Aplington-Parkersburg Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2017

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Aplington-Parkersburg Community School District

Officials

Name	Title	Term Expires
	Board of Education	
Kevin Schipper	President	2017
Jill Kalkwarf	Vice President	2017
Lisa Ellis	Board Member	2019
David Schneiderman	Board Member	2019
Amy Truax	Board Member	2019
	School Officials	
Jon Thompson	Superintendent	2017
Julie Merfeld	District Business Manager	2017
Darla Choate	Board Secretary	2017
Martin Petersen	Attorney	2017

Keith Oltrogge, CPA, P.C.

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Independent Auditor's Report

To the Board of Education of
Aplington-Parkersburg Community School District:

Report on the Financial Statements

I 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 Aplington-Parkersburg Community School District, Parkersburg, Iowa, as of and for the year ended June 30, 2017, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Aplington-Parkersburg Community School District as of June 30, 2017, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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 4 through 10 and 38 through 43 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. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Aplington-Parkersburg Community School District's basic financial statements. I 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, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 23, 2018 on my consideration of the Aplington-Parkersburg Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aplington-Parkersburg Community School District's internal control over financial reporting and compliance.

Keith Oltrogge CPA PC

Keith Oltrogge
Certified Public Accountant

January 23, 2018

Aplington-Parkersburg Community School District

Management's Discussion and Analysis

Year ended June 30, 2017

Aplington-Parkersburg 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, 2017. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $8,603,414 in fiscal 2016 to $9,252,089 in fiscal 2017, while General Fund expenditures increased from $8,804,572 in fiscal 2016 to $9,361,948 in fiscal 2017. This resulted in a decrease in the District's General Fund balance from $1,390,266 in fiscal 2016 to $1,306,401 in fiscal 2017, a 6.0% decrease from the prior year.

- The increase in General Fund revenues was attributable to an increase in state revenue. The increase in expenditures was due primarily to an increase in instruction expenses.

- The District's solvency ratio decreased from 11.2% at June 30, 2016 to 9.5% at June 30, 2017. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

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 Aplington-Parkersburg 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 Aplington-Parkersburg Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining Financial Statements provide information about activities for which Aplington-Parkersburg 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 non-major governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's School Nutrition Program and Before and After School Program are included here.

Fund Financial Statements

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

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

The District has 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, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

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

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

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

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-1 below provides a summary of the District's net position at June 30, 2017 compared to June 30, 2016.

Figure A-1
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2017	2016	2017	2016	2017	2016	2016-2017
Current and other assets	$13,425,297	$8,314,326	$78,498	$51,085	$13,503,795	$8,365,411	61.4%
Capital assets	19,242,585	19,813,857	15,950	15,655	19,258,535	19,829,512	-2.9%
Total assets	$32,667,882	$28,128,183	$94,448	$66,740	$32,762,330	$28,194,923	16.2%
Deferred outflows of resources	$1,954,242	$505,442	$55,497	$13,700	$2,009,739	$519,142	287.1%
Long-term liabilities	$16,849,585	$10,553,433	$134,250	$16,439	$16,983,835	$10,569,872	60.7%
Other liabilities	1,142,510	1,219,227	15,539	76,055	1,158,049	1,295,282	-10.6%
Total liabilities	$17,992,095	$11,772,660	$149,789	$92,494	$18,141,884	$11,865,154	51.6%
Deferred inflows of resources	$3,753,579	$4,199,404	$3,464	$23,854	$3,757,043	$4,223,258	-11.0%
Net Position:							
Net investment in capital assets	$7,721,089	$12,530,062	$15,950	$15,655	$7,737,039	$12,545,717	-38.3%
Restricted	7,506,855	2,520,167	-	-	7,506,855	2,520,167	197.9%
Unrestricted	-2,351,494	-2,388,668	-19,258	-51,563	-2,370,752	-2,440,231	2.8%
Total net position	$12,876,450	$12,661,561	-$3,308	-$35,908	$12,873,142	$12,625,653	2.0%

The District's total net position increased by 2.0%, or $247,489, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased $4,986,688, or 197.9% over the prior year. The increase was primarily due to the proceeds from the $4,701,000 Refunding Bonds.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased $69,479, or 2.8%.

Figure A-2 shows the changes in net position for the year ended June 30, 2017 compared to the year ended June 30, 2016.

Figure A-2
Changes in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2017	2016	2017	2016	2017	2016	2016-2017
Revenues:							
Program revenues:							
Charges for service	$686,568	$751,708	$329,827	$326,073	$1,016,395	$1,077,781	-5.7%
Operating grants, contributions and restricted interest	1,720,662	1,375,665	208,032	192,127	1,928,694	1,567,792	23.0%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	3,320,215	3,454,123	-	-	3,320,215	3,454,123	-3.9%
Income surtax	307,686	265,092	-	-	307,686	265,092	16.1%
Statewide sales, services and use tax	805,593	785,018	-	-	805,593	785,018	2.6%
Unrestricted state grants	4,200,565	3,878,351	-	-	4,200,565	3,878,351	8.3%
Unrestricted investment earnings	34,444	17,602	216	180	34,660	17,782	94.9%
Other	141,407	89,968	-	-	141,407	89,968	57.2%
Total revenues	$11,217,140	$10,617,527	$538,075	$518,380	$11,755,215	$11,135,907	5.6%
Program expenses:							
Governmental activities:							
Instruction	$7,471,072	$7,058,544	$-	$-	$7,471,072	$7,058,544	5.8%
Support services	2,870,140	2,761,829	5,233	5,716	2,875,373	2,767,545	3.9%
Non-instructional programs	2,558	1,480	500,242	489,683	502,800	491,163	2.4%
Other expenses	788,112	738,181	-	-	788,112	738,181	6.8%
Total expenses	$11,131,882	$10,560,034	$505,475	$495,399	$11,637,357	$11,055,433	5.3%
Change in net position before other financing sources	$85,258	$57,493	$32,600	$22,981	$117,858	$80,474	46.5%
Other financing sources	129,631	67,995	-	-	129,631	67,995	90.6%
Change in net position	$214,889	$125,488	$32,600	$22,981	$247,489	$148,469	66.7%
Net position beginning of year	12,661,561	12,536,073	-35,908	-58,889	12,625,653	12,477,184	1.2%
Net position end of year	$12,876,450	$12,661,561	-$3,308	-$35,908	$12,873,142	$12,625,653	2.0%

In fiscal year 2017, property tax and unrestricted state grants account for 64.0% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue. The District's total revenues were approximately $11.7 million, of which approximately $11.2 million was for governmental activities and less than $0.5 million was for business type activities.

As shown in Figure A-2, the District as a whole experienced a 5.6% increase in revenues and a 5.3% increase in expenses. Property tax decreased $33,908. The increase in expenses is related to an increase in instruction, support services and non-instructional programs.

Governmental Activities

Revenues for governmental activities were $11,217,140 and expenses were $11,131,882 for the year ended June 30, 2017. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2017 compared to those expenses for the year ended June 30, 2016.

Figure A-3
Total and Net Cost of Governmental Activities

	Total Cost of Services		Change	Net Cost of Services		Change
	2017	2016	2016-2017	2017	2016	2016-2017
Instruction	$7,471,072	$7,058,544	5.8%	$5,072,535	$4,941,548	2.7%
Support services	2,870,140	2,761,829	3.9%	2,861,441	2,751,452	4.0%
Non-instructional programs	2,558	1,480	72.8%	2,558	1,480	72.8%
Other expenses	788,112	738,181	6.8%	788,112	738,181	6.8%
Totals	$11,131,882	$10,560,034	5.4%	$8,724,652	$8,432,661	3.5%

For the year ended June 30, 2017:

- The cost financed by users of the District's programs was $1,016,395.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,928,694.
- The net cost of governmental activities was financed with $4,433,494 of property and other taxes and $4,200,565 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2017 were $538,075 representing a 3.8% increase over the prior year, while expenses totaled $505,475, a 2.0% increase over the prior year. The District's business type activities include the School Nutrition Fund and Before and After School Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Aplington-Parkersburg 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 $12,876,450, above last year's ending fund balances of $12,661,561.

Governmental Fund Highlights

- The General Fund balance decreased from $1,390,266 to $1,306,401, due in part to the increase in instruction expenditures.
- Capital Projects Fund:

  Capital Projects – Statewide Sales, Services and Use Tax Fund balance increased from $571,478 to $1,142,759, due to the decrease in support services expenditures.

  Capital Projects – Physical Plant and Equipment Fund balance increased from $42,910 to $210,306, due to the increase in insurance proceeds.

- The Debt Service Fund balance increased $4,249,264 due to the $4,701,000 of unexpended refunding bond proceeds.

Proprietary Fund Highlights

- School Nutrition Fund net position increased from -$47,332 at June 30, 2016 to -$19,694 at June 30, 2017, representing an increase of approximately 58.0%.

BUDGETARY HIGHLIGHTS

The District's total revenues were $285,975 less than total budgeted revenues, a variance of 2.4%. The most significant variance resulted from the District receiving less in state revenue than originally anticipated.

The Districts total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, expenditures in the instruction function exceeded the amount budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had invested approximately $19.3 million, 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-4) This represents a net decrease of 2.9% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was $798,647.

The original cost of the District's capital assets was approximately $31.09 million. Governmental funds account for $31.06 million, with the remainder of $.03 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-4
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2017	2016	2017	2016	2017	2016	2016-2017
Land	$117,065	$117,065	$-	$-	$117,065	$117,065	-
Buildings	17,679,915	18,115,836	-	-	17,679,915	18,115,836	-2.4%
Improvements other than buildings	293,634	244,145	-	-	293,634	244,145	20.3%
Furniture and equipment	1,151,971	1,336,811	15,950	15,655	1,167,921	1,352,466	-13.7%
Totals	$19,242,585	$19,813,857	$15,950	$15,655	$19,258,535	$19,829,512	-2.9%

Long-Term Debt

At June 30, 2017, the District had $11,521,496 of total long-term debt outstanding. This represents an increase of approximately 58.2% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately $24.6 million.

Figure A-5
Outstanding Long-term Obligations

	Total District June 30, 2017	Total District June 30, 2016	Total Change June 30, 2016-2017
Capital lease	$60,496	$143,795	-57.9%
General obligation bonds	2,220,000	2,355,000	-5.7%
Revenue bonds	9,241,000	4,785,000	93.1%
Totals	$11,521,496	$7,283,795	58.2%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District expects a slight increase in enrollment due to a new housing development in progress within the District.
- The District continues to be financially dependent on state funding, which can change from year to year based on enrollments and legislative actions.
- The District continues to budget for building repairs and equipment replacement as the need arises.
- The PPEL levy vote passed on February 4, 2015 which will generate $0.57/$1,000 valuation for the next ten years.

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 Jon Thompson, Superintendent, Aplington-Parkersburg Community School District, 610 North Johnson Road, Parkersburg, IA 50665.

Basic Financial Statements

Aplington-Parkersburg Community School District

Statement of Net Position

June 30, 2017

	Govern-mental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	$ 9,235,726	$ 47,130	$ 9,282,856
Receivables:			
Property tax:			
Delinquent	35,403	-	35,403
Succeeding year	3,631,594	-	3,631,594
Accounts	70,923	218	71,141
Income surtax	308,998	-	308,998
Due from other governments	142,653	26,689	169,342
Inventories	-	4,461	4,461
Capital assets, net of accumulated depreciation/amortization	19,242,585	15,950	19,258,535
Total Assets	$ 32,667,882	$ 94,448	$ 32,762,330
Deferred Outflows of Resources			
Pension related deferred outflows	$ 1,954,242	$ 55,497	$ 2,009,739
Liabilities			
Accounts payable	$ 287,286	$ 955	$ 288,241
Salaries and benefits payable	678,173	6,072	684,245
Unearned revenue	-	8,512	8,512
Accrued interest payable	177,051	-	177,051
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	140,000	-	140,000
Revenue bonds	625,000	-	625,000
Early retirement	120,282	-	120,282
Capital lease	60,496	-	60,496
Portion due after one year:			
General obligation bonds	2,080,000	-	2,080,000
Revenue bonds	8,616,000	-	8,616,000
Early retirement	110,466	-	110,466
Net pension liability	4,726,370	134,250	4,860,620
Net OPEB liability	370,971	-	370,971
Total Liabilities	$ 17,992,095	$ 149,789	$ 18,141,884
Deferred Inflows of Resources			
Unavailable property tax revenue	$ 3,631,594	$ -	$ 3,631,594
Pension related deferred inflows	121,985	3,464	125,449
Total deferred inflows of resources	$ 3,753,579	$ 3,464	$ 3,757,043

Aplington-Parkersburg Community School District

Statement of Net Position

June 30, 2017

	Govern-mental Activities	Business Type Activities	Total
Net Position			
Net investment in capital assets	$ 7,721,089	$ 15,950	$ 7,737,039
Restricted for:			
Categorical funding	412,387	-	412,387
Debt service	5,582,487	-	5,582,487
School infrastructure	1,142,759	-	1,142,759
Student activities	158,916	-	158,916
Physical plant and equipment	210,306	-	210,306
Unrestricted	-2,351,494	-19,258	-2,370,752
Total Net Position	$ 12,876,450	$ -3,308	$ 12,873,142

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2017

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	$ 5,020,513	$ 355,056	$ 1,464,943	$ -
Special instruction	1,302,745	12,867	174,782	-
Other instruction	1,147,814	318,175	72,714	-
	$ 7,471,072	$ 686,098	$ 1,712,439	$ -
Support Services:				
Student services	$ 213,899	$ -	$ 1,698	$ -
Instructional staff services	332,290	-	-	-
Administration services	895,771	-	-	-
Operation and maintenance of plant services	981,252	470	-	-
Transportation services	446,928	-	6,525	-
	$ 2,870,140	$ 470	$ 8,223	$ -
Non-instructional programs	$ 2,558	$ -	$ -	$ -
Other Expenditures:				
Facilities acquisition	$ 1,381	$ -	$ -	$ -
Long-term debt interest	415,498	-	-	-
AEA flow-through	371,233	-	-	-
	$ 788,112	$ -	$ -	$ -
Total Governmental Activities	$ 11,131,882	$ 686,568	$ 1,720,662	$ -
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	$ 485,607	$ 310,320	$ 208,032	$ -
Before & After School Program	14,635	19,507	-	-
	$ 500,242	$ 329,827	$ 208,032	$ -
Support Services:				
Food service operations	$ 5,233	$ -	$ -	$ -
Total Business Type Activities	$ 505,475	$ 329,827	$ 208,032	$ -
Total	$ 11,637,357	$ 1,016,395	$ 1,928,694	$ -

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
$ -3,200,514	$ -	$ -3,200,514
-1,115,096	-	-1,115,096
-756,925	-	-756,925
$ -5,072,535	$ -	$ -5,072,535
$ -212,201	$ -	$ -212,201
-332,290	-	-332,290
-895,771	-	-895,771
-980,782	-	-980,782
-440,403	-	-440,403
$ -2,861,447	$ -	$ -2,861,447
$ -2,558	-	$ -2,558
$ -1,381	$ -	$ -1,381
-415,498	-	-415,498
-371,233	-	-371,233
$ -788,112	$ -	$ -788,112
$ -8,724,652	$ -	$ -8,724,652
$ -	$ 32,745	$ 32,745
-	4,872	4,872
$ -	$ 37,617	$ 37,617
$ -	$ -5,233	$ -5,233
$ -	$ 32,384	$ 32,384
$ -8,724,652	$ 32,384	$ -8,692,268

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2017

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
General Revenues:				
Property Tax Levied For:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total General Revenues				
Change in net position before sale of assets and other revenue				
Insurance proceeds				
Change in net position				
Net position beginning of year				
Net Position End of Year				

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
$ 2,848,362	$ -	$ 2,848,362
232,882	-	232,882
238,971	-	238,971
307,686	-	307,686
805,593	-	805,593
4,200,565	-	4,200,565
34,444	216	34,660
141,407	-	141,407
$ 8,809,910	$ 216	$ 8,810,126
$ 85,258	$ 32,600	$ 117,858
129,631	-	129,631
$ 214,889	$ 32,600	$ 247,489
12,661,561	-35,908	12,625,653
$ 12,876,450	$ -3,308	$ 12,873,142

Aplington-Parkersburg Community School District

Balance Sheet
Governmental Funds

June 30, 2017

	General	Debt Service	Capital Projects
Assets			
Cash, Cash Equivalents and Pooled Investments	$ 1,959,280	$ 5,580,060	$ 1,292,457
Receivables:			
Property Tax:			
Delinquent	27,486	2,427	2,490
Succeeding year	2,817,310	232,013	272,270
Income surtax	308,998	-	-
Accounts	49,242	-	-
Due from other governments	75,605	-	67,048
Total Assets	$ 5,237,921	$ 5,814,500	$ 1,634,265
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 132,165	$ -	$ 8,930
Salaries and benefits payable	673,047	-	-
Total Liabilities	$ 805,212	$ -	$ 8,930
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	$ 2,817,310	$ 232,013	$ 272,270
Other	308,998	-	-
Total deferred inflows of resources	$ 3,126,308	$ 232,013	$ 272,270
Fund Balances:			
Restricted for:			
Categorical funding	$ 412,387	$ -	$ -
Debt service	-	5,080,877	-
Debt service-sinking fund	-	501,610	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	1,142,759
Physical plant and equipment	-	-	210,306
Unassigned	894,014	-	-
Total Fund Balances	$ 1,306,401	$ 5,582,487	$ 1,353,065
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,237,921	$ 5,814,500	$ 1,634,265

See notes to financial statements.

	Non-Major Funds		Total
$	403,929	$	9,235,726
	3,000		35,403
	310,001		3,631,594
	-		308,998
	21,681		70,923
	-		142,653
$	738,611	$	13,425,297
$	146,191	$	287,286
	5,126		678,173
$	151,317	$	965,459
$	310,001	$	3,631,594
	-		308,998
$	310,001	$	3,940,592
$	-	$	412,387
	-		5,080,877
	-		501,610
	118,377		118,377
	158,916		158,916
	-		1,142,759
	-		210,306
	-		894,014
$	277,293	$	8,519,246
$	738,611	$	13,425,297

Aplington-Parkersburg Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Position

June 30, 2017

Total fund balances of governmental funds (page 15)		$ 8,519,246
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		19,242,585
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds		308,998
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		-177,051
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	$ 1,954,242	
Deferred inflows of resources	-121,985	1,832,257
Long-term liabilities, including bonds and notes payable, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds		-16,849,585
Net position of governmental activities (page 12)		12,876,450

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2017

	General	Debt Service	Capital Projects
Revenues:			
Local Sources:			
Local tax	$ 2,861,615	$ 232,882	$ 238,971
Tuition	287,866	-	-
Other	189,093	18,281	3,827
Intermediate sources	-	-	-
State sources	5,644,130	2,418	808,075
Federal sources	269,385	-	-
Total Revenues	$ 9,252,089	$ 253,581	$ 1,050,873
Expenditures:			
Current:			
Instruction:			
Regular instruction	$ 4,493,449	$ -	$ 7,150
Special instruction	1,281,412	-	-
Other instruction	699,148	-	-
	$ 6,474,009	$ -	$ 7,150
Support Services:			
Student services	$ 208,623	$ -	$ -
Instructional staff services	261,976	-	45,860
Administration services	821,675	78,077	-
Operation and maintenance of plant services	838,653	-	74,923
Transportation services	385,779	-	-
	$ 2,516,706	$ 78,077	$ 120,783
Non-instructional programs	$ -	$ -	$ -
Other Expenditures:			
Facilities acquisition	$ -	$ -	$ 107,302
Long-Term Debt:			
Principal	-	463,299	-
Interest and fiscal charges	-	375,054	-
AEA flow-through	371,233	-	-
	$ 371,233	$ 838,353	$ 107,302
Total Expenditures	$ 9,361,948	$ 916,430	$ 235,235
Excess (deficiency) of revenues over (under) expenditures	$ -109,859	$ -662,849	$ 815,638
Other Financing Sources (Uses):			
Revenue bonds issued	$ -	$ 4,701,000	$ -
Operating transfers in (out)	-	211,113	-180,658
Insurance proceeds	25,994	-	103,637
Total other financing sources (uses)	$ 25,994	$ 4,912,113	$ -77,021
Change in fund balances	$ -83,865	$ 4,249,264	$ 738,617
Fund balances beginning of year	1,390,266	1,333,223	614,448
Fund Balances End of Year	$ 1,306,401	$ 5,582,487	$ 1,353,065

See notes to financial statements.

	Non-Major Funds		Total
$	280,073	$	3,613,541
	-		287,866
	363,352		574,553
	-		-
	2,812		6,457,435
	-		269,385
$	646,237	$	11,202,780
$	171,563	$	4,672,162
	-		1,281,412
	351,636		1,050,784
$	523,199	$	7,004,358
$	-	$	208,623
	-		307,836
	-		899,752
	84,702		998,278
	8,101		393,880
$	92,803	$	2,808,369
$	2,259	$	2,259
$	-	$	107,302
	-		463,299
	-		375,054
	-		371,233
$	-	$	1,316,888
$	618,261	$	11,131,874
$	27,976	$	70,906
$	-	$	4,701,000
	-30,455		-
	-		129,631
$	-30,455		4,830,631
$	-2,479	$	4,901,537
	279,772		3,617,709
$	277,293	$	8,519,246

Aplington-Parkersburg 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, 2017

Change in fund balances – total governmental funds (page 17)		$ 4,901,537
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities but they allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Expenditures for capital assets	$ 225,206	
Depreciation expense	-796,478	-571,272
Certain delinquent property tax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		14,360
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments, as follows:		
Issued	$ -4,701,000	
Repaid	463,299	-4,237,701
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 governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		-40,444
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.		530,224
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Early retirement	$ 17,728	
Pension expense	-243,827	
Other postemployment benefits	-155,716	-381,815
Change in Net Position of Governmental Activities (page 14)		$ 214,889

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Net Position
Proprietary Funds

June 30, 2017

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 24,549	$ 22,581	$ 47,130
Accounts receivable	199	19	218
Due from other governments	26,689	-	26,689
Inventories	4,461	-	4,461
Total current assets	$ 55,898	$ 22,600	$ 78,498
Non-current assets:			
Capital assets, net of accumulated depreciation	$ 15,950	$ -	$ 15,950
Total Assets	$ 71,848	$ 22,600	$ 94,448
Deferred Outflows of Resources			
Pension related deferred outflows	$ 51,446	$ 4,051	$ 55,497
Liabilities			
Current liabilities:			
Account payable	$ 761	$ 194	$ 955
Salaries and benefits payable	6,072	-	6,072
Unearned revenue	8,512	-	8,512
Total Current Liabilities	$ 15,345	$ 194	$ 15,539
Non-current liabilities:			
Net pension liability	$ 124,432	$ 9,818	$ 134,250
Total Liabilities	$ 139,777	$ 10,012	$ 149,789
Deferred Inflows of Resources			
Pension related deferred inflows	$ 3,211	$ 253	$ 3,464
Net Position			
Net investment in capital assets	$ 15,950	$ -	$ 15,950
Unrestricted	-35,644	16,386	-19,258
Total Net Position	$ -19,694	$ 16,386	$ -3,308

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

Year Ended June 30, 2017

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Operating revenues:			
Local sources:			
Charges for service	$ 310,320	$ 19,507	$ 329,827
Operating expenses:			
Support services:			
Administration services	$ 1,075	$ -	$ 1,075
Operation and maintenance of plant services	4,158	-	4,158
Total support services	$ 5,233	$ -	$ 5,233
Non-instructional programs:			
Salaries	$ 155,363	$ 11,871	$ 167,234
Benefits	30,657	1,538	32,195
Purchased services	2,585	-	2,585
Supplies	294,833	1,172	296,005
Depreciation	2,169	-	2,169
Miscellaneous	-	54	54
Total non-instructional programs	$ 485,607	$ 14,635	$ 500,242
Total operating expenses	$ 490,840	$ 14,635	$ 505,475
Operating income (loss)	$ -180,520	$ 4,872	$ -175,648
Non-operating revenues:			
State sources	$ 3,558	$ -	$ 3,558
Federal sources	204,474	-	204,474
Interest income	126	90	216
Total non-operating revenues	$ 208,158	$ 90	$ 208,248
Increase in net position	$ 27,638	$ 4,962	$ 32,600
Net position beginning of year	-47,332	11,424	-35,908
Net Position End of Year	$ -19,694	$ 16,386	$ -3,308

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2017

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Cash flows from operating activities:			
Cash received from daycare fees	$ -	$ 19,505	$ 19,505
Cash received from sale of lunches and breakfasts	283,939	-	283,939
Cash paid to employees for services	-190,562	-14,047	-204,609
Cash paid to suppliers for goods or services	-303,571	-1,031	-304,602
Net cash provided (used) by operating activities	$ -210,194	$ 4,427	$ -205,767
Cash flows from non-capital financing activities:			
State grants received	$ 3,558	$ -	$ 3,558
Federal grants received	167,976	-	167,976
Cash in lieu of commodities received	36,498	-	36,498
Net cash provided by non-capital financing activities	$ 208,032	$ -	$ 208,032
Cash flows from capital and related financing activities:			
Acquisition of capital assets	$ -2,464	$ -	$ -2,464
Cash flows from investing activities:			
Interest on investments	$ 126	$ 90	$ 216
Net increase (decrease) in cash and cash equivalents	$ -4,500	$ 4,517	$ 17
Cash and cash equivalents beginning of year	29,049	18,064	47,113
Cash and Cash Equivalents End of Year	$ 24,549	$ 22,581	$ 47,130
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ -180,520	$ 4,872	$ -175,648
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,169	-	2,169
(Increase) Decrease in inventories	-829	-	-829
(Increase) Decrease in accounts receivable	-26,565	-2	-26,567
Increase (Decrease) in salaries and benefits payable	-1,064	-123	-1,187
Increase (Decrease) in unearned revenue	-	-	-
Increase (Decrease) in accounts payable	93	194	287
(Increase) Decrease in deferred outflows of resources	-38,784	-3,013	-41,797
Increase (Decrease) in deferred inflows of resources	-18,835	-1,555	-20,390
Increase (Decrease) in net pension liability	54,141	4,054	58,195
Net Cash Provided (Used) by Operating Activities	$ -210,194	$ 4,427	$ -205,767

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Aplington-Parkersburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Aplington and Parkersburg, Iowa and portions of the predominately agricultural territories in Butler and Grundy 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, Aplington-Parkersburg Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

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

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

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

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

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

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

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2016.

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 and furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50
Improvements other than buildings	20 – 50
Intangibles	5 – 10
Furniture and equipment	5 – 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which 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 District after the measurement date but before the end of the District'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.

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeded fiscal year.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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 by the General Fund.

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

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

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 are imposed by law through constitutional provisions or enabling legislation.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, expenditures exceeded the amounts budgeted in the instruction function.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2017, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at an amortized cost of $382 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 investments in ISJIT were rated AAAm by Standard & Poor's Financial Services.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects Fund – Statewide Sales, Services and Use Tax	$ 211,113
Capital Projects Fund – Physical Plant and Equipment Levy	Capital Projects Fund – Disaster Recovery Tornado	30,455
		$ 241,568

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 117,065	$ -	$ -	$ 117,065
Total capital assets not being depreciated	$ 117,065	$ -	$ -	$ 117,065
Capital assets being depreciated:				
Buildings	$ 25,111,003	$ 30,461	$ -	$ 25,141,464
Improvements other than buildings	683,296	75,460	-	758,756
Furniture and equipment	4,926,548	119,285	-	5,045,833
Total capital assets being depreciated	$ 30,720,847	$ 225,206	$ -	$ 30,946,053
Less accumulated depreciation for:				
Buildings	$ 6,995,167	$ 466,382	$ -	$ 7,461,549
Improvements other than buildings	439,151	25,971	-	465,122
Furniture and equipment	3,589,737	304,125	-	3,893,862
Total accumulated depreciation	$ 11,024,055	$ 796,478	$ -	$ 11,820,533
Total capital assets being depreciated, net	$ 19,696,792	$ -571,272	$ -	$ 19,125,520
Governmental Activities Capital Assets, Net	$ 19,813,857	$ -571,272	$ -	$ 19,242,585

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	$ 26,355	$ 2,464	$ 2,790	$ 26,029
Less accumulated depreciation	10,700	2,169	2,790	10,079
Business Type Activities Capital Assets, Net	$ 15,655	$ 295	$ -	$ 15,950

Depreciation expense was charged to the following functions:

Governmental Activities:	
Instruction:	
Regular	$ 530,311
Special	170
Other	88,300
Support services:	
Instructional support	87,898
Operation and maintenance of plant services	21,097
Transportation	68,403
Non instructional	299
Total Depreciation Expense – Governmental Activities	$ 796,478
Business Type Activities:	
Food service operations	$ 2,169
Before & After School	-
Total Depreciation Expense – Business Type Activities	$ 2,169

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2017 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Governmental activities:					
Net OPEB liability	$ 215,255	$ 155,716	$ -	$ 370,971	$ -
General obligation bonds	2,355,000	-	135,000	2,220,000	140,000
Revenue bonds	4,785,000	4,701,000	245,000	9,241,000	625,000
Early retirement	248,476	96,348	114,076	230,748	120,282
Capital lease	143,795	-	83,299	60,496	60,496
Net pension liability	2,805,907	1,920,463	-	4,726,370	-
Total	$ 10,553,433	$ 6,873,527	$ 577,375	$ 16,849,585	$ 945,778

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Business type activities:					
Net pension liability	$ 76,055	$ 58,195	$ -	$ 134,250	$ -
Total	$ 76,055	$ 58,195	$ -	$ 134,250	$ -

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed ten years of continuous service to the District. Employees must complete an application, which is subject to approval by the Board of Education. The early retirement incentive for each eligible employee approved by the Board will be applied toward the payment of health insurance premiums under the District's group insurance policy or 60% of the employee's final year's salary, distributed over 2 years into one of the state 403b companies. This incentive will remain in effect until the employee reaches eligibility for Medicare. In the event the Medicare guidelines change, the District will limit this incentive to a maximum of ten years. Early retirement expenditures for the year ended June 30, 2017 totaled $114,076.

Capital Lease

The District entered into a capital lease to purchase two buses on September 17, 2015 with annual payments of $61,986 with a 2.46% interest rate. Future lease payments are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2018	2.46%	$ 60,496	$ 1,490	$ 61,986
Total		$ 60,496	$ 1,490	$ 61,986

General Obligation Bonds Payable

Details of the District's June 30, 2017 general obligation bonded indebtedness are as follows:

		Bond Issued June 1, 2009		
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2018	3.75%	$ 140,000	$ 91,762	$ 231,762
2019	3.75%	145,000	86,513	231,513
2020	3.75%	155,000	81,075	236,075
2021	4.00%	160,000	75,262	235,262
2022	4.00%	170,000	68,863	238,863
2023-2027	4.00%-4.35%	980,000	233,562	1,213,562
2028-2029	4.40%-4.50%	470,000	31,720	501,720
Total		$ 2,220,000	$ 668,757	$ 2,888,757

Statewide Sales, Services and Use Tax Revenue Bonds

Details of the District's June 30, 2017 statewide sales, services and use tax revenue bonded indebtedness are as follows:

		Bond Issued May 1, 2010		
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2018	4.50%	$ 255,000	$ 233,055	$ 488,055
2019	4.50%	265,000	221,355	486,355
2020	4.75%	280,000	208,743	488,743
2021	5.00%	295,000	194,717	489,717
2022	5.10%	310,000	179,438	489,438
2023-2027	5.20%-5.50%	1,800,000	630,063	2,430,063
2028-2030	5.65%-5.70%	1,335,000	116,448	1,451,448
Total		$ 4,540,000	$ 1,783,819	$ 6,323,819

Year Ending June 30,	Interest Rate	Refunding Bond Issued October 5, 2016 Principal	Interest	Total
2018	2.08%	$ 370,000	$ 93,933	$ 463,933
2019	2.08%	354,000	86,403	440,403
2020	2.08%	362,000	78,957	440,957
2021	2.08%	369,000	71,354	440,354
2022	2.08%	377,000	63,596	440,596
2023-2027	2.08%	2,006,000	195,769	2,201,769
2028-2029	2.08%	863,000	18,044	881,044
Total		$ 4,701,000	$ 608,056	$ 5,309,056

The District has pledged future statewide sales, services and use tax revenues to repay the $5,885,000 of bonds issued in May 2010. The $4,701,000 refunding bonds issued October 2016 were issued for the purpose of defraying a portion of the cost of the school infrastructure and refunding outstanding bonds issued for said purpose. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is $11,632,875. For the current year $245,000 of the principal and $268,164 of interest was paid on the bonds and total statewide sales, services and use tax revenues were $805,593.

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

a) $501,610 of the proceeds from the issuance of the revenue bonds must be deposited into a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.

b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.

c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District complied with all of the revenue bond provisions during the year ended June 30, 2017.

(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 informational purposes only. Refer to the plan documents for more information.

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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 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 2017, 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, 2017 totaled $530,224.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the District reported a liability of $4,860,620 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the District's collective proportion was 0.0772346%, which was a decrease of 0.0013403% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017 the District recognized pension expense of $574,229. At June 30, 2017, 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	$ 42,958	$ 58,010
Changes of assumptions	74,158	-
Net difference between projected and actual earnings on IPERS' investments	692,485	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	669,914	67,439
District contributions subsequent to the measurement date	530,224	-
Total	$ 2,009,739	$ 125,449

$530,224 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, 2018. 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,	
2018	$ 367,537
2019	367,537
2020	427,540
2021	196,470
2022	-5,018
Total	$ 1,354,066

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2014)	3.00% 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, 2016 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24%	5.85%
International equity	16%	6.32%
Private equity/debt	11%	10.31%
Real estate	8%	3.87%
Credit opportunities	5%	4.48%
U.S. TIPS	5%	1.36%
Other real assets	2%	6.42%
Cash	1%	-0.26%
Total	100%	

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 employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$7,863,825	$4,860,620	$2,325,875

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, 2017, the District reported no payables to IPERS for legally required employer contributions and for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) Other Postemployment Benefits (OPEB)

Plan description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 81 active members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$	232,320
Interest on net OPEB obligation		4,610
Adjustment to annual required contribution		-6,349
Annual OPEB cost	$	230,581
Contributions made		-74,865
Increase in net OPEB obligation	$	155,716
Net OPEB obligation beginning of year		215,255
Net OPEB obligation end of year	$	370,971

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2015. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the District contributed $554,852 to the medical plan. Plan members eligible for benefits contributed $141,485, or 20.3% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$87,661	55.8%	$63,209
June 30, 2016	$231,909	34.4%	$215,255
June 30, 2017	$231,909	32.2%	$370,971

Funded Status and Funding Progress – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was $2,125,139, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $2,125,139. The covered payroll (annual payroll of active employees covered by the plan) was approximately $4,457,985 and the ratio of the UAAL to covered payroll was 48%. As of June 30, 2017, there were no trust fund assets.

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

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

As of the July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 4.0%. The ultimate medical trend rate is 4.0%. The medical trend rate is reduced 0.5% each year until reaching the 4.0% ultimate trend rate.

Mortality rates are from the RP2000 Combine Healthy Generational Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are $812 per month for retirees less than age 65. The salary increase rate was assumed to be 0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees; and natural disasters.

Worker's Compensation, Property, General Liability and Other Insurance

The District is a member of the Iowa Public School Insurance Program (IPSIP), a public entity risk pool formed in July of 2012 between certain Iowa school districts, created in accordance with Chapter 28E of the Code of Iowa. The purpose of IPSIP is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections so as to effectively manage and contain costs for insurance coverage and related administration. IPSIP had 23 members as of June 30, 2017. IPSIP is governed by a six-member Board of Directors elected by the members of IPSIP. The District has no direct control over budgeting, financing, the governing body or management selection.

IPSIP is not intended to function as an insurance company for the participants; rather, it is a means of combining the administration of claims and of obtaining lower insurance rates through the creation of a self-insurance pool and through the purchase of commercial insurance. The District's participation in IPSIP represents a risk-sharing pool as defined by GASB Statement No. 10 in which the District pools its risks and funds with other members and shares in the cost of losses. The District is required to make annual payments, which are determined by IPSIP, based upon its direct proportion to the pro rata share of insurance costs for coverage administered by IPSIP. IPSIP may require the participating Districts to make supplemental payments if the funds on hand are insufficient to pay expenses of the administration of IPSIP. The District was not required to make any supplemental payments to IPSIP in any of the past three fiscal years. Payments to IPSIP by the District in order to maintain adequate insurance coverage in fiscal year 2017 were $143,172.

(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 $371,233 for the year ended June 30, 2017 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program		Amount of Tax Abated
City of Parkersburg	Urban renewal	$	111,704

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times $5.40 per $1,000 of taxable valuation. For the year ended June 30, 2017, this reimbursement amounted to $55,092.

(11) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2017 is comprised of the following programs:

Program		Amount
Gifted and Talented Programs	$	104,464
Market Factor		2,975
Dropout Prevention		30,669
Core Curriculum		126,438
Professional Development		9,537
Preschool Aid		80,154
Teacher Quality		43,705
Early Literacy		13,358
Limited English Proficiency		1,087
Total	$	412,387

(12) Subsequent Events

The District has evaluated subsequent events through January 23, 2018 which is the date that the financial statement were available to be issued.

(13) Deficit Balances

The School Nutrition Fund had a deficit balance of $19,694 at June 30, 2017 due to the net pension liability and pension expense recorded in the current year.

(14) New Accounting Pronouncement

The District adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the District.

(15) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

Required Supplementary Information

Aplington-Parkersburg Community School District

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year Ended June 30, 2017

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local sources	$ 4,475,960	$ 330,043
Intermediate sources	-	-
State sources	6,457,435	3,558
Federal sources	269,385	204,474
Total Revenues	$ 11,202,780	$ 538,075
Expenditures/Expenses:		
Instruction	$ 7,004,358	$ -
Support services	2,808,369	5,233
Non-instructional programs	2,259	500,242
Other expenditures	1,316,888	-
Total Expenditures/expenses	$ 11,131,874	$ 505,475
Excess (deficiency) of revenues over (under) expenditures/expenses	$ 70,906	$ 32,600
Other financing sources, net	4,830,631	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	$ 4,901,537	$ 32,600
Balances beginning of year	3,617,709	-35,908
Balances End of Year	$ 8,519,246	$ -3,308

See accompanying independent auditor's report.

	Total Actual		Budgeted Amounts		Final to Actual Variance
$	4,806,003	$	4,890,015	$	-84,012
	-		-		-
	6,460,993		6,571,815		-110,822
	473,859		565,000		-91,141
$	11,740,855	$	12,026,830	$	-285,975
$	7,004,358	$	6,761,295	$	-243,063
	2,813,602		3,390,500		576,898
	502,501		710,000		207,499
	1,316,888		1,318,988		2,100
$	11,637,349	$	12,180,783	$	543,434
$	103,506	$	-153,953	$	257,459
	4,830,631		-		4,830,631
$	4,934,137	$	-153,953	$	5,088,090
	3,581,801		3,385,254		196,547
$	8,515,938	$	3,231,301	$	5,284,637

Aplington-Parkersburg Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2017

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

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

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

During the year ended June 30, 2017 expenditures in the instruction function exceeded the amounts budgeted.

Aplington-Parkersburg Community School District

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Three Years*

Required Supplementary Information

	2017	2016	2015
District's proportion of the net pension liability	0.0772346%	0.078575%	0.080276%
District's proportionate share of the net pension liability	$ 4,860,620	$ 3,881,962	$ 3,248,846
District's covered-employee payroll	$ 5,937,561	$ 6,166,851	$ 5,386,099
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	81.86%	62.95%	60.32%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Schedule of District Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information

	2017	2016	2015	2014	2013
Statutorily required contribution	$ 530,224	$ 494,859	$ 480,979	$ 478,764	$ 434,796
Contributions in relation to the statutorily required contribution	-530,224	-494,859	-480,979	-478,764	-434,796
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 5,937,561	$ 6,166,851	$ 5,386,099	$ 5,361,299	$ 5,014,948
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.67%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008
$ 351,055	$ 293,614	$ 269,870	$ 260,006	$ 232,135
-351,055	-293,614	-269,870	-260,006	-232,135
$ -	$ -	$ -	$ -	$ -
$ 4,350,124	$ 4,224,662	$ 4,058,195	$ 4,094,583	$ 3,836,942
8.07%	6.95%	6.65%	6.35%	6.05%

Aplington-Parkersburg Community School District

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2017

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 (Unfunded Actuarial Liability) 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.

Aplington-Parkersburg 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 Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	$-	$807	$807	0.0%	$3,369	24.0%
2011	July 1, 2009	$-	$807	$807	0.0%	$3,559	23.0%
2012	July 1, 2009	$-	$807	$807	0.0%	$4,418	18.0%
2013	July 1, 2012	$-	$880	$880	0.0%	$4,272	21.0%
2014	July 1, 2012	$-	$880	$880	0.0%	$4,141	21.3%
2015	July 1, 2012	$-	$880	$880	0.0%	$4,194	21.0%
2016	July 1, 2015	$-	$2,125	$2,125	0.0%	$4,250	50.0%
2017	July 1, 2015	$-	$2,125	$2,125	0.0%	$4,458	48.0%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Aplington-Parkersburg Community School District

Combining Balance Sheet
Non-Major Governmental Funds

June 30, 2017

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash, cash equivalents and pooled investments	$ 265,154	$ 138,775	$ 403,929
Receivables:			
Property Tax:			
Delinquent	3,000	-	3,000
Succeeding year	310,001	-	310,001
Accounts	-	21,681	21,681
Total Assets	$ 578,155	$ 160,456	$ 738,611
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 144,651	$ 1,540	$ 146,191
Salaries and benefits payable	5,126	-	5,126
Total liabilities	$ 149,777	$ 1,540	$ 151,317
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	$ 310,001	$ -	$ 310,001
Total deferred inflows of resources	$ 310,001	$ -	$ 310,001
Fund Balances:			
Restricted for:			
Management levy purposes	$ 118,377	$ -	$ 118,377
Student activities	-	158,916	158,916
Total fund balances	$ 118,377	$ 158,916	$ 277,293
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 578,155	$ 160,456	$ 738,611

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds

Year Ended June 30, 2017

	Capital Projects	Special Revenue		
	Disaster Recovery Tornado	Management Levy	Student Activity	Total
Revenues:				
Local Sources:				
Local tax	$ -	$ 280,073	$ -	$ 280,073
Other	18,855	1,489	343,008	363,352
State sources	-	2,812	-	2,812
Total Revenues	$ 18,855	$ 284,374	$ 343,008	$ 646,237
Expenditures:				
Current:				
Instruction:				
Regular instruction	$ -	$ 171,563	$ -	$ 171,563
Other instruction	-	-	351,636	351,636
Support Services:				
Operation & maintenance of plant services	-	84,702	-	84,702
Transportation services	-	8,101	-	8,101
Non-instructional programs	-	2,259	-	2,259
Total Expenditures	$ -	$ 266,625	$ 351,636	$ 618,261
Excess (deficiency) of revenues over (under) expenditures	$ 18,855	$ 17,749	$ -8,628	$ 27,976
Other Financing Sources (Uses):				
Operating transfers in (out)	$ -30,455	$ -	$ -	$ -30,455
Total other financing sources (uses)	$ -30,455	$ -	$ -	$ -30,455
Change in fund balances	$ -11,600	$ 17,749	$ -8,628	$ -2,479
Fund balances beginning of year	11,600	100,628	167,544	279,772
Fund Balances End of Year	$ -	$ 118,377	$ 158,916	$ 277,293

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Combining Balance Sheet
Capital Projects Fund Accounts

June 30, 2017

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	$ 1,075,711	$ 216,746	$ 1,292,457
Receivables:			
Property Tax:			
Delinquent	-	2,490	2,490
Succeeding year	-	272,270	272,270
Due from other governments	67,048	-	67,048
Total Assets	$ 1,142,759	$ 491,506	$ 1,634,265
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ -	$ 8,930	$ 8,930
Total Liabilities	$ -	$ 8,930	$ 8,930
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	$ -	$ 272,270	$ 272,270
Total deferred inflows of resources	$ -	$ 272,270	$ 272,270
Fund Balances:			
Restricted for:			
School infrastructure	$ 1,142,759	$ -	$ 1,142,759
Physical plant and equipment	-	210,306	210,306
Total fund balances	$ 1,142,759	$ 210,306	$ 1,353,065
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,142,759	$ 491,506	$ 1,634,265

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Capital Projects Fund Accounts

Year Ended June 30, 2017

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	$ -	$ 238,971	$ 238,971
Other	3,636	191	3,827
State sources	805,593	2,482	808,075
Total Revenues	$ 809,229	$ 241,644	$ 1,050,873
Expenditures:			
Current:			
Instruction:			
Regular instruction	$ -	$ 7,150	$ 7,150
Support Services:			
Instructional staff services	-	45,860	45,860
Operation and maintenance of plant services	-	74,923	74,923
Other Expenditures:			
Facilities acquisition	26,835	80,467	107,302
Total Expenditures	$ 26,835	$ 208,400	$ 235,235
Excess (deficiency) of revenues over (under) expenditures	$ 782,394	$ 33,244	$ 815,638
Other Financing Sources (Uses):			
Operating transfers in (out)	$ -211,113	$ 30,455	$ -180,658
Insurance proceeds	-	103,637	103,637
Total Other Financing Sources (Uses)	$ -211,113	$ 134,092	$ -77,021
Change in fund balances	$ 571,281	$ 167,336	$ 738,617
Fund balances beginning of year	571,478	42,970	614,448
Fund Balances End of Year	$ 1,142,759	$ 210,306	$ 1,353,065

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2017

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-Fund Transfers	Balance End of Year
Nurses Fund	$ 427	$ 900	$ 125	$ -	$ 1,202
Athletics	50,481	151,997	151,948	2,000	52,530
Music	22,188	9,598	15,535	3,000	19,251
Wellness	607	-	33	-	574
Robotics/FTC	-	10,775	10,500	-	275
Class of 2023	-	3,468	1,763	-68	1,637
Class of 2019	1,304	720	-	-	2,024
Class of 2018	3,702	647	3,816	-	533
Class of 2020	657	940	-	-	1,597
Class of 2017	830	1,076	872	-1,034	-
Class of 2021	938	1,922	2,074	-67	719
Class of 2022	1,534	725	1,546	-67	646
Auditorium	737	1,012	-	-	1,749
National Honor Society	963	172	1,150	1,200	1,185
Student Senate	1,375	1,688	752	-	2,311
Future Farmers of America	10,145	31,365	30,369	1,200	12,341
Cheerleaders	3,171	2,419	7,658	2,200	132
Musical	5,165	4,486	2,880	-	6,771
Drill Team	3,147	18,528	20,734	-	941
T-Shirt Activity	-	8,350	5,397	-1,049	1,904
Drama	1,102	1,727	1,297	-200	1,332
Concessions	2,835	22,495	14,275	-8,600	2,455
Elementary	13,699	5,395	9,873	-	9,221
Band Trip	9,247	2,950	6,998	-	5,199
All Coaches Fund	245	-	-	-	245
Lift-A-Thon	5,116	2,740	6,712	-	1,144
S.A.D.D.	301	-	-	-	301
N.F.L.	1,019	7,170	6,010	-	2,179
Greenhouse	1,056	1,682	1,308	-	1,430
High School Activity	2,975	661	432	1,034	4,238
Industrial Arts Projects	977	433	-	-	1,410
SAGA	4,969	-	50	-	4,919
Field Maintenance	360	-	-	-	360
Middle School:					
Promotion	91	1,323	1,432	25	7
Drama	72	876	1,128	200	20
Student Council	366	169	559	24	-
Magazine sales	4	-	-	-	4
Library	1,237	2,565	2,026	-	1,776
D C Trip	1,733	34,655	34,068	-	2,320

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2017

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-Fund Transfers	Balance End of Year
Middle School (continued):					
Projects	$ 295	$ 786	$ 1,283	$ 202	$ -
Vocal music	3,338	951	259	-	4,030
Band	1,778	1,099	145	-	2,732
Elementary:					
ATOM Elementary project	6,489	2,636	4,466	-	4,659
Parkersburg Library	869	1,907	2,163	-	613
Total	$ 167,544	$ 343,008	$ 351,636	$ -	$ 158,916

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis			
	2017	2016	2015	2014
Revenues:				
Local Sources:				
Local tax	$ 3,613,541	$ 3,766,057	$ 3,690,561	$ 4,469,291
Tuition	287,866	330,559	344,390	385,853
Other	574,553	528,720	635,538	480,461
Intermediate sources	-	-	-	-
State sources	6,457,435	5,782,184	5,669,864	5,022,598
Federal sources	269,385	256,850	298,626	293,106
Total	$ 11,202,780	$ 10,664,370	$ 10,638,979	$ 10,651,309
Expenditures:				
Instruction:				
Regular instruction	$ 4,672,162	$ 4,124,281	$ 4,200,913	$ 3,926,431
Special instruction	1,281,412	1,020,506	936,636	897,684
Other instruction	1,050,784	1,390,224	1,411,576	1,377,836
Support services:				
Student services	208,623	205,195	187,558	205,741
Instructional staff services	307,836	484,041	418,458	323,596
Administration services	899,752	796,075	778,397	795,793
Operation and maintenance of plant services	998,278	887,711	1,016,196	858,487
Transportation services	393,880	701,669	489,827	515,645
Non-instructional programs	2,259	2,251	4,400	2,116
Other expenditures:				
Facilities acquisition	107,302	111,372	190,645	40,267
Long-term debt:				
Principal	368,854	465,978	390,590	402,313
Interest and other charges	469,499	364,017	375,869	390,054
AEA flow-through	371,233	357,912	347,208	344,720
Total	$ 11,131,874	$ 10,911,232	$ 10,748,273	$ 10,080,683

See accompanying independent auditor's report.

Modified Accrual Basis					
2013	2012	2011	2010	2009	2008
$ 3,970,220	$ 4,163,310	$ 3,825,236	$ 3,493,130	$ 3,364,364	$ 3,408,697
374,518	377,026	379,206	361,955	318,896	318,678
480,367	585,557	424,838	621,888	1,070,971	552,681
-	-	-	-	-	-
5,032,827	4,442,632	3,942,740	3,402,325	4,006,833	3,960,837
281,769	256,861	480,797	2,311,745	634,407	158,221
$ 10,139,701	$ 9,825,386	$ 9,052,817	$ 10,191,043	$ 9,395,471	$ 8,399,114
$ 3,726,395	$ 3,627,814	$ 3,478,937	$ 4,173,767	$ 3,768,659	$ 3,260,757
1,017,770	942,282	817,305	864,670	876,402	845,460
1,268,447	1,204,257	1,007,584	1,151,037	1,190,256	886,436
180,133	159,612	182,141	40,331	40,694	59,355
262,488	203,467	189,895	313,482	317,245	271,993
808,968	714,177	703,798	735,020	686,580	611,976
791,024	735,971	738,355	787,603	1,393,633	732,427
555,254	392,443	339,916	305,513	566,420	293,809
12,248	12,740	9,925	7,757	7,690	7,075
109,966	44,977	173,083	4,115,969	19,035,478	1,163,712
642,887	375,000	325,000	210,000	1,130,000	1,400,000
405,857	418,205	429,305	337,950	176,116	95,620
327,548	312,803	331,142	327,394	273,857	260,889
$ 10,108,985	$ 9,143,748	$ 8,726,386	$ 13,370,493	$ 29,463,030	$ 9,889,509

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

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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
Aplington-Parkersburg Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 23, 2018.

Internal Control Over Financial Reporting

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

My 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 have not been identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-17 through I-D-17 to be material weaknesses.

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. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-E-17 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aplington-Parkersburg Community School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

Aplington-Parkersburg Community School District's Responses to the Findings

Aplington-Parkersburg Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Aplington-Parkersburg Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Aplington-Parkersburg Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Keith Oltrogge CPA PC

Keith Oltrogge
Certified Public Accountant

January 23, 2018

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2017

Part I – Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-17 **Segregation of Duties**

Criteria – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Condition – I noted the business manager and one other employee has the ability to set up new vendors within the accounting software and those same two employees each have the ability to generate checks which are electronically signed by the software. As a compensating control, the superintendent is obtaining the unopened bank statements each month and reviewing the items that clear the bank.

The business manager makes all of the adjusting journal entries to the general ledger which are being reviewed and approved by the superintendent; however, there are no procedures in place to ensure that the superintendent is being provided all of the adjusting entries which were actually made to the general ledger.

The business manager has full administrative rights within the accounting software which allows for the opportunity to make changes that would override other compensating controls that have been placed in operation.

Cause – The District has a limited number of business office employees and procedures have not been designed to adequately segregate duties.

Effect – Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis.

Recommendation – I realize segregation of duties is difficult with a limited number of business office employees. However, the District should continually review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. The District should consider contacting its software vendor to discuss programming changes which could alert others with the District when things such as changes are made by the business manager using the administrative rights; when new vendors are set up; when a transaction has been changed from its original recording; or when a payroll rate or salary amount is changed.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

Part I – Findings Related to the Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

I-B-17 **Proper Supporting Documentation**

Criteria – Proper supporting documentation should be maintained for all expenditures of District funds.

Condition – In a sample of expenditures made by the District, I noted two instances that were either not supported with appropriate documentation or completely lacked any documentation.

Cause – The District has not implemented procedures to hold those staff accountable when receipts were missing.

Effect – Lack of proper documentation could result in unauthorized or improper transactions and the opportunity for misappropriation.

Recommendation – The District should ensure all expenditures of District funds are supported with proper documentation. Employees who do not comply with the policy should be held accountable for payment of the unsupported charges.

Response – The District will communicate this matter to all staff and ensure they understand the importance of obtaining the proper receipts. Further, we will make necessary changes to ensure that all expenditures of District funds have proper documentation to prove an appropriate public purpose.

Conclusion – Response accepted.

Part I – Findings Related to the Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

I-C-17 **Financial Reporting**

Criteria – Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – I identified several disbursements recorded in incorrect accounts with wrong object codes, mostly in the Activity Fund.

Cause – The District is not utilizing The Uniform Financial Accounting Manual's chart of accounts.

Effect –The District is not preparing accurate financial statements.

Recommendation – The District should review the coding of all bills and receipts to ensure they are properly coded in accordance with The Uniform Financial Accounting Manual. The purpose of governmental fund accounting is to facilitate that the District is demonstrating compliance with the use of designated or restricted revenue by segregating the revenue and related expenditures. In addition, timely and complete recording of all bills and receipts is essential for accurate financial statements. The general ledger is supposed to be an accurate history of the District's financial transactions.

Response – We will review the coding of bills and receipts, to ensure they are all properly recorded.

Conclusion – Response accepted.

I-D-17 **Payroll**

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's payroll.

Condition – In a sample of payroll expenditures I identified one employee who was underpaid.

Cause – Payroll rates are not reviewed by an independent person.

Effect – Lack of policies and procedures resulted in District employees not detecting the error in the normal course of performing their assigned functions. As a result, an employee was paid incorrectly.

Recommendation – An independent person should review the salary amounts in the computer software each time the amounts are changed.

Response – We will review our payroll procedures.

Conclusion – Response accepted.

Part I – Findings Related to the Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

I-E-17 **Financial Statement Preparation**

Criteria – An effective internal control system provides for internal controls related to ensuring the financial statements and the related disclosures are fairly presented in conformity with U.S. generally accepted accounting principles.

Condition – The District relies upon the audit firm to draft the financial statements and related disclosures.

Cause – As is inherent in many governmental entities of this size, the District has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully apply generally accepted accounting principles in preparing the financial statements and the related disclosures.

Effect – Errors could occur in the financial statements and not be detected by management.

Recommendation – I recommend that the business office staff look for educational opportunities to increase their knowledge of U.S. generally accepted accounting principles as they relate to the District's financial statements.

Response – We will look for opportunities to improve our knowledge; however, we will continue to rely on our auditors to assist us in drafting the financial statements and required disclosures.

Conclusion – Response accepted..

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2017

Part II - Other Findings Related to Required Statutory Reporting:

II-A-17 Certified Budget – Expenditures for the year ended June 30, 2017 exceeded the certified budget amounts in the instruction function.

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

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

II-B-17 Questionable Expenditures – Certain disbursements were noted I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Vendor	Description	Amount
General and Other Funds:		
Master Card	Interest on four statements	$20.37
Activity Fund:		
Kwik Star	PD food 8-11 am	$30.30
Master Card	Interest	$0.84
Brothers Market	Snack and drinks FFA	$37.98
Student/Parents	Drill team trip	$5,166.10
Master Card	Gift cards and gift bags	$137.70

Recommendation – The District should review Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1) for the allowability of expenditures. Additionally, the Board of Directors should approve the purchase of such items prior to the expenditure and document the public purpose derived.

Response – Beginning in fiscal 2018, the District will not make any purchases for items that are not appropriate.

Conclusion – Response acknowledged

II-C-17 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.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2017

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

II-D-17 Business Transactions – Business transactions between the District and District officials or employees are as follows:

Name, Title & Business Connection	Transaction Description	Amount
Lisa Ellis – Board Member – Co-owner Iowa Sports Supply	Supplies	$55,154

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with Iowa Sports Supply may represent conflict of interest since the total purchases exceeded $1,500 for the year and they were not entered into through competitive bidding in accordance with Chapter 362.5(4).

Recommendation – The District should use a competitive bidding process for amounts over $1,500.

Response – We will use competitive bidding in the future.

II-E-17 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-17 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board were noted.

Closed Session – I noted an instance where the Board did not vote to come out of closed session as required by the Iowa Code.

Recommendation – The Board should vote to exit closed session.

Response – The District will document the vote to come out of closed session in the future.

Conclusion – Response accepted.

II-G-17 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-17 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-17 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-J-17 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

II-K-17 Categorical Funding – No instances were noted of categorical funding being used to supplant rather the supplement other funds.

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

II-L-17 Sales Tax – Sales tax was paid by the District on six disbursements tested.

Recommendation – Supporting documentation should be reviewed carefully before disbursements are made.

Response – We will review all invoices for sales tax before payments are made.

Conclusion – Response acknowledged.

II-M-17 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable use of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2017, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 571,478
Revenues/transfers in:		
Sales tax revenues	$ 805,593	
Other local revenues	3,636	809,229
		$ 1,380,707
Expenditures/transfers out:		
Transfers to other funds:		
Debt Service Fund	$ 211,113	
School infrastructure	26,835	237,948
Ending balance		$ 1,142,759

For the year ended June 30, 2017, 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	$ 1.67367	$ 805,593
Physical plant and equipment levy (PPEL)	0.76693	129,575
Total		$ 935,168

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

II-N-17 Deficit Balance – The Proprietary – School Nutrition Fund had a deficit balance of $19,694, at June 30, 2017.

Recommendation – The District should continue to monitor this situation and investigate alternatives to eliminate this deficit in order to return the fund to a sound financial condition.

Response – We are working on this.

Conclusion – Response accepted.

II-O-17 Form 1099 – I noted that not all required 1099 forms were done.

Recommendation – The District should review the calendar year vendor history reports from all funds for possible 1099s for independent contractor payments over $600 to comply with federal regulations.

Response – We will review all vendor history lists at year end prepare 1099s as required.

Conclusion – Response accepted.

II-P-17 Budget Hearing – I noted the Public Budget Hearing was not closed before action was taken on the 2017-2018 Budget.

Recommendation – Per The Iowa Code, the Public Hearing is required to be closed before action may be taken. The District should follow The Iowa Code in the future.

Response – The Iowa Code will be followed in the future.

Conclusion – Response accepted.