

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

Financial Report
Year Ended June 30, 2017

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Central DeWitt Community School District

Officials

Year Ended June, 30 2017

Name	Title	Term Expires
Board of Education For Fiscal Year 2017		
Christy Kunz	President	2019
Cory Huff	Vice President	2019
Steve Fuglsang	Board Member	2017
Hannah A. Perrone	Board Member	2019
Angela Rheingans	Board Member	2017

School Officials

Daniel Peterson	Superintendent
Cynthia Johnson	Board Secretary/Treasurer

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central DeWitt Community School District, DeWitt, Iowa, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central DeWitt Community School District, DeWitt, Iowa, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, budgetary comparison information, schedules of proportionate share of the net pension liability, and schedules of contributions on pages 4–13 and 47-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The District's basic financial statements for the years ended June 30, 2008 through 2013, which are not presented herein, were audited by other auditors whose report thereon dated February 11, 2014, expressed unmodified opinions on the basic financial statements. Their report on the Schedule of Revenues by Source and Expenditures by Function for the years ended June 30, 2008 through 2013 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2008 through 2013 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
January 9, 2018

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Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2017

Central DeWitt Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- General Fund revenues increased from \$16,262,940 in fiscal year 2016 to \$16,760,944 in fiscal year 2017. General Fund expenditures increased from \$16,127,312 in fiscal year 2016 to \$16,769,235 in fiscal year 2017. This resulted in an increase to General Fund fund balance of \$32,669 for fiscal year 2017. This represents a 1.9 percent increase to fund balance from the prior year.
- As of June 30, 2017, the District's governmental funds reported combined ending fund balances of \$5,952,353, an increase of \$783,999 in comparison to fiscal year 2016. As of June 30, 2016, the District's governmental funds reported combined ending fund balances of \$5,168,354, an increase of \$661,538 in comparison to fiscal year 2015.
- The governmental funds unassigned fund balance is \$1,681,630.
- The District reported an increase in total net position of \$920,472 during the year ended June 30, 2017. The District reported a decrease in net position of (\$484,733) during the year ended June 30, 2016.

Using this Annual Report

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

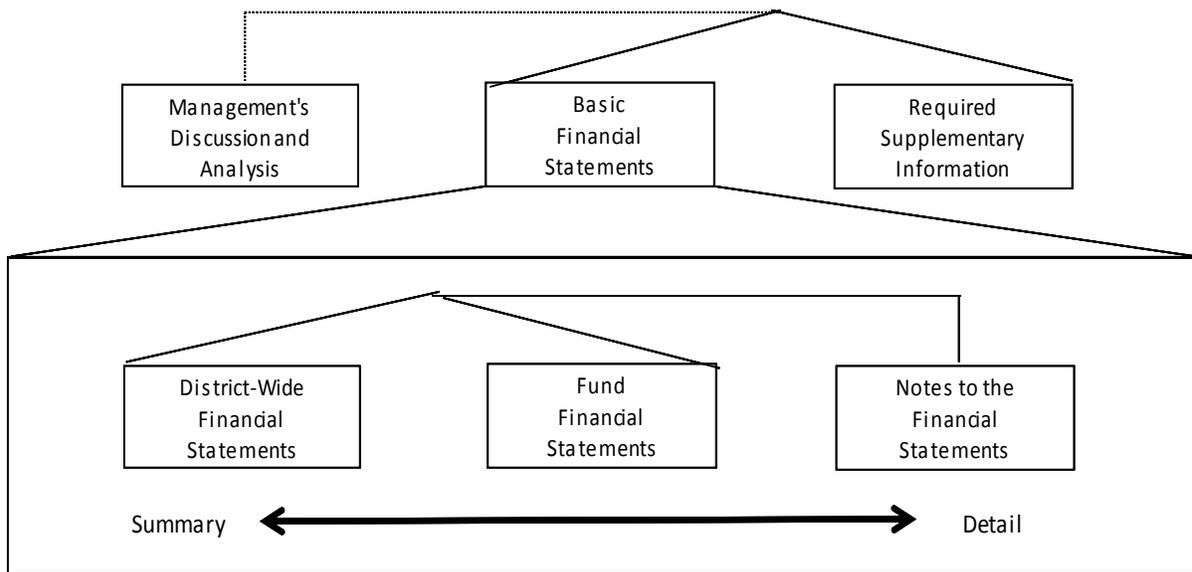
- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about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

Central DeWitt Community School District

**Management's Discussion and Analysis
Year Ended June 30, 2017**

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

Figure A-1
School District Annual Financial Report



Central DeWitt Community School District

**Management’s Discussion and Analysis
Year Ended June 30, 2017**

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

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

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2017

Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall health, additional nonfinancial factors, such as changes in the District's property tax based and the condition of school buildings and other facilities need to be considered.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2017

- 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 one Enterprise Fund, the School Nutrition Fund. The District uses an internal service fund, the other kind of proprietary fund, to report activities that provide supplies or services for other District programs and activities. The District currently has one internal service fund, which is used to account for the District's self-funded dental insurance plan. The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.
- 3) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private Purpose Trust and Agency Funds. Private-purpose trust funds account for outside donations for scholarships for individual students. Agency funds are funds for which the District administers and accounts for certain revenues collected for the PTO and Sabertooth.

ion and state aid revenues. The District will continue to monitor enrollment iary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements since the assets cannot be used for District operations. The required financial statements for the private-purpose trust funds are a statement of fiduciary net position and a statement of changes in fiduciary net position. The required financial statement for the agency fund is a schedule of fiduciary assets and liabilities.

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

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District's net position as of June 30, 2017 compared to June 30, 2016.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 15,973,827	\$ 14,910,124	\$ 133,764	\$ 103,240	\$ 16,107,591	\$ 15,013,364	7.3%
Capital assets	33,904,931	34,967,338	100,652	129,716	34,005,583	35,097,054	-3.1%
Total assets	49,878,758	49,877,462	234,416	232,956	50,113,174	50,110,418	0.0%
Deferred outflows of resources	2,370,035	1,996,886	95,330	89,526	2,465,365	2,086,412	18.2%
Long-term liabilities	27,731,992	27,184,130	379,914	294,652	28,111,906	27,478,782	2.3%
Other liabilities	3,786,883	3,653,268	14,754	16,200	3,801,637	3,669,468	3.6%
Total liabilities	31,518,875	30,837,398	394,668	310,852	31,913,543	31,148,250	2.5%
Deferred inflows of resources	7,452,729	8,691,840	9,666	74,611	7,462,395	8,766,451	-14.9%
Net position:							
Net investment in capital assets	15,183,981	15,151,388	100,652	129,716	15,284,633	15,281,104	0.0%
Restricted	3,381,911	2,666,197	-	-	3,381,911	2,666,197	26.8%
Unrestricted	(5,288,703)	(5,472,475)	(175,240)	(192,697)	(5,463,943)	(5,665,172)	3.6%
Total net position	\$ 13,277,189	\$ 12,345,110	\$ (74,588)	\$ (62,981)	\$ 13,202,601	\$ 12,282,129	7.5%

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2017

The District's combined net position as of June 30, 2017 increased \$920,472 (7.5 percent) over the June 30, 2016 combined net position. Net position in the governmental activities increased \$932,079. The net position of the District's business-type activities decreased (\$11,607).

The major factors for the increase in net position of the District were the increases in tax and grant revenues.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$715,714 or 26.8 percent from the prior year.

Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) increased \$201,229 or 3.6 percent.

Figure A-4 below shows the changes in net position for the year ended June 30, 2017 compared to the year ended June 30, 2016.

Figure A-4 Changes in Net Position From Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017	2016	2017	2016	2017	2016	
Revenues:							
Program revenues:							
Charges for services	\$ 1,941,078	\$ 1,742,375	\$ 608,930	\$ 609,721	\$ 2,550,008	\$ 2,352,096	8.4%
Operating grants and contributions	2,969,897	3,087,538	452,674	427,235	3,422,571	3,514,773	-2.6%
Capital grants and contributions	-	-	-	-	-	-	0.0%
General revenues:							
Property taxes	7,082,746	6,855,134	-	-	7,082,746	6,855,134	3.3%
Income surtax	675,527	628,380	-	-	675,527	628,380	7.5%
State foundation aid	6,645,044	6,611,326	-	-	6,645,044	6,611,326	0.5%
Statewide sales and services tax	1,395,493	1,391,521	-	-	1,395,493	1,391,521	0.3%
Other	201,930	37,097	1,786	1,057	203,716	38,154	433.9%
Total revenues	20,911,715	20,353,371	1,063,390	1,038,013	21,975,105	21,391,384	2.7%
Expenses:							
Instruction	12,697,296	12,441,288	-	-	12,697,296	12,441,288	2.1%
Support services	5,814,577	6,834,372	-	-	5,814,577	6,834,372	-14.9%
Noninstructional programs	-	-	1,074,997	1,067,923	1,074,997	1,067,923	0.7%
Other	1,467,763	1,532,534	-	-	1,467,763	1,532,534	-4.2%
Total expenses	19,979,636	20,808,194	1,074,997	1,067,923	21,054,633	21,876,117	-3.8%
Increase (decrease) in net position	\$ 932,079	\$ (454,823)	\$ (11,607)	\$ (29,910)	\$ 920,472	\$ (484,733)	

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2017

In 2016-17, local taxes (property taxes and income surtax), statewide sales and services tax and state foundation aid accounted for 71.9 percent of total District revenues compared to 72.4 percent in 2015-16. Charges for services and operating grants and contributions accounted for 27.2 percent of the District's total revenue in 2017 compared to 27.4 percent in 2016.

The District's expenses primarily relate to instructional and support services which account for 87.9 percent and 88.1 percent of the total District expenses in fiscal years 2017 and 2016, respectively.

Total revenue for the District increased \$583,721 (2.7 percent) in the fiscal year ended June 30, 2017. A significant revenue category change was in property taxes which increased \$227,612 or 3.3 percent. The increase is due to increases in the District's assessed valuations.

Total District expenses decreased 3.8 percent in 2016-17 primarily due decreases in administrative services.

Governmental Activities

Governmental activities net position as of June 30, 2017 increased \$932,079 or 7.6 percent over the June 30, 2016 balance. Revenue for the District's governmental activities in 2016-17 increased \$558,344 (2.7 percent) from the previous year, while total expenses decreased \$828,558 (4.0 percent). The following table presents the total and net cost of the District's four major governmental activities: instruction, support services, noninstructional programs and other expenses, for the year ended June 30, 2017 compared to the year ended June 30, 2016:

Figure A-5 Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	June 30, 2017	June 30, 2016	Change	June 30, 2017	June 30, 2016	Change
Instruction	\$ 12,697,296	\$ 12,441,288	2.06%	\$ 8,606,204	\$ 8,475,793	1.5%
Support services	5,814,577	6,834,372	-14.92%	5,600,492	6,580,938	-14.9%
Noninstructional	-	-	0.00%	-	-	0.0%
Other	1,467,763	1,532,534	-4.23%	861,965	921,550	-6.5%
	<u>\$ 19,979,636</u>	<u>\$ 20,808,194</u>	<u>-3.98%</u>	<u>\$ 15,068,661</u>	<u>\$ 15,978,281</u>	<u>-5.7%</u>

For the year ended June 30, 2017:

- The cost financed by the users of the District's programs was \$1,941,078.
- Federal and state governments and some local sources subsidized certain programs with grants and contributions totaling \$2,969,897.
- The net cost of governmental activities was financed with \$7,082,746 in property taxes, \$6,645,044 of unrestricted state grants, \$1,395,493 in statewide sales and services tax revenue, \$675,527 in income surtax revenue, and \$201,930 in other earnings.

For the year ended June 30, 2016:

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

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2017

Business-Type Activities

Revenues of the District's business-type activities were \$1,063,390 and expenses were \$1,074,997. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Individual Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,952,353, which is an increase from last year's ending fund balances of \$5,168,354. The primary reason for the increase in combined fund balances at the end of fiscal 2017 is due to increases in state categorical funding and charges for tuition and property taxes.

Governmental Fund Highlights

- The fund balance in the District's General Fund increased \$32,669 from \$1,698,999 as of June 30, 2016 to \$1,731,668 as of June 30, 2017.
- The fund balance in the Capital Projects Fund increased \$487,698 during 2016-17. This increase is due to statewide sales services and use tax and physical plant and equipment levy revenues being in excess of planned projects and debt service expenditures.
- The fund balance of the Debt Service Fund increased \$29,950 from \$1,762,863 as of June 30, 2016 to \$1,792,813 as of June 30, 2017. Debt Service fund balance of \$1,792,813 is restricted for future debt service.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from (\$62,981) as of June 30, 2016 to (\$74,588) as of June 30, 2017. The decrease was due to program operating expenses increasing \$7,808 from \$1,067,189 to \$1,074,997 primarily due to pension expense.

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2017

Budgetary Highlights

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

In accordance with the Code of Iowa, the Board of Education annual adopts a budget following required public notice and hearing for all funds, except blended component units, internal service funds, private-purpose trust funds and agency funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District uses the GAAP (Generally Accepted Accounting Principles) method of accounting for budgeting purposes. Iowa law requires that actual spending in each functional area of the budget does not exceed the amount budgeted to be spent in that functional area at any time during the fiscal year. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. The budget was amended once during the 2016-2017 school year which increased budgeted expenditures by \$2,093,568.

The District's revenues were approximately \$712,000 more than budgeted revenues. The District received more in local, state and federal sources that originally anticipated. The District's expenditures were approximately \$2,600,000 less than budgeted, primarily in instruction.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2016-17 fiscal year, the District had invested \$34,005,583 (net of accumulated depreciation of \$16,608,471) in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices. (See Figure A-6). This amount represents a net decrease of \$1,091,471 from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$1,428,075.

Figure A-6 Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total
	2017	2016	2017	2016	2017	2016	Percentage Change
Land	\$ 1,377,387	\$ 1,377,387	\$ -	\$ -	\$ 1,377,387	\$ 1,377,387	0.0%
Buildings	30,433,762	31,328,769	-	-	30,433,762	31,328,769	-2.9%
Land improvements	1,394,277	1,382,944	-	-	1,394,277	1,382,944	0.8%
Machinery and equipment	670,538	660,601	100,652	129,716	771,190	790,317	-2.4%
Intangible assets	28,967	38,623	-	-	28,967	38,623	-25.0%
Construction in progress	-	179,014	-	-	-	179,014	-100.0%
Total	\$ 33,904,931	\$ 34,967,338	\$ 100,652	\$ 129,716	\$ 34,005,583	\$ 35,097,054	-3.1%

Central DeWitt Community School District

Management's Discussion and Analysis Year Ended June 30, 2017

Long-Term Liabilities

As of June 30, 2017, the District had \$29,578,488 in general obligation and other long-term debt outstanding. This represents an increase of \$668,436 from the prior year. See Figure A-7 below. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7 Outstanding Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total School District		Total
	2017	2016	2017	2016	2017	2016	Percentage Change
General obligation bonds	\$ 10,510,000	\$ 11,075,000	\$ -	\$ -	\$ 10,510,000	\$ 11,075,000	-5.1%
Revenue bonds	9,170,000	9,700,000	-	-	9,170,000	9,700,000	-5.5%
Computer lease	742,845	985,610	-	-	742,845	985,610	100.0%
Early retirement	165,000	163,334	-	-	165,000	163,334	1.0%
Compensated absences	9,741	10,173	-	-	9,741	10,173	-4.2%
Net OPEB liability	608,169	535,404	20,560	12,254	628,729	547,658	14.8%
Net pension liability	7,992,819	6,145,879	359,354	282,398	8,352,173	6,428,277	29.9%
Total	\$ 29,198,574	\$ 28,615,400	\$ 379,914	\$ 294,652	\$ 29,578,488	\$ 28,910,052	2.3%

Economic Factors Bearing on the District's Future

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

- Continued budget concerns at the state level will likely affect the District in the next several years.
- Enrollment of the District significantly affects the tuition and state aid revenues. The District will continue to monitor enrollment including open enrollment in and out.
- The District's fiscal year 2018 budgeted expenditures are \$21,569,173.

Contacting the District's Financial Management

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

Central DeWitt Community School District

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 5,808,697	\$ 111,504	\$ 5,920,201
Receivables:			
Property tax:			
Current year	40,774	-	40,774
Succeeding year	7,238,959	-	7,238,959
Income surtax	638,343	-	638,343
Other	20,827	-	20,827
Due from other governments	515,415	-	515,415
Inventories	-	22,260	22,260
Restricted cash	1,710,812	-	1,710,812
Capital assets:			
Nondepreciable	1,377,387	-	1,377,387
Depreciable, net	32,527,544	100,652	32,628,196
Total assets	49,878,758	234,416	50,113,174
Deferred outflows of resources, pension related deferred outflows	2,370,035	95,330	2,465,365
Liabilities			
Accounts payable	389,516	-	389,516
Salaries and benefits payable	1,654,295	-	1,654,295
Accrued interest payable	276,490	-	276,490
Unearned revenue	-	14,754	14,754
Long-term liabilities:			
Portion due within one year:			
Compensated absences	9,741	-	9,741
Early retirement	71,667	-	71,667
General obligation bonds	595,000	-	595,000
Revenue bonds	545,000	-	545,000
Computer lease	245,174	-	245,174
Portion due after one year:			
Early retirement	93,333	-	93,333
General obligation bonds	9,915,000	-	9,915,000
Revenue bonds	8,625,000	-	8,625,000
Computer lease	497,671	-	497,671
Net OPEB liability	608,169	20,560	628,729
Net pension liability	7,992,819	359,354	8,352,173
Total liabilities	31,518,875	394,668	31,913,543
Deferred inflows of resources			
Pension related deferred inflows	213,770	9,666	223,436
Succeeding year property tax	7,238,959	-	7,238,959
Total deferred inflows of resources	7,452,729	9,666	7,462,395
Net Position			
Net investment in capital assets	15,183,981	100,652	15,284,633
Restricted for:			
Categorical funding	50,038	-	50,038
Debt service	833,763	-	833,763
Management levy	913,802	-	913,802
Student activities	139,116	-	139,116
Support trust purposes	54,543	-	54,543
School infrastructure	943,449	-	943,449
Physical plant and equipment	447,200	-	447,200
Unrestricted	(5,288,703)	(175,240)	(5,463,943)
Total net position	\$ 13,277,189	\$ (74,588)	\$ 13,202,601

See Notes to Financial Statements.

Central DeWitt Community School District

**Statement of Activities
Year Ended June 30, 2017**

Functions/Programs	Expenses
Governmental activities:	
Instruction:	\$ 12,697,296
Support services:	
Student services	527,930
Instructional staff services	910,827
Administration services	1,436,279
Business and central services	577,173
Operation and maintenance of plant services	1,308,483
Transportation services	1,053,885
	<u>5,814,577</u>
Other expenditures:	
Long term debt interest	861,965
AEA flowthrough	605,798
	<u>1,467,763</u>
Total governmental activities	<u>19,979,636</u>
Business-Type Activities:	
Noninstructional programs:	
Food service operations	<u>1,074,997</u>
Total business-type activities	<u>1,074,997</u>
Total	<u><u>\$ 21,054,633</u></u>
General revenues:	
Property tax levied for:	
General purposes	
Capital outlay	
Debt service	
Statewide sales and services tax	
Income surtax	
Unrestricted state grants	
Revenue in lieu of taxes	
Unrestricted investment earnings	
Total general revenues	
Change in net position	
Net position, beginning of year	
Net position, end of year	

See Notes to Financial Statements.

Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Total
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
\$ 1,937,215	\$ 2,153,877	\$ -	\$ (8,606,204)	\$ -	\$ (8,606,204)	
-	142,980	-	(384,950)	-	(384,950)	
-	-	-	(910,827)	-	(910,827)	
-	-	-	(1,436,279)	-	(1,436,279)	
-	-	-	(577,173)	-	(577,173)	
-	-	-	(1,308,483)	-	(1,308,483)	
3,863	67,242	-	(982,780)	-	(982,780)	
3,863	210,222	-	(5,600,492)	-	(5,600,492)	
-	-	-	(861,965)	-	(861,965)	
-	605,798	-	-	-	-	
-	605,798	-	(861,965)	-	(861,965)	
1,941,078	2,969,897	-	(15,068,661)	-	(15,068,661)	
608,930	452,674	-	-	(13,393)	(13,393)	
608,930	452,674	-	-	(13,393)	(13,393)	
\$ 2,550,008	\$ 3,422,571	\$ -	(15,068,661)	(13,393)	(15,082,054)	

5,546,097	-	5,546,097
527,399	-	527,399
1,009,250	-	1,009,250
1,395,493	-	1,395,493
675,527	-	675,527
6,645,044	-	6,645,044
134,449	-	134,449
67,481	1,786	69,267
16,000,740	1,786	16,002,526
932,079	(11,607)	920,472
12,345,110	(62,981)	12,282,129
\$ 13,277,189	\$ (74,588)	\$ 13,202,601

Central DeWitt Community School District

**Balance Sheet
Governmental Funds
June 30 2017**

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 3,376,744	\$ 1,211,054	\$ 76,550	\$ 1,104,902	\$ 5,769,250
Receivables:					
Property tax:					
Current year	29,256	2,849	5,451	3,218	40,774
Succeeding year	5,119,371	543,075	1,026,513	550,000	7,238,959
Other	20,827	-	-	-	20,827
Income surtax	638,343	-	-	-	638,343
Due from other governments	329,671	185,744	-	-	515,415
Restricted cash	-	-	1,710,812	-	1,710,812
Total assets	\$ 9,514,212	\$ 1,942,722	\$ 2,819,326	\$ 1,658,120	\$ 15,934,380
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 370,535	\$ 8,998	\$ -	\$ 659	\$ 380,192
Salaries and benefits payable	1,654,295	-	-	-	1,654,295
Total liabilities	2,024,830	8,998	-	659	2,034,487
Deferred inflows of resources, unavailable revenue:					
Succeeding year property tax	5,119,371	543,075	1,026,513	550,000	7,238,959
Income surtax	638,343	-	-	-	638,343
Statewide sales and use tax	-	70,238	-	-	70,238
Total deferred inflows of resources	5,757,714	613,313	1,026,513	550,000	7,947,540
Fund balances:					
Restricted for:					
Categorical funding	50,038	-	-	-	50,038
Debt service	-	-	1,792,813	-	1,792,813
Management levy	-	-	-	913,802	913,802
Student activities	-	-	-	139,116	139,116
Support trust purposes	-	-	-	54,543	54,543
School infrastructure	-	873,211	-	-	873,211
Physical plant and equipment	-	447,200	-	-	447,200
Unassigned	1,681,630	-	-	-	1,681,630
Total fund balances	1,731,668	1,320,411	1,792,813	1,107,461	5,952,353
Total liabilities, deferred inflows of resources and fund balances	\$ 9,514,212	\$ 1,942,722	\$ 2,819,326	\$ 1,658,120	\$ 15,934,380

See Notes to Financial Statements.

Central DeWitt Community School District

**Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30 2017**

Total fund balances of governmental funds	\$ 5,952,353
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	33,904,931
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds	708,581
Accrued interest payable on long-term liabilities is not due and payable in the current period, and, therefore, is not reported as a liability in the governmental funds	(276,490)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources	2,370,035
Deferred inflows of resources	(213,770)
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	30,123
Long-term liabilities, including bonds payable and compensated absences, other post employment benefits payable and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(29,198,574)
Net position of governmental activities	<u><u>\$ 13,277,189</u></u>

See Notes to Financial Statements.

Central DeWitt Community School District

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017**

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 5,663,867	\$ 527,399	\$ 1,009,250	\$ 549,036	\$ 7,749,552
Tuition	873,614	-	-	-	873,614
Other	512,303	75,891	6,731	539,961	1,134,886
State sources	9,297,454	1,398,656	17,947	10,927	10,724,984
Federal sources	413,706	-	-	-	413,706
Total revenues	16,760,944	2,001,946	1,033,928	1,099,924	20,896,742
Expenditures:					
Current:					
Instruction	10,806,567	40,057	-	605,382	11,452,006
Support services:					
Student services	525,311	-	-	-	525,311
Instructional staff services	903,577	-	-	2,829	906,406
Administration services	1,401,442	10,450	-	3,119	1,415,011
Business and central Operation and maintenance of plant services	501,310	-	-	74,414	575,724
Transportation services	1,407,429	21,657	-	128,312	1,557,398
	617,801	166,950	-	11,226	795,977
	5,356,870	199,057	-	219,900	5,775,827
Other expenditures:					
Debt service:					
Principal	-	-	1,337,765	-	1,337,765
Interest and fiscal charges	-	-	873,305	-	873,305
Facilities acquisition	-	68,042	-	-	68,042
AEA flowthrough	605,798	-	-	-	605,798
	605,798	68,042	2,211,070	-	2,884,910
Total expenditures	16,769,235	307,156	2,211,070	825,282	20,112,743
Revenues over (under) expenditures	(8,291)	1,694,790	(1,177,142)	274,642	783,999
Other financing sources (uses):					
Interfund transfers in	40,960	-	1,207,092	-	1,248,052
Interfund transfers out	-	(1,207,092)	-	(40,960)	(1,248,052)
Total other financing sources (uses)	40,960	(1,207,092)	1,207,092	(40,960)	-
Net change in fund balance	32,669	487,698	29,950	233,682	783,999
Fund balances, beginning of year	1,698,999	832,713	1,762,863	873,779	5,168,354
Fund balances, end of year	\$ 1,731,668	\$ 1,320,411	\$ 1,792,813	\$ 1,107,461	\$ 5,952,353

See Notes to Financial Statements.

Central DeWitt Community School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2017**

Net change in fund balances - total governmental funds \$ 783,999

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$ 336,604	
Depreciation expense	<u>(1,399,011)</u>	(1,062,407)

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

Income surtax	8,721	
Statewide sales and use tax	<u>6,193</u>	14,914

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

12,027

The issuance of debt provides current financial resources to governmental funds; however, the issuance increases liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of long-term debt	1,337,765	
Change in accrued interest payable	<u>11,340</u>	1,349,105

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

36,646

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

Compensated absences	432	
Early retirement	(1,666)	
Net OPEB liability	(72,765)	
Pension expense	<u>(128,206)</u>	<u>(202,205)</u>
Change in net position of governmental activities	<u>\$ 932,079</u>	

See Notes to Financial Statements.

Central DeWitt Community School District

Statement of Net Position
 Proprietary Funds
 June 30, 2017

	Enterprise Fund	
	School Nutrition	Internal Service Fund
Assets		
Cash and cash equivalents	\$ 111,504	\$ 39,447
Inventories	22,260	-
Capital assets, net of accumulated depreciation	100,652	-
Total assets	234,416	39,447
Deferred Outflows of Resources		
Pension related deferred outflows	95,330	-
Liabilities		
Accounts payable	-	9,324
Unearned revenue, other	14,754	-
Net OPEB liability	20,560	-
Net pension liability	359,354	-
Total liabilities	394,668	9,324
Deferred Inflows of Resources		
Unavailable revenues:		
Pension related deferred inflows	9,666	-
Net Position		
Net investment in capital assets	100,652	-
Unrestricted	(175,240)	30,123
Total net position (deficit)	\$ (74,588)	\$ 30,123

See Notes to Financial Statements.

Central DeWitt Community School District

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2017**

	<u>Enterprise Fund</u>	
	School Nutrition	Internal Service Fund
Operating revenues:		
Local sources, charges for services	\$ 608,930	\$ 2,187,022
Operating expenses:		
Support services:		
Benefits	-	2,175,054
Noninstructional programs:		
Salaries	412,749	-
Benefits	99,301	-
Purchased services	22,776	-
Supplies	511,107	-
Depreciation	29,064	-
	<u>1,074,997</u>	<u>-</u>
Total operating expenses	<u>1,074,997</u>	<u>2,175,054</u>
Operating income (loss)	<u>(466,067)</u>	<u>11,968</u>
Nonoperating revenues:		
Interest on investments	1,786	59
State sources	7,441	-
Federal sources	445,233	-
Total nonoperating revenues	<u>454,460</u>	<u>59</u>
Change in net position	<u>(11,607)</u>	<u>12,027</u>
Net position (deficit), beginning of year	(62,981)	18,096
Net position (deficit), end of year	<u>\$ (74,588)</u>	<u>\$ 30,123</u>

See Notes to Financial Statements.

Central DeWitt Community School District

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2017

	<u>Enterprise Fund</u>		<u>Internal</u>
	School		Service Fund
	Nutrition		
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 725,365	\$	-
Cash received from miscellaneous operating activities	-		2,187,022
Cash payments to employees for services	(497,537)		-
Cash payments to suppliers for goods or services	(536,235)		(2,173,112)
Net cash provided by (used in) operating activities	<u>(308,407)</u>		<u>13,910</u>
Cash flows from noncapital financing activities:			
Payments on interfund accounts	-		(12,318)
State grants received	7,441		-
Federal grants received	329,002		-
Net cash provided by (used in) noncapital financing activities	<u>336,443</u>		<u>(12,318)</u>
Cash flows from investing activities, interest on investments	<u>1,786</u>		<u>59</u>
Net increase in cash and cash equivalents	29,822		1,651
Cash and cash equivalents, beginning of year	81,682		37,796
Cash and cash equivalents, end of year	<u>\$ 111,504</u>	\$	<u>39,447</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (466,067)	\$	11,968
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	29,064		-
Commodities used	116,231		-
Increase in inventory	(702)		-
Increase (decrease) in accounts payable	(1,650)		1,942
Increase in net OPEB liability	8,306		-
Increase in net pension liability and related deferrals	6,207		-
Increase in unearned revenue	204		-
Net cash provided by (used in) operating activities	<u>\$ (308,407)</u>	\$	<u>13,910</u>
Schedule of noncash items:			
Noncapital financing activities, federal commodities	<u>\$ 116,231</u>	\$	<u>-</u>

See Notes to Financial Statements.

Central DeWitt Community School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

	Private Purpose	
	Trust	Agency
Assets		
Cash and pooled investments	\$ 303,224	\$ 82,484
Interest receivable	3,301	-
Total assets	<u>306,525</u>	<u>\$ 82,484</u>
Liabilities		
Due to other groups	-	82,484
Total liabilities	<u>-</u>	<u>\$ 82,484</u>
Net Position , restricted for scholarships	<u>\$ 306,525</u>	

See Notes to Financial Statements.

Central DeWitt Community School District

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2017**

	<u>Private Purpose Trust</u>
Additions:	
Local sources, interest	<u>\$ 8,651</u>
Deductions:	
Support services, Administration services	<u> 6,500</u>
Net change in net position	<u> 2,151</u>
Net Position, beginning of year	<u> 304,374</u>
Net Position, end of year	<u><u>\$ 306,525</u></u>

See Notes to Financial Statements.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

Reporting entity:

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

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

Basis of presentation:

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

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

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

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

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund financial statements: Separate financial statements are provided for governmental and proprietary and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

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

The District also has three nonmajor governmental funds:

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

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

The Student Activity Fund is used to support cocurricular programs.

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

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

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

The District also reports fiduciary funds which are used to account for net position and changes in net position. The District's fiduciary funds include the following:

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

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

Measurement focus and basis of accounting:

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Assets, liabilities and fund equity:

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

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

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

Property tax receivable: Property tax in governmental funds is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in the governmental funds becomes due and collectible in September and March of the fiscal year with 1 ½ percent per month penalty for delinquent payments; is based on the January 1, 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.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Due from other governments: Due from other governments represents amounts due from the state of Iowa, various shared revenues, grants and reimbursements from other governments.

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

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

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

Asset Class	Amount
Land	\$ 1
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Deferred outflows/inflows of resources: In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of fund balance or net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District's deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not yet available. 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. The District reports unavailable revenue in the governmental funds balance sheet from the income surtax, statewide sales and use tax and property tax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

The District's deferred inflows of resources in the government-wide statements 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.

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

Net position restricted through enabling legislation consists of \$50,038 for categorical funding, \$833,763 for debt service, \$913,802 for management levy, \$943,449 for school infrastructure, and \$447,200 physical plant and equipment levy. All other restricted net position consists of \$139,116 for student activities and \$54,543 for support trust purposes and are restricted by grantors and donors.

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

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

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

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

Budgets and budgetary control:

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, expenditures did not exceed the amounts budgeted.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 2. Cash and Pooled Investments

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

As of June 30, 2017, the District had investments in the Iowa Schools Joint Investment Trust Diversified Fund which are valued at an amortized cost of \$1,710,812 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the Iowa Schools Joint Investment Trust investments.

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

Note 3. Interfund Transfers

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

Transfer To	Transfer From	Amount
Debt Service Fund	Capital Projects Fund	\$ 1,207,092
General Fund	Nonmajor, CPAC Support Trust Fund	40,960
		<u>\$ 1,248,052</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The Capital Projects Fund transfers sales tax and property tax revenues to the Debt Service Fund for principal and interest payments on long-term debt. The transfer from the nonmajor special revenue fund, CPAC Support Trust Fund, to the General Fund was to reimburse the General Fund for expenditures pertaining to CPAC operations.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,377,387	\$ -	\$ -	\$ 1,377,387
Construction in progress	179,014	14,011	193,025	-
Total capital assets not being depreciated	1,556,401	14,011	193,025	1,377,387
Capital assets being depreciated:				
Buildings	43,153,074	193,025	-	43,346,099
Land Improvements	2,097,010	105,720	-	2,202,730
Machinery and equipment	2,935,029	216,873	-	3,151,902
Intangible assets	96,559	-	-	96,559
Total capital assets being depreciated	48,281,672	515,618	-	48,797,290
Less accumulated depreciation for:				
Buildings	11,824,305	1,088,032	-	12,912,337
Land Improvements	714,066	94,387	-	808,453
Machinery and equipment	2,274,428	206,936	-	2,481,364
Intangible assets	57,936	9,656	-	67,592
Total accumulated depreciation	14,870,735	1,399,011	-	16,269,746
Total capital assets being depreciated, net	33,410,937	(883,393)	-	32,527,544
Governmental activities, capital assets, net	\$ 34,967,338	\$ (869,382)	\$ 193,025	\$ 33,904,931
Business-type activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 439,377	\$ -	\$ -	\$ 439,377
Less accumulated depreciation	309,661	29,064	-	338,725
Business-type activities, capital assets, net	\$ 129,716	\$ (29,064)	\$ -	\$ 100,652

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 4. Capital Assets (Continued)

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

Governmental activities:		
Instruction, Regular		\$ 1,105,868
Support services:		
Administrative services		24,365
Operation and maintenance of plant services		14,503
Transportation		254,275
Total governmental activities depreciation expense		<u><u>\$ 1,399,011</u></u>
Business-type activities, food service operations		<u><u>\$ 29,064</u></u>

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 11,075,000	\$ -	\$ 565,000	\$ 10,510,000	\$ 595,000
Revenue bonds	9,700,000	-	530,000	9,170,000	545,000
Computer lease	985,610	-	242,765	742,845	245,174
Early retirement	163,334	90,000	88,334	165,000	71,667
Compensated absences	10,173	9,741	10,173	9,741	9,741
Net OPEB liability	535,404	82,585	9,820	608,169	-
Net pension liability	6,145,879	1,846,940	-	7,992,819	-
Total	<u><u>\$ 28,615,400</u></u>	<u><u>\$ 2,029,266</u></u>	<u><u>\$ 1,446,092</u></u>	<u><u>\$ 29,198,574</u></u>	<u><u>\$ 1,466,582</u></u>
Business-type activities:					
Net OPEB liability	\$ 12,254	\$ 9,427	\$ 1,121	\$ 20,560	\$ -
Net pension liability	282,398	76,956	-	359,354	-
Total	<u><u>\$ 294,652</u></u>	<u><u>\$ 86,383</u></u>	<u><u>\$ 1,121</u></u>	<u><u>\$ 379,914</u></u>	<u><u>\$ -</u></u>

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

Early retirement participation is based on the following criteria:

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

During the year ended June 30, 2017, three District employees requested early retirement, to be payable during the years ending June 30, 2018, 2019, and 2020. The final benefits to be paid to these employees will be in July 2019. In total, there are eight retirees receiving benefits under early retirement incentives. The District paid \$88,334 of early retirement benefits approved during the year from the Management Fund.

General obligation bonds payable: The District issued \$13,950,000 general obligation bonds on May 5, 2010. Following are the details of the District's General Obligation Bonds Series 2010 as of June 30, 2017:

Year Ending June 30	General Obligation Bonds Series 2010			
	Interest Rates	Principal	Interest	Total
2018	4.00%	\$ 595,000	\$ 428,013	\$ 1,023,013
2019	4.00%	625,000	404,213	1,029,213
2020	4.00%	655,000	379,213	1,034,213
2021	4.00%	685,000	353,013	1,038,013
2022	4.00%	720,000	325,613	1,045,613
2023-2027	4.00%	4,185,000	1,165,265	5,350,265
2028-2030	4.25%	3,045,000	263,076	3,308,076
Total		<u>\$ 10,510,000</u>	<u>\$ 3,318,406</u>	<u>\$ 13,828,406</u>

Revenue bonds: The District issued \$12,045,000 of revenue bonds on February 1, 2010. Following are the details of the District's Revenue Bond Series 2010 as of June 30, 2017:

Year Ending June 30	Revenue Bonds Series 2010			
	Interest Rates	Principal	Interest	Total
2018	3.50%	\$ 545,000	\$ 398,933	\$ 943,933
2019	3.80%	565,000	378,660	943,660
2020	4.00%	590,000	356,125	946,125
2021	4.10%	610,000	331,821	941,821
2022	4.20%	635,000	305,980	940,980
2023-2027	4.3-4.6%	3,625,000	1,076,253	4,701,253
2028-2030	5.00%	2,600,000	199,250	2,799,250
		<u>\$ 9,170,000</u>	<u>\$ 3,047,022</u>	<u>\$ 12,217,022</u>

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

The District has pledged future statewide sales, service and use tax revenues to repay the \$12,045,000 of revenue bonds issued in February 2010 for the purposes of an addition to the middle school and high school buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require approximately 79 percent of the annual statewide sales, services and use tax revenues. The total principal and interest remaining on the bonds are \$12,217,022. For the current year, principal of \$530,000 and interest of \$416,685 was paid on the bonds for a total of \$946,685. Total statewide sales, services, and use tax revenues for the year were \$1,389,300.

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

- a) \$959,050 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year. As of June 30, 2017, the District had \$751,762 in the sinking fund.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Computer Lease: The District entered into a lease agreement with Apple Computer, Inc. on May 15, 2017, for computers for the District's 1 on 1 initiative. Annual principal and interest payments are made from the Capital Projects Fund, Physical Plant and Equipment Levy account. The first payment is not due until November 2017. The computers do not meet the District's capitalization thresholds. The following is a payment schedule for the computer lease:

Year Ending June 30	Apple Computer Lease				
	Interest Rates	Principal	Interest	Total	
2018	0.99%	\$ 245,174	\$ 6,749	\$ 251,923	
2019	0.99%	247,607	4,315	251,922	
2020	0.99%	250,064	1,858	251,922	
		<u>\$ 742,845</u>	<u>\$ 12,922</u>	<u>\$ 755,767</u>	

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 6. Other Postemployment Benefits (OPEB)

Plan description: The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 151 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

Annual OPEB cost and net OPEB obligation: The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 116,729
Interest on net OPEB obligation	13,691
Adjustment to annual required contribution	(38,408)
Annual OPEB cost	<u>92,012</u>
Contributions made	<u>10,941</u>
Increase in net OPEB obligation	81,071
Net OPEB obligation beginning of year	<u>547,658</u>
Net OPEB obligation end of year	<u><u>\$ 628,729</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2017 and the two preceding years are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 122,760	9.50%	\$ 466,636
June 30, 2016	94,453	14.22%	547,658
June 30, 2017	92,012	11.89%	628,729

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 \$731,317, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$731,317. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,925,000 and the ratio of the UAAL to covered payroll was 7.37 percent. As of June 30, 2017, there were no trust fund assets.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 6. Other Postemployment Benefits (OPEB) (Continued)

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

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

As of the July 1, 2015 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5 percent discount rate based on the District's funding policy. The projected annual medical trend rate is 6 percent.

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

Note 7. Pension and Retirement Benefits

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

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

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

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

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

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. 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 percent of covered payroll and the District contributed 8.93 percent of covered payroll, for a total rate of 14.88 percent. The District's contributions to IPERS for the year ended June 30, 2017 were \$886,284.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the District reported a liability of \$8,352,173 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 the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2016, the District's proportion was 0.1327150 percent, which was an increase of .002601 from its proportion measured as of June 30, 2015.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$984,050. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow: of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,817	\$ 99,680
Changes of assumptions	127,428	-
Net difference between projected and actual earnings on pension plan investments	1,189,921	-
Changes in proportion and differences between District contributions and proportionate share of contributions	187,915	123,756
District contributions subsequent to the measurement date	886,284	-
Total	<u>\$ 2,465,365</u>	<u>\$ 223,436</u>

\$886,284 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	\$ 154,390
2019	154,390
2020	649,991
2021	390,340
2022	6,534
Total	<u>\$ 1,355,645</u>

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

The actuarial assumptions used in the June 30, 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	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 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 13,512,685	\$ 8,352,173	\$ 3,996,633

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 7. Pension and Retirement Benefits (Continued)

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

Payables to the Pension Plan – At June 30, 2017, the District reported payables to the defined benefit pension plan of \$63,776 for legally required employer contributions and \$42,494 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Risk Management

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

The District is partially self-funded for the dental insurance plan. The District funds claims up to \$750 per participant. Payments are made to the plan based on amounts needed to pay prior and current year claims. Changes in the claims liability amounts for the years ended June 30, 2017 and 2016 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claim Payments	Ending
2016	\$ 5,461	\$ 2,332,192	\$ 2,330,271	\$ 7,382
2017	7,382	2,175,054	2,173,112	9,324

Note 9. Facility Shared Use Agreement

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

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

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

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$605,798 for the year ended June 30, 2017 and is recorded in the General Fund.

Note 11. Categorical Funding

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

Program	Amount
Teacher leadership	\$ 26,418
Beginning administrator mentoring and induction program	1,000
Successful progression for early readers	5,913
Core curriculum	8,406
Professional development	8,301
Total	\$ 50,038

Note 12. 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 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. Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2017 under tax abatement agreements of other entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of DeWitt, Iowa	Urban renewal and economic development projects	\$ 71,931

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 \$33,427.

In addition, the City of DeWitt made urban renewal tax abatements under Chapter 404 of the Code of Iowa which caused the District to forgo \$152,471 of revenue.

Central DeWitt Community School District

Notes to Basic Financial Statements

Note 13. Governmental Accounting Standards Board (GASB) Statements

The District adopted the following statements during the year ended June 30, 2017:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

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

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

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*: This Statement amends the blending requirements for the for the financial statement presentation of component units of state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

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

As of June 30, 2017, GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2016, will be effective for the District beginning with its year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

Central DeWitt Community School District

Notes to Basic Financial Statements

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

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2017, will be effective for the District beginning with its year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, issued March 2017, will be effective for the District beginning with its year ending June 30, 2018. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the District beginning with its fiscal year ending June 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the District beginning with its fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

The District's management has determined the implementation of GASB Statement No. 75 will have a significant impact on the District's financial statements. The effect the other GASB Statements will have on the District's financial statements has not yet been determined.

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Central DeWitt Community School District

**Required Supplementary Information
 Schedule of Funding Progress for the Retiree Health Plan
 Year Ended June 30, 2017**

Year Ended June 30:	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	7/1/2010	-	\$ 914,000	\$ 914,000	0.00%	\$ 8,814,000	10.37%
2013	7/1/2012	-	858,781	858,781	0.00%	8,814,000	9.74%
2014	7/1/2012	-	858,781	858,781	0.00%	8,788,000	9.77%
2015	7/1/2012	-	858,781	858,781	0.00%	8,914,000	9.63%
2016	7/1/2015	-	731,317	731,317	0.00%	9,524,000	7.68%
2017	7/1/2015	-	731,317	731,317	0.00%	9,925,000	7.37%

See Note 6 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

Central DeWitt Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2017**

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual
Revenues:			
Local sources	\$ 9,758,052	\$ 610,716	\$ 10,368,768
State sources	10,724,984	7,441	10,732,425
Federal sources	413,706	445,233	858,939
Total revenues	20,896,742	1,063,390	21,960,132
Expenditures/expenses:			
Instruction	11,452,006	-	11,452,006
Support services	5,775,827	-	5,775,827
Noninstructional programs	-	1,074,997	1,074,997
Other expenditures	2,884,910	-	2,884,910
Total expenditures/expenses	20,112,743	1,074,997	21,187,740
Excess (deficiency) of revenues over (under) expenditures/expenses	783,999	(11,607)	772,392
Other financing sources (uses):			
Interfund transfers in	1,248,052	-	1,248,052
Interfund transfers out	(1,248,052)	-	(1,248,052)
Total other financing sources (uses)	-	-	-
Net change in fund balance	783,999	(11,607)	772,392
Fund balance, beginning of year	5,168,354	(62,981)	5,105,373
Fund balance, end of year	\$ 5,952,353	\$ (74,588)	\$ 5,877,765

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual	
Original	Final	Variance	
\$ 10,001,247	\$ 10,001,247	\$	367,521
10,537,174	10,537,174		195,251
710,000	710,000		148,939
<u>21,248,421</u>	<u>21,248,421</u>		<u>711,711</u>
11,506,432	13,600,000		2,147,994
5,808,404	5,808,404		32,577
1,171,110	1,171,110		96,113
3,161,633	3,161,633		276,723
<u>21,647,579</u>	<u>23,741,147</u>		<u>2,553,407</u>
<u>(399,158)</u>	<u>(2,492,726)</u>		<u>3,265,118</u>
954,970	954,970		293,082
<u>(954,970)</u>	<u>(954,970)</u>		<u>(293,082)</u>
-	-		-
<u>\$ (399,158)</u>	<u>\$ (2,492,726)</u>	<u>\$</u>	<u>3,265,118</u>

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Central DeWitt Community School District

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

	2017*	2016*	2015*
District's proportion of the net pension liability	0.132715%	0.130114%	0.132973%
District's proportionate share of the net pension liability	\$ 8,352,173	\$ 6,428,277	\$ 5,273,577
District's covered-employee payroll	\$ 9,524,116	\$ 8,914,000	\$ 8,698,666
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.69%	72.11%	60.63%
Plan fiduciary net pension 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.

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

See Notes to Required Supplementary Information.

Central DeWitt Community School District

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

	2017	2016	2015	2014
Statutorily required contribution	\$ 886	\$ 851	\$ 796	\$ 777
Contributions in relation to the statutorily required contribution	\$ (886)	\$ (851)	\$ (796)	\$ (777)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,925	\$ 9,524	\$ 8,914	\$ 8,699
Contributions as a percentage of covered-employee payroll	8.93%	8.94%	8.93%	8.93%

See Notes to Required Supplementary Information.

	2013		2012		2011		2010		2009		2008
\$	752	\$	711	\$	578	\$	572	\$	537	\$	485
\$	(752)	\$	(711)	\$	(578)	\$	(572)	\$	(537)	\$	(485)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	8,669	\$	8,815	\$	8,314	\$	8,599	\$	8,452	\$	8,017
	8.67%		8.07%		6.95%		6.65%		6.35%		6.05%

Central DeWitt Community School District

Notes to Required Supplementary Information

Note 1. Budgets and Budgetary Information

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

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

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

The District amended the budget one time during the year ended June 30, 2017 to increase expenditures \$2,093,568 for additional expenditures in the instruction expenditures function. During the year ended June 30, 2017, expenditures did not exceed the amounts budgeted.

Note 2. Pension Liability

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

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

Changes of assumptions:

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Central DeWitt Community School District

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

	Special Revenue			Total
	Management Levy	Student Activity	CPAC Support Trust	
Assets				
Cash and pooled investments	\$ 910,584	\$ 139,775	\$ 54,543	\$ 1,104,902
Receivables:				
Property tax:				
Current year	3,218	-	-	3,218
Succeeding year	550,000	-	-	550,000
Total assets	\$ 1,463,802	\$ 139,775	\$ 54,543	\$ 1,658,120
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities, accounts payable	\$ -	\$ 659	\$ -	\$ 659
Deferred inflows of resources, unavailable revenue:				
Succeeding year property tax	550,000	-	-	550,000
Fund balances:				
Restricted for:				
Management levy	913,802	-	-	913,802
Student activities	-	139,116	-	139,116
Support trust	-	-	54,543	54,543
Total fund balances	913,802	139,116	54,543	1,107,461
Total liabilities, deferred inflows of resources and fund balances	\$ 1,463,802	\$ 139,775	\$ 54,543	\$ 1,658,120

Central DeWitt Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2017

	Special Revenue			Total
	Management Levy	Student Activity	CPAC Support Trust	
Revenues:				
Local sources:				
Local tax	\$ 549,036	\$ -	\$ -	\$ 549,036
Other	60,489	426,368	53,104	539,961
State sources	10,927	-	-	10,927
Total revenues	620,452	426,368	53,104	1,099,924
Expenditures:				
Current:				
Instruction	200,137	405,245	-	605,382
Support services:				
Instructional	-	2,829	-	2,829
Administration services	3,119	-	-	3,119
Business and central	-	-	74,414	74,414
Operation and maintenance of plant services	128,312	-	-	128,312
Transportation services	11,226	-	-	11,226
Total expenditures	342,794	408,074	74,414	825,282
Revenues over (under) expenditures	277,658	18,294	(21,310)	274,642
Other financing sources (uses):				
Transfers out	-	-	(40,960)	(40,960)
Net change in fund balances	277,658	18,294	(62,270)	233,682
Fund balances, beginning of year	636,144	120,822	116,813	873,779
Fund balances, end of year	\$ 913,802	\$ 139,116	\$ 54,543	\$ 1,107,461

Central DeWitt Community School District

Schedule of Combining Balance Sheet
 Capital Project Fund - By Account
 June 30, 2017

	Capital Projects Accounts		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 757,705	\$ 453,349	1,211,054
Receivables:			
Property tax:			
Current year	-	2,849	2,849
Succeeding year	-	543,075	543,075
Due from other governments	185,744	-	185,744
Total assets	\$ 943,449	\$ 999,273	\$ 1,942,722
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities,			
Accounts payable	-	8,998	8,998
Deferred inflows of resources, unavailable revenue:			
Succeeding year property tax	-	543,075	543,075
Statewide sales, services use tax	70,238	-	70,238
	70,238	543,075	613,313
Fund Balances:			
Restricted:			
School infrastructure	873,211	-	873,211
Physical plant and equipment	-	447,200	447,200
Total fund balances	873,211	447,200	1,320,411
Total liabilities, deferred inflows of resources and fund balances	\$ 943,449	\$ 999,273	\$ 1,942,722

Central DeWitt Community School District

Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Capital Project Fund - By Account
 Year Ended June 30, 2017

	Capital Projects Accounts		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local sources:			
Local tax	\$ -	\$ 527,399	\$ 527,399
Other	9,740	66,151	75,891
State sources	1,389,300	9,356	1,398,656
Total revenues	1,399,040	602,906	2,001,946
Expenditures:			
Current:			
Instruction, regular	4,015	36,042	40,057
Support services:			
Administration services	10,450	-	10,450
Operation and maintenance of plant services	-	21,657	21,657
Transportation services	166,950	-	166,950
Other expenditures:			
Facilities acquisition	44,858	23,184	68,042
Total expenditures	226,273	80,883	307,156
Revenues over expenditures	1,172,767	522,023	1,694,790
Other financing sources (uses):			
Transfers out	(955,169)	(251,923)	(1,207,092)
Total other financing sources (uses)	(955,169)	(251,923)	(1,207,092)
Net change in fund balance	217,598	270,100	487,698
Fund balance, beginning of year	655,613	177,100	832,713
Fund balance, end of year	\$ 873,211	\$ 447,200	\$ 1,320,411

Central DeWitt Community School District

**Schedule of Combining Statement of Fiduciary Net Position
Private Purpose Trust Fund - By Account
June 30, 2017**

	Private Purpose Trust Accounts					
	Paarmann	Hilbert	Student	Authors	Mangan	Total
	Scholarship	Scholarship	Council Scholarship	Anonymous Scholarship	Nursing Scholarship	
Assets:						
Cash and pooled investments	\$ 97,154	\$ 204,077	\$ -	\$ -	\$ 1,993	\$ 303,224
Due from other funds	1,200	-	-	-	-	1,200
Interest receivable	1,085	2,216	-	-	-	3,301
Total assets	99,439	206,293	-	-	1,993	307,725
Liabilities:						
Due to other funds	-	-	750	450	-	1,200
Net Position						
Restricted for scholarships	\$ 99,439	\$ 206,293	\$ (750)	\$ (450)	\$ 1,993	\$ 306,525

Central DeWitt Community School District

**Schedule of Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - By Account
Year Ended June 30, 2017**

	Private Purpose Trust Accounts					
	Paarmann	Hilbert	Student	Authors	Mangan	Total
	Scholarship	Scholarship	Council Scholarship	Anonymous Scholarship	Nursing Scholarship	
Additions:						
Local sources, Other:						
Interest	\$ 2,188	\$ 4,470	\$ -	\$ -	\$ 1,993	\$ 8,651
Deductions, Current,						
Support services,						
Administration services	2,000	4,500	-	-	-	6,500
Net change in net position	188	(30)	-	-	1,993	2,151
Net position (deficit), beginning of year	99,251	206,323	(750)	(450)	-	304,374
Net position (deficit), end of year	\$ 99,439	\$ 206,293	\$ (750)	\$ (450)	\$ 1,993	\$ 306,525

Central DeWitt Community School District

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Fund

Year Ended June 30, 2017

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 75,322	\$ 142,458	\$ 135,296	\$ 82,484
Liabilities				
Due to other groups	\$ 75,322	\$ 142,458	\$ 135,296	\$ 82,484

Central DeWitt Community School District

**Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year Ended June 30, 2017**

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
ACTIVITY TICKETS	\$ 63	\$ 39,162	\$ 39,160	\$ 65
INTEREST ACCOUNT	82	4,460	4,542	-
GENERAL ATHLETICS FUNDRAISING	-	9,707	9,707	-
CO-ED BOWLING-FUNDRAISING ACCT	9,273	15,040	20,377	3,936
BOYS BASKETBALL FUNDRAISING	5,191	10,580	13,072	2,699
BOYS FOOTBALL FUNDRAISING	2,071	5,701	4,046	3,726
BOYS SOCCER FUNDRAISING	1,277	992	2,219	50
CENTRAL WRESTLING FUNDRAISING	5,730	19,917	13,851	11,796
GIRLS VOLLEYBALL FUNDRAISING	3,952	7,465	6,187	5,230
HS GIRLS SOFTBALL FUNDRAISER	-	1,330	605	725
MS DRAMA	3,305	925	270	3,960
MS VOCAL MUSIC	8,201	577	460	8,318
MS INSTRUMENTAL MUSIC	2,745	2,093	2,705	2,133
MS GENERAL ATHLETICS	929	3,127	4,056	-
MS BOYS BASKETBALL	1,198	1,835	3,033	-
MS BOYS FOOTBALL	20	1,918	1,938	-
MS BOYS TRACK	-	3,421	3,421	-
MS CROSS COUNTRY	-	1,214	1,214	-
MS BOYS WRESTLING	-	3,431	3,431	-
MS GIRLS BASKETBALL	-	4,785	4,785	-
MS GIRLS VOLLEYBALL	60	3,488	3,548	-
MS SOFTBALL FUNDRAISER	490	925	764	651
MS GIRLS TRACK	-	1,041	1,041	-
MS YEARBOOK	-	1,848	1,432	416
MS STUDENT CONSUMER SCIENCE	2,979	-	-	2,979
MS CONCESSIONS	7,225	7,225	14,450	-
MS-ODYSSEY OF THE MINDS	-	-	-	-
MS STUDENT COUNCIL	-	456	310	146
MS ART SHOW	1,687	464	-	2,151
HS DRAMA	14,532	8,800	10,345	12,987
HS SPEECH	-	5,711	5,711	-
HS VOCAL MUSIC	6,326	5,218	5,198	6,346
HS VOCAL TRIP ACCOUNT	3,519	-	-	3,519
HS INSTRUMENTAL MUSIC	888	32,658	31,887	1,659
HS BAND TRIP ACCOUNT	7,642	15,305	21,007	1,940
HS GENERAL ATHLETICS	726	142,246	142,972	-
HS BOYS BASKETBALL	-	12,682	12,682	-

(Continued)

Central DeWitt Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts (Continued)
 Year Ended June 30, 2017

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS BOYS FOOTBALL	\$ -	\$ 37,944	\$ 37,765	\$ 179
HS BOYS SOCCER	-	6,402	6,402	-
HS BOYS TRACK	50	22,171	22,221	-
HS BOYS & GIRLS CROSS COUNTRY	-	6,075	6,075	-
HS BOYS GOLF	36	2,953	2,928	61
HS BOYS WRESTLING	-	13,357	13,357	-
HS GIRLS BASKETBALL	-	13,459	13,459	-
HS GIRLS VOLLEYBALL	-	11,745	11,055	690
HS GIRLS SOFTBALL	-	17,702	17,702	-
HS GIRLS TRACK	230	13,653	13,883	-
HS GIRLS GOLF	-	3,869	3,869	-
FIRST TECH CHALLENGE - ROBOTICS	1,202	5,324	3,217	3,309
HS NEWSPAPER	-	78	-	78
HS CHEERLEADING	6,645	3,895	6,201	4,339
HS CENTRAL SENSATIONS DANCE	31	5,040	3,471	1,600
HS EUROPE TRIP	-	-	-	-
HS FFA	22,797	69,030	60,331	31,496
FBLA	1,886	14,911	14,677	2,120
HS FOOD PRODUCTION CO.	393	2,336	1,830	899
FCCLA	2,441	1,714	1,567	2,588
HS NATIONAL HONOR SOCIETY	2,594	4,470	4,238	2,826
HS SCIENCE CLUB	2,446	1,276	1,333	2,389
HS STUDENT COUNCIL	2,317	3,956	4,401	1,872
HS SADD	143	-	-	143
HS CLUB HOPE	-	-	-	-
HS CLASS OF 2016	1,736	-	1,736	-
HS CLASS OF 2017	2,457	1,050	1,551	1,956
HS CLASS OF 2018	-	24,070	16,417	7,653
HS CLASS OF 2019	120	1,012	53	1,079
HS CLASS OF 2020	-	1,094	56	1,038
PSP CAMP	650	-	-	650
HS GIRLS BASKETBALL FUNDRAISING	2,549	8,570	5,584	5,535
HS BOYS TRACK FUNDRAISING	834	2,058	1,180	1,712
HS BOYS BASEBALL FUNDRAISING	165	700	5	860
HS BOYS BASEBALL	(72)	48,673	48,505	96
HS GIRLS SOCCER FUNDRAISING	251	3,536	1,654	2,133
HS GIRLS SOCCER	(1,130)	8,959	7,931	(102)
HS YEARBOOK	(20,060)	27,278	20,733	(13,515)
INTERFUND TRANSFER	-	(337,739)	(337,739)	-
Total	\$ 120,822	\$ 426,368	\$ 408,074	\$ 139,116

Central DeWitt Community School District

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

	2017	2016	2015	2014
Revenues:				
Local sources:				
Local tax	\$ 7,749,552	\$ 7,496,088	\$ 7,592,998	\$ 7,265,076
Tuition	873,614	710,981	489,727	522,874
Other	1,134,886	1,068,284	896,218	1,079,763
Intermediate sources	-	-	-	-
State sources	10,724,984	10,752,983	10,177,624	9,882,141
Federal sources	413,706	337,402	356,525	362,527
Total revenues	\$ 20,896,742	\$ 20,365,738	\$ 19,513,092	\$ 19,112,381
Expenditures:				
Instruction	\$ 11,452,006	\$ 11,369,381	\$ 10,634,237	\$ 10,177,900
Support services:				
Student services	525,311	441,387	465,220	450,907
Instructional staff services	906,406	960,134	248,714	371,531
Administration services	1,415,011	1,578,748	1,894,264	1,706,117
Business and central	575,724	62,934	-	-
Operation and maintenance of plant services	1,557,398	1,579,167	1,665,660	1,714,157
Transportation services	795,977	642,983	815,778	895,755
Noninstructional programs	-	-	-	583
Other expenditures:				
Facilities acquisition	68,042	1,498,129	996,899	1,379,075
Long-term debt:				
Principal	1,337,765	1,050,000	1,265,418	1,213,537
Interest and fiscal charges	873,305	895,963	930,470	965,851
AEA flowthrough	605,798	610,984	609,590	594,683
Total expenditures	\$ 20,112,743	\$ 20,689,810	\$ 19,526,250	\$ 19,470,096

Years Ended June 30:

	2013	2012	2011	2010	2009	2008
\$	3,155,437	\$ 3,057,629	\$ 2,743,193	\$ 2,649,113	\$ 2,660,377	\$ 2,692,210
	2,056,092	1,568,952	1,361,457	1,249,924	1,047,153	860,319
	601,890	689,649	376,759	328,051	345,411	317,999
	-	-	-	-	29,470	36,864
	2,925,251	3,029,861	2,447,461	2,812,220	2,727,325	2,777,706
	660,694	1,892,138	440,984	198,624	99,773	115,911
\$	9,399,364	\$ 10,238,229	\$ 7,369,854	\$ 7,237,932	\$ 6,909,509	\$ 6,801,009
\$	5,021,657	\$ 4,485,500	\$ 4,487,315	\$ 4,388,557	\$ 4,081,541	\$ 3,898,281
	357,757	305,332	266,469	243,906	228,253	227,253
	182,879	143,256	131,282	137,313	121,472	108,100
	877,686	722,058	683,221	676,707	629,884	590,011
	-	-	-	-	-	-
	740,695	621,402	590,053	612,086	561,162	573,790
	463,838	538,438	386,027	388,819	679,148	502,626
	519	2,145	2,023	1,665	5,469	2,901
	1,839,002	4,457,977	426,884	350,732	137,763	157,320
	290,000	280,000	354,948	593,791	380,000	370,000
	40,685	49,035	60,833	73,026	77,462	85,858
	192,652	216,762	214,498	199,657	195,507	192,793
\$	10,007,370	\$ 11,821,905	\$ 7,603,553	\$ 7,666,259	\$ 7,097,661	\$ 6,708,933

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Central DeWitt Community School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 9, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged by governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Responses as 2017-001 and 2017-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Central DeWitt Community School District's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

District's Response to Findings

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

Purpose of this Report

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

Bohnsack & Frommelt LLP

Moline, Illinois
January 9, 2018

Central DeWitt Community School District

**Schedule of Findings and Responses
Year Ended June 30, 2017**

Part I: Findings Related to the Basic Financial Statements

Instances of noncompliance:

No matters were reported.

Significant Deficiencies:

2017-001

Finding: The District did not properly identify and adjust year-end accrual adjustments required for the District's trial balances to be reported in accordance with applicable accounting standards and principles.

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

Condition: The District did not identify and adjust the long-term debt, accounts payable, ending inventory, accounts receivable and deferred inflows of resources balance sheet accounts at year-end.

Context: Although the District had adjusted the governmental funds for the current year activity and reconciled bank accounts, the governmental activities year-end balance sheet accounts required several adjustments to long-term debt, accounts payable, inventory, receivables and deferred inflows of resources.

Effect: Financial statements, primarily of the governmental activities, are misstated and errors are not detected on a timely basis.

Cause: The District does not reconcile all balance sheet accounts, such as the long-term debt fund, on a monthly basis.

Identification as a repeat finding: This is a repeat finding.

Recommendation: We recommend the Business Manager reconcile the long-term debt fund on a monthly basis. We recommend the Business Manager reconcile each balance sheet account of all funds at year-end to ensure ending balances are proper.

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

2017-002

Finding: The District does not have a process to maintain capital asset subsidiary ledgers and compute depreciation.

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

Condition: The District does not maintain a capital assets listing. The District does not have a process to identify asset deletions and additions or to track construction in progress for self-constructed assets. The District does not maintain depreciation schedules for assets owned by the District in accordance with accounting principles generally accepted in the United States (GAAP).

Central DeWitt Community School District

Schedule of Findings and Responses Year Ended June 30, 2017

Context: Adjustments to record capital asset additions of approximately \$515,000 and ending depreciation of approximately \$1.4 million were required to be posted by the District as part of the year-end audit process.

Effect: The District's trial balances do not accurately reflect the capital asset ending balances.

Cause: The District has not implemented the capital asset module of the financial software and therefore, has not maintained historical records of capital assets.

Identification as a repeat finding: This is a repeat finding.

Recommendation: We recommend the District utilize the Software Unlimited Capital Asset module the District already owns to maintain capital assets efficiently and to compute annual depreciation. We recommend the District develop and implement a systematic process to identifying asset additions and asset deletions throughout the year.

Response and corrective action plan: The District is in the process of training on the capital asset module of the District's financial software program and plans to implement.

Part II: Other Findings Related to Statutory Reporting

IV-A-17

Certified Budget: Expenditures for the year ended June 30, 2017 did not exceed the certified budget amounts.

IV-B-17

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

IV-C-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.

IV-D-17

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

IV-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.

IV-F-17

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

IV-G-17

Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education in October 2016 were identified.

Central DeWitt Community School District

Schedule of Findings and Responses Year Ended June 30, 2017

IV-H-17

Supplementary Weighting: No variances in the supplementary weighting data certified to the Department of Education in October 2016 were identified.

IV-I-17

Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-17

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

IV-K-17

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

IV-L-17

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

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

Beginning balance		\$	655,613
Statewide sales and services tax revenue			1,389,300
Interest and other local revenues			9,740
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$	181,415	
Buildings		44,858	226,273
Transfers out			955,169
Ending balance		\$	873,211

For the year ended June 30, 2017, the District reduced the debt service levy by \$2.81 per \$1,000 of taxable valuation as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-17

Financial Condition

Finding: The District has deficit student activity fund accounts.

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

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

Conclusion: Response accepted.