share of the net pension liability	\$ 2,462
District's covered-employee payroll	\$ 4,053
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.75%
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.

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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

SCHEDULE OF DISTRICT CONTRIBUTIONS

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)**

	2015	2014	2013	2012	2011
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Statutorily required contributions	\$ 351	\$ 362	\$ 349	\$ 330	\$ 288
Contributions in relation to the statutorily required contribution	(351)	(362)	(349)	(330)	(288)
Contribution deficiency (excess)	<u>-----</u> \$ ---				
District's covered-employee payroll	\$ 3,932	\$ 4,053	\$ 4,025	\$ 4,089	\$ 4,143
Contributions as a percentage of covered- employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

SCHEDULE OF DISTRICT CONTRIBUTIONS

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)**

	2010	2009	2008	2007	2006
Statutorily required contributions	\$ 277	\$ 261	\$ 238	\$ 219	\$ 198
Contributions in relation to the statutorily required contribution	(277)	(261)	(238)	(219)	(198)
Contribution deficiency (excess)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
District's covered-employee payroll	\$ 4,165	\$ 4,110	\$ 3,934	\$ 3,808	\$ 3,443
Contributions as a percentage of covered- employee payroll	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- PENSION LIABILITY
YEAR ENDED JUNE 30, 2015**

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

- Decreased the inflation assumption from 3.25 percent to 3.00 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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- PENSION LIABILITY
YEAR ENDED JUNE 30, 2015**

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

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

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

**SUPPLEMENTARY
INFORMATION**

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue			Total Nonmajor Governmental Funds
	Student Activity	Capital Projects	Debt Service	
	-----	-----	-----	-----
Assets				
Cash and cash equivalents	\$ 98,119	\$ 227,680	\$ ---	\$ 325,799
Receivables:				
Property tax:				
Delinquent	---	3,527	---	3,527
Succeeding year	---	297,686	---	297,686
Due from other governments	---	91,360	---	91,360
	-----	-----	-----	-----
Total Assets	\$ 98,119	\$ 620,253	\$ ---	\$ 718,372
	=====	=====	=====	=====
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 7,579	\$ 4,846	\$ ---	\$ 12,425
	-----	-----	-----	-----
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	---	297,686	---	297,686
	-----	-----	-----	-----
Fund Balances:				
Restricted for:				
Physical plant and equipment	\$ ---	\$ 134,296	\$ ---	\$ 134,296
Capital needs	---	183,425	---	183,425
Student activities	90,540	---	---	90,540
	-----	-----	-----	-----
Total Fund Balances	\$ 90,540	\$ 317,721	\$ ---	\$ 408,261
	-----	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 98,119	\$ 620,253	\$ ---	\$ 718,372
	=====	=====	=====	=====

See accompanying independent auditor's report.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

	Special Revenue		Debt Service	Total Nonmajor Governmental Funds
	Student Activity	Capital Projects		
Revenues:				
Local Sources:				
Local tax	\$ ---	\$ 293,547	\$ ---	\$ 293,547
Other	369,219	28,277	---	397,496
State sources	---	587,635	---	587,635
Total Revenues	\$ 369,219	\$ 909,459	\$ ---	\$ 1,278,678
Expenditures:				
Current:				
Instruction:				
Other	\$ 413,232	\$ ---	\$ ---	\$ 413,232
Support Services:				
Instructional staff services	---	88,283	---	88,283
Administration services	---	241	---	241
Transportation services	---	181,558	---	181,558
Other Expenditures:				
Facilities acquisition	---	361,666	---	361,666
Long-term Debt:				
Principal	---	---	106,166	106,166
Interest and fiscal charges	---	---	1,924	1,924
Total Expenses	\$ 413,232	\$ 631,748	\$ 108,090	\$ 1,153,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (44,013)	\$ 277,711	\$ (108,090)	\$ 125,608
Other Financing Sources:				
Proceeds of long term debt	\$ ---	\$ 450,000	\$ ---	\$ 450,000
Operating transfers in	25,000	---	108,090	133,090
Operating transfers out	---	(108,090)	---	(108,090)
Total Other Financing Sources	\$ 25,000	\$ 341,910	\$ 108,090	\$ 475,000
Change in Fund Balances	\$ (19,013)	\$ 619,621	\$ ---	\$ 600,608
Fund Balances Beginning of Year	\$ 109,553	\$ (301,900)	\$ ---	\$ (192,347)
Fund Balances End of Year	\$ 90,540	\$ 317,721	\$ ---	\$ 408,261

See accompanying independent auditor's report.

SCHEDULE "3"

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

Account	Balance Beginning of Year	Revenues	Expenditures	Transfers	Balance End of Year
Athletics	\$ (4,164)	\$ 50,649	\$ 72,737	\$ 25,000	\$ (1,252)
Art trips	7,654	95,842	103,496	---	---
Baseball	6,055	4,406	2,572	---	7,889
Boys Basketball	2,541	5,063	5,389	---	2,215
Chamber Choir	260	3,130	2,141	---	1,249
Cheerleading	565	2,034	849	---	1,750
Class of 2014	960	9,940	10,900	---	---
Class of 2015	12,139	36,507	48,646	---	---
Class of 2016	11,096	5,403	2,235	---	14,264
Class of 2017	4,254	4,017	1,118	---	7,153
Class of 2018	1,304	8,470	4,962	---	4,812
Club Volleyball	9	590	560	---	39
Cross Country	384	1,328	1,291	---	421
Drama	2,647	5,517	8,164	---	---
Drill Team	4,464	28,993	33,024	---	433
Elementary Assemblies	720	5,747	6,391	---	76
FCCLA	176	28	146	---	58
FFA Junior High	391	2,739	---	---	3,130
FFA Memorial	4,691	631	2,175	---	3,147
FFA Project	1,318	2	---	---	1,320
Fine Arts	(68)	145	---	---	77
Football	94	1,454	---	---	1,548
Girls Basketball	744	2,831	2,797	---	778
High School Assemblies	---	3,935	3,935	---	---
High School National Honor Society	1,429	---	140	---	1,289
Junior High Student Council	1,490	9,846	7,445	---	3,891
Little Eagles Wrestling	2,631	2,499	2,192	---	2,938
Middle School Library Reading	1,973	3,319	3,456	---	1,836
Middle School Assemblies	---	2,310	2,234	---	76
Middle School Food and Fitness	3,192	7,235	8,799	---	1,628
Music Trips	2,956	2,688	1,255	---	4,389
Parent Advisory Committee	165	---	---	---	165
Philanthropist Club	837	981	908	---	910
Random Acts of Kindness Club	---	---	---	---	---
Reading Month	5,339	4,742	7,830	---	2,251
Softball	3,926	200	666	---	3,460
Spanish Club	10,425	3,581	6,638	---	7,368
Student Senate	12,780	17,033	21,494	---	8,319
Track	1,425	1,511	615	---	2,321
Tri-Star FFA	3,535	15,993	22,200	---	(2,672)
Volleyball	2,325	6,071	5,277	---	3,119
Wrestling	(1,734)	3,228	1,409	---	85
Yearbook	(1,375)	8,581	7,146	---	60
Total	\$ 109,553	\$ 369,219	\$ 413,232	\$ 25,000	\$ 90,540

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
JUNE 30, 2015**

	Physical Plant and Equipment Levy	Statewide Sales, Services and Use Tax	Athletic Complex	Middle School HVAC	Total
	-----	-----	-----	-----	-----
Assets					
Cash and cash equivalents	\$ 130,769	\$ 45,825	\$ ---	\$ 51,086	\$ 227,680
Receivables:					
Property tax:					
Delinquent	3,527	---	---	---	3,527
Succeeding year	297,686	---	---	---	297,686
Due from other governments	---	91,360	---	---	91,360
	-----	-----	-----	-----	-----
Total Assets	\$ 431,982	\$ 137,185	\$ ---	\$ 51,086	\$ 620,253
	=====	=====	=====	=====	=====
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ ---	\$ 4,846	\$ ---	\$ ---	\$ 4,846
	-----	-----	-----	-----	-----
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	\$ 297,686	\$ ---	\$ ---	\$ ---	\$ 297,686
	-----	-----	-----	-----	-----
Fund balances:					
Restricted for:					
Physical plant and equipment	\$ 134,296	\$ ---	\$ ---	\$ ---	\$ 134,296
Capital needs	---	132,339	---	51,086	183,425
	-----	-----	-----	-----	-----
Total Fund Balances	\$ 134,296	\$ 132,339	\$ ---	\$ 51,086	\$ 317,721
	-----	-----	-----	-----	-----
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 431,982	\$ 137,185	\$ ---	\$ 51,086	\$ 620,253
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT ACCOUNTS
YEAR ENDED JUNE 30, 2015

	Physical Plant and Equipment Levy	Statewide Sales, Services and Use Tax	Athletic Complex	Middle School HVAC	Total
Revenues:					
Local sources:					
Local tax	\$ 293,547	\$ ---	\$ ---	\$ ---	\$ 293,547
Other	25,935	1,151	827	364	28,277
State sources	---	587,635	---	---	587,635
Total Revenues	\$ 319,482	\$ 588,786	\$ 827	\$ 364	\$ 909,459
Expenditures:					
Support services:					
Instructional staff services	\$ 28,979	\$ 59,304	\$ ---	\$ ---	\$ 88,283
Administration services	10	155	---	76	241
Transportation services	64,528	117,030	---	---	181,558
	\$ 93,517	\$ 176,489	\$ ---	\$ 76	\$ 270,082
Other Expenditures:					
Facilities acquisition	\$ 73,754	\$ 140,183	\$ ---	\$ 147,729	\$ 361,666
Total Expenditures	\$ 167,271	\$ 316,672	\$ ---	\$ 147,805	\$ 631,748
Excess (Deficiency) of Revenues Over Expenditures	\$ 152,211	\$ 272,114	\$ 827	\$ (147,441)	\$ 277,711
Other Financing Sources (Uses):					
Proceeds of long term debt	\$ ---	\$ ---	\$ ---	\$ 450,000	\$ 450,000
Intrafund transfers, net	---	827	(827)	---	---
Operating transfers out	(36,030)	(72,060)	---	---	(108,090)
Total Other Financing Sources (Uses)	\$ (36,030)	\$ (71,233)	\$ (827)	\$ 450,000	\$ 341,910
Change in Fund Balances	\$ 116,181	\$ 200,881	\$ ---	\$ 302,559	\$ 619,621
Fund Balances Beginning of Year	18,115	(68,542)	---	(251,473)	(301,900)
Fund Balances End of Year	\$ 134,296	\$ 132,339	\$ ---	\$ 51,086	\$ 317,721

See accompanying independent auditor's report.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	-----	-----	-----	-----
Assets:				
Cash and deposits	\$ 2,533	\$ 46	\$ 74	\$ 2,505
	=====	=====	=====	=====
Liabilities:				
Payable to others	\$ 2,533	\$ 46	\$ 74	\$ 2,505
	=====	=====	=====	=====

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS**

	Modified Accrual Basis				
	2015	2014	2013	2012	2011
Revenues:					
Local Sources:					
Local tax	\$ 3,439,933	\$ 3,517,150	\$ 3,913,960	\$ 3,742,828	\$ 3,580,360
Tuition	1,777,123	1,120,100	627,993	197,997	195,097
Other	528,929	529,031	612,036	529,342	456,570
State Sources	3,761,547	3,810,993	3,265,715	3,250,791	3,009,240
Federal Sources	201,973	243,769	245,346	276,956	485,109
Total	\$ 9,709,505	\$ 9,221,043	\$ 8,665,050	\$ 7,997,914	\$ 7,726,376
Expenditures:					
Instruction:					
Regular	\$ 4,479,883	\$ 3,853,098	\$ 3,104,959	\$ 2,789,396	\$ 2,787,347
Special	1,123,819	1,109,933	1,142,459	1,063,039	1,023,073
Other	1,021,002	1,004,834	1,046,199	933,544	963,958
Support Services:					
Student	241,338	285,436	291,320	304,189	268,374
Instructional staff	275,651	728,321	253,875	329,789	390,910
Administration	670,869	671,461	633,063	648,929	628,657
Operation and maintenance of plant	559,780	560,544	549,729	519,663	475,192
Transportation	594,282	592,224	550,750	555,438	540,416
Non-Instruction Programs	2,082	1,692	1,805	1,517	1,330
Other Expenditures:					
Facilities acquisition	361,666	591,545	193,605	462,193	156,850
AEA flowthrough	265,396	262,397	254,889	252,381	284,616
Long term debt:					
Principal	106,166	181,834	179,338	163,025	180,797
Interest and fiscal charges	1,924	898	3,393	5,063	1,934
Total	\$ 9,703,858	\$ 9,844,217	\$ 8,205,384	\$ 8,028,166	\$ 7,703,454

See accompanying independent auditor's report.

SCHEDULE "7"(continued)
CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

	Modified Accrual Basis				
	2010	2009	2008	2007	2006
Revenues:					
Local Sources:					
Local tax	\$ 3,165,517	\$ 3,079,650	\$ 3,355,563	\$ 3,387,397	\$ 3,346,260
Tuition	205,635	242,776	256,131	198,191	236,340
Other	966,499	1,003,784	844,453	681,536	542,231
State Sources	2,660,081	3,167,527	3,171,817	2,994,560	2,975,595
Federal Sources	564,887	180,950	190,803	242,006	287,147
Total	\$ 7,562,619	\$ 7,674,687	\$ 7,818,767	\$ 7,503,690	\$ 7,387,573
Expenditures:					
Instruction:					
Regular	\$ 2,665,032	\$ 2,595,541	\$ 2,662,212	\$ 2,569,187	\$ 2,684,680
Special	1,091,552	1,169,069	1,086,130	940,852	963,683
Other	1,064,236	1,003,802	861,654	934,943	826,543
Support Services:					
Student	282,278	289,585	190,099	189,724	176,484
Instructional staff	1,061,645	293,706	247,233	238,527	288,959
Administration	604,122	649,504	746,978	639,215	615,579
Operation and maintenance of plant	435,261	451,693	423,949	458,916	418,972
Transportation	486,768	521,284	524,821	433,775	467,061
Non-Instruction Programs	1,808	6,907	3,483	1,439	1,893
Other Expenditures:					
Facilities acquisition	637,000	1,987,484	661,963	400,478	151,715
AEA flowthrough	283,455	257,820	251,822	244,114	236,183
Long term debt:					
Principal	---	---	---	---	---
Interest and fiscal charges	---	---	---	---	---
Total	\$ 8,613,157	\$ 9,226,395	\$ 7,660,344	\$ 7,051,070	\$ 6,831,752

See accompanying independent auditor's report.

**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**

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To the Board of Education of the
Clayton Ridge Community School District

www.oconnorbrooks.com

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 Clayton Ridge Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 8, 2016. We expressed an unmodified opinion on the financial statements of the various opinion units of the primary government and an adverse opinion on the discretely presented component unit due to the omission of the financial data for the District's legally separate component unit. In addition, our report includes a disclaimer of opinion on the required supplementary information.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control 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 in internal control described in Part I of the accompanying Schedule of Findings at item I-A-15 to be a material weakness. This item was noted in the prior year audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.

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

Clayton Ridge Community School District's Responses to Findings

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Clayton Ridge 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.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks, & Co., P.C.

Dubuque, Iowa
February 8, 2016

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part I: Findings Related to the Financial Statements:

MATERIAL WEAKNESS:

I-A-15 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling incompatible duties. One example of incompatible duties is that one individual posts cash receipts, makes bank deposits, and reconciles bank accounts. Lack of segregation of duties could result in errors or unauthorized transactions not being detected and corrected by management in a timely manner.

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

Response - The District will implement procedures over areas where incompatible duties exist to maximize internal controls with current staff.

Conclusion - Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

II-A-15 Certified Budget - Expenditures for the year ended June 30, 2015, did not exceed the amount budgeted

II-B-15 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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

II-D-15 Business Transactions - Business transactions between the District and District officials or employees were detailed as follows:

Name, Title, Business Connection -----	Description -----	Amount -----
Ihdes Phillips 66 Spouse of board member	Maintenance	\$ 743

The transactions do not appear to represent a conflict of interest in accordance with Chapter 279.7A of the Code of Iowa since the cumulative transaction total for each official did not exceed \$2,500.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

- II-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Board Minutes - We did not note any transaction requiring board approval which had not been approved by the board.
- II-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-15 Deposits and Investments - No instances of noncompliance 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.
- II-I-15 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education, however, we noted the total assets in the debt service fund are overstated by \$10,859. In addition, deferred inflows of resources are overstated \$12,419 and deferred outflows of resources are understated \$12,419 in the nutrition fund due to adjustments made to the financial statements after the Certified Annual Report was filed.

Recommendation - The District should record adjustments as necessary when filing their fiscal year 2016 Certified Annual Report.

Response - We will record the necessary adjustments.

Conclusion - Response accepted.

- II-J-15 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-K-15 Deficit Balances - The Student Activity fund had two accounts with deficit balances at June 30, 2015.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015**

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-L-15 Statewide Sales and Services Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance	\$	(68,542)
Income:		
Statewide sales and services tax revenue		587,635
Interest income		1,151
Expenditures:		
Buildings & equipment		316,672
Other financing sources (uses):		
Transfer to debt service fund		(72,060)
Transfer from athletic complex account		827
Ending balance	\$	132,339

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

II-M-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-N-15 Financial Condition - The Enterprise, School Nutrition Fund had a deficit balance of \$77,744 at June 30, 2015.

Recommendation - The District should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response - The deficit was due to implementing Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. The deficit will be eliminated by future receipts.

Conclusion - Response accepted.