

**Central DeWitt Community School District
DeWitt, Iowa**

Financial Report
Year Ended June 30, 2016

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Central DeWitt Community School District

Officials

Year Ended June, 30 2016

Name	Title	Term Expires
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Board of Education For Fiscal Year 2016

Christy Kunz	President	2019
Cory Huff	Vice President	2019
Steve Fuglsang	Board Member	2017
Hannah A. Perrone	Board Member	2019
Angela Rheingans	Board Member	2017

School Officials

Daniel Peterson	Superintendent
Cynthia Johnson	Board Secretary/Treasurer

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Independent Auditor's Report

To the Board of Education
Central DeWitt Community School District
DeWitt, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central DeWitt Community School District, DeWitt, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central DeWitt Community School District, DeWitt, Iowa, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, budgetary comparison information, schedules of proportionate share of the net pension liability, and schedules of contributions on pages 4–13 and 47-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents are not a required part of the basic financial statements.

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

The District's basic financial statements for the years ended June 30, 2007 through 2013, which are not presented herein, were audited by other auditors whose report thereon dated February 11, 2014, expressed unmodified opinions on the basic financial statements. Their report on the Schedule of Revenues by Source and Expenditures by Function for the years ended June 30, 2007 through 2013 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2007 through 2013 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2017 on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
January 19, 2017

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Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

Central DeWitt Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues increased from \$15,364,392 in fiscal year 2015 to \$16,262,940 in fiscal year 2016. General Fund expenditures increased from \$15,099,687 in fiscal year 2015 to \$16,127,312 in fiscal year 2016. This resulted in an increase to General Fund fund balance of \$135,628 for fiscal year 2016. This represents an 8.7 percent increase to fund balance from the prior year.
- As of June 30, 2016, the District's governmental funds reported combined ending fund balances of \$5,168,354, an increase of \$661,538 in comparison to fiscal year 2015. As of June 30, 2015, the District's governmental funds reported combined ending fund balances of \$4,506,816, a decrease of \$294,078 in comparison with 2014.
- The governmental funds unassigned fund balance is \$1,607,152.
- The District reported a decrease in net position of (\$484,733) during the year ended June 30, 2016. The District reported an increase in net position of \$1,320,090 during the year ended June 30, 2015.

Using this Annual Report

The annual report consists of a series of financial statements and other information, as follows:

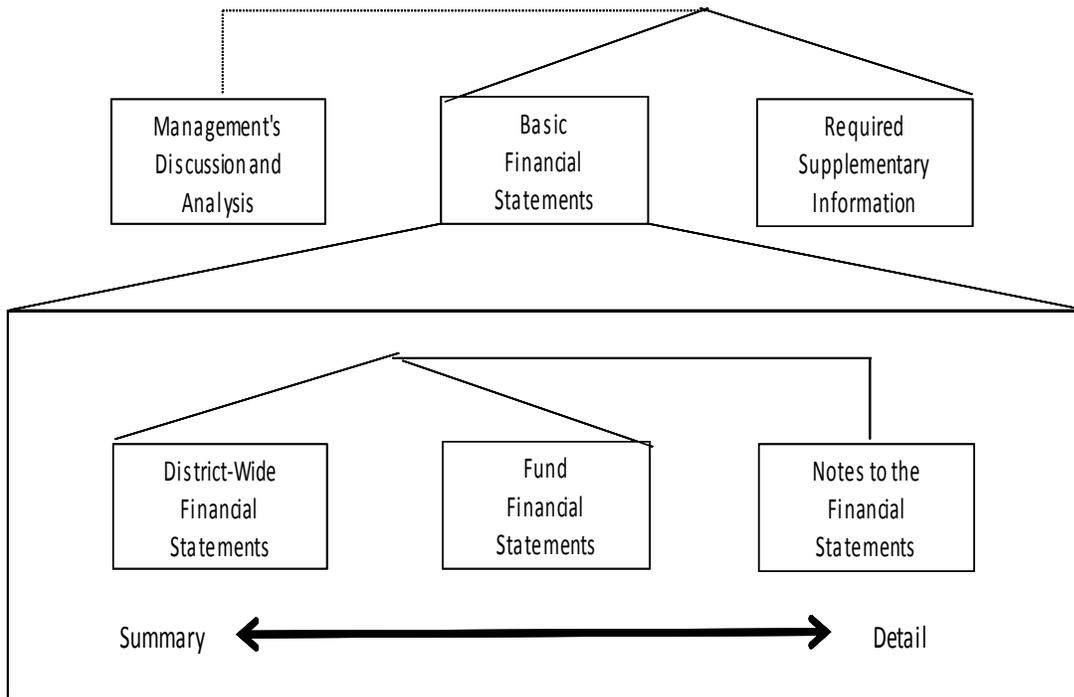
- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Central DeWitt Community School District as a whole and present an overall view of the District's finances.
- The fund financial statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Central DeWitt Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.
- Other supplementary information provides detailed information about the nonmajor governmental funds.

Central DeWitt Community School District

**Management's Discussion and Analysis
Year Ended June 30, 2016**

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

Figure A-1
School District Annual Financial Report



Central DeWitt Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2016**

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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
Government-Wide Statements		Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: school nutrition and internal service fund	Instances in which the District administers resources on behalf of someone else, such as scholarship programs, reunion moneys and funds for District employee purchases of pop, etc.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

Government-Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. 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 they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are 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 health, additional nonfinancial factors, such as changes in the District's property tax based and the condition of school buildings and other facilities need to be considered.

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

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

Business-type activities: The District charges fees to help it cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

- 1) **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between the two statements. The District's major governmental funds were the General Fund, Capital Projects Fund, and Debt Service Fund. The nonmajor governmental funds include three Special Revenue Funds (the Management Fund, Student Activity Fund, and CPAC Support Trust Fund). The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District uses an internal service fund, the other kind of proprietary fund, to report activities that provide supplies or services for other District programs and activities. The District currently has one internal service fund, which is used to account for the District's self-funded dental insurance plan. The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

- 2) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private Purpose Trust and Agency Funds. Private-purpose trust funds account for outside donations for scholarships for individual students. Agency funds are funds for which the District administers and accounts for certain revenues collected for the PTO and Sabertooth.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements since the assets cannot be used for District operations. The required financial statements for the private-purpose trust funds are a statement of fiduciary net position and a statement of changes in fiduciary net position. The required financial statement for the agency fund is a schedule of fiduciary assets and liabilities.

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

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net position as of June 30, 2016 compared to June 30, 2015.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016	2015	2016	2015	2016	2015	
Current and other assets	\$ 14,910,124	\$ 14,049,184	\$ 103,240	\$ 113,260	\$ 15,013,364	\$ 14,162,444	6.0%
Capital assets	34,967,338	36,104,442	129,716	153,883	35,097,054	36,258,325	-3.2%
Total assets	49,877,462	50,153,626	232,956	267,143	50,110,418	50,420,769	-0.6%
Deferred outflows of resources	1,996,886	1,038,066	89,526	48,004	2,086,412	1,086,070	92.1%
Long-term liabilities	27,184,130	27,519,247	294,652	3,953	27,478,782	27,523,200	-0.2%
Other liabilities	3,653,268	1,936,145	16,200	247,758	3,669,468	2,183,903	68.0%
Total liabilities	30,837,398	29,455,392	310,852	251,711	31,148,250	29,707,103	4.9%
Deferred inflows of resources	8,691,840	8,936,367	74,611	96,507	8,766,451	9,032,874	-2.9%
Net position:							
Net investment in capital assets	15,151,388	15,238,492	129,716	153,883	15,281,104	15,392,375	-0.7%
Restricted	2,666,197	2,123,083	-	-	2,666,197	2,123,083	25.6%
Unrestricted	(5,472,475)	(4,561,642)	(192,697)	(186,954)	(5,665,172)	(4,748,596)	19.3%
Total net position	\$ 12,345,110	\$ 12,799,933	\$ (62,981)	\$ (33,071)	\$ 12,282,129	\$ 12,766,862	-3.8%

Central DeWitt Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2016**

The District’s combined net position as of June 30, 2016 decreased (\$484,733) (-3.8 percent) over the June 30, 2015 combined net position. Net position in the governmental activities decreased (\$454,823). The net position of the District’s business-type activities decreased (\$29,910).

The major factors for the decrease in net position of the District were the District depreciation of capital assets exceeding capital projects and the District’s health claims exceeding the amounts charged for the self-insured program.

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 increased \$543,114 or 25.6 percent from the prior year.

Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) decreased (\$916,576) or 19.3 percent.

Figure A-4 below shows the changes in net position for the year ended June 30, 2016 compared to the year ended June 30, 2015.

Figure A-4 Changes in Net Position From Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016	2015	2016	2015	2016	2015	
Revenues:							
Program revenues:							
Charges for services	\$ 1,742,375	\$ 1,352,586	\$ 609,721	\$ 622,873	\$ 2,352,096	\$ 1,975,459	19.1%
Operating grants and contributions	3,087,538	2,471,944	427,235	413,350	3,514,773	2,885,294	21.8%
Capital grants and contributions	-	-	-	-	-	-	0.0%
General revenues:							
Property taxes	6,855,134	6,873,599	-	-	6,855,134	6,873,599	-0.3%
Income surtax	628,380	710,989	-	-	628,380	710,989	-11.6%
State foundation aid	6,611,326	6,649,759	-	-	6,611,326	6,649,759	-0.6%
Statewide sales and services tax	1,391,521	1,280,893	-	-	1,391,521	1,280,893	8.6%
Other	37,097	51,202	1,057	504	38,154	51,706	-26.2%
Total revenues	20,353,371	19,390,972	1,038,013	1,036,727	21,391,384	20,427,699	4.7%
Expenses:							
Instruction	12,441,288	11,560,245	-	-	12,441,288	11,560,245	7.6%
Support services	6,834,372	4,991,835	-	18,285	6,834,372	5,010,120	36.4%
Noninstructional programs	-	-	1,067,923	997,184	1,067,923	997,184	7.1%
Other	1,532,534	1,540,060	-	-	1,532,534	1,540,060	-0.5%
Total expenses	20,808,194	18,092,140	1,067,923	1,015,469	21,876,117	19,107,609	14.5%
Increase (decrease) in net position	\$ (454,823)	\$ 1,298,832	\$ (29,910)	\$ 21,258	\$ (484,733)	\$ 1,320,090	

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

In 2015-16, local taxes (property taxes and income surtax), statewide sales and services tax and state foundation aid accounted for 72.4 percent of total District revenues compared to 76 percent in 2014-15. Charges for services and operating grants and contributions accounted for 27.4 percent of the District's total revenue in 2016 compared to 23.8 percent in 2015.

The District's expenses primarily relate to instructional and support services which account for 88.1 percent and 86.7 percent of the total District expenses in fiscal years 2016 and 2015, respectively.

Total revenue for the District increased \$963,685 (4.7percent) in the fiscal year ended June 30, 2016. A significant revenue category change was in operating grants and contributions which increased \$629,479 or 21.8 percent. The increase is due to the District receiving the Teacher Leadership categorical funding and other local and state grants.

Total District expenses increased 14.5 percent in 2015-16 primarily due to increases in health insurance claims and purchases of computers.

Governmental Activities

Governmental activities net position as of June 30, 2016 decreased (\$454,823) or 3.6 percent over the June 30, 2015 balance. Revenue for the District's governmental activities in 2015-16 increased \$962,399 (5.0 percent) from the previous year, while total expenses increased \$2,716,054 (15.0 percent). The following table presents the total and net cost of the District's four major governmental activities: instruction, support services, noninstructional programs and other expenses, for the year ended June 30, 2016 compared to the year ended June 30, 2015:

Figure A-5 Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	June 30, 2016	June 30, 2015		June 30, 2016	June 30, 2015	
Instruction	\$ 12,441,288	\$ 11,560,245	7.62%	\$ 8,475,793	\$ 8,598,056	-1.4%
Support services	6,834,372	4,991,835	36.91%	6,580,938	4,739,084	38.9%
Noninstructional	-	-	0.00%	-	-	0.0%
Other	1,532,534	1,540,060	-0.49%	921,550	930,470	-1.0%
	<u>\$ 20,808,194</u>	<u>\$ 18,092,140</u>	15.01%	<u>\$ 15,978,281</u>	<u>\$ 14,267,610</u>	12.0%

For the year ended June 30, 2016:

- The cost financed by the users of the District's programs was \$1,742,375.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$3,087,538.
- The net cost of governmental activities was financed with \$6,855,134 in property taxes, \$6,611,326 of unrestricted state grants, \$1,391,521 in statewide sales and services tax revenue, \$628,380 in income surtax revenue, and \$37,097 in other earnings.

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

For the year ended June 30, 2015:

- The cost financed by the users of the District's programs was \$1,352,586.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$2,471,944.
- The net cost of governmental activities was financed with \$6,873,599 in property taxes, \$6,649,759 of unrestricted state grants, \$1,280,893 in statewide sales and services tax revenue, \$710,989 in income surtax revenue, and \$51,202 in other earnings.

Business-Type Activities

Revenues of the District's business-type activities were \$1,038,013 and expenses were \$1,067,923. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Individual Fund Analysis

As previously noted, the Central DeWitt Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,168,354, which is an increase from last year's ending fund balances of \$4,506,816. The primary reason for the increase in combined fund balances at the end of fiscal 2016 is due to increases in state categorical funding and charges for tuition.

Governmental Fund Highlights

- The fund balance in the District's General Fund increased \$135,628 from \$1,563,371 as of June 30, 2015 to \$1,698,999 as of June 30, 2016.
- The fund balance in the Capital Projects Fund increased \$300,319 during 2015-16. This increase is due to statewide sales services and use tax and physical plant and equipment levy revenues being in excess of planned projects and debt service expenditures.
- The fund balance of the Debt Service Fund increased \$33,398 from \$1,729,465 as of June 30, 2015 to \$1,762,863 as of June 30, 2016. Debt Service fund balance of \$1,762,863 is restricted for future debt service.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from (\$33,071) as of June 30, 2015 to (\$62,981) as of June 30, 2016. The decrease was due to charges for the program decreasing \$13,152 from 2015 and expenditures for supplies increasing \$39,298 from 2015.

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

Budgetary Highlights

A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

In accordance with the Code of Iowa, the Board of Education annual adopts a budget following required public notice and hearing for all funds, except blended component units, internal service funds, private-purpose trust funds and agency funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District uses the GAAP (Generally Accepted Accounting Principles) method of accounting for budgeting purposes. Iowa law requires that actual spending in each functional area of the budget does not exceed the amount budgeted to be spent in that functional area at any time during the fiscal year. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. The budget was amended once during the 2015-2016 school year which increased budgeted expenditures by \$1,352,000.

The District's revenues were approximately \$878,000 more than budgeted revenues. The District received more in state and federal sources that originally anticipated. The District's expenditures were approximately \$2,200,000 less than budgeted.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2015-16 fiscal year, the District had invested \$35,097,054 (net of accumulated depreciation of \$15,180,396) in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices. (See Figure A-6). This amount represents a net decrease of \$1,161,271 from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$1,462,583.

Figure A-6 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total
	2016	2015	2016	2015	2016	2015	Percentage Change
Land	\$ 1,377,387	\$ 1,377,387	\$ -	\$ -	\$ 1,377,387	\$ 1,377,387	0.0%
Buildings	31,328,769	32,563,406	-	-	31,328,769	32,563,406	-3.8%
Land improvements	1,382,944	920,756	-	-	1,382,944	920,756	50.2%
Machinery and equipment	660,601	907,069	129,716	153,883	790,317	1,060,952	-25.5%
Intangible assets	38,623	48,279	-	-	38,623	48,279	-20.0%
Construction in progress	179,014	287,545	-	-	179,014	287,545	-37.7%
Total	\$ 34,967,338	\$ 36,104,442	\$ 129,716	\$ 153,883	\$ 35,097,054	\$ 36,258,325	-3.2%

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2016

Long-Term Liabilities

As of June 30, 2016, the District had \$28,910,052 in general obligation and other long-term debt outstanding. This represents an increase of \$1,153,760 from the prior year. See Figure A-7 below. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total School District		Total
	2016	2015	2016	2015	2016	2015	Percentage Change
General obligation bonds	\$ 11,075,000	\$ 11,615,000	\$ -	\$ -	\$ 11,075,000	\$ 11,615,000	-4.6%
Revenue bonds	9,700,000	10,210,000	-	-	9,700,000	10,210,000	-5.0%
Computer lease	985,610	-	-	-	985,610	-	100.0%
Early retirement	163,334	176,667	-	-	163,334	176,667	-7.5%
Compensated absences	10,173	14,412	-	-	10,173	14,412	-29.4%
Net OPEB liability	535,404	462,683	12,254	3,953	547,658	466,636	17.4%
Net pension liability	6,145,879	5,040,485	282,398	233,092	6,428,277	5,273,577	21.9%
Total	\$ 28,615,400	\$ 27,519,247	\$ 294,652	\$ 237,045	\$ 28,910,052	\$ 27,756,292	4.2%

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:

- Continued budget concerns at the state level will likely affect the District in the next several years.
- Enrollment of the District significantly affects the tuition and state aid revenues. The District will continue to monitor enrollment including open enrollment in and out.
- The District's fiscal year 2017 budgeted expenditures are \$21,647,579.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Daniel Peterson, Superintendent, Central DeWitt Community School District, 331 East 8th Street, Box 110, DeWitt, IA 52742.

Central DeWitt Community School District

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 4,812,911	\$ 81,682	\$ 4,894,593
Receivables:			
Property tax:			
Current year	57,973	-	57,973
Succeeding year	7,095,839	-	7,095,839
Income surtax	629,622	-	629,622
Accounts	39,012	-	39,012
Other	10,373	-	10,373
Due from other governments	562,858	-	562,858
Inventories	-	21,558	21,558
Restricted cash	1,701,536	-	1,701,536
Capital assets:			
Nondepreciable	1,556,401	-	1,556,401
Depreciable, net	33,410,937	129,716	33,540,653
Total assets	49,877,462	232,956	50,110,418
Deferred outflows of resources, pension related deferred outflows	1,996,886	89,526	2,086,412
Liabilities			
Accounts payable	345,469	1,650	347,119
Salaries and benefits payable	1,578,199	-	1,578,199
Accrued interest payable	287,830	-	287,830
Unearned revenue	10,500	14,550	25,050
Long-term liabilities:			
Portion due within one year:			
Compensated absences	10,173	-	10,173
Early retirement	83,333	-	83,333
General obligation bonds	565,000	-	565,000
Revenue bonds	530,000	-	530,000
Computer lease	242,764	-	242,764
Portion due after one year:			
Early retirement	80,001	-	80,001
General obligation bonds	10,510,000	-	10,510,000
Revenue bonds	9,170,000	-	9,170,000
Computer lease	742,846	-	742,846
Net OPEB liability	535,404	12,254	547,658
Net pension liability	6,145,879	282,398	6,428,277
Total liabilities	30,837,398	310,852	31,148,250
Deferred inflows of resources			
Pension related deferred inflows	1,596,001	74,611	1,670,612
Succeeding year property tax	7,095,839	-	7,095,839
Total deferred inflows of resources	8,691,840	74,611	8,766,451
Net Position			
Net investment in capital assets	15,151,388	129,716	15,281,104
Restricted for:			
Categorical funding	91,847	-	91,847
Debt service	803,813	-	803,813
Management levy	636,144	-	636,144
Student activities	120,822	-	120,822
Support trust purposes	116,813	-	116,813
School infrastructure	719,658	-	719,658
Physical plant and equipment	177,100	-	177,100
Unrestricted	(5,472,475)	(192,697)	(5,665,172)
Total net position	\$ 12,345,110	\$ (62,981)	\$ 12,282,129

See Notes to Financial Statements.

Central DeWitt Community School District

**Statement of Activities
Year Ended June 30, 2016**

Functions/Programs	Expenses
Governmental activities:	
Instruction:	\$ 12,441,288
Support services:	
Student services	430,025
Instructional staff services	952,559
Administration services	1,846,277
Business and central	62,934
Operation and maintenance of plant services	2,774,970
Transportation services	767,607
	<u>6,834,372</u>
Other expenditures:	
Long term debt interest	921,550
AEA flowthrough	610,984
	<u>1,532,534</u>
Total governmental activities	<u>20,808,194</u>
Business-Type Activities:	
Noninstructional programs:	
Food service operations	<u>1,067,923</u>
Total business-type activities	<u>1,067,923</u>
Total	<u><u>\$ 21,876,117</u></u>
General revenues:	
Property tax levied for:	
General purposes	
Capital outlay	
Debt service	
Statewide sales and services tax	
Income surtax	
Unrestricted state grants	
Unrestricted investment earnings	
Total general revenues	
Change in net position	
Net position, beginning of year	
Net position, end of year	

See Notes to Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 1,737,671	\$ 2,227,824	\$ -	\$ (8,475,793)	\$ -	\$ (8,475,793)
-	138,891	-	(291,134)	-	(291,134)
-	-	-	(952,559)	-	(952,559)
-	-	-	(1,846,277)	-	(1,846,277)
-	-	-	(62,934)	-	(62,934)
-	-	-	(2,774,970)	-	(2,774,970)
4,704	109,839	-	(653,064)	-	(653,064)
4,704	248,730	-	(6,580,938)	-	(6,580,938)
-	-	-	(921,550)	-	(921,550)
-	610,984	-	-	-	-
-	610,984	-	(921,550)	-	(921,550)
1,742,375	3,087,538	-	(15,978,281)	-	(15,978,281)
609,721	427,235	-	-	(30,967)	(30,967)
609,721	427,235	-	-	(30,967)	(30,967)
\$ 2,352,096	\$ 3,514,773	\$ -	(15,978,281)	(30,967)	(16,009,248)
			5,351,966	-	5,351,966
			500,103	-	500,103
			1,003,065	-	1,003,065
			1,391,521	-	1,391,521
			628,380	-	628,380
			6,611,326	-	6,611,326
			37,097	1,057	38,154
			15,523,458	1,057	15,524,515
			(454,823)	(29,910)	(484,733)
			12,799,933	(33,071)	12,766,862
			\$ 12,345,110	\$ (62,981)	\$ 12,282,129

Central DeWitt Community School District

**Balance Sheet
Governmental Funds
June 30 2016**

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,219,310	\$ 683,152	\$ 16,271	\$ 856,382	\$ 4,775,115
Receivables:					
Property tax:					
Current year	41,221	4,157	8,341	4,254	57,973
Succeeding year	5,005,845	528,532	1,011,462	550,000	7,095,839
Accounts	36,604	-	-	2,408	39,012
Other	-	10,373	-	-	10,373
Income surtax	629,622	-	-	-	629,622
Due from other funds	12,318	18,298	36,715	20,512	87,843
Due from other governments	270,550	292,308	-	-	562,858
Restricted cash	-	-	1,701,536	-	1,701,536
Total assets	\$ 9,215,470	\$ 1,536,820	\$ 2,774,325	\$ 1,433,556	\$ 14,960,171
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 216,780	\$ 111,530	\$ -	\$ 9,777	\$ 338,087
Due to other funds	75,525	-	-	-	75,525
Salaries and benefits payable	1,578,199	-	-	-	1,578,199
Unearned revenue	10,500	-	-	-	10,500
Total liabilities	1,881,004	111,530	-	9,777	2,002,311
Deferred inflows of resources, unavailable revenue:					
Succeeding year property tax	5,005,845	528,532	1,011,462	550,000	7,095,839
Income surtax	629,622	-	-	-	629,622
Statewide sales and use tax	-	64,045	-	-	64,045
Total deferred inflows of resources	5,635,467	592,577	1,011,462	550,000	7,789,506
Fund balances:					
Restricted for:					
Categorical funding	91,847	-	-	-	91,847
Debt service	-	-	1,762,863	-	1,762,863
Management levy	-	-	-	636,144	636,144
Student activities	-	-	-	120,822	120,822
Support trust purposes	-	-	-	116,813	116,813
School infrastructure	-	655,613	-	-	655,613
Physical plant and equipment	-	177,100	-	-	177,100
Unassigned	1,607,152	-	-	-	1,607,152
Total fund balances	1,698,999	832,713	1,762,863	873,779	5,168,354
Total liabilities, deferred inflows of resources and fund balances	\$ 9,215,470	\$ 1,536,820	\$ 2,774,325	\$ 1,433,556	\$ 14,960,171

See Notes to Financial Statements.

Central DeWitt Community School District

**Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30 2016**

Total fund balances of governmental funds	\$ 5,168,354
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	34,967,338
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds	693,667
Accrued interest payable on long-term liabilities is not due and payable in the current period, and, therefore, is not reported as a liability in the governmental funds	(287,830)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources	1,996,886
Deferred inflows of resources	(1,596,001)
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	18,096
Long-term liabilities, including bonds payable and compensated absences, other post employment benefits payable and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(28,615,400)
Net position of governmental activities	<u>\$ 12,345,110</u>

See Notes to Financial Statements.

Central DeWitt Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2016

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 5,492,372	\$ 500,103	\$ 1,003,065	\$ 500,548	\$ 7,496,088
Tuition	710,981	-	-	-	710,981
Other	398,947	173,559	2,110	493,668	1,068,284
State sources	9,323,238	1,400,639	18,687	10,419	10,752,983
Federal sources	337,402	-	-	-	337,402
Total revenues	16,262,940	2,074,301	1,023,862	1,004,635	20,365,738
Expenditures:					
Current:					
Instruction	10,459,853	250,164	-	659,364	11,369,381
Support services:					
Student services	441,387	-	-	-	441,387
Instructional staff services	957,879	-	-	2,255	960,134
Administration services	1,574,091	2,000	-	2,657	1,578,748
Business and central	-	-	-	62,934	62,934
Operation and maintenance of plant services	1,493,027	7,210	-	78,930	1,579,167
Transportation services	590,091	46,590	-	6,302	642,983
	5,056,475	55,800	-	153,078	5,265,353
Other expenditures:					
Debt service:					
Principal	-	-	1,050,000	-	1,050,000
Interest and fiscal charges	-	-	895,963	-	895,963
Facilities acquisition	-	1,498,129	-	-	1,498,129
AEA flowthrough	610,984	-	-	-	610,984
	610,984	1,498,129	1,945,963	-	4,055,076
Total expenditures	16,127,312	1,804,093	1,945,963	812,442	20,689,810
Revenues over (under) expenditures	135,628	270,208	(922,101)	192,193	(324,072)
Other financing sources (uses):					
Proceeds from capital lease	-	985,610	-	-	985,610
Interfund transfers in	-	-	955,499	-	955,499
Interfund transfers out	-	(955,499)	-	-	(955,499)
Total other financing sources (uses)	-	30,111	955,499	-	985,610
Net change in fund balance	135,628	300,319	33,398	192,193	661,538
Fund balances, beginning of year	1,563,371	532,394	1,729,465	681,586	4,506,816
Fund balances, end of year	\$ 1,698,999	\$ 832,713	\$ 1,762,863	\$ 873,779	\$ 5,168,354

See Notes to Financial Statements.

Central DeWitt Community School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2016**

Net change in fund balances - total governmental funds \$ 661,538

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, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$ 490,027	
Depreciation expense	<u>(1,432,165)</u>	(942,138)

Loss on the sale of capital assets (194,966)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Income surtax	(12,574)	
Statewide sales and use tax	<u>-</u>	(12,574)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of the Internal Service Fund is reported with governmental activities. (294,654)

The issuance of debt provides current financial resources to governmental funds; however, the issuance increases 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.

Repayment of long-term debt	1,050,000	
Computer lease	(985,610)	
Change in accrued interest payable	<u>(25,587)</u>	38,803

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. 53,350

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:

Compensated absences	4,239	
Early retirement	13,333	
Net OPEB liability	(72,721)	
Pension expense	290,967	235,818
Change in net position of governmental activities	<u>\$</u>	<u>(454,823)</u>

See Notes to Financial Statements.

Central DeWitt Community School District

Statement of Net Position

Proprietary Funds

June 30, 2016

	Enterprise Fund	
	School Nutrition	Internal Service Fund
Assets		
Cash and cash equivalents	\$ 81,682	\$ 37,796
Inventories	21,558	-
Capital assets, net of accumulated depreciation	129,716	-
Total assets	232,956	37,796
Deferred Outflows of Resources		
Pension related deferred outflows	89,526	-
Liabilities		
Accounts payable	1,650	7,382
Due to other funds	-	12,318
Unearned revenue, other	14,550	-
Net OPEB liability	12,254	-
Net pension liability	282,398	-
Total liabilities	310,852	19,700
Deferred Inflows of Resources		
Unavailable revenues:		
Pension related deferred inflows	74,611	-
Net Position		
Net investment in capital assets	129,716	-
Unrestricted	(192,697)	18,096
Total net position (deficit)	\$ (62,981)	\$ 18,096

See Notes to Financial Statements.

Central DeWitt Community School District

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2016

	Enterprise Fund School Nutrition	Internal Service Fund
Operating revenues:		
Local sources, charges for services	\$ 609,721	\$ 2,037,331
Operating expenses:		
Support services:		
Benefits	-	2,332,192
Noninstructional programs:		
Salaries	402,140	-
Benefits	75,477	-
Purchased services	23,196	-
Supplies	535,958	-
Depreciation	30,418	-
	1,067,189	-
Total operating expenses	1,067,189	2,332,192
Operating (loss)	(457,468)	(294,861)
Nonoperating revenues (expenses):		
Loss on sale of capital assets	(734)	-
Interest on investments	1,057	207
State sources	7,402	-
Federal sources	419,833	-
Total nonoperating revenues (expenses)	427,558	207
Change in net position	(29,910)	(294,654)
Net position (deficit), beginning of year	(33,071)	312,750
Net position (deficit), end of year	\$ (62,981)	\$ 18,096

See Notes to Financial Statements.

Central DeWitt Community School District

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2016

	<u>Enterprise Fund</u>		<u>Internal</u>
	School		Service Fund
	Nutrition		Service Fund
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 720,337	\$	-
Cash received from miscellaneous operating activities	-		2,037,403
Cash payments to employees for services	(483,428)		-
Cash payments to suppliers for goods or services	(542,316)		(2,330,271)
Net cash (used in) operating activities	<u>(305,407)</u>		<u>(292,868)</u>
Cash flows from noncapital financing activities:			
Proceeds from interfund accounts	-		12,318
State grants received	7,402		-
Federal grants received	311,324		-
Net cash provided by noncapital financing activities	<u>318,726</u>		<u>12,318</u>
Cash flows from capital activities, purchases of capital assets	<u>(6,985)</u>		-
Cash flows from investing activities, interest on investments	<u>1,057</u>		<u>207</u>
Net increase (decrease) in cash and cash equivalents	7,391		(280,343)
Cash and cash equivalents, beginning of year	74,291		318,139
Cash and cash equivalents, end of year	<u>\$ 81,682</u>	\$	<u>37,796</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss)	\$ (457,468)	\$	(294,861)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	30,418		-
Commodities used	108,509		-
Decrease in accounts receivable	329		72
Decrease in inventory	17,082		-
Increase (decrease) in accounts payable	(244)		1,921
Increase in net OPEB liability	8,301		-
(Decrease) in net pension liability and related deferrals	(14,112)		-
Increase in unearned revenue	1,778		-
Net cash (used in) operating activities	<u>\$ (305,407)</u>	\$	<u>(292,868)</u>
Schedule of noncash items:			
Noncapital financing activities, federal commodities	<u>\$ 108,509</u>	\$	<u>-</u>

See Notes to Financial Statements.

Central DeWitt Community School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

	Private Purpose	
	Trust	Agency
Assets		
Cash and pooled investments	\$ 301,054	\$ 75,322
Scholarship receivables	3,320	-
Total assets	<u>304,374</u>	<u>\$ 75,322</u>
Liabilities		
Due to other groups	-	75,322
Total liabilities	<u>-</u>	<u>\$ 75,322</u>
Net Position , restricted for scholarships	<u>\$ 304,374</u>	

See Notes to Financial Statements.

Central DeWitt Community School District

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016**

	<u>Private Purpose Trust</u>
Additions:	
Local sources, interest	<u>\$ 9,977</u>
Deductions:	
Support services, Administration services	<u> 5,700</u>
Net change in net position	<u> 4,277</u>
Net Position, beginning of year	<u> 300,097</u>
Net Position, end of year	<u><u>\$ 304,374</u></u>

See Notes to Financial Statements.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Central DeWitt Community School District (the District) is a political subdivision of the state of Iowa and operates public schools for children in grades kindergarten through twelve and preschool education. Additionally, the District either operates or sponsors various adult education programs. The courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of DeWitt, Iowa, and the predominately agricultural territory in Clinton County. 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.

Reporting entity:

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

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

Basis of presentation:

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund financial statements: Separate financial statements are provided for governmental and proprietary and fiduciary funds, even though the latter are excluded from the District-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.

The District reports the following major governmental funds:

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities. The Capital Projects Fund includes the Statewide Sales, Services and Use Tax Account and the Physical Plant and Equipment Levy Account and the Other Capital Projects Account.

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

The District also has three nonmajor governmental funds:

Special revenue funds: Special revenue funds are used to account for the revenue sources that are legally restricted to expenditures for specific purposes. The District has the following special revenue funds:

The Management Fund is used to pay the costs of unemployment benefits, liability insurance, judgments, and certain early retirement benefits.

The Student Activity Fund is used to support cocurricular programs.

The CPAC Support Trust fund is used to account for the reserve account of the facility shared use agreement with the City of DeWitt.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. The District has two proprietary fund types, the enterprise fund and the internal service fund.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for the management accountability. The District's major enterprise fund is the School Nutrition Fund which is used to account for the food service operations of the District.

Internal service funds are used to account for goods and services provided by one department to other departments of the District on a cost reimbursement basis. The District's Internal Service Fund is used to account for the premium and claim payments of the District's self-funded dental insurance plan.

The District also reports fiduciary funds which are used to account for 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 has 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.

Measurement focus and basis of accounting:

The District-wide financial statements and the proprietary 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. The District also reports fiduciary funds which focus on net position and changes in net position and report on the accrual basis of accounting.

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

Revenues – exchange and nonexchange transactions: Property taxes, other taxes, grants, entitlements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which it is budgeted. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 revenue of the District's proprietary funds are charges for food sales. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Assets, liabilities and fund equity:

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

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

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

Property tax receivable: Property tax in governmental funds is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. 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. 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 unavailable in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in the governmental funds becomes due and collectible in September and March of the fiscal year with 1 ½ percent per month penalty for delinquent payments; is based on the January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2015.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (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: Inventories are valued at cost using the first-in, first-out method for purchased items and governmental commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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.

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

Asset Class	Amount
Land	\$ 1
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

Asset Class	Estimated Useful Lives
Buildings	10-50 years
Improvements other than buildings	10-20 years
Intangibles	2 years
Furniture and equipment	3-20 years

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts the Board of Education intend to use for specific purposes. The authority to assign fund balances has been delegated to the Business Manager through the Board approved budget of the District.

Unassigned: All amounts not included in other spendable classifications as well as any deficit fund balance of any other governmental fund are reported as unassigned.

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned funds and then unassigned.

Deferred outflows/inflows of resources: In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District's 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.

In addition to liabilities, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue in the governmental funds balance sheet from the income surtax, statewide sales and use tax and property tax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District's deferred inflows of resources in the government-wide statements consist of succeeding year property tax revenue and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Net position: In proprietary funds, fiduciary funds, and government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds of \$959,050. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted through enabling legislation consists of \$91,847 for categorical funding, \$803,813 for debt service, \$636,144 for management levy, \$719,658 for school infrastructure, and \$177,100 physical plant and equipment levy. All other restricted net position consists of \$120,822 for student activities and \$116,813 for support trust purposes and are restricted by grantors and donors.

Net position flow assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Long-term liabilities: In the District-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.

Interfund activity: Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets and budgetary control:

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, expenditures did not exceed the amounts budgeted.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 2. Cash and Pooled Investments

The District's cash and pooled investment consisted of depository accounts at financial institutions including certificate of deposits. The District's deposits in banks as of June 30, 2016 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.

As of June 30, 2016, the District had investments in the Iowa Schools Joint Investment Trust Diversified Fund which are valued at an amortized cost of \$1,702,017 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the Iowa Schools Joint Investment Trust investments.

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Rating Service. The District does not have a separate credit risk policy from state statutes.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service Fund	Capital Projects Fund	<u>\$ 955,499</u>

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2016 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,377,387	\$ -	\$ -	\$ 1,377,387
Construction in progress	287,545	440,557	549,088	179,014
Total capital assets not being depreciated	1,664,932	440,557	549,088	1,556,401
Capital assets being depreciated:				
Buildings	43,436,366	39,867	323,159	43,153,074
Land Improvements	1,597,604	558,691	59,285	2,097,010
Machinery and equipment	3,309,786	-	374,757	2,935,029
Intangible assets	96,559	-	-	96,559
Total capital assets being depreciated	48,440,315	598,558	757,201	48,281,672
Less accumulated depreciation for:				
Buildings	10,872,960	1,089,089	137,744	11,824,305
Land Improvements	676,848	91,583	54,365	714,066
Machinery and equipment	2,402,717	241,837	370,126	2,274,428
Intangible assets	48,280	9,656	-	57,936
Total accumulated depreciation	14,000,805	1,432,165	562,235	14,870,735
Total capital assets being depreciated, net	34,439,510	(833,607)	194,966	33,410,937
Governmental activities, capital assets, net	\$ 36,104,442	\$ (393,050)	\$ 744,054	\$ 34,967,338
Business-type activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 517,707	\$ 6,985	\$ 85,315	\$ 439,377
Less accumulated depreciation	363,824	30,418	84,581	309,661
Business-type activities, capital assets, net	\$ 153,883	\$ (23,433)	\$ 734	\$ 129,716

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 4. Capital Assets (Continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:		
Instruction, Regular		\$ 1,263,527
Support services:		
Administrative services		17,192
Operation and maintenance of plant services		12,361
Transportation		139,085
Total governmental activities depreciation expense		<u><u>\$ 1,432,165</u></u>
Business-type activities, food service operations		<u><u>\$ 30,418</u></u>

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 11,615,000	\$ -	\$ 540,000	\$ 11,075,000	\$ 565,000
Revenue bonds	10,210,000	-	510,000	9,700,000	530,000
Computer lease	-	985,610	-	985,610	242,764
Early retirement	176,667	100,000	113,333	163,334	83,333
Compensated absences	14,412	-	4,239	10,173	10,173
Net OPEB liability	462,683	84,776	12,055	535,404	-
Net pension liability	5,040,485	1,105,394	-	6,145,879	-
Total	<u><u>\$ 27,519,247</u></u>	<u><u>\$ 2,275,780</u></u>	<u><u>\$ 1,179,627</u></u>	<u><u>\$ 28,615,400</u></u>	<u><u>\$ 1,431,270</u></u>
Business-type activities:					
Net OPEB liability	\$ 3,953	\$ 9,677	\$ 1,376	\$ 12,254	\$ -
Net pension liability	233,092	49,306	-	282,398	-
Total	<u><u>\$ 237,045</u></u>	<u><u>\$ 58,983</u></u>	<u><u>\$ 1,376</u></u>	<u><u>\$ 294,652</u></u>	<u><u>\$ -</u></u>

Early retirement: The District provided early retirement incentives for certain employees who met certain qualifications as established by the Board of Education. The cost of the incentives is borne by the District in whole. Eligible participants cannot, and do not, contribute to the incentive program.

Early retirement participation is based on the following criteria:

1. It is available to teachers and administrators who are at least 55 years of age. The Board of Directors reserves the right to limit the number of early retirements.
2. The employee has completed at least five (5) years of service to the District.
3. The employee will not be eligible if they received an official notice of layoff or termination or is subject to termination pursuant to Iowa Code Section 279.15 or 279.27.
4. The employee submits a written notification of their intent to apply for early retirement benefits by the close of 45 days following adoption of the Plan by the Board.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

During the year ended June 30, 2016, four District employees requested early retirement, to be payable during the years ending June 30, 2017, 2018, and 2019. The final benefits to be paid to these employees will be in July 2018. In total, there are 11 retirees receiving benefits under early retirement incentives. The District paid \$113,333 of early retirement benefits approved during the year from the Management Fund.

General obligation bonds payable: The District issued \$13,950,000 general obligation bonds on May 5, 2010. Following are the details of the District's General Obligation Bonds Series 2010 as of June 30, 2016:

Year Ending June 30	General Obligation Bonds Series 2010			
	Interest Rates	Principal	Interest	Total
2017	3.00%	\$ 565,000	\$ 444,963	\$ 1,009,963
2018	4.00%	595,000	428,013	1,023,013
2019	4.00%	625,000	404,213	1,029,213
2020	4.00%	655,000	379,213	1,034,213
2021	4.00%	685,000	353,013	1,038,013
2022-2026	4.00%	3,985,000	1,324,663	5,309,663
2027-2030	4-4.25%	3,965,000	429,288	4,394,288
		<u>\$ 11,075,000</u>	<u>\$ 3,763,366</u>	<u>\$ 14,838,366</u>

Revenue bonds: The District issued \$12,045,000 of revenue bonds on February 1, 2010. Following are the details of the District's Revenue Bond Series 2010 as of June 30, 2016:

Year Ending June 30	Revenue Bonds Series 2010			
	Interest Rates	Principal	Interest	Total
2017	3.00%	\$ 530,000	\$ 416,685	\$ 946,685
2018	3.10%	545,000	398,933	943,933
2019	3.50%	565,000	378,660	943,660
2020	4.00%	590,000	356,125	946,125
2021	4.10%	610,000	331,821	941,821
2022-2026	4.1-4.6%	3,470,000	1,234,063	4,704,063
2027-2030	4.6-5%	3,390,000	347,420	3,737,420
		<u>\$ 9,700,000</u>	<u>\$ 3,463,707</u>	<u>\$ 13,163,707</u>

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

The District has pledged future statewide sales, service and use tax revenues to repay the \$12,045,000 of revenue bonds issued in February 2010 for the purposes of an addition to the middle school and high school buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require approximately 79 percent of the annual statewide sales, services and use tax revenues. The total principal and interest remaining on the bonds are \$13,163,707. For the current year, principal of \$510,000 and interest of \$432,550 was paid on the bonds for a total of \$942,550. Total statewide sales, services, and use tax revenues for the year were \$1,391,521.

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

- a) \$959,050 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year. As of June 30, 2016, the District had \$742,486 in the sinking fund.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Computer Lease

The District entered into a lease agreement with Apple Computer, Inc. on May 15, 2016, for computers for the District's 1 on 1 initiative. Annual principal and interest payments are made from the Capital Projects Fund, Physical Plant and Equipment Levy account. The first payment is not due until November 2016. The following is a payment schedule for the computer lease:

Year Ending June 30	Apple Computer Lease			
	Interest Rates	Principal	Interest	Total
2017	0.99%	\$ 242,764	\$ 9,158	\$ 251,922
2018	0.99%	245,174	6,749	251,923
2019	0.99%	247,607	4,315	251,922
2020	0.99%	250,065	1,858	251,923
		<u>\$ 985,610</u>	<u>\$ 22,080</u>	<u>\$ 1,007,690</u>

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 6. 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 151 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

Annual OPEB cost and net OPEB obligation: The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 113,483
Interest on net OPEB obligation	11,666
Adjustment to annual required contribution	(30,696)
Annual OPEB cost	<u>94,453</u>
Contributions made	<u>13,431</u>
Increase in net OPEB obligation	81,022
Net OPEB obligation beginning of year	<u>466,636</u>
Net OPEB obligation end of year	<u><u>\$ 547,658</u></u>

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, 2016 and the two preceding years are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 129,907	22.2%	\$ 355,569
June 30, 2015	122,760	9.50%	466,636
June 30, 2016	94,453	14.22%	547,658

Funded status and funding progress: As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$731,317, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$731,317. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,524,000 and the ratio of the UAAL to covered payroll was 7.68 percent. As of June 30, 2016, there were no trust fund assets.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 6. 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 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, 2015 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5 percent discount rate based on the District's funding policy. The projected annual medical trend rate is 6 percent.

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

Note 7. Pension and Retirement Benefits

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, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (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 receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before 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 – 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 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 2016, 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, 2016 were \$850,504.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the District reported a liability of \$6,428,277 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the District's proportion was .1301143 percent, which was a decrease of .002858 from its proportion measured as of June 30, 2014.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$532,311. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow: of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,123	\$ -
Changes of assumptions	176,987	-
Net difference between projected and actual earnings on pension plan investments	961,798	1,496,799
Changes in proportion and differences between District contributions and proportionate share of contributions	-	173,813
District contributions subsequent to the measurement date	850,504	-
Total	<u>\$ 2,086,412</u>	<u>\$ 1,670,612</u>

\$850,504 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, 2017. 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,	
2017	\$ (228,726)
2018	(228,726)
2019	(228,726)
2020	250,759
2020	715
Total	<u>\$ (434,704)</u>

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2010)	4.00 percent to 17.00 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan, investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00 percent per annum, based on 3.00 percent inflation and 1.00 percent real wage inflation

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

The actuarial assumptions used in the June 30, 2015 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
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24%	6.29%
International Equity	16%	6.75%
Private Equity/Debt	11%	11.32%
Real Estate	8%	3.48%
Credit Opportunities	5%	3.63%
U.S. TIPS	5%	1.91%
Other Real Assets	2%	6.24%
Cash	1%	-0.71%
Total	100%	

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District’s proportionate share of the net pension liability	\$ 11,254,757	\$ 6,428,277	\$ 2,354,382

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

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

Payables to the Pension Plan – At June 30, 2016, the District reported payables to the defined benefit pension plan of \$56,306 for legally required employer contributions and \$37,516 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Risk Management

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

The District is partially self-funded for the dental insurance plan. The District funds claims up to \$750 per participant. Payments are made to the plan based on amounts needed to pay prior and current year claims. Changes in the claims liability amounts for the years ended June 30, 2016 and 2015 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claim Payments	Ending
2015	\$ 7,609	\$ 1,844,705	\$ 1,846,853	\$ 5,461
2016	5,461	2,332,192	2,330,271	7,382

Note 9. Facility Shared Use Agreement

The District participates in a shared use agreement with the City of DeWitt for the Center for Performing Arts Committee (CPAC) facility that is located on the District's grounds. The agreement is to remain in effect until December 6, 2020. The following are the terms agreed upon by the District and the City of DeWitt concerning the CPAC facility:

The City of DeWitt agreed to contribute \$100,000 to a reserve fund that will be held by the District and used as the repository of fundraising and donations to the CPAC facility. The City of DeWitt will pay the District rental fees from the reserve fund for use of the facility to cover utility, custodial and other maintenance costs as agreed upon by the District and the City of DeWitt. Capital improvements to the facility can also be made from the reserve fund upon approval of the District and the City of DeWitt. The District owns the CPAC facility and is responsible for all utilities, custodial services, and other maintenance expenses for the facility. The District is also responsible for the accounting of activities for the facility. The District is required to provide the City of DeWitt with accounting records for the facility reserve fund contributed by the City by July 1st of each year. Expenditures from the reserve fund shall be made only after approval of both parties.

In the event the District terminates the agreement before December 6, 2020, the District will be required to repay the City of DeWitt the initial reserve fund amount of \$100,000. Upon expiration of the agreement, the District and the City of DeWitt can choose whether to renew the agreement.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$610,984 for the year ended June 30, 2016 and is recorded in the General Fund.

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding as of June 30, 2016 is comprised of the following programs:

Program	Amount
At risk	\$ 533
Dropout prevention	49,186
Preschool	5,883
Beginning administrator mentoring and induction program	1,000
Non-public textbooks	1,698
Successful progression for early readers	23,046
FTC in the classroom	11,034
Total	\$ 91,847

Note 12. Commitments and Contingencies

As of June 30, 2016, the District had entered into construction contracts totaling \$192,456. The work to be completed relates to a roofing project. As of June 30, 2016, \$179,014 had been paid on these contracts.

Note 13. Governmental Accounting Standards Board (GASB) Statements

The District adopted the following statements during the year ended June 30, 2016:

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

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, issued June 2015. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68 for pension plans and pensions that are within their respective scopes.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, issued June 2015. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, issued December 2015. This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Standard also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools.

The implementation of the above statements did not have a material impact to the District’s financial statements.

As of June 30, 2016, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2017. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015, will be effective for the District beginning with its year ending June 30, 2018. This Statement replaces the requirements of *Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and *No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 77, *Tax Abatement Disclosures*, issued August 2015, will be effective for the District beginning with its year ending June 30, 2017. This Statement is intended to provide additional information about tax abatements to the public to further the ability to assess how tax abatements affect the District's financial position and results of operations, including the District's ability to raise revenue sources in the futures. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, issued December 2015, will be effective for the District beginning with its year ending June 30, 2017. The objective of this Statement is to address the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions* to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provided defined benefit pensions to both employees of state and local governments and to employees who are not state or local governmental employees, and (3) has no predominate stator or local government employer.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, issued January 2016, will be effective for the District beginning with its year ending June 30, 2017. This Statement amends the blending requirements for the for the financial statement presentation of component units of state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016, will be effective for the District beginning with its year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, issued March 2016, will be effective for the District beginning with its year ending June 30, 2018. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

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Central DeWitt Community School District

**Required Supplementary Information
 Schedule of Funding Progress for the Retiree Health Plan
 Year Ended June 30, 2016**

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)
2012	7/1/2010	-	\$ 914,000	\$ 914,000	0.00%	\$ 8,814,000	10.37%
2013	7/1/2012	-	858,781	858,781	0.00%	8,814,000	9.74%
2014	7/1/2012	-	858,781	858,781	0.00%	8,788,000	9.77%
2015	7/1/2012	-	858,781	858,781	0.00%	8,914,000	9.63%
2016	7/1/2015	-	731,317	731,317	0.00%	9,524,000	7.68%

See Note 6 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.

Central DeWitt Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2016**

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual
Revenues:			
Local sources	\$ 9,275,353	\$ 610,778	\$ 9,886,131
State sources	10,752,983	7,402	10,760,385
Federal sources	337,402	419,833	757,235
Total revenues	20,365,738	1,038,013	21,403,751
Expenditures/expenses:			
Instruction	11,369,381	-	11,369,381
Support services	5,265,353	-	5,265,353
Noninstructional programs	-	1,067,923	1,067,923
Other expenditures	4,055,076	-	4,055,076
Total expenditures/expenses	20,689,810	1,067,923	21,757,733
Excess (deficiency) of revenues over (under) expenditures/expenses	(324,072)	(29,910)	(353,982)
Other financing sources (uses):			
Proceeds from capital lease	985,610	-	985,610
Sale of capital assets	-	-	-
Interfund transfers in	955,499	-	955,499
Interfund transfers out	(955,499)	-	(955,499)
Total other financing sources (uses)	985,610	-	985,610
Net change in fund balance	661,538	(29,910)	631,628
Fund balance, beginning of year	4,506,816	(33,071)	4,473,745
Fund balance, end of year	\$ 5,168,354	\$ (62,981)	\$ 5,105,373

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual
Original	Final	Variance
\$ 9,701,309	\$ 9,701,309	\$ 184,822
10,123,388	10,123,388	636,997
701,037	701,037	56,198
<u>20,525,734</u>	<u>20,525,734</u>	<u>878,017</u>
11,148,000	12,500,000	1,130,619
5,797,500	5,797,500	532,147
1,200,000	1,200,000	132,077
4,471,570	4,471,570	416,494
<u>22,617,070</u>	<u>23,969,070</u>	<u>2,211,337</u>
<u>(2,091,336)</u>	<u>(3,443,336)</u>	<u>3,089,354</u>
-	-	985,610
10,000	10,000	(10,000)
1,335,000	1,335,000	(379,501)
<u>(1,220,000)</u>	<u>(1,220,000)</u>	<u>264,501</u>
<u>125,000</u>	<u>125,000</u>	<u>860,610</u>
<u>\$ (1,966,336)</u>	<u>\$ (3,318,336)</u>	<u>\$ 3,949,964</u>

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Central DeWitt Community School District

**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Two Fiscal Years**

	2016*		2015*
District's proportion of the net pension liability	0.130114%		0.132973%
District's proportionate share of the net pension liability	\$ 6,428,277	\$	5,273,577
District's covered-employee payroll	\$ 8,914,000	\$	8,698,666
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.11%		60.63%
Plan fiduciary net pension as a percentage of the total pension liability	85.19%		87.61%

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

Note 1: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See Notes to Required Supplementary Information.

Central DeWitt Community School District

**Required Supplementary Information
 Schedule of District Contributions (in Thousands)
 Iowa Public Employees' Retirement System
 Last Ten Fiscal Years**

	2016	2015	2014	2013
Statutorily required contribution	\$ 851	\$ 796	\$ 777	\$ 752
Contributions in relation to the statutorily required contribution	\$ (851)	\$ (796)	\$ (777)	\$ (752)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,524	\$ 8,914	\$ 8,699	\$ 8,669
Contributions as a percentage of covered-employee payroll	8.94%	8.93%	8.93%	8.67%

See Notes to Required Supplementary Information.

	2012		2011		2010		2009		2008		2007
\$	711	\$	578	\$	572	\$	537	\$	485	\$	445
\$	(711)	\$	(578)	\$	(572)	\$	(537)	\$	(485)	\$	(445)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	8,815	\$	8,314	\$	8,599	\$	8,452	\$	8,017	\$	7,738
	8.07%		6.95%		6.65%		6.35%		6.05%		5.75%

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Central DeWitt Community School District

Notes to Required Supplementary Information

Note 1. Budgets and Budgetary Information

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except private-purpose trust, internal service, and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes or expenditures known as functions, not by fund or fund type. 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 function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

The District amended the budget one time during the year ended June 30, 2016 to increase expenditures \$1,352,000 for additional expenditures in the instruction expenditures function. During the year ended June 30, 2016, expenditures did not exceed the amounts budgeted.

Note 2. Pension Liability

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.

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

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of 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.
- 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.

Central DeWitt Community School District

Notes to Required Supplementary Information

Note 2. Pension Liability (Continued)

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 the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

Central DeWitt Community School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue			Total
	Management Levy	Student Activity	CPAC Support Trust	
Assets				
Cash and pooled investments	\$ 611,378	\$ 127,105	\$ 117,899	\$ 856,382
Receivables:				
Property tax:				
Current year	4,254	-	-	4,254
Succeeding year	550,000	-	-	550,000
Accounts	-	2,408	-	2,408
Due from other funds	20,512	-	-	20,512
Total assets	\$ 1,186,144	\$ 129,513	\$ 117,899	\$ 1,433,556
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities, accounts payable	\$ -	\$ 8,691	\$ 1,086	\$ 9,777
Deferred inflows of resources, unavailable revenue:				
Succeeding year property tax	550,000	-	-	550,000
Fund balances:				
Restricted for:				
Management levy	636,144	-	-	636,144
Student activities	-	120,822	-	120,822
Support trust	-	-	116,813	116,813
Total fund balances	636,144	120,822	116,813	873,779
Total liabilities, deferred inflows of resources and fund balances	\$ 1,186,144	\$ 129,513	\$ 117,899	\$ 1,433,556

Central DeWitt Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2016

	Special Revenue			Total
	Management Levy	Student Activity	CPAC Support Trust	
Revenues:				
Local sources:				
Local tax	\$ 500,548	\$ -	\$ -	\$ 500,548
Other	3,646	447,266	42,756	493,668
State sources	10,419	-	-	10,419
Total revenues	514,613	447,266	42,756	1,004,635
Expenditures:				
Current:				
Instruction	228,854	430,510	-	659,364
Support services:				
Instructional	-	2,255	-	2,255
Business and central Administration services	-	-	62,934	62,934
Administration services	2,657	-	-	2,657
Operation and maintenance of plant services	78,930	-	-	78,930
Transportation services	6,302	-	-	6,302
Total expenditures	316,743	432,765	62,934	812,442
Net change in fund balances	197,870	14,501	(20,178)	192,193
Fund balances, beginning of year	438,274	106,321	136,991	681,586
Fund balances, end of year	\$ 636,144	\$ 120,822	\$ 116,813	\$ 873,779

Central DeWitt Community School District

Schedule of Combining Balance Sheet
 Capital Project Fund - By Account
 June 30, 2016

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 520,037	\$ 163,115	683,152
Receivables:			
Property tax:			
Current year	-	4,157	4,157
Succeeding year	-	528,532	528,532
Other receivables	10,373	-	10,373
Due from other funds	-	18,298	18,298
Due from other governments	292,308	-	292,308
Total assets	\$ 822,718	\$ 714,102	\$ 1,536,820
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities,			
Accounts payable	103,060	8,470	111,530
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	-	528,532	528,532
Statewide sales, services use tax	64,045	-	64,045
	64,045	528,532	592,577
Fund Balances:			
Restricted:			
School infrastructure	655,613	-	655,613
Physical plant and equipment	-	177,100	177,100
Total fund balances	655,613	177,100	832,713
Total liabilities, deferred inflows of resources and fund balances	\$ 822,718	\$ 714,102	\$ 1,536,820

Central DeWitt Community School District

Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Capital Project Fund - By Account

Year Ended June 30, 2016

	Capital Projects Accounts		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local sources:			
Local tax	\$ -	\$ 500,103	\$ 500,103
Other	171,186	2,373	173,559
State sources	1,391,521	9,118	1,400,639
Total revenues	1,562,707	511,594	2,074,301
Expenditures:			
Current:			
Instruction, regular	34,985	215,179	250,164
Support services:			
Administration services	2,000	-	2,000
Operation and maintenance of plant services	-	7,210	7,210
Transportation services	-	46,590	46,590
Other expenditures:			
Facilities acquisition	440,807	1,057,322	1,498,129
Total expenditures	477,792	1,326,301	1,804,093
Revenues over (under) expenditures	1,084,915	(814,707)	270,208
Other financing sources (uses):			
Proceeds from capital lease	-	985,610	985,610
Transfers out	(955,499)	-	(955,499)
Total other financing sources (uses)	(955,499)	985,610	30,111
Net change in fund balance	129,416	170,903	300,319
Fund balance, beginning of year	526,197	6,197	532,394
Fund balance, end of year	\$ 655,613	\$ 177,100	\$ 832,713

Central DeWitt Community School District

**Schedule of Combining Statement of Fiduciary Net Position
Private Purpose Trust Fund - By Account
June 30, 2016**

	Private Purpose Trust Accounts				
	Paarmann	Hilbert	Student	Authors	Total
	Scholarship	Scholarship	Council Scholarship	Anonymous Scholarship	
Assets:					
Cash and pooled investments	\$ 96,960	\$ 204,094	\$ -	\$ -	\$ 301,054
Due from other funds	1,200	-	-	-	1,200
Interest receivable	1,091	2,229	-	-	3,320
Total assets	99,251	206,323	-	-	305,574
Liabilities:					
Due to other funds	-	-	750	450	1,200
Net Position					
Restricted for scholarships	\$ 99,251	\$ 206,323	\$ (750)	\$ (450)	\$ 304,374

Central DeWitt Community School District

**Schedule of Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - By Account
Year Ended June 30, 2016**

	Private Purpose Trust Accounts				
	Paarmann	Hilbert	Student	Authors	Total
	Scholarship	Scholarship	Council Scholarship	Anonymous Scholarship	
Additions:					
Local sources, Other:					
Interest	\$ 3,278	\$ 6,699	\$ -	\$ -	\$ 9,977
Deductions, Current,					
Support services,					
Administration services	2,000	2,800	500	400	5,700
Net change in net position	1,278	3,899	(500)	(400)	4,277
Net position (deficit), beginning of year	97,973	202,424	(250)	(50)	300,097
Net position (deficit), end of year	\$ 99,251	\$ 206,323	\$ (750)	\$ (450)	\$ 304,374

Central DeWitt Community School District

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Fund

Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 51,934	\$ 144,301	\$ 120,913	\$ 75,322
Liabilities				
Due to other groups	\$ 51,934	\$ 144,301	\$ 120,913	\$ 75,322

Central DeWitt Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year Ended June 30, 2016

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
ACTIVITY TICKETS	\$ 7,022	\$ 61,283	\$ 68,242	\$ 63
INTEREST ACCOUNT	605	1,899	2,422	82
GENERAL ATHLETICS FUNDRAISING	10,881	11,769	22,650	-
CO-ED BOWLING-FUNDRAISING ACCT	7,334	9,193	7,254	9,273
BOYS BASKETBALL FUNDRAISING	1,463	14,742	11,014	5,191
BOYS FOOTBALL FUNDRAISING	(1,225)	14,670	11,374	2,071
BOYS SOCCER FUNDRAISING	-	5,265	3,988	1,277
CENTRAL WRESTLING FUNDRAISING	(8,512)	34,991	20,749	5,730
GIRLS VOLLEYBALL FUNDRAISING	225	23,558	19,831	3,952
HS GIRLS SOFTBALL FUNDRAISER	(1,200)	2,400	1,200	-
MS DRAMA	2,563	742	-	3,305
MS VOCAL MUSIC	8,088	516	403	8,201
MS INSTRUMENTAL MUSIC	2,391	5,428	5,074	2,745
MS GENERAL ATHLETICS	1,018	1,640	1,729	929
MS BOYS BASKETBALL	(14)	5,073	3,861	1,198
MS BOYS FOOTBALL	422	2,706	3,108	20
MS BOYS TRACK	47	1,080	1,127	-
MS CROSS COUNTRY	(110)	960	850	-
MS BOYS WRESTLING	35	646	681	-
MS GIRLS BASKETBALL	(302)	3,352	3,050	-
MS GIRLS VOLLEYBALL	758	1,241	1,939	60
MS SOFTBALL FUNDRAISER	2,000	1,406	2,916	490
MS GIRLS TRACK	718	773	1,491	-
MS YEARBOOK	(394)	2,126	1,732	-
MS STUDENT CONSUMER SCIENCE	2,979	-	-	2,979
MS CONCESSIONS	8,529	3,093	4,397	7,225
MS-ODYSSEY OF THE MINDS	(959)	4,309	3,350	-
MS STUDENT COUNCIL	(503)	1,411	908	-
MS ART SHOW	1,687	-	-	1,687
HS DRAMA	14,548	5,649	5,665	14,532
HS SPEECH	(650)	650	-	-
HS VOCAL MUSIC	7,071	5,852	6,597	6,326
HS VOCAL TRIP ACCOUNT	3,519	-	-	3,519
HS INSTRUMENTAL MUSIC	1,936	14,885	15,933	888
HS BAND TRIP ACCOUNT	14,265	30,236	36,859	7,642
HS GENERAL ATHLETICS	5,136	29,980	34,390	726
HS BOYS BASKETBALL	2,526	12,151	14,677	-

(Continued)

Central DeWitt Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts (Continued)
 Year Ended June 30, 2016

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS BOYS FOOTBALL	\$ 16,712	\$ 22,578	\$ 39,290	\$ -
HS BOYS SOCCER	(3,411)	10,640	7,229	-
HS BOYS TRACK	212	11,829	11,991	50
HS BOYS & GIRLS CROSS COUNTRY	(439)	10,519	10,080	-
HS BOYS GOLF	104	2,529	2,597	36
HS BOYS WRESTLING	11,003	15,568	26,571	-
HS GIRLS BASKETBALL	4,968	9,277	14,245	-
HS GIRLS VOLLEYBALL	814	32,380	33,194	-
HS GIRLS SOFTBALL	(1,387)	15,922	14,535	-
HS GIRLS TRACK	(2,768)	9,177	6,179	230
HS GIRLS GOLF	(435)	2,247	1,812	-
FIRST TECH CHALLENGE - ROBOTICS	637	6,685	6,120	1,202
HS NEWSPAPER	(500)	500	-	-
HS CHEERLEADING	8,036	10,042	11,433	6,645
HS CENTRAL SENSATIONS DANCE	31	-	-	31
HS EUROPE TRIP	211	-	211	-
HS FFA	18,644	56,701	52,548	22,797
FBLA	2,595	9,889	10,598	1,886
HS FOOD PRODUCTION CO.	(767)	2,524	1,364	393
FCCLA	2,754	1,467	1,780	2,441
HS NATIONAL HONOR SOCIETY	2,246	1,697	1,349	2,594
HS SCIENCE CLUB	99	4,072	1,725	2,446
HS STUDENT COUNCIL	2,791	4,837	5,311	2,317
HS SADD	143	-	-	143
HS CLUB HOPE	975	-	975	-
HS CLASS OF 2015	(913)	1,013	100	-
HS CLASS OF 2016	3,609	3,212	5,085	1,736
HS CLASS OF 2017	412	17,461	15,416	2,457
HS CLASS OF 2018	61	625	686	-
HS CLASS OF 2019	-	170	50	120
PSP CAMP	650	-	-	650
HS GIRLS BASKETBALL FUNDRAISING	-	6,740	4,191	2,549
HS BOYS TRACK FUNDRAISING	-	1,530	696	834
HS BOYS BASEBALL FUNDRAISING	-	737	572	165
HS BOYS BASEBALL	(28,972)	35,535	6,635	(72)
HS GIRLS SOCCER FUNDRAISING	-	1,150	899	251
HS GIRLS SOCCER	-	9,075	10,205	(1,130)
HS YEARBOOK	(25,691)	20,972	15,341	(20,060)
INTERFUND TRANSFER	-	(207,709)	(207,709)	-
Total	\$ 106,321	\$ 447,266	\$ 432,765	\$ 120,822

Central DeWitt Community School District

**Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds - Modified Accrual Basis
Last Ten Years**

	2016	2015	2014	2013
Revenues:				
Local sources:				
Local tax	\$ 7,496,088	\$ 7,592,998	\$ 7,265,076	\$ 3,155,437
Tuition	710,981	489,727	522,874	2,056,092
Other	1,068,284	896,218	1,079,763	601,890
Intermediate sources	-	-	-	-
State sources	10,752,983	10,177,624	9,882,141	2,925,251
Federal sources	337,402	356,525	362,527	660,694
Total revenues	\$ 20,365,738	\$ 19,513,092	\$ 19,112,381	\$ 9,399,364
Expenditures:				
Instruction	\$ 11,369,381	\$ 10,634,237	\$ 10,177,900	\$ 5,021,657
Support services:				
Student services	441,387	465,220	450,907	357,757
Instructional staff services	960,134	248,714	371,531	182,879
Administration services	1,578,748	1,894,264	1,706,117	877,686
Business and central	62,934	-	-	-
Operation and maintenance of plant services	1,579,167	1,665,660	1,714,157	740,695
Transportation services	642,983	815,778	895,755	463,838
Noninstructional programs	-	-	583	519
Other expenditures:				
Facilities acquisition	1,498,129	996,899	1,379,075	1,839,002
Long-term debt:				
Principal	1,050,000	1,265,418	1,213,537	290,000
Interest and fiscal charges	895,963	930,470	965,851	40,685
AEA flowthrough	610,984	609,590	594,683	192,652
Total expenditures	\$ 20,689,810	\$ 19,526,250	\$ 19,470,096	\$ 10,007,370

Years Ended June 30:

	2012	2011	2010	2009	2008	2007
\$	3,057,629	\$ 2,743,193	\$ 2,649,113	\$ 2,660,377	\$ 2,692,210	\$ 2,547,106
	1,568,952	1,361,457	1,249,924	1,047,153	860,319	713,013
	689,649	376,759	328,051	345,411	317,999	328,816
	-	-	-	29,470	36,864	38,159
	3,029,861	2,447,461	2,812,220	2,727,325	2,777,706	2,772,517
	1,892,138	440,984	198,624	99,773	115,911	106,236
\$	10,238,229	\$ 7,369,854	\$ 7,237,932	\$ 6,909,509	\$ 6,801,009	\$ 6,505,847
\$	4,485,500	\$ 4,487,315	\$ 4,388,557	\$ 4,081,541	\$ 3,898,281	\$ 3,657,444
	305,332	266,469	243,906	228,253	227,253	209,714
	143,256	131,282	137,313	121,472	108,100	138,799
	722,058	683,221	676,707	629,884	590,011	608,683
	-	-	-	-	-	-
	621,402	590,053	612,086	561,162	573,790	555,690
	538,438	386,027	388,819	679,148	502,626	446,526
	2,145	2,023	1,665	5,469	2,901	2,663
	4,457,977	426,884	350,732	137,763	157,320	134,943
	280,000	354,948	593,791	380,000	370,000	360,000
	49,035	60,833	73,026	77,462	85,858	93,423
	216,762	214,498	199,657	195,507	192,793	186,543
\$	11,821,905	\$ 7,603,553	\$ 7,666,259	\$ 7,097,661	\$ 6,708,933	\$ 6,394,428

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

To the Board of Education
Central DeWitt Community School District
DeWitt, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Central DeWitt Community School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2017.

Internal Control Over Financial Reporting

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

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central DeWitt Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 or other matters which are described in Part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about Central DeWitt Community School District's operations for the year ended June 30, 2016 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.

District's Response to Findings

The District's response to the findings identified in our engagement is described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
January 19, 2017

Central DeWitt Community School District

**Schedule of Findings and Responses
Year Ended June 30, 2016**

Part I: Findings Related to the Basic Financial Statements

Instances of noncompliance:

No matters were reported.

Material weakness:

2016-001

Finding: The District did not properly identify material year-end accrual adjustments required to be reported in accordance with applicable accounting standards and principles and does not have sufficient reconciling and monitoring activities over the District's bank accounts.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: This material weakness is the result of a combination of deficiencies due to the following:

- The District did not properly reconcile bank accounts during the fiscal year. The reconciliation of the bank accounts to the general ledger is a key control activity to ensure all transactions of the District have been properly recorded. The District does not complete a bank reconciliation. One employee is monitoring receipts and one employee is clearing checks; however, a complete reconciliation that ensures all ending cash balances in the District's balance sheet are properly reported is not being performed.
- The District was not able to reconcile the cash balances of the District at year-end. As of June 30, 2016, there was an approximate \$12,000 understatement of the Self-Insurance Fund cash account and an approximate \$14,000 overstatement of the General Fund cash account that had not been properly resolved. Debt sinking fund accounts are not reconciled during the year to the District's trial balance.
- The audit identified significant journal entries to accounts receivable, long-term debt, transfers, capital assets, depreciation, and debt service accounts.

Context: The cash and investment accounts required an entry of approximately \$12,000, the Capital Projects Fund overstated statewide sale services and use tax receivable and revenue and required an entry of approximately \$112,000, and property tax revenue for the March 2016 distribution was misallocated across the governmental funds and required an entry of approximately \$151,000 to ensure property tax was reported in the proper fund. A capital outlay purchase of approximately \$117,000 was originally recorded as a transfer and interest expenditure. Significant journal entries were required for long-term debt and capital assets.

Effect: Financial statements are materially misstated and errors are not detected on a timely basis.

Cause: The District does not reconcile all balance sheet accounts by fund on a monthly basis.

Identification as a repeat finding: This is not a repeat finding.

Central DeWitt Community School District

Schedule of Findings and Responses Year Ended June 30, 2016

Recommendation: The Business Manager should be preparing the monthly cash account reconciliations. The reconciliation of all cash accounts should be performed through the financial software reconciling module. Any reconciling items should be timely resolved. In addition, the Superintendent should be provided the printed reconciliation reports monthly and review to ensure there are no unresolved differences. Monthly, each balance sheet account should be reconciled to a subsidiary ledger or to an expected balance based on monthly activity to ensure transactions were posted to proper accounts and for proper balances.

Response and corrective action plan: The District will require the Business Manager to reconcile the District's cash accounts and balance sheet accounts on a monthly basis.

Part II: Other Findings Related to Statutory Reporting

IV-A-16

Certified Budget: Expenditures for the year ended June 30, 2016 did not exceed the certified budget amounts.

IV-B-16

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

IV-C-16

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

IV-D-16

Business Transactions: No business transactions between the District and District officials or employees were noted.

IV-E-16

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 the coverage is adequate for current operations.

IV-F-16

Board Minutes: No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-16

Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education in October 2015 were identified.

Central DeWitt Community School District

**Schedule of Findings and Responses
Year Ended June 30, 2016**

IV-H-16

Supplementary Weighting:

Finding: There was one variance to the October 2015 supplementary weighting.

Recommendation: We recommend the District review and verify the course coding prior to the October 1st process.

Response: The District will review course coding prior to submission to the state to ensure accuracy of the information certified to the Department of Education.

Conclusion: Response accepted.

IV-I-16

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.

IV-J-16

Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.

IV-K-16

Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-L-16

Statewide Sales and Services Tax: No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services 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, 2016, the District reported the following information regarding the statewide sales and services tax revenue in the District's CAR:

Beginning balance		\$	526,197
Statewide sales and services tax revenue			1,391,521
Interest and other local revenues			171,186
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$	36,985	
Buildings		440,807	477,792
Transfers out			955,499
Ending balance		\$	<u>655,613</u>

For the year ended June 30, 2016, the District reduced the debt service levy by \$2.49 per \$1,000 of taxable valuation as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

Central DeWitt Community School District

Schedule of Findings and Responses

Year Ended June 30, 2016

IV-M-16

Financial Condition

Finding: The District has deficit student activity fund accounts.

Recommendation: The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits. The District should implement procedures that prevent deficit spending from occurring.

Response: We will look at alternatives to eliminate negative activity fund accounts.

Conclusion: Response accepted.



To the Board of Education
Central DeWitt Community School District
DeWitt, Iowa

In connection with our audit of the financial statements of the Central DeWitt Community School District as of and for the year ended June 30, 2016, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency 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 deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

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 financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following is a description of identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

- 1) The District began using purchasing cards for District expenditures during the fiscal year. Purchasing cards are issued to specific employees with authorized credit limits. We recommend the District create and implement a Purchasing Card Manual to establish District processes and expectations of the purchasing card program. The manual should include the process and required documentation and approvals for expenditures, acceptable and inappropriate uses of the card, and consequences of misuse as well as specific requirements for routine purchasing card transactions such as travel expenses. In addition, each employee that is provided a purchasing card should be required to sign an acknowledgement that they have read and understand the manual and acknowledge the consequences of misuse. We recommend the District refer to the Iowa Association of School Business Officials for samples and guidelines.
- 2) In obtaining an understanding of cash receipt recording, we noted the District records the receipt based on the date the deposit clears the bank. Cash receipts should be recorded at the time collected by the District. We recommend the District modify current receipting processes such as consider entering cash receipts by the sequential receipt numbers or utilizing the receipt system in Infinite Campus in order to address both timely recording and to more effectively monitor that all receipt collections have been properly recorded.

- 3) Currently the approval of the purchase order or requisition is the key approval of the expenditure. When an expenditure does not have a purchase order or requisition, the only indication of approval is the written account code on the invoice. We recommend invoices be signed or initialed by the administrator to approve the expenditure to ensure proper review and approvals occurred before payment.
- 4) We noted an expenditure for the Center for Performing Arts did not have a purchase order or requisition. The invoice was coded and approved by the Business Manager. We recommend requiring expenditures for the Center for Performing Arts follow the same purchase order and approval processes as all other District expenditures.
- 5) Early retiree payments are made annually each July. The July 2016 early retiree distributions did not agree to the schedule of payments. Upon further review, we noted a retiree was paid \$3,333 more than the scheduled disbursement. We recommend the District consider a review process over these payments to ensure the amounts distributed are proper.
- 6) Voided checks are not properly defaced. We recommend the District deface the actual check such as removing the signature line and writing "VOID" across the check to remove the possibility of the voided check being inappropriately issued.
- 7) When a check is voided and reissued, the check date on the new check is the original date of the voided check rather than the date of the reissue. This could be one cause for bank reconciliation differences. Check dates should be the date the check is actually issued.
- 8) The District uses preprinted check stock; however, the check numbers can be changed within the financial software. The Business Manager is currently monitoring and logging all check sequence ranges including void check numbers. This is the key control over ensuring all checks issued have been properly approved and authorized. To improve controls, we suggest considering if the check number field can be locked to remove edit access.
- 9) The July 8, 2015 Board of Education meeting met in closed session. A closed session requires an affirmative roll call vote of at least two-thirds of the members. The affirmative roll call vote was not properly documented in the written minutes. The affirmative roll call vote did occur as required upon listening to the audio tape. We recommend the District ensure the written minutes reflect the required vote.
- 10) Proper coding should be used when recording capital asset, supply, and repair and maintenance expenses. The 700 code should be used for capital type items. Care should be taken to differentiate between supplies, capital outlay, and purchased services.

This communication is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Bohnsack & Frommelt LLP

Moline, Illinois
January 19, 2017



January 19, 2017

To the Board of Education
Central DeWitt Community School District
DeWitt, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central DeWitt Community School District for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 27, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Central DeWitt Community School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by Central DeWitt Community School District during the year for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Other Postemployment Benefit Liability: Management's estimate of the other postemployment benefit liability is based on an actuarial valuation computed based on employee-related factors such as turnover, retirement age, and mortality. These factors and an estimated discount rate and rate of return are based upon historical and general market data.

Depreciable Useful Lives of Capital Assets: Management's estimate of the useful lives of capital assets involves judgments and assumptions based on prior experience of estimated useful lives assigned.

Net Pension Liability and Related Deferred Inflows of Resources and Deferred Outflows of Resources for the Pension Liability: Management's estimate of the net pension liability is based on its proportionate share of the total net pension liability of the Iowa Public Employees Retirement system cost-sharing multiple-employer defined benefit pension plan administered by the state of Iowa. The liability is based on an actuarial valuation computed based on employee-related factors such as turnover, retirement age, and mortality. These factors and an estimated discount rate are based on historical and general market data.

We evaluated the key factors and assumptions used to develop the above estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of commitments and contingencies in Note 12 to the financial statements refers to commitments made by the District that will have future financial impact.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The proposed adjusting journal entries corrected by management are included as an attachment.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 19, 2017 which is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have also issued a 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*". Our findings are included in the District's Annual Financial Report.

Other Matters

We applied certain limited procedures to management's discussion and analysis, schedule of funding progress, schedule of the District's net proportionate share of the pension liability, schedule of contributions to the pension retirement system and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Central DeWitt Community School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bohnsack & Frommelt LLP

Moline, Illinois



January 19, 2017

Bohnsack & Frommelt LLP
1500 River Drive, Suite 200
Moline, Illinois 61265

This representation letter is provided in connection with your audits of the financial statements of Central DeWitt Community School District, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 19, 2017, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 27, 2016 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity. There are no component units.
- 3) We acknowledge our responsibility for 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.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) There are no uncorrected misstatements.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) There has been no fraud, violations of laws, regulations, contracts, or grant agreements, or abuse.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) There are no instances which have occurred or are likely to have occurred of fraud or noncompliance with provisions of law and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and there are no instances that warrant the attention of those charged with governance.
- 27) There are no instances which have occurred or are likely to have occurred of noncompliance with provisions of contracts and grant agreements what we believe have a material effect on the determination of financial statement amounts or other financial data significant to audit objectives.
- 28) There are no instances which have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with the preparation of the financial statements and related notes and and proposed adjusting journal entries. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed and approved and accepted responsibility for those financial statements and related notes.
- 31) We acknowledge that we have reviewed and approved proposed adjusting journal entries and approve those entries and accept responsibility for them. The proposed entries are attached.
- 32) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 33) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- 34) There are no component units or joint ventures with an equity interest.
- 35) The financial statements properly classify all funds and activities in accordance with GASB Statement No.34.
- 36) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 37) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 38) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 39) Provisions for uncollectible receivables have been properly identified and recorded.
- 40) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 41) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 45) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 46) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 47) We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statements No. 74, 75, 77, 78, 80, 81, and 82 as discussed in the notes to the financial statements. The District is therefore unable to disclose the impact that adopting the new standard will have on its financial position and the results of its operations when adopted.
- 48) We believe that the newly adopted GASB Statement No. 72, 73, 76, and 79 are properly implemented and adopted.
- 49) We agree with the findings of specialists in evaluating the incurred but not reported and other post-employment benefit estimates and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on independence or objectivity of the specialists.
- 50) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 51) We are unable to determine the possibility of a withdrawal liability in a multiple-employer benefit plan.

- 52) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 53) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 54) We have not expended \$750,000 or more in federal awards and therefore specifically confirm that we are not subject to Single Audit.
- 55) With respect to the combining and individual nonmajor fund financial statements and other supplementary information :
 - a) We acknowledge our responsibility for presenting the combining and individual nonmajor fund financial statements in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual nonmajor fund financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: 
Title: Superintendent

Signature: 
Title: Business Manager

Central DeWitt Community School District
Year Ended June 30, 2016
Report Journal Entry

Account	Description	Debit	Credit
Aggregate Remaining Fund Information/Health Insurance Fund			
71 0010 2590 000 0000 315	Claims and premiums expenditures	\$ 298,710.89	\$ -
71 780 000 0000 000	Fund balance		298,710.89
To adjust opening fund balance for entry reversed from prior year.			

Central DeWitt Community School District
Year Ended June 30, 2016
Proposed Adjusting Entries for Cash & Debt

Account	Description	Debit	Credit
Debt Service Fund/Governmental Activities			
1. To record apple lease debt.			
09-304-000-0000-000	Amount to be provided for in Long Term Debt	\$ 985,610.00	\$ -
09-531-000-8011-000	Lease Purchase Obligations		985,610.00
2. To post adjustment for accrued vacation liability.			
09-304-000-0000-000	Amount to be provided for in Long Term Debt		4,239.49
09-551-000-0000-000	Compensated absences	4,239.49	
3. To post adjustment for accrued interest payable.			
09-304-000-0000-000	Amount Provide/Retire L-Term Debt	25,587.25	
09-591-000-0000-000	Accrued Interest Payable		25,587.25
4. To post adjustment for early retirement liability.			
09-304-000-0000-000	Amount to be provided for in Long Term Debt	75,000.38	
09-553-000-0000-000	Early retirement incentive		75,000.38
General Fund, Aggregate Remaining Fund Information/Governmental Activities			
5. To post adjustment for cash transfer between General Fund and Health Fund			
71-101-000-0000-000	Cash in bank	12,317.67	
71 402-000-0000-000	Due to other funds		12,317.67
71-132-000-0000-000	Due from other funds	12,317.67	
10-101-000-0000-000	Cash in bank		12,317.67
6. To correct misposting of debt paying agent fees.			
33-101-000-0000-000	Cash in bank	750	
33-0010-5000-000-8007-349	Other Pur. Prof/Election costs		750
41-0010-5100-000-0000-349	Other Pur. Prof/Election costs	750	
41-101-000-0000-000	Cash in bank		750
7. To correct recording of payment of computers made out of debt service fund.			
40-0010-5236-000-0000	Interfund Transfers from PPEL Fund	177,063	
40-0010-5000-000-0000-832	Interest Payable		177,063
36-0010-1000-100-0000-734	Technology Related Hardware	177,063	
36-0010-6240-000-0000-910	Fund Transfers Out		177,063
8. To correct misposting of debt paying agent fees.			
40-0010-5000-000-0000-349	Other Pur. Prof/Election costs	250	
40-0010-5000-000-8010-832	2010 GO Bond Interest		250

Central DeWitt Community School District
Year Ended June 30, 2016
Proposed Adjusting Entries for Capital Assets

Account	Description	Debit	Credit
School Nutrition Fund/Business-type Activities			
1. To post Nutrition Fund depreciation.			
61-0010-3110-000-0000-790	Depreciation on Equipment - Expenses	\$ 30,418.00	\$ -
61-242-000-0000-000	Acc Depr on Machinery & Equip		30,418.00
2. To post additions to Nutrition Fund.			
61-241-000-0000-000	Machinery & Equipment	6,984.82	
61-0010-2640-000-0000-430	Purchased Services/Repairs - Expenses		2,069.83
61-0010-3110-000-0000-618	Supplies - Expenses		4,914.99
		<u>6,984.82</u>	<u>6,984.82</u>
3. To post deletions to Nutrition Fund.			
61-242-000-0000-000	Acc Depr on Machinery & Equip	84,581.00	
61-241-000-0000-000	Machinery & Equipment		85,315.00
61-0010-3110-000-0000-660	Gain/Loss on Asset Disposals	734.00	
		<u>85,315.00</u>	<u>85,315.00</u>
Governmental Activities			
2. To post governmental activities current year depreciation.			
08-0010-3110-000-0000-790	Depreciation	1,432,165.00	
08-232-000-0000-000	Acc Depr on Bldgs		1,089,089.00
08-222-000-0000-000	Acc Depr on Improvements		91,583.00
08-281-000-0000-000	Acc Depr on Intangibles		9,656.00
08-242-000-0000-000	Acc Depr on Mach & Equip	-	241,837.00
		<u>1,432,165.00</u>	<u>1,432,165.00</u>
3. To post governmental activities current year capital asset additions.			
08-231-000-0000-000	Buildings	39,867.00	
08-221-000-0000-000	Improvements	558,691.00	
08-610-000-0000-000	Investment in Govt Fixed Assets		598,558.00
		<u>598,558.00</u>	<u>598,558.00</u>
4. To post governmental activities deletions.			
08-241-000-0000-000	Machinery & Equipment		374,757.00
08-231-000-0000-000	Buildings		323,159.00
08-221-000-0000-000	Improvements		59,285.00
08-232-000-0000-000	Acc Depr on Bldgs	137,744.00	
08-222-000-0000-000	Acc Depr on Improvements	54,365.00	
08-242-000-0000-000	Acc Depr on Mach & Equip	370,126.00	
08-610-000-0000-000	Investment in Govt Fixed Assets	194,966.00	
		<u>757,201.00</u>	<u>757,201.00</u>
5. To post governmental activities construction in progress.			
08-721-000-0000-000	Construction in Progress		108,531.00
08-610-000-0000-000	Investment in Govt Fixed Assets	108,531.00	
6. To record retainage payment on CIP project - roofing.			
33-0010-4700-000-0000-450	Building Improvement Construction Services	8,209.50	
33-432-000-0000-000	Contracts Payable - Retainage		8,209.50

Central DeWitt Community School District
Year Ended June 30, 2016
Proposed Adjusting Entries for Accounts Receivable and Revenue

Account	Description	Debit	Credit
General Fund			
10 0010 1111 000 0000	Property tax revenue	\$ 6,358.30	\$ -
10 0010 3212 000 3121	Foster special education		6,358.30
To post state foster special education receipt to state revenue account.			
General Fund, Capital Projects Fund, Debt Service Fund and Aggregate Remaining Fund Information			
10 0010 1111 000 0000	Property tax revenue	75,525.55	
10-402	Due to other funds		75,525.55
22-132	Due from other funds	20,511.73	
22 0010 1111 000 0000	Property tax revenue		20,511.73
36-132	Due from other funds	18,298.36	
36 0010 1111 000 0000	Property tax revenue		18,298.36
40-132	Due from other funds	36,715.46	
40 0010 1111 000 0000	Property tax revenue		36,715.46
To properly allocated property tax revenue.			
		151,051.10	151,051.10
Capital Projects Fund-SSST Account			
33-153	Other accounts receivable	10,373.00	
33 0010 1920 000 0000	Donations		10,373.00
To record signage grant earned as of June 30, 2016 and to record in Fund 33.			
NOTE: An entry will be required to correct Fund 36 FY17 receipt.			
33 0010 3361 000 0000	Statewide sales and use taxes	112,165.55	
33 141 000 0000 000	Intergovernmental accounts receivable		112,165.55
To correct sales tax accounts receivable and revenue for November posted twice.			
General Fund			
10 141 000 0000 000	Intergovt accounts receivable	3,447.29	
10 0010 1999 000 0000	Other local income		3,447.29
To correct ending accounts receivable.			
Business-type Activities & Nutrition Fund			
61 483 000 0000 000	Unearned revenues	906.46	
61 0010 1611 000 0000	Student lunch income		906.46
To adjust unearned revenues to year-end balance.			

Central DeWitt Community School District
Year Ended June 30, 2016
Proposed Adjusting Entries for Accounts Payable

Account	Description	Debit	Credit
Governmental Activities			
1. To record payable for Northeast duplicate payment of 6/30/16 shared classes expenses.			
10 0010 1999 000 0000	Misc Local Income	\$ 10,510.00	\$ -
10 421 000 0000 000	Accounts Payable		10,510.00
	6/30/2016		
10 421 000 0000 000	Accounts Payable	10,510.00	
10 0010 1999 000 0000	Misc Local Income		10,510.00
	8/16/2016 (reversing)		
2. To record payable for BMO credit card purchases in June, paid in July.			
10 101 000 0000 000	Cash	7,765.17	
10 421 000 0000 000	Accounts Payable		7,765.17
21 101 000 0000 000	Cash	856.18	
21 421 000 0000 000	Accounts Payable		856.18
27 101 000 0000 000	Cash	400.66	
27 421 000 0000 000	Accounts Payable		400.66
Business-type Activities			
61 101 000 0000 000	Cash	364.00	
61 421 000 0000 000	Accounts Payable		364.00
Governmental Activities			
3. To adjust IBNR Dental claims at year-end.			
71 0010 2590 000 0000 315	Claims expense (Official/Administrative)	1,921.00	
71 421 000 0000 000	Claims payable (accounts payable)		1,921.00

Central DeWitt Community School District
Year Ended June 30, 2016
Proposed Adjusting Entries

Account	Description	Debit	Credit
General Fund			
10 0010 3751 000 3751	FTC in the Classroom Revenue-STEM	\$ 10,500.00	\$ -
10 492 000 0000 000	Other liabilities		10,500.00
10 729 000 3751 000	FTE in the Classroom	10,500.00	
10 759 000 0000 000	Unassigned Fund Balance		10,500.00
To record a liability for an award received that is not yet earned.			
Fund 61/Business-type Activities			
61 0010 1611-000-0000	School lunch	129.25	
61 483 000 0000 100	Unearned revenues		129.25
To record grant award not yet earned.			
61 591 000 0000 000	Other long-term liabilities	1,866.00	
61 0010 3110 000 0000 233	Expense		1,866.00
To correct overaccrual of long-term liabilities.			



January 19, 2017

Department of Management
State Capitol Building, Room 13
Des Moines, Iowa 50319

In connection with our audit of Central DeWitt Community School District, we examined documentation by the District to support the certified enrollment to the Department of Education for October 2015. The following variances were noted:

Course #	Course Name	CCN	Sections	Adjustment	Reason
HIS-118	Western Civ II	HIS118	2	-0.339	½ unit short of accreditation

Sincerely,
Bohnsack & Frommelt LLP

A handwritten signature in black ink that reads "Mia Frommelt".

Mia Frommelt, Partner

CC: Margaret Hanson
Iowa Department of Education
Grimes State Office Building
400 E. 14th Street
Des Moines, Iowa 50319-0146