

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

JUNE 30, 2016

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis		7-16
Basic Financial Statements:	<u>Exhibit</u>	
<i>Government-wide Financial Statements:</i>		
Statement of Net Position	A	18
Statement of Activities	B	19
<i>Governmental Fund Financial Statements:</i>		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
<i>Proprietary Fund Financial Statements:</i>		
Statement of Net Position	G	24
Statement of Revenues, Expenses and Changes in Fund Net Position	H	25
Statement of Cash Flows	I	26
Notes to Financial Statements		27-41
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		44
Notes to Required Supplementary Information - Budgetary Reporting		45
Schedule of Funding Progress for the Retiree Health Plan		46
Schedule of the District's Proportionate Share of the Net Pension Liability		47
Schedule of District Contributions		48
Notes to Required Supplementary Information - Pension Liability		49
Supplementary Information:	<u>Schedule</u>	
<i>Nonmajor Governmental Funds</i>		
Combining Balance Sheet	1	52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	53
<i>Capital Projects Fund Accounts:</i>		
Combining Balance Sheet	3	54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	55
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	56-57
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6	58
Schedule of Expenditures of Federal Awards	7	59
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 <u>Government Auditing Standards</u>		60-61
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		62-63
Schedule of Findings and Questioned Costs		64-68

Creston Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2015 Election)		
Ron Dunphy	President	2015
Galen Zumbach	Vice President	2017
Shanon Snodgrass	Board Member	2017
Rick Fyock	Board Member	2015
Tom Eagan	Board Member	2017
(After September 2015 Election)		
Shanon Snodgrass	President	2017
Tom Eagan	Vice President	2017
Galen Zumbach	Board Member	2017
Dr. Brad James	Board Member	2019
Judy Woods	Board Member	2019
School Officials		
Steve McDermott	Superintendent	2016
Billie Jo Greene	Board Secretary/Business Manager	2016
Pat Moeller	District Treasurer	2016
Ahlers & Cooney	Attorney	2016



CRESTON COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Creston Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Creston Community School District 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 U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Creston Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2017, on our consideration of Creston Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Creston Community School District's internal control over financial reporting and compliance.


NOLTÉ, CORNMAN & JOHNSON, P.C.

February 9, 2017
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Creston 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.

2016 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$14,831,880 in fiscal year 2015 to \$15,065,724 in fiscal year 2016, while General Fund expenditures increased from \$15,491,377 in fiscal year 2015 to \$16,051,030 in fiscal year 2016. The District's General Fund balance decreased from \$101,507 at June 30, 2015 to a deficit \$883,799 at June 30, 2016, a 970.68% decrease from the prior year.
- The increase in General Fund revenues was attributable to increases in amounts received from local tax source revenues. The increase in expenditures can be primarily attributed to the increase in expenditures in the instruction functional area.

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

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

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

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

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

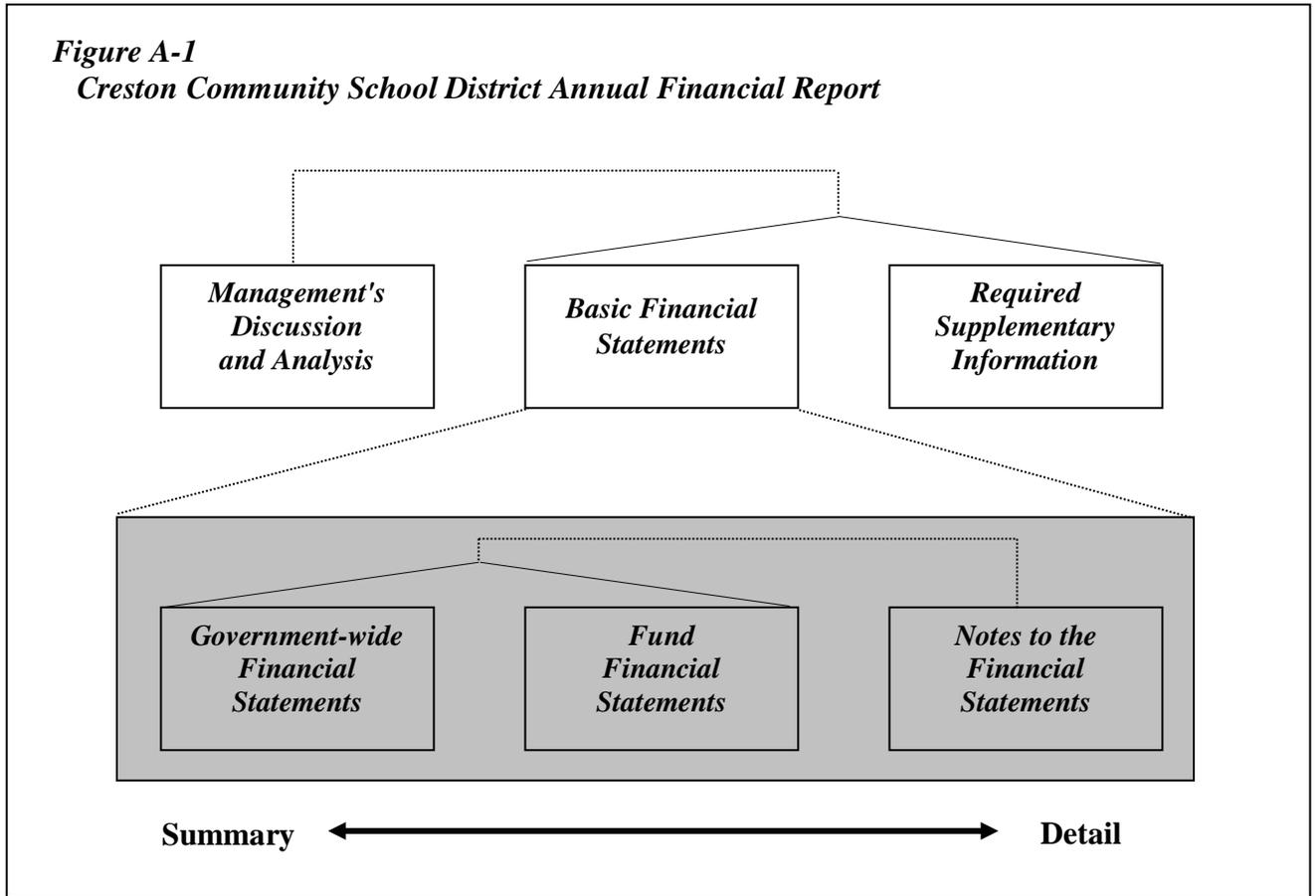


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<i>Figure A-2</i>			
<i>Major Features of the Government-Wide and Fund Financial Statements</i>			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service
Required financial statements	<ul style="list-style-type: none"> · Statement of net position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses and changes in fund net position · Statement of cash flows
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
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
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
Current and other assets	\$ 4,116,423	10,260,662	432,204	424,785	4,548,627	10,685,447	-57.43%
Capital assets	25,038,379	25,615,591	77,961	107,263	25,116,340	25,722,854	-2.36%
Total assets	29,154,802	35,876,253	510,165	532,048	29,664,967	36,408,301	-18.52%
Deferred outflows of resources	1,246,230	1,208,908	43,235	41,193	1,289,465	1,250,101	3.15%
Long-term liabilities	13,056,123	12,363,448	231,832	185,659	13,287,955	12,549,107	5.89%
Other liabilities	2,012,843	2,268,563	60,184	53,577	2,073,027	2,322,140	-10.73%
Total liabilities	15,068,966	14,632,011	292,016	239,236	15,360,982	14,871,247	3.29%
Deferred inflows of resources	598,006	7,715,741	18,267	70,636	616,273	7,786,377	-92.09%
Net position:							
Net investment in capital assets	19,153,379	18,885,591	77,961	107,263	19,231,340	18,992,854	1.26%
Restricted	3,083,300	2,452,242	-	-	3,083,300	2,452,242	25.73%
Unrestricted	(7,502,619)	(6,600,424)	165,156	156,106	(7,337,463)	(6,444,318)	-13.86%
Total net position	\$ 14,734,060	14,737,409	243,117	263,369	14,977,177	15,000,778	-0.16%

The District's combined net position decreased by 0.16% or \$23,601 from the prior year. The largest portion of the District's net position is invested in capital assets, (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position increased \$631,058 or 25.73% from the prior year. The increase in restricted fund balance is mainly attributable to the increase in the amount restricted for school infrastructure purposes as compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirements - decreased \$893,145 or 13.86%. This reduction in unrestricted net position was primarily a result of the decrease in fund balance of the General Fund during fiscal year 2016.

The District's deficit unrestricted net position in the governmental activities is partially due to GASB Statement No. 68 pension and related deferred inflow and outflow reporting requirements. However, it is also partially due to the deficit fund balance in the District's General Fund.

Figure A-4 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						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2016	2015	2016	2015	2016	2015	2015-16
Revenues:							
Program revenues:							
Charges for service	\$ 1,357,418	1,404,131	274,343	272,194	1,631,761	1,676,325	-2.66%
Operating grants, contributions and restricted interest	1,790,387	1,870,602	618,589	638,530	2,408,976	2,509,132	-3.99%
Capital grants, contributions and restricted interest	23,990	-	-	-	23,990	-	100.00%
General revenues:							
Property tax	5,741,909	5,194,756	-	-	5,741,909	5,194,756	10.53%
Income surtax	146,890	150,277	-	-	146,890	150,277	
Statewide sales, services and use tax	1,334,933	1,352,062	-	-	1,334,933	1,352,062	-1.27%
Unrestricted state grants	8,077,981	8,388,878	-	-	8,077,981	8,388,878	-3.71%
Unrestricted investment earnings	4,272	3,867	346	260	4,618	4,127	11.90%
Other	153,857	120,214	820	2,474	154,677	122,688	26.07%
Total revenues	18,631,637	18,484,787	894,098	913,458	19,525,735	19,398,245	0.66%
Program expenses:							
Instruction	11,513,175	10,918,137	-	-	11,513,175	10,918,137	5.45%
Support services	5,557,904	4,882,599	103,034	104,920	5,660,938	4,987,519	13.50%
Non-instructional programs	-	-	811,316	781,790	811,316	781,790	3.78%
Other expenses	1,563,907	1,575,564	-	-	1,563,907	1,575,564	-0.74%
Total expenses	18,634,986	17,376,300	914,350	886,710	19,549,336	18,263,010	7.04%
Change in net position before special item	(3,349)	1,108,487	(20,252)	26,748	(23,601)	1,135,235	-102.08%
Special item:							
Compensation for loss of capital assets	-	405,235	-	-	-	405,235	-100.00%
Change in net position	(3,349)	1,513,722	(20,252)	26,748	(23,601)	1,540,470	-101.53%
Net position beginning of year	14,737,409	13,223,687	263,369	236,621	15,000,778	13,460,308	11.44%
Net position end of year	\$ 14,734,060	14,737,409	243,117	263,369	14,977,177	15,000,778	-0.16%

Property tax and unrestricted state grants accounted for 74.17% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 99.87% of the revenue from business type activities.

The District's total revenues were approximately \$19.52 million of which approximately \$18.63 million was for governmental activities and approximately \$0.89 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.66% increase in revenues and a 7.04% increase in expenses. The increase in revenues was primarily due to an increase in property tax revenue received as compared to the prior year. The increase in expenses was primarily due to an increase in expenses incurred in the support services functional area.

Governmental Activities

Revenues for governmental activities were \$18,631,637 and expenses were \$18,634,986, for the year ended June 30, 2016.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, long-term debt interest and other expenses for the year ended June 30, 2016 compared to those same expenses for the year ended June 30, 2015.

	Total Cost of Services			Net Cost of Services		
	2016	2015	Change 2015-16	2016	2015	Change 2015-16
Instruction	\$ 11,513,175	10,918,137	5.17%	9,065,512	8,301,857	8.42%
Support services	5,557,904	4,882,599	12.15%	5,428,873	4,820,801	11.20%
Long-term debt interest	155,859	173,271	-11.17%	155,859	173,271	-11.17%
Other expenses	1,408,048	1,402,293	0.41%	812,947	805,638	0.90%
Totals	<u>\$ 18,634,986</u>	<u>17,376,300</u>	<u>6.75%</u>	<u>15,463,191</u>	<u>14,101,567</u>	<u>8.81%</u>

For the year ended June 30, 2016:

- The cost financed by users of the District's programs was \$1,357,418.
- Federal and state governments, along with contributions from local sources subsidized certain programs with grants and contributions totaling \$1,814,377.
- The net cost of governmental activities was financed with \$5,741,909 in property tax, \$146,890 in income surtax, \$1,334,933 in statewide sales, services and use tax, \$8,077,981 in unrestricted state grants, \$4,272 in interest income and \$153,857 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2016, were \$894,098, representing a decrease of 2.12% from the prior year, and expenses totaled \$914,350, representing an increase of 3.12% from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Creston 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 \$1,988,292, below last year's ending fund balances of \$2,287,526. One reason for the decrease in combined fund balances can be attributed to the decrease in fund balance for the General Fund.

Governmental Fund Highlights

- The General Fund balance decreased from \$101,507 at June 30, 2015 to a deficit \$883,799 at June 30, 2016. The District's declining General Fund financial position is the product of many factors. Increases in local tax revenues led to the increase in total General Fund revenues. Total expenditures also increased can be attributed to the increase in expenditures incurred for instruction provided by the District. However, the increase in revenues was not enough to offset the increase in expenditures during fiscal year 2016, ensuring the decrease in fund balance.
- The Capital Projects Fund balance increased from \$1,919,932 at June 30, 2015 to \$2,474,672 at June 30, 2016. Total revenues remained relatively unchanged from the prior year while total expenditures decreased due to a decrease in capital outlay expenditures after the District completed outstanding construction projects in the prior year.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$263,369 at June 30, 2015 to \$243,117 at June 30, 2016, representing a decrease of 7.69%. School Nutrition Fund revenues decreased during the year, due to a decrease in federal revenues received, while expenditures increased during the year due to an increase in salaries and benefits paid. Total expenses exceeded total revenues ensuring a decrease in ending net position.

BUDGETARY HIGHLIGHTS

The District's revenues were \$806,998 less than budgeted revenues, a variance of 3.97%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures using realistic projections based from prior year expenditures with a buffer built as to not exceed the annual budget. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had invested \$25,116,340, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.36% from the previous year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$959,986.

The original cost of the District's capital assets was \$38,896,878. Governmental activities accounted for \$38,260,474 with \$636,404 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$23,132,708 at June 30, 2015, compared to \$23,797,709 reported at June 30, 2015. This decrease in buildings can be attributed to annual depreciation expense incurred by the District during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
Land	\$ 172,426	172,426	-	-	172,426	172,426	0.00%
Buildings	23,132,708	23,797,709	-	-	23,132,708	23,797,709	-2.79%
Land improvements	1,420,771	1,407,235	-	-	1,420,771	1,407,235	0.96%
Machinery and equipment	312,474	238,221	77,961	107,263	390,435	345,484	13.01%
Total	\$ 25,038,379	25,615,591	77,961	107,263	25,116,340	25,722,854	-2.36%

Long-Term Liabilities

At June 30, 2016, the District had \$13,287,955 in general obligation bonds and other long-term debt outstanding. This represents an increase of 5.89% from the previous year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

As of June 30, 2016, the District had outstanding general obligation bonded indebtedness of \$5,885,000 payable from the Debt Service Fund.

As of June 30, 2016, the District had outstanding termination benefits of \$137,160, payable from the Management Levy Fund.

As of June 30, 2016, the District had outstanding compensated absences of \$24,698. \$23,441 of this total is attributable to the District's governmental activities and \$1,257 to the District's business type activities.

As of June 30, 2016, the District had a net pension liability of \$7,005,695. \$6,778,745 is attributable to the District's governmental activities while the remaining \$226,950 is attributable to the District's business type activities.

As of June 30, 2016, the District had a net OPEB liability of \$235,402. \$231,777 is attributable to the District's governmental activities while the remaining \$3,625 is attributable to the District's business type activities.

Figure A-7
Outstanding Long-Term Liabilities

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015-16
General obligation bonds	\$ 5,885,000	6,730,000	-	-	5,885,000	6,730,000	-12.56%
Termination benefits	137,160	-	-	-	137,160	-	100.00%
Compensated absences	23,441	22,422	1,257	1,309	24,698	23,731	4.07%
Net pension liability	6,778,745	5,456,819	226,950	181,555	7,005,695	5,638,374	24.25%
Net OPEB liability	231,777	154,207	3,625	2,795	235,402	157,002	49.94%
Total	\$ 13,056,123	12,363,448	231,832	185,659	13,287,955	12,549,107	5.89%

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:

- On April 7, 2015, residents of Creston Community School District and Prescott Community School District passed a resolution to merge the two districts. The two districts were officially merged as of July 1, 2016, forming the Creston Community School District.
- The District has seen a decrease in enrollment. The District's funding for fiscal year 2017 will be based on the decreased enrollment.
- The Districts is monitoring the uncertainty of state and local finances in light of the national and global financial situation. It is uncertain where or not there will be additional reductions made to the fiscal year 2017 budget.
- GASB Statement No. 68 has been implemented and is expected to have a continued downward effect on total net position.
- The District's special education deficit continues to grow. The deficit for 2016 was \$577,467.91, an increase of \$ 256,490.03 from the prior year. The deficit is contributing to our decreasing fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Billie Jo Greene, Board Secretary/Business Manager, Creston Community School District, 801 N Elm, Creston, Iowa, 50801.

BASIC FINANCIAL STATEMENTS

CRESTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 3,381,862	410,569	3,792,431
Receivables:			
Property tax:			
Delinquent	61,205	-	61,205
Income surtax	138,986	-	138,986
Accounts	38,317	2,274	40,591
Due from other governments	496,053	6,272	502,325
Inventories	-	13,089	13,089
Capital assets, net of accumulated depreciation	25,038,379	77,961	25,116,340
TOTAL ASSETS	29,154,802	510,165	29,664,967
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,246,230	43,235	1,289,465
LIABILITIES			
Accounts payable	435,814	1,759	437,573
Salaries and benefits payable	1,553,331	54,283	1,607,614
Accrued interest payable	23,698	-	23,698
Unearned revenue	-	4,142	4,142
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	855,000	-	855,000
Termination benefits	137,160	-	137,160
Compensated absences	23,441	1,257	24,698
Portion due after one year:			
General obligation bonds	5,030,000	-	5,030,000
Net OPEB liability	231,777	3,625	235,402
Net pension liability	6,778,745	226,950	7,005,695
TOTAL LIABILITIES	15,068,966	292,016	15,360,982
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	598,006	18,267	616,273
NET POSITION			
Net investment in capital assets	19,153,379	77,961	19,231,340
Restricted for:			
Categorical funding	372,067	-	372,067
Debt service	38,692	-	38,692
Management levy purposes	67,726	-	67,726
Student activities	130,143	-	130,143
School infrastructure	1,718,496	-	1,718,496
Physical plant and equipment	756,176	-	756,176
Unrestricted	(7,502,619)	165,156	(7,337,463)
TOTAL NET POSITION	\$ 14,734,060	243,117	14,977,177

SEE NOTES TO FINANCIAL STATEMENTS.

**CRESTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 6,636,563	662,148	96,747	-	(5,877,668)	-	(5,877,668)
Special	2,074,025	281,586	148,927	-	(1,643,512)	-	(1,643,512)
Other	2,802,587	347,307	910,948	-	(1,544,332)	-	(1,544,332)
	<u>11,513,175</u>	<u>1,291,041</u>	<u>1,156,622</u>	<u>-</u>	<u>(9,065,512)</u>	<u>-</u>	<u>(9,065,512)</u>
Support services:							
Student	496,614	-	70	-	(496,544)	-	(496,544)
Instructional staff	1,010,678	-	10,518	-	(1,000,160)	-	(1,000,160)
Administration	1,716,138	58,290	-	-	(1,657,848)	-	(1,657,848)
Operation and maintenance of plant	1,703,370	-	-	23,990	(1,679,380)	-	(1,679,380)
Transportation	631,104	8,087	28,076	-	(594,941)	-	(594,941)
	<u>5,557,904</u>	<u>66,377</u>	<u>38,664</u>	<u>23,990</u>	<u>(5,428,873)</u>	<u>-</u>	<u>(5,428,873)</u>
Long-term debt interest	155,859	-	-	-	(155,859)	-	(155,859)
Other expenses:							
AEA flowthrough	595,101	-	595,101	-	-	-	-
Depreciation(unallocated)*	812,947	-	-	-	(812,947)	-	(812,947)
	<u>1,408,048</u>	<u>-</u>	<u>595,101</u>	<u>-</u>	<u>(812,947)</u>	<u>-</u>	<u>(812,947)</u>
Total governmental activities	<u>18,634,986</u>	<u>1,357,418</u>	<u>1,790,387</u>	<u>23,990</u>	<u>(15,463,191)</u>	<u>-</u>	<u>(15,463,191)</u>
Business type activities:							
Support services:							
Administration	85,864	-	-	-	(85,864)	-	(85,864)
Operation and maintenance of plant	17,170	-	-	-	(17,170)	-	(17,170)
	<u>103,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,034)</u>	<u>-</u>	<u>(103,034)</u>
Non-instructional programs:							
Food service operations	811,316	274,343	618,589	-	-	81,616	81,616
Total business type activities	<u>914,350</u>	<u>274,343</u>	<u>618,589</u>	<u>-</u>	<u>-</u>	<u>(21,418)</u>	<u>(21,418)</u>
Total	<u>\$ 19,549,336</u>	<u>1,631,761</u>	<u>2,408,976</u>	<u>23,990</u>	<u>(15,463,191)</u>	<u>(21,418)</u>	<u>(15,484,609)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 4,687,323	-		4,687,323
Debt service				826,438	-		826,438
Capital outlay				228,148	-		228,148
Income surtax				146,890	-		146,890
Statewide sales, services and use tax				1,334,933	-		1,334,933
Unrestricted state grants				8,077,981	-		8,077,981
Unrestricted investment earnings				4,272	346		4,618
Other				153,857	820		154,677
Total general revenues				<u>15,459,842</u>	<u>1,166</u>		<u>15,461,008</u>
Change in net position				(3,349)	(20,252)		(23,601)
Net position beginning of year				<u>14,737,409</u>	<u>263,369</u>		<u>15,000,778</u>
Net position end of year				<u>\$ 14,734,060</u>	<u>243,117</u>		<u>14,977,177</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

CRESTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Capital			Total
	General	Projects	Nonmajor	
ASSETS				
Cash and pooled investments	\$ 723,797	2,293,474	364,591	3,381,862
Receivables:				
Property tax:				
Delinquent	44,658	2,391	14,156	61,205
Income surtax	-	138,986	-	138,986
Accounts	11,291	-	27,026	38,317
Due from other governments	277,144	218,909	-	496,053
TOTAL ASSETS	\$ 1,056,890	2,653,760	405,773	4,116,423
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 387,358	40,102	8,354	435,814
Salaries and benefits payable	1,553,331	-	-	1,553,331
Total liabilities	1,940,689	40,102	8,354	1,989,145
Deferred inflows of resources:				
Unavailable revenue:				
Income surtax	-	138,986	-	138,986
Fund balances:				
Restricted for:				
Categorical funding	372,067	-	-	372,067
Debt service	-	-	62,390	62,390
Management levy purposes	-	-	204,886	204,886
Student activities	-	-	130,143	130,143
School infrastructure	-	1,718,496	-	1,718,496
Physical plant and equipment	-	756,176	-	756,176
Unassigned	(1,255,866)	-	-	(1,255,866)
Total fund balances	(883,799)	2,474,672	397,419	1,988,292
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,056,890	2,653,760	405,773	4,116,423

SEE NOTES TO FINANCIAL STATEMENTS.

CRESTON 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 (page 20)	\$	1,988,292
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		25,038,379
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(23,698)
Accounts receivable income surtax are not available to finance expenditures, and therefore, are recognized as deferred inflows of resources in the governmental funds.		138,986
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	\$	1,246,230
Deferred inflows of resources		<u>(598,006)</u>
		648,224
Long-term liabilities, including general obligation bonds payable, compensated absences payable, termination benefits payable, other postemployment benefits and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(13,056,123)</u>
Net position of governmental activities (page 18)	\$	<u><u>14,734,060</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CRESTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 4,173,809	373,936	1,339,952	5,887,697
Tuition	864,623	-	-	864,623
Other	309,170	6,813	493,428	809,411
State sources	9,155,480	1,355,027	622	10,511,129
Federal sources	557,675	-	-	557,675
Total revenues	<u>15,060,757</u>	<u>1,735,776</u>	<u>1,834,002</u>	<u>18,630,535</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,610,180	-	275,120	6,885,300
Special	2,321,847	-	-	2,321,847
Other	1,955,939	-	485,319	2,441,258
	<u>10,887,966</u>	<u>-</u>	<u>760,439</u>	<u>11,648,405</u>
Support services:				
Student	486,333	-	-	486,333
Instructional staff	620,430	331,532	-	951,962
Administration	1,678,021	-	-	1,678,021
Operation and maintenance of plant	1,226,828	104,105	110,857	1,441,790
Transportation	556,351	135,490	28,181	720,022
	<u>4,567,963</u>	<u>571,127</u>	<u>139,038</u>	<u>5,278,128</u>
Capital outlay	-	409,909	-	409,909
Long-term debt:				
Principal	-	-	845,000	845,000
Interest and fiscal charges	-	-	158,193	158,193
	<u>-</u>	<u>-</u>	<u>1,003,193</u>	<u>1,003,193</u>
Other expenditures:				
AEA flowthrough	595,101	-	-	595,101
Total expenditures	<u>16,051,030</u>	<u>981,036</u>	<u>1,902,670</u>	<u>18,934,736</u>
Excess(Deficiency) of revenues over(under) expenditures	(990,273)	754,740	(68,668)	(304,201)
Other financing sources(uses):				
Transfer in	-	-	200,000	200,000
Transfer out	-	(200,000)	-	(200,000)
Compensation for loss of capital assets	4,967	-	-	4,967
Total other financing sources(uses)	<u>4,967</u>	<u>(200,000)</u>	<u>200,000</u>	<u>4,967</u>
Change in fund balances	(985,306)	554,740	131,332	(299,234)
Fund balances beginning of year	101,507	1,919,932	266,087	2,287,526
Fund balances end of year	<u>\$ (883,799)</u>	<u>2,474,672</u>	<u>397,419</u>	<u>1,988,292</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CRESTON 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

Change in fund balances - total governmental funds (page 22) \$ (299,234)

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

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

Capital outlay	\$ 351,316	
Depreciation expense	(928,528)	(577,212)

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. 845,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,334

Income surtax account receivable is not available to finance current year expenditures and is recognized as deferred inflows of resources in the governmental funds. 1,102

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. resources in the Statement of Net Position. 888,074

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	(137,160)	
Pension expense	(647,664)	
Compensated absences	(1,019)	
Other postemployment benefits	(77,570)	(863,413)

Change in net position of governmental activities (page 19) \$ (3,349)

SEE NOTES TO FINANCIAL STATEMENTS.

CRESTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

		Business Type Activities:
		School Nutrition
ASSETS		
Current assets:		
Cash and pooled investments	\$	410,569
Accounts receivable		2,274
Due from other governments		6,272
Inventories		13,089
Total current assets		432,204
Noncurrent assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation		77,961
TOTAL ASSETS		510,165
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows		43,235
LIABILITIES		
Current liabilities:		
Accounts payable		1,759
Salaries and benefits payable		54,283
Unearned revenue		4,142
Total current liabilities		60,184
Noncurrent liabilities:		
Compensated absences		1,257
Net OPEB liability		3,625
Net pension liability		226,950
Total noncurrent liabilities		231,832
TOTAL LIABILITIES		292,016
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows		18,267
NET POSITION		
Net investment in capital assets		77,961
Unrestricted		165,156
TOTAL NET POSITION	\$	243,117

SEE NOTES TO FINANCIAL STATEMENTS.

CRESTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business Type Activities:	Governmental Activities:
	School Nutrition	Internal Service
OPERATING REVENUES:		
Local sources:		
Charges for service	\$ 274,343	-
Miscellaneous	820	1,203,172
TOTAL OPERATING REVENUES	275,163	1,203,172
OPERATING EXPENSES:		
Instruction:		
Regular:		
Benefits	-	933,528
Support services:		
Student:		
Benefits	-	45,920
Instructional staff:		
Benefits	-	44,373
Administration:		
Salaries	66,908	-
Benefits	17,037	97,540
Services	1,919	-
Operation and maintenance of plant:		
Services	17,170	57,836
Transportation:		
Benefits	-	23,975
Total support services	103,034	269,644
Non-instructional programs:		
Food service operations:		
Salaries	290,226	-
Benefits	51,675	-
Services	299	-
Supplies	437,043	-
Other	615	-
Depreciation	31,458	-
Total non-instructional programs	811,316	-
TOTAL OPERATING EXPENSES	914,350	1,203,172
OPERATING LOSS	(639,187)	-
NON-OPERATING REVENUES:		
Interest income	346	-
State sources	7,635	-
Federal sources	610,954	-
TOTAL NON-OPERATING REVENUES	618,935	-
Change in net position	(20,252)	-
Net position beginning of year	263,369	-
Net position end of year	\$ 243,117	-

SEE NOTES TO FINANCIAL STATEMENTS.

CRESTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business Type Activities:	Governmental Activities:
	School Nutrition	Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 273,538	-
Cash received from miscellaneous	820	1,203,172
Cash payments to employees for services	(427,995)	-
Cash payments to suppliers for goods or services	(359,232)	(1,203,172)
Net cash used in operating activities	(512,869)	-
Cash flows from non-capital financing activities:		
State grants received	7,635	-
Federal grants received	536,734	-
Net cash provided by non-capital financing activities	544,369	-
Cash flows from investing activities:		
Interest on investments	346	-
Cash flows from capital financing activities:		
Acquisition of capital assets	(2,156)	-
Net increase in cash and pooled investments	29,690	-
Cash and pooled investments beginning of year	380,879	-
Cash and pooled investments end of year	\$ 410,569	-
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (639,187)	-
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	67,948	-
Depreciation	31,458	-
Decrease in inventories	28,107	-
Decrease in accounts receivable	436	-
Increase in accounts payable	1,759	-
Increase in salaries and benefits payable	6,089	-
Decrease in unearned revenue	(1,241)	-
Decrease in accrued compensated absences	(52)	-
Increase in net pension liability	45,395	-
Increase in deferred outflows of resources	(2,042)	-
Decrease in deferred inflows of resources	(52,369)	-
Increase in other postemployment benefits	830	-
Net cash used in operating activities	\$ (512,869)	-

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2016, the District received Federal commodities valued at \$67,948.

SEE NOTES TO FINANCIAL STATEMENTS.

CRESTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do 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 Adams, Ringgold and Union County Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

The District's major proprietary fund is the School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District reports the following other proprietary fund:

The Internal Service Fund is used to account for employee medical benefits received by District employees under its cafeteria plan. The Internal Service Fund is charged back to the Governmental funds and shown combined in the Statement of Net Position and the Statement of Activities.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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 revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 + years
Machinery and equipment	5-15 years

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

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

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

Compensated Absences - District employees under a twelve-month contract accumulate a limited amount of earned but unused vacation benefits payable. The cost of vacation payments expected to be liquidated currently is recorded as a liability of the General Fund and the School Nutrition Fund. The compensated absences liability has been computed based on per diem rates based from the employees' contract in effect during the fiscal year.

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. The net pension liability attributable to the governmental activities will be paid primarily from the General Fund.

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Note 2. Cash and Pooled Investments

The District's deposits at 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 and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2016, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio which are valued at an amortized cost of \$250,238 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investment in ISJIT were rated AAAM by Standard and Poor's Financial Services.

Note 3. 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	\$ 172,426	-	-	172,426
Total capital assets not being depreciated	172,426	-	-	172,426
Capital assets being depreciated:				
Buildings	33,188,417	40,537	-	33,228,954
Land improvements	2,352,926	120,945	-	2,473,871
Machinery and equipment	2,195,389	189,834	-	2,385,223
Total capital assets being depreciated	37,736,732	351,316	-	38,088,048
Less accumulated depreciation for:				
Buildings	9,390,708	705,538	-	10,096,246
Land improvements	945,691	107,409	-	1,053,100
Machinery and equipment	1,957,168	115,581	-	2,072,749
Total accumulated depreciation	12,293,567	928,528	-	13,222,095
Total capital assets being depreciated, net	25,443,165	(577,212)	-	24,865,953
Governmental activities capital assets, net	\$ 25,615,591	(577,212)	-	25,038,379
Business type activities:				
Machinery and equipment	\$ 634,248	2,156	-	636,404
Less accumulated depreciation	526,985	31,458	-	558,443
Business type activities capital assets, net	\$ 107,263	(29,302)	-	77,961

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 3,133
Other	18,225
Support services:	
Administration	12,429
Operation and maintenance of plant	23,081
Transportation	58,713
	115,581
Unallocated depreciation	812,947
Total governmental activities depreciation expense	\$ 928,528
Business type activities:	
Food service operations	\$ 31,458

Note 4. Interfund Transfers

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

Transfer to	Transfer from	Amount
	Capital Projects:	
Debt Service	Statewide Sales, Services and Use Tax	\$ 200,000

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for general obligation bond debt relief.

Note 5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 6,730,000	-	845,000	5,885,000	855,000
Termination benefits	-	137,160	-	137,160	137,160
Compensated absences	22,422	23,441	22,422	23,441	23,441
Net pension liability	5,456,819	1,321,926	-	6,778,745	-
Net OPEB liability	154,207	77,570	-	231,777	-
Total	\$ 12,363,448	1,560,097	867,422	13,056,123	1,015,601
Business Type Activities:					
Compensated absences	\$ 1,309	1,257	1,309	1,257	1,257
Net pension liability	181,555	45,395	-	226,950	-
Net OPEB liability	2,795	830	-	3,625	-
Total	\$ 185,659	47,482	1,309	231,832	1,257

General Obligation Bonds

Details of the District's June 30, 2016 general obligation bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 7, 2012			Bond Issue of September 1, 2010			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2017	1.00 %	\$ 120,000	19,920	2.10 %	\$ 735,000	122,270	855,000	142,190	997,190
2018	1.15	120,000	18,720	2.25	750,000	106,835	870,000	125,555	995,555
2019	1.35	115,000	17,340	2.50	775,000	89,960	890,000	107,300	997,300
2020	1.55	120,000	15,787	2.70	800,000	70,585	920,000	86,372	1,006,372
2021	1.75	125,000	13,928	2.90	815,000	48,985	940,000	62,913	1,002,913
2022-2023	2.00-2.10	565,000	20,979	3.00	845,000	25,350	1,410,000	46,329	1,456,329
Total		\$ 1,165,000	106,674		\$ 4,720,000	463,985	5,885,000	570,659	6,455,659

Termination Benefits

In December 2015, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed the previous fifteen years of continuous service to the Creston Community School District and must have reached age 55 on or before July 31, 2016. The applications for early retirement were submitted to and approved by the Board of Education.

Early retirement benefits for employees with 15-29 years of continuous service equal 20% of the employee's annual base salary plus compensation for half of the employees accumulated sick leave. The maximum benefit for employees with 15-29 years of continuous service is \$15,000. Benefits for employees with 30 or more years of continuous service equal 20% of the employee's annual base salary plus compensation for half of the employees accumulated sick leave. The maximum benefit for employees with 30 or more years of continuous service is \$20,000.

The early retirement benefits will be paid in two equal payments. The first on July 20, 2016 and the remaining balance on January 20, 2017.

At June 30, 2016, the District had obligations to nine participants with a total liability of \$137,160. There were no early retirement expenditures for the year ended June 30, 2016.

Note 6. Pension Plan

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

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

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, 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.

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% 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% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who

began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

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

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

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2016 were \$919,331.

Net Pension Liability, 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 \$7,005,695 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the District's collective proportion was 0.141802%, which was a decrease of 0.000369% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$669,905. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,847	\$ -
Changes of assumptions	192,884	-
Net difference between projected and actual earnings on IPERS' investments	-	583,057
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	71,403	33,216
District contributions subsequent to the measurement date	919,331	-
Total	<u>\$ 1,289,465</u>	<u>\$ 616,273</u>

\$919,331 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	\$ (188,083)
2018	(188,083)
2019	(188,083)
2020	310,191
2021	7,919
Total	<u>\$ (246,139)</u>

There were no non-employer contributing entities at IPERS.

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:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 1990)	4.00%, per annum, based on 3.00% inflation and 1.00% real wage inflation.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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, IPERS' 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 IPERS' 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 7.50%, 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% lower (6.50%) or 1% higher (8.50%) 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	\$ 12,265,711	\$ 7,005,695	\$ 2,565,864

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2016, the District reported payables to the defined benefit pension plan of \$111,856 for legally required employer contributions and \$74,529 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 146 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement and have thirteen or more years of service to the District.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by 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 of the District (ARC), 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 June 30, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 127,519
Interest on net OPEB obligation	7,065
Adjustment to annual required contribution	(6,265)
Annual OPEB cost	<u>128,319</u>
Contributions made	<u>(49,919)</u>
Increase in net OPEB obligation	78,400
Net OPEB obligation - beginning of year	<u>157,002</u>
Net OPEB obligation - end of year	<u><u>\$ 235,402</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2016.

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

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 96,235	32.82%	\$ 100,504
2015	91,166	38.03%	157,002
2016	128,319	38.90%	235,402

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 \$1,141,475, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,141,475. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,642,746 and the ratio of the UAAL to the covered payroll was 14.9%. As of June 30, 2016, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are 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 July 1, 2015, actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 4.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 7.50%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a 0.25% each year until reaching the 5.00% ultimate trend rate.

Mortality rates are from the RP-2014 Mortality Table projected generationally with scale MP-2015 from the central year, applied on a gender-specific basis. Annual retirement probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2011, and applying the termination factors used in IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$534 to \$652 per month for retirees and \$1,335 to \$1,629 for their spouses as of the July 1, 2015 actuarial valuation date. The salary increase rate was assumed to be 3.50% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental, life and long-term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2016 were \$1,292,662.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

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.

Note 9. 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 \$595,101 for the year ended June 30, 2016 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Deficit Fund Balances/Net Position

The General Fund had deficit unassigned fund balance of \$1,255,866 and a total deficit fund balance of \$883,799 at June 30, 2016. The District also had a deficit unrestricted net position of \$7,502,619 in its governmental activities.

The deficit unrestricted net position balance in the governmental activities was contributed to by the net pension and related deferred inflow and outflow amounts required by GASB Statements No. 68 and No. 71.

Note 11. 28E Agreement

The District participates in a 28E shared use agreement with Green Hills Area Education Agency(AEA) for shared administrative offices that are located on the District’s grounds. The agreement is to remain in effect until June 30, 2040.

The following are terms agreed upon by the District and the AEA for shared administrative offices on the District’s grounds:

The AEA agrees to give the District title of three acres that formerly housed the AEA. The AEA also agrees to contribute \$175,000 to expand and improve the base parking area at the District’s administrative facility to serve an additional fifty vehicles. The AEA is responsible for improving, constructing and updating the facilities on the District’s grounds where the AEA’s administrative offices are to be located subject to approval by the District. The AEA is responsible for maintenance and repair of the facility where their administrative offices are located. The AEA is to provide casualty insurance for the area housing the administrative offices.

The District agrees to provide the AEA with a facility on the District’s grounds that will house the AEA. The District agrees to contribute \$175,000 to expand and improve the base parking area at the District’s administrative facility to serve an additional fifty vehicles. The District agrees to provide the AEA with daily custodial services for their offices and shall bill the AEA accordingly. The District shall separately meter electric usage and bill the AEA monthly.

In the event that the District terminates this agreement with the AEA, the District is responsible for reimbursing the AEA a certain percentage of the actual capital costs the AEA incurred to improve the District’s facility in order to house the AEA based on the termination dates that are illustrated in the following table:

<u>Termination Dates</u>	<u>Percentage</u>
Before June 30, 2020	100%
Between July 1, 2020 and June 30, 2030	50%
Between July 1, 2030 and June 30, 2035	25%
Between July 1, 2035 and June 30, 2040	10%

Upon expiration of this agreement on June 30, 2040, the District and the AEA reserve the right to renegotiate and extend the agreement.

Note 12. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Gifted and talented programs	\$ 198,909
Four-year-old preschool state aid	156,124
Beginning teacher mentoring and induction program	13,630
Teacher salary supplement	929
Teacher leadership grants	2,475
Total	<u>\$ 372,067</u>

Note 13. Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to the Statement of Net Position is detailed as follows:

	Net investment in capital assets	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	204,886	62,390	(1,255,866)
Capital assets, net of accumulated depreciation	25,038,379	-	-	-
General obligation bond capitalized indebtedness	(5,885,000)	-	-	-
Accrued interest payable	-	-	(23,698)	-
Termination benefits	-	(137,160)	-	-
Income surtax	-	-	-	138,986
Compensated absences	-	-	-	(23,441)
Net pension liability	-	-	-	(6,778,745)
Pension related deferred outflows of resources	-	-	-	1,246,230
Pension related deferred inflows of resources	-	-	-	(598,006)
Net OPEB liability	-	-	-	(231,777)
Net position (Exhibit A)	<u>\$ 19,153,379</u>	<u>67,726</u>	<u>38,692</u>	<u>(7,502,619)</u>

Note 14. District Consolidation

On April 7, 2015, residents of Creston Community School District and Prescott Community School District passed a resolution to merge the two districts. The two districts officially merged as of July 1, 2016, forming the Creston Community School District.



CRESTON COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

CRESTON 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	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 7,561,731	275,509	7,837,240	8,499,524	8,499,524	(662,284)
State sources	10,511,129	7,635	10,518,764	10,572,107	10,572,107	(53,343)
Federal sources	557,675	610,954	1,168,629	1,260,000	1,260,000	(91,371)
Total revenues	<u>18,630,535</u>	<u>894,098</u>	<u>19,524,633</u>	<u>20,331,631</u>	<u>20,331,631</u>	<u>(806,998)</u>
Expenditures/Expenses:						
Instruction	11,648,405	-	11,648,405	11,999,993	11,999,993	351,588
Support services	5,278,128	103,034	5,381,162	5,852,500	5,852,500	471,338
Non-instructional programs	-	811,316	811,316	900,000	900,000	88,684
Other expenditures	2,008,203	-	2,008,203	2,678,207	2,678,207	670,004
Total expenditures/expenses	<u>18,934,736</u>	<u>914,350</u>	<u>19,849,086</u>	<u>21,430,700</u>	<u>21,430,700</u>	<u>1,581,614</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(304,201)	(20,252)	(324,453)	(1,099,069)	(1,099,069)	774,616
Other financing sources, net	4,967	-	4,967	-	-	4,967
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(299,234)	(20,252)	(319,486)	(1,099,069)	(1,099,069)	779,583
Balances beginning of year	<u>2,287,526</u>	<u>263,369</u>	<u>2,550,895</u>	<u>2,894,135</u>	<u>2,894,135</u>	<u>(343,240)</u>
Balances end of year	<u>\$ 1,988,292</u>	<u>243,117</u>	<u>2,231,409</u>	<u>1,795,066</u>	<u>1,795,066</u>	<u>436,343</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CRESTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2016

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

CRESTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2009	July 1, 2008	\$ -	\$1,047	\$1,047	0.0%	\$4,126	25.4%
2010	July 1, 2008	\$ -	\$1,047	\$1,047	0.0%	\$5,622	18.6%
2011	July 1, 2010	\$ -	\$1,380	\$1,380	0.0%	\$5,703	24.2%
2012	July 1, 2010	\$ -	\$1,380	\$1,380	0.0%	\$5,834	23.7%
2013	July 1, 2012	\$ -	\$886	\$886	0.0%	\$6,061	14.6%
2014	July 1, 2012	\$ -	\$886	\$886	0.0%	\$6,805	13.0%
2015	July 1, 2012	\$ -	\$886	\$886	0.0%	\$9,104	9.7%
2016	July 1, 2015	\$ -	\$1,141	\$1,141	0.0%	\$7,643	14.9%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CRESTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 FOR THE LAST TWO YEARS*
 REQUIRED SUPPLEMENTARY INFORMATION

	2016	2015
District's proportion of the net pension liability	0.141802%	0.142171%
District's proportionate share of the net pension liability	\$ 7,005,695	5,638,374
District's covered-employee payroll	\$ 10,526,190	9,309,832
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	66.55%	60.56%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amount presented for each fiscal year were determined as of June 30 of the preceding year.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CRESTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 919,331	939,989	831,368	787,612	698,371	575,723	575,879	545,517	441,813	464,626
Contributions in relation to the statutorily required contribution	(919,331)	(939,989)	(831,368)	(787,612)	(698,371)	(575,723)	(575,879)	(545,517)	(441,813)	(464,626)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 10,297,340	10,526,190	9,309,832	9,084,337	8,653,916	8,283,784	8,286,029	8,590,819	7,302,694	8,080,452
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CRESTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

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

Changes of assumptions:

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% 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.

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 to the UAL amortization payments.



CRESTON COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

CRESTON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Special Revenue			Debt Service	Total
	Management Levy	Student Activity	Total		
ASSETS					
Cash and pooled investments	\$ 204,707	106,156	310,863	53,728	364,591
Receivables:					
Property tax:					
Delinquent	5,494	-	5,494	8,662	14,156
Accounts	-	27,026	27,026	-	27,026
TOTAL ASSETS	\$ 210,201	133,182	343,383	62,390	405,773
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,315	3,039	8,354	-	8,354
Deferred inflows of resources:	-	-	-	-	-
Fund balances:					
Restricted for:					
Debt service	-	-	-	62,390	62,390
Management levy purposes	204,886	-	204,886	-	204,886
Student activities	-	130,143	130,143	-	130,143
Total fund balances	204,886	130,143	335,029	62,390	397,419
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 210,201	133,182	343,383	62,390	405,773

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 2

CRESTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2016

	Special Revenue			Debt Service	Total
	Management Levy	Student Activity	Total		
REVENUES:					
Local sources:					
Local tax	\$ 513,514	-	513,514	826,438	1,339,952
Other	26,531	466,095	492,626	802	493,428
State sources	243	-	243	379	622
Total revenues	540,288	466,095	1,006,383	827,619	1,834,002
EXPENDITURES:					
Current:					
Instruction:					
Regular	275,120	-	275,120	-	275,120
Other	-	485,319	485,319	-	485,319
Support services:					
Operation and maintenance of plant	110,857	-	110,857	-	110,857
Transportation	28,181	-	28,181	-	28,181
Long-term debt:					
Principal	-	-	-	845,000	845,000
Interest and fiscal charges	-	-	-	158,193	158,193
Total expenditures	414,158	485,319	899,477	1,003,193	1,902,670
Excess(Deficiency) of revenues over(under) expenditures	126,130	(19,224)	106,906	(175,574)	(68,668)
Other financing sources:					
Transfer in	-	-	-	200,000	200,000
Change in fund balances	126,130	(19,224)	106,906	24,426	131,332
Fund balances beginning of year	78,756	149,367	228,123	37,964	266,087
Fund balances end of year	\$ 204,886	130,143	335,029	62,390	397,419

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CRESTON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND ACCOUNTS
 JUNE 30, 2016

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 1,539,102	754,372	2,293,474
Receivables:			
Property tax:			
Delinquent	-	2,391	2,391
Income surtax	-	138,986	138,986
Due from other governments	218,909	-	218,909
TOTAL ASSETS	\$ 1,758,011	895,749	2,653,760
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 39,515	587	40,102
Deferred inflows of resources:			
Unavailable revenue:			
Income surtax	-	138,986	138,986
Fund balances:			
Restricted for:			
School infrastructure	1,718,496	-	1,718,496
Physical plant and equipment	-	756,176	756,176
Total fund balances	1,718,496	756,176	2,474,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,758,011	895,749	2,653,760

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CRESTON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUND ACCOUNTS
 YEAR ENDED JUNE 30, 2016

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	373,936	373,936
Other	1,609	5,204	6,813
State sources	1,334,933	20,094	1,355,027
Total revenues	1,336,542	399,234	1,735,776
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	326,894	4,638	331,532
Operation and maintenance of plant	88,466	15,639	104,105
Transportation	608	134,882	135,490
Capital outlay	389,919	19,990	409,909
Total expenditures	805,887	175,149	981,036
Excess of revenues over expenditures	530,655	224,085	754,740
Other financing uses:			
Transfer out	(200,000)	-	(200,000)
Change in fund balances	330,655	224,085	554,740
Fund balances beginning of year	1,387,841	532,091	1,919,932
Fund balances end of year	\$ 1,718,496	756,176	2,474,672

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CRESTON 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	Intrafund Transfers	Balance End of Year
HS general athletics	\$ 27,884	36,875	27,115	(28,063)	9,581
Bowling	658	1,421	3,907	1,844	16
Boys basketball	1,617	15,313	12,145	-	4,785
MS boys basketball	-	982	2,137	2,805	1,650
Football	2,712	15,394	12,192	(4,000)	1,914
MS football	2	783	1,115	400	70
HS boys soccer	-	4,501	7,181	2,682	2
Baseball	537	5,393	11,835	5,905	-
Boys track	185	2,382	3,729	1,163	1
MS boys track	41	185	848	625	3
Boys cross country	320	220	4,314	3,774	-
Boys tennis	274	1,123	1,293	(95)	9
Boys golf	37	20	2,208	2,151	-
Wrestling	717	6,059	12,887	6,111	-
MS wrestling	997	655	1,477	-	175
Girls basketball	1,070	7,899	12,189	3,220	-
MS girls basketball	14	720	1,299	570	5
Volleyball	533	8,959	10,515	1,025	2
MS volleyball	-	1,157	905	-	252
HS girls soccer	195	1,126	3,743	2,425	3
Softball	1,471	4,270	10,132	4,551	160
Girls track	74	2,008	4,406	2,325	1
MS girls track	8	198	784	580	2
Girls tennis	-	150	3,195	3,045	-
Girls golf	2	-	2,729	2,727	-
Annual	8,270	7,875	10,852	-	5,293
Cheerleaders	-	11,707	9,405	-	2,302
Class of 2016	3,286	500	3,181	-	605
Class of 2017	28	9,513	5,968	-	3,573
Class of 2018	343	-	49	-	294
Class of 2019	-	300	-	-	300
FFA	39,137	35,382	44,032	-	30,487
FCCLA	2,352	-	-	-	2,352
FBLA	3,999	27,307	28,829	-	2,477
Interest	-	254	-	(254)	-
Marching panthers	2,700	25,908	21,967	(2,368)	4,273
Panther guard	15	4,081	6,464	2,368	-
National honor society	-	50	435	385	-
Panther boys basketball	2,625	9,115	7,787	-	3,953

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 5

Account	Balance End of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Panther girls basketball	2,593	2,429	1,666	-	3,356
Panther boys golf	130	1,524	1,945	310	19
Panther boys cross country	1,803	2,014	2,574	-	1,243
Panther boys tennis	1,471	9,073	10,015	-	529
Panther boys track	312	137	281	-	168
Panther football	1,487	44,848	51,827	5,492	-
Panther girls track	1,816	2,175	2,219	-	1,772
Panther singers	3,591	11,968	10,708	-	4,851
Panther softball	3,522	10,127	8,359	-	5,290
Panther volleyball	643	12,714	11,371	-	1,986
Panther weight club	-	-	329	329	-
Panther wrestlers	538	7,245	7,910	130	3
Panther speech club	29	1,016	2,571	1,526	-
Student activity	-	26,327	3,585	(22,742)	-
Student government	4,402	5,765	4,982	-	5,185
Unity project	200	-	-	-	200
Panther baseball	2,464	2,147	2,908	-	1,703
MS panther football	152	-	-	-	152
MS cheerleaders	86	-	-	-	86
MS student government	3,906	7,119	3,589	-	7,436
HS weight room	1,461	940	1,292	(329)	780
MS marching panthers	1,396	1,903	3,556	260	3
Entrepreneur	876	-	45	-	831
Panther desktop publishing	2,138	2,988	658	-	4,468
Special olympics	529	560	378	-	711
JDC	379	102	41	-	440
Panther boys soccer	8	2,248	2,368	520	408
Panther girls soccer	843	9,458	6,501	(520)	3,280
Thespians	2,885	2,150	1,221	(1,526)	2,288
IJAG	62	-	-	-	62
Diversity club	124	-	-	-	124
Panther peppers	4,853	10,439	10,190	-	5,102
Big sister/little sister	1,429	-	-	-	1,429
Spanish club	1	-	-	-	1
MS singers	1,135	612	50	-	1,697
Clearing account	-	38,282	38,931	649	-
Total	\$ 149,367	466,095	485,319	-	130,143

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local sources:										
Local tax	\$ 5,887,697	5,334,936	5,195,363	6,389,898	6,349,445	6,043,357	5,873,843	5,690,210	5,151,891	5,205,282
Tuition	864,623	895,350	844,227	787,780	527,400	725,932	685,794	589,692	779,123	846,712
Other	809,411	807,553	874,121	862,694	931,718	832,614	721,231	904,072	990,841	1,054,229
State sources	10,511,129	10,805,268	10,655,545	8,899,980	8,782,631	8,286,487	7,244,174	8,038,068	7,990,501	7,452,259
Federal sources	557,675	631,583	2,490,634	751,445	383,445	1,319,101	1,973,099	962,992	651,278	811,268
Total	\$ 18,630,535	18,474,690	20,059,890	17,691,797	16,974,639	17,207,491	16,498,141	16,185,034	15,563,634	15,369,750
Expenditures:										
Instruction:										
Regular	\$ 6,885,300	6,649,798	6,480,450	6,228,443	6,265,668	6,101,506	5,999,181	6,100,713	5,342,920	5,483,982
Special	2,321,847	2,173,409	2,446,459	2,425,295	2,251,495	1,798,482	1,855,851	1,890,125	2,059,834	2,130,654
Other	2,441,258	2,448,091	2,335,480	2,191,630	1,699,128	1,667,314	1,541,470	1,446,614	1,400,158	945,375
Support services:										
Student	486,333	509,463	496,078	460,803	388,698	377,289	355,840	347,350	342,721	326,932
Instructional staff	951,962	754,023	435,295	346,001	539,013	556,433	382,365	290,957	504,741	344,642
Administration	1,678,021	1,664,322	1,565,179	1,601,936	1,569,212	1,552,544	1,510,851	1,489,523	1,555,199	1,511,141
Operation and maintenance of plant	1,441,790	1,322,593	1,713,757	1,354,743	1,538,103	1,353,191	1,284,522	1,452,699	1,179,766	1,217,476
Transportation	720,022	562,444	641,671	575,657	587,162	529,542	558,706	535,600	610,722	520,583
Non-instructional programs:										
Food service operations	-	-	-	8,595	8,595	-	-	7,183	7,182	-
Capital outlay	409,909	1,646,308	2,525,890	3,809,909	429,960	1,175,843	1,107,768	135,130	653,336	621,617
Long-term debt:										
Principal	845,000	1,005,000	985,000	2,385,000	8,025,000	760,000	725,000	690,000	660,000	635,000
Interest and fiscal charges	158,193	176,187	189,970	285,998	631,145	615,335	540,742	570,143	601,483	625,658
Other expenditures:										
AEA flow-through	595,101	596,655	568,833	537,951	504,339	566,249	562,973	508,699	493,874	465,028
Total	\$ 18,934,736	19,508,293	20,384,062	22,211,961	24,437,518	17,053,728	16,425,269	15,464,736	15,411,936	14,828,088

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CRESTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2016

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 16	\$ 153,422
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 16	445,778 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 16	11,754
			<u>610,954</u>
NATIONAL ENDOWMENT FOR THE ARTS:			
IOWA ARTS COUNCIL:			
PROMOTION OF THE ARTS - PARTNERSHIP AGREEMENTS	45.025	FY 16	500
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 16	309,150
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 16	189 **
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 16	73,174
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 16	5,764
GREEN HILLS AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 16	73,484 **
SOUTHWESTERN COMMUNITY COLLEGE:			
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 16	20,090
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF EDUCATION:			
ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL	93.945	FY 16	70
TOTAL			<u>\$ 1,093,375</u>

* - includes \$67,948 of non-cash awards.

** - Total Special Education - Grants to States(IDEA) is \$73,673.

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Creston Community School District under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only selected portion of the operations of Creston Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of Creston Community School District.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Creston Community School District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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

To the Board of Education of Creston Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Creston Community School District as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 9, 2017.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-16 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-16 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the 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.

Creston Community School District's Responses to Findings

Creston Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Creston Community School District's responses were not subjected to the auditing procedures applied in the audit or the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 9, 2017
Newton, Iowa

NOLTE, CORNMAN & JOHNSON, P.C.
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(a professional corporation)
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Telephone (641) 792-1910

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance**

To the Board of Education of Creston Community School District:

Report on Compliance for Each Major Federal Program

We have audited Creston Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its federal programs for the year ended June 30, 2016. Creston Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Creston Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Creston Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Creston Community School District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



NOLTE, CORNMAN & JOHNSON, P.C.

February 9, 2017
Newton, Iowa

CRESTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and a significant deficiency in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major program was as follows:
 - Child Nutrition Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Creston Community School District did not qualify as a low-risk auditee.

CRESTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-16 **Segregation of Duties - Student Activity Fund** - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted in the Student Activity Fund the same individual is in charge of recording, depositing, posting and reconcile cash receipts.

Recommendation - We realize that with a limited number of office or administrative employees, segregation of duties can be difficult. However, the District should review its control procedures over the Student Activity Fund to obtain the maximum internal control possible, and implement such procedures where possible to mitigate the potential risk associated with incompatible duties.

Response - The District is looking into different ways to segregate the Activity duties.

Conclusion - Response accepted.

II-B-16 **Supporting Documentation** - We noted during our audit multiple checks written to various vendors within the Student Activity Fund without an invoice, receipt or statement to be used as supporting documentation.

Recommendation - The District should review its procedures to ensure that all bills are supported, approved and paid from an invoice. The District should adopt processes and procedures to use when an invoice may not be available, such as requiring additional approval or supporting documentation other than the invoice.

Response - The District has reviewed its procedures and will require all bills to have supporting documentation prior to approval.

Conclusion - Response accepted.

OTHER MATTERS:

II-C-16 **Deficit Lunch Account Balances** - We noted during the audit that the Enterprise, School Nutrition Fund is carrying numerous deficit student and adult lunch account balances as of June 30, 2016, some of which appear to be excessive in amount.

Recommendation - The District should develop policies regarding the treatment of deficit student lunch account balances aimed at discouraging accounts from becoming excessively negative. The District may also wish to investigate alternatives to attempt to bring deficit accounts back to a positive balance.

Response - The District is looking into collection agencies and also have contacted the State of Iowa Revue for optional collection options.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-16 Certified Budget - Expenditures for the year ended June 30, 2016 did not exceed the certified budgeted amounts.

IV-B-16 Questionable Disbursements - We noted the District purchased gift cards from the Student Activity Fund to be given as prizes at post prom. Giving gift cards does not allow the board to “audit and allow” final purchases in accordance with Iowa Code Section 279.29 and does not appear to meet public purpose as defined in the Attorney General’s opinion dated April 25, 1979.

Recommendation - Gift cards are not an appropriate District purchase since Iowa Code Section 279.29 requires districts to “audit and allow” all bills. The gift cards do not provide the board with the ability to perform the required function of approval of the final purchase. The District should refrain from purchasing gift cards for any purpose in order to be in accordance with the Attorney General’s opinion dated April 25, 1979.

Response - The District will not allow the purchase of gift cards.

Conclusion - Response accepted.

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 ensure that the coverage is adequate for current operations.

IV-F-16 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-16 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Iowa Department of Education. We noted a student who was funded in the wrong District, (-1.00) and a missed resident student (+1.00) for a net enrollment adjustment of zero for the fall 2015 count.

Recommendation - The Iowa Department of Education and the Iowa Department of Management should be contacted to resolve this matter.

Response - The District’s auditors will contact the Iowa Department of Education and Department of Management on behalf of the District to resolve this matter.

Conclusion - Response accepted.

IV-H-16 **Supplementary Weighting** - We noted a variance in the supplementary weighting certified to the Iowa Department of Education. The number certified to the Iowa Department of Education was overstated by 1.058 for courses for the 2015-2016 school year. We also noted courses which were not certified by the client regarding its supplementary weighting data resulting in an understatement of 3.047 for the 2015-2016 count. This resulted in a net adjustment of 1.989 for the 2015-2016 count.

Recommendation - The Iowa Department of Education and the Iowa Department of Management should be contacted to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and Department of Management on behalf of the District to resolve this matter.

Conclusion - Response accepted.

IV-I-16 **Deposits and Investments** - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-16 **Certified Annual Report** - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-16 **Categorical Funding** - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-16 **Financial Condition** - The District had the following deficit balances at June 30, 2016: The General Fund had deficit unassigned fund balance of \$1,255,866 and a total deficit fund balance of \$883,799. The District also had a deficit unrestricted net position of \$7,502,619 in its governmental activities. The deficit governmental activities net position was contributed to by the GASB Statement No. 68 and No. 71 reporting requirements.

Recommendation - The District should take steps to review the fund balance of its General Fund and develop a workout plan to bring this fund back to a positive balance. The District should also ensure the District's administration and Board of Education continue to understand how GASB Statements No. 68 and 71 reporting requirements and how they affect the District's financial statements and reports.

Response - The District is looking at reduction to the expenditures for future budget years and possible implementation of the Instructional Support Levy.

Conclusion - Response accepted.

IV-M-16 **Statewide Sales, Services and Use Tax** - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		1,387,841
Revenues:		
Sales tax revenues	\$ 1,334,933	
Other local revenues	1,609	1,336,542
		<u>2,724,383</u>
Expenditures/transfers out:		
School infrastructure construction	378,274	
Equipment	422,618	
Other	4,995	
Transfers to other funds:		
Debt service	200,000	1,005,887
		<u>1,005,887</u>
Ending balance		<u>\$ 1,718,496</u>

For the year ended June 30, 2016, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	<u>\$ 0.55318</u>	<u>\$ 200,000</u>