

CARLISLE COMMUNITY SCHOOL DISTRICT  
CARLISLE, IOWA

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

JUNE 30, 2016

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CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2015 election)		
Rob Joiner	President	2015
Susan James	Vice President	2017
Michelle Tish	Board Member	2015
Jenny Foster	Board Member	2017
John Judisch	Board Member	2017
(After September 2015 election)		
Susan James	President	2017
Jenny Foster	Vice President	2017
John Judisch	Board Member	2017
Kyle Chambers	Board Member	2019
Art Hill	Board Member	2019
<u>School Officials</u>		
Bryce Amos	Superintendent	2019
Jean Flaws	District Secretary/Treasurer and Business Manager	2016
Ahlers and Cooney, P.C., Andrew Bracken	Attorney	Indefinite

DOUGLAS T. HUNT, CPA  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Carlisle Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 Carlisle Community School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 18 and 62 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carlisle Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 13, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2016 on our consideration of Carlisle Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Carlisle Community School District's internal control over financial reporting and compliance.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Because the District has implemented new reporting standards last fiscal year, comparisons are made in explaining the District's financial position and results of operations.

### Financial Highlights

- General Fund revenues increased from \$17,956,569 in fiscal year 2015 to \$19,623,238 in fiscal year 2016 and General Fund expenditures increased from \$18,357,531 in fiscal year 2015 to \$19,602,405 in fiscal year 2016. The General Fund balance as of June 30, 2016 was \$5,760,096 compared to \$5,739,263 at June 30, 2015.
- The increase in General Fund revenues was attributable to an increase in the state percent of growth and property taxes. The increase in General Fund expenditures was primarily attributable to an increase in salary and benefits along with an increase in student educational services.
- Sales tax revenue bonds were sold on April 7, 2009 in the amount of \$11,325,000 to fund remodeling and construction projects at the Hartford Upper Elementary building, the high school building and the athletic field. In December, 2015, the District refinanced the sales tax revenue bonds in the amount of \$10,735,000 to provide a cost savings, in interest payments, of approximately \$828,000.
- The district made the decision to raise the debt service levy to \$4.04/\$1,000 to include a surplus debt service levy in the amount of \$565,000. The surplus levy is being used to pay down debt for the middle school bonds as they became callable in FY 2016 in an effort to save on interest payments. This is the fourth year the district has had the surplus debt service levy. The district will annually review the ability to include a surplus debt service levy. The District has paid an additional \$1,965,000 towards the middle school bonds debt as a result of the surplus debt service levy.

## Overview of the Financial Statements

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

- The first two statements are *Government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *Fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.

Fund statements include the following:

The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

The statements for *fiduciary funds* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

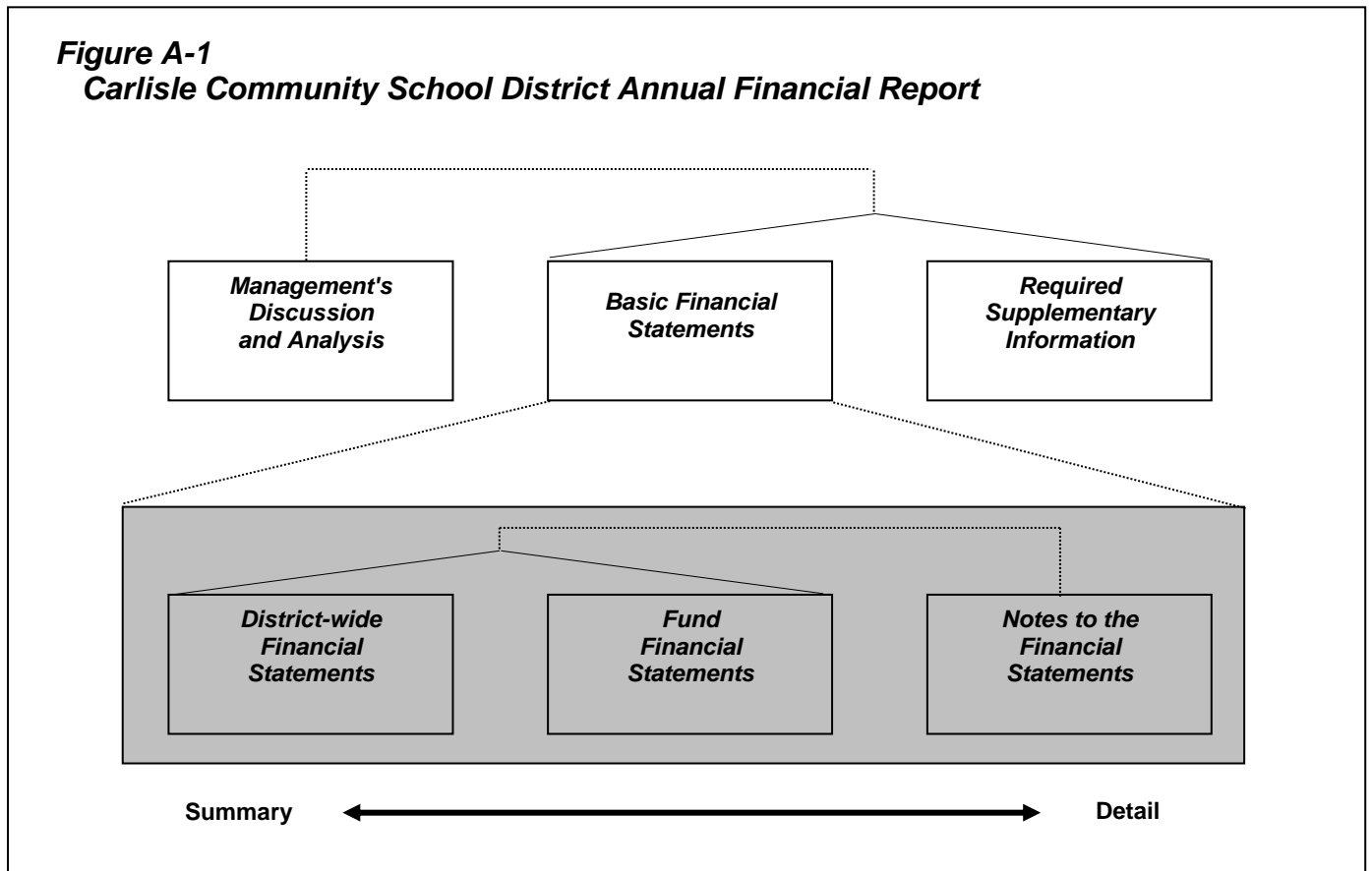




Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2</b> <b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	District-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: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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 deferred outflow / inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## Government-wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.
- The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

- *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 District-wide statements. The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.
- The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds, the School Nutrition Fund, the Building Trades Fund, and the Adult Education Fund.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust funds. The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.
- Private-Purpose Trust Fund – The District accounts for outside donations to be used as set forth in the establishment of the fund.
  - The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### Financial Analysis of the District as a Whole

**Net Position** - Figure A-3 below provides a summary of the District's net position for the year ended June 30, 2016 compared to June 30, 2015.

Figure A-3 Condensed Statement of Net Position	Governmental		Business-type		Total		Total
	Activities		Activities		School District		% Change
	2016	2015	2016	2015	2016	2015	2015-2016
Current and other assets	17,702,666	19,803,080	189,739	183,477	17,892,405	19,986,557	-10.48%
Capital assets	27,803,411	27,259,500	341,238	368,062	28,144,649	27,627,562	1.87%
Total assets	45,506,077	47,062,580	530,977	551,539	46,037,054	47,614,119	-3.31%
Deferred outflows of resources	1,587,315	1,473,322	36,811	35,124	1,624,126	1,508,446	7.67%
Long-term obligations	21,655,698	22,176,720	179,294	151,479	21,834,992	22,328,199	-2.21%
Other liabilities	2,281,659	2,377,926	53,606	58,308	2,335,265	2,436,234	-4.14%
Total liabilities	23,937,357	24,554,646	232,900	209,787	24,170,257	24,764,433	-2.40%
Deferred inflows of resources	6,320,602	7,872,896	14,922	57,770	6,335,524	7,930,666	-20.11%
Net position:							
Net investment in capital assets	13,903,411	11,349,500	341,238	368,062	14,244,649	11,717,562	21.57%
Restricted	4,264,869	6,283,541	-	-	4,264,869	6,283,541	-32.13%
Unrestricted	-1,332,847	-1,524,681	-21,272	-48,956	-1,354,119	-1,573,637	13.95%
Total net position	16,835,433	16,108,360	319,966	319,106	17,155,399	16,427,466	4.43%

The District's combined net position was \$17,155,399 at June 30, 2016, an increase of 4.43% from FY 2015.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during FY 2015. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

**Changes in net position** – Figure A-4 shows the District's revenues and expenses for the year ended June 30, 2016 as compared to the year ended June 30, 2015. The figure also shows the change in net position by subtracting the expenses from the revenues. The District's improved financial position is the product of many factors.

Property and other tax revenues of \$7,401,414 and unrestricted state grants of \$10,549,534 account for 74.2 percent of the District's total revenues in FY 2016. The District's expenses primarily relate to instruction and support services which account for 83.8 percent of the total expenses.

<b>Figure A-4</b> <b>Changes in Net Position</b>	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2016	2015	2016	2015	2016	2015	2015-16
<b>Revenues:</b>							
Program revenues:							
Charges for service and sales	1,983,781	2,065,732	518,500	512,734	2,502,281	2,578,466	-2.95%
Operating grants, contributions and restricted interest	4,054,040	2,926,737	418,715	421,747	4,472,755	3,348,484	33.58%
Capital grants, contributions and restricted interest	20,000	-	-	-	20,000	-	100%
General revenues:							
Property and other taxes	7,401,414	7,121,609	-	-	7,401,414	7,121,609	3.93%
Unrestricted state grants	10,549,534	10,140,528	-	-	10,549,534	10,140,528	4.03%
Unrestricted investment earnings	21,741	24,643	272	271	22,013	24,914	11.64%
Capital Contributions	-	-	-	-	-	-	-
Other	168,969	102,385	-	25	168,969	102,410	64.99%
Total revenues	<u>24,199,479</u>	<u>22,381,634</u>	<u>937,487</u>	<u>934,777</u>	<u>25,136,966</u>	<u>23,316,411</u>	<u>7.81%</u>
<b>Program expenses:</b>							
Governmental activities:							
Instruction	13,015,789	11,729,368	-	-	13,015,789	11,729,368	10.97%
Support services	6,646,769	6,058,805	12,278	9,775	6,659,047	6,068,580	9.73%
Non-instructional programs	-	-	924,349	910,118	924,349	910,118	1.56%
Other expenses	3,809,848	2,427,840	-	-	3,809,848	2,427,840	56.92%
Total expenses	<u>23,472,406</u>	<u>20,216,013</u>	<u>936,627</u>	<u>919,893</u>	<u>24,409,033</u>	<u>21,135,906</u>	<u>15.49%</u>
Change in net position	727,073	2,165,621	860	14,884	727,933	2,180,505	66.62%
Net position beginning of year	<u>16,108,360</u>	<u>13,942,739</u>	<u>319,106</u>	<u>304,222</u>	<u>16,427,466</u>	<u>14,246,961</u>	<u>15.31%</u>
Net position end of year	<u>16,835,433</u>	<u>16,108,360</u>	<u>319,966</u>	<u>319,106</u>	<u>17,155,399</u>	<u>16,427,466</u>	<u>4.43%</u>

**Governmental Activities**

Revenues for governmental activities were \$24,199,479 and expenses were \$23,472,406.

The following table presents the total and net cost of the District’s major governmental activities: instruction, support services and other expenses.

<b>Figure A-5</b>				
<b>Total and Net Cost of Governmental Activities</b>				
	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	13,015,789	11,729,368	8,096,554	7,801,412
Support services	6,646,769	6,058,805	6,307,553	5,744,425
Other expenditures	3,809,848	2,427,840	3,010,478	1,677,707
<b>Totals</b>	<b>23,472,406</b>	<b>20,216,013</b>	<b>17,414,585</b>	<b>15,223,544</b>

- The cost financed by users of the District’s programs was \$1,983,781.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$4,054,040, and local patrons of the District contributed \$20,000 for capital improvements.
- The remaining cost of governmental activities was financed with \$7,401,414 in property and other taxes, \$10,549,534 in state foundation aid, \$21,741 in interest income and \$168,969 in other miscellaneous revenue.

**Business-Type Activities**

Revenues of the District’s business-type activities were \$937,487 and expenses were \$936,627. The District’s business-type activities include the School Nutrition, Building Trades, and Adult Education Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income. Expenses in the District’s business-type activities are recorded primarily as non-instructional programs.

**Financial Analysis of the District’s Funds**

As previously noted, the Carlisle 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 \$9,094,641 at June 30, 2016, a decrease of \$2,451,543 or 21.23 percent over the prior year.

## **Governmental Fund Highlights**

- The school board has emphasized they wish to maintain a 3 month reserve as a back up in case of future cuts. The district has rebuilt cash reserves after previous state aid cuts reduced the district's cash reserves.
- The General Fund balance increased from \$5,739,263 to \$5,760,096.
- The Capital Projects Fund currently consists of the Physical Plant and Equipment Levy (PPEL) and the Local Option Sales Tax Fund. The total balance as of June 30, 2016 was \$1,725,812.
- The balance of the Physical Plant and Equipment Levy (PPEL) Account within the Capital Projects Fund decreased from \$785,417 in fiscal year 2014-2015 to \$265,655 in fiscal year 2015-2016. Funds were primarily spent on the new high school parking lot, staff laptops, technology equipment, security upgrades, student information system, and a transportation vehicle. Patrons voted to re-instate the voter approved PPEL levy not to exceed an amount of \$1.34 for a period of ten years beginning July 1, 2008 and then voted on September 18, 2015 to extend the voter-approved PPEL again for another ten years beginning July 1, 2018.
- The Local Option Sales Tax Fund within the Capital Projects Fund decreased from \$1,724,497 in fiscal year 2014-2015 to \$1,460,157 in fiscal year 2015-2016. Funds were used for the softball field renovation project and repayment of sales tax bonds for prior renovations to the athletic facility, the Hartford and high school buildings. The overall balance of the Capital Projects Fund decreased from \$3,530,746 in fiscal year 2014-2015 to \$1,725,812 in fiscal year 2015-2016.
- The Debt Service Fund balance decreased from \$1,511,896 in fiscal year 2015 to \$720,766 in fiscal year 2016, a decrease of 52.33 percent.

## **Proprietary Fund Highlights**

The School Nutrition Fund net position increased from \$283,178 at June 30, 2015 to \$284,099 at June 30, 2016. Revenues for the School Nutrition Fund totaled \$937,429. Expenses for the School Nutrition Fund totaled \$936,508, resulting in the \$921 increase in fund net position.

## **Budgetary Highlights**

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 its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue that was received along with expenses associated with the capital project activity and capital loan note for updating technology equipment. 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.

## **Legal Budgetary Highlights**

The District's total actual revenues were \$874,353 more than the total budgeted revenues, a variance of 3.6%.

Total expenditures were \$833,197 less than budgeted, a variance of 3.02%. The District's certified budget should always exceed the actual expenditures during the year in total. The certified budget is based on expenditures in four function areas of instruction, support services, non-instructional programs and other expenditures. The District did not exceed the budgeted amount in any of the four function areas.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2016, the District had invested \$28,144,649 net of accumulated depreciation of \$11,977,566, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment (see Figure A-6). More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year totaled \$1,147,979.

The original cost of the District's capital assets was \$40,122,215. Governmental funds account for \$39,311,280 with the remainder of \$810,935 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in buildings and improvements category with the projects of high school parking lot, softball field renovation and security upgrades completed during FY 2016.

Figure A-6 shows a comparative summary of the net investments in capital assets.

<b>Figure A-6</b>						
<b>Capital Assets, net of Depreciation</b>						
	Governmental Activities		Business-type Activities		Total School District	
	2016	2015	2016	2015	2016	2015
Land	481,177	481,177			481,177	481,177
Buildings	26,127,467	25,615,148			26,127,467	25,615,148
Furniture and equipment	1,194,767	1,163,175	341,238	368,062	1,536,005	1,531,237
Totals	27,803,411	27,259,500	341,238	368,062	28,144,649	27,627,562

**Long-Term Liabilities**

At June 30, 2016, the District had \$21,834,992 in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of approximately 2.2 percent from last year (see Figure A-7). More detailed information about the District’s long-term liabilities is available in Note 5 to the financial statements.

In December 2005 and April 2006 a total of \$9,000,000 in bonds were sold to fund the middle school construction project. Payments began in FY 2007 with final payment in FY 2024.

The District began a surplus debt service levy in FY 2013. The levy in FY 2013 generated \$417,000, \$475,000 in FY 2014, \$505,000 in FY 2015 and \$565,000 in FY 2016. The additional funds are being used to pay down debt for the general obligation bonds as they became callable in FY 2015 and FY 2016, which will save the district in interest. The District will annually review the ability to levy for the surplus debt service.

In May of 2009 the District received money from the sale of sales tax revenue bonds in the amount of \$11,325,000 to fund remodeling and construction projects at the high school building, athletic field and the Hartford building. The District refinanced \$10,135,000 of these sales tax revenue bonds in December, 2015 with a new final payment in FY 2030.

**Figure A-7  
Outstanding Long-Term Obligations**

	Total School District		Total Change
	2016	2015	2015-2016
General obligation bonds	3,770,000	5,295,000	-0.28801
Revenue bonds	10,130,000	10,615,000	-0.04569
Early retirement	20,011	77,499	-0.74179
Compensated absences	4,625	7,710	-0.40013
Net pension liability	7,910,356	6,332,990	0.24907
<b>Totals</b>	<b>21,834,992</b>	<b>22,328,199</b>	<b>-0.02209</b>



## Factors Bearing on the District's Future

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

- The certified enrollment for the 2014-2015 school year was 1888.33 which was an increase in certified enrollment of 43.32. This was the budget enrollment for the 2015-2016 fiscal year. The certified enrollment count for the 2015-2016 school year was 1905.53, an increase of 17.2 for the budget enrollment for the 2016-2017 fiscal year.
- The District still has a positive gain in the number of students open enrolling into the District vs. open enrolling out of the District but that number has been trending downwards the last two years. The net gain for 2015-2016 was 122, down 19 from the previous year. The District does monitor class sizes annually and has had to close certain grade levels to open enrollment because of class size and space. For the 2016-2017 school year, the District made the determination to close open enrollment for third grade.
- The District evaluated the condition of its transportation vehicles and purchased a bus from the general fund and a mini-van with PPEL funds to transport students during 2015-2016. The District continually monitors the fleet of vehicles to determine transportation needs and possible replacement of older buses and other vehicles.
- Increasing insurance costs always plays a big factor in negotiating with the Carlisle Community Education Association (CCEA). Insurance packages and premiums are reviewed annually. The District will continue to monitor the affects of the Affordable Care Act on insurance premiums and District coverage liability.
- A special election was held on January 13, 2004 asking Warren County residents to pass a Local Option Sales Tax. Income from this tax did not start until July 1, 2004 and was collected for a 10 year period. Polk County Local Option Sales Tax began July 1, 2001 and ended June 30, 2010. The revenue from sales tax in both counties is funding the revenue bond issue that was approved FY 2004 and sold in FY 2005. The State Legislature passed legislation for a statewide penny in the spring of 2008. The statewide penny legislation replaced the previous local option sales tax as each county's 10 year period ended. The statewide penny does increase the per pupil calculation for the district allowing for more money to be invested in infrastructure projects allowed by the Revenue Purpose Statement which was approved by the voters on Sept. 9, 2008. The District will be watching as potential legislation regarding extension of the sales tax sunset may be discussed during the 2017 session.
  - The board made the decision to refinance \$10,135,000 in 2009 sales tax bonds (used for renovations/construction at the high school, athletic facility and Hartford building) which will save the District approximately \$828,000 in interest payments. The transaction took place on December 3, 2015 with payments beginning July, 2016 and ending January, 2030.
  - Due to increased enrollment needs, construction on a new middle school facility began in FY 2006. General Obligation Bonds were sold in December, 2005 and April, 2006 to pay for the new facility with repayment ending in FY 2024. The earlier bonds were callable in FY 2015 and the second bonds became callable in FY 2016. The debt service surplus levy will be used to begin paying down the debt.
  - The District is preparing for a high school renovation project. The project will be broken down into two phases with phase 1 to include a band room addition and infrastructure work in the classrooms. The project will begin the fall of 2016 and is being funded by \$4,520,000 in general obligation capital loan notes (PPEL fund). Phase 2, which would include a new high school gymnasium, depends on the progress of phase 1 and the legislature extending the sales tax sunset so that appropriate funding would be available.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jean Flaws, District Secretary/Treasurer and Business Manager, Carlisle Community School District, 430 School Street, Carlisle, Iowa, 50047.

## Basic Financial Statements

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 11,102,517	\$ 172,011	\$ 11,274,528
Receivables:			
Property tax:			
Current year	35,902	-	35,902
Succeeding year	5,677,174	-	5,677,174
Accounts	2,902	-	2,902
Due from other governments	884,171	590	884,761
Inventories	-	17,138	17,138
Capital assets, net of accumulated depreciation (note 4)	27,803,411	341,238	28,144,649
	<u>45,506,077</u>	<u>530,977</u>	<u>46,037,054</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>1,587,315</u>	<u>36,811</u>	<u>1,624,126</u>
Liabilities			
Accounts payable	497,871	-	497,871
Salaries and benefits payable	1,757,576	36,485	1,794,061
Unearned revenue	-	17,121	17,121
Accrued interest payable	26,212	-	26,212
Long-term liabilities (note 5):			
9 Portion due within one year:			
Early retirement	20,011	-	20,011
Bonds payable	475,000	-	475,000
Compensated absences	4,625	-	4,625
Portion due after one year:			
Bonds payable	13,425,000	-	13,425,000
Net pension liability	7,731,062	179,294	7,910,356
	<u>23,937,357</u>	<u>232,900</u>	<u>24,170,257</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 5,677,175	\$ -	\$ 5,677,175
Pension related deferred inflows	643,427	14,922	658,349
	<u>6,320,602</u>	<u>14,922</u>	<u>6,335,524</u>
Total deferred inflows of resources			
Net Position			
Net investment in capital assets	13,903,411	341,238	14,244,649
Restricted for:			
Categorical funding	976,547	-	976,547
Debt service	694,554	-	694,554
Capital projects	1,460,157	-	1,460,157
Physical plant and equipment levy purposes	265,655	-	265,655
Management levy purposes	711,150	-	711,150
Student activities	156,806	-	156,806
Unrestricted	<u>(1,332,847)</u>	<u>(21,272)</u>	<u>(1,354,119)</u>
	<u>\$ 16,835,433</u>	<u>\$ 319,966</u>	<u>\$ 17,155,399</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 8,425,023	\$ 1,309,120	\$ 2,440,544	\$ -
Special instruction	2,510,360	252,299	147,238	-
Other instruction	2,080,406	397,507	372,527	-
	<u>13,015,789</u>	<u>1,958,926</u>	<u>2,960,309</u>	<u>-</u>
<b>Support services:</b>				
Student	664,489	-	294,958	-
Instructional staff	959,599	-	8,032	-
Administration	2,570,685	-	-	-
Operation and maintenance of plant	1,552,373	20,035	-	-
Transportation	899,623	4,820	11,371	-
	<u>6,646,769</u>	<u>24,855</u>	<u>314,361</u>	<u>-</u>
<b>Other expenditures:</b>				
Facilities acquisition	210,687	-	-	20,000
Long-term debt interest and fiscal charges	1,978,723	-	-	-
AEA flowthrough	779,370	-	779,370	-
Depreciation (unallocated) *	841,068	-	-	-
	<u>3,809,848</u>	<u>-</u>	<u>779,370</u>	<u>20,000</u>
<b>Total governmental activities</b>	<u>23,472,406</u>	<u>1,983,781</u>	<u>4,054,040</u>	<u>20,000</u>

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (4,675,359)	\$ -	\$ (4,675,359)
(2,110,823)	-	(2,110,823)
(1,310,372)	-	(1,310,372)
<u>(8,096,554)</u>	<u>-</u>	<u>(8,096,554)</u>
(369,531)	-	(369,531)
(951,567)	-	(951,567)
(2,570,685)	-	(2,570,685)
(1,532,338)	-	(1,532,338)
(883,432)	-	(883,432)
<u>(6,307,553)</u>	<u>-</u>	<u>(6,307,553)</u>
(190,687)	-	(190,687)
(1,978,723)	-	(1,978,723)
-	-	-
(841,068)	-	(841,068)
<u>(3,010,478)</u>	<u>-</u>	<u>(3,010,478)</u>
<u>(17,414,585)</u>	<u>-</u>	<u>(17,414,585)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Operating Grants and Contributions	Capital Grants and Contributions
<b>Business-Type Activities:</b>				
Support services:				
Food service operations	\$ 12,278	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	924,230	518,500	418,715	-
Other operations	119	-	-	-
	<u>924,349</u>	<u>518,500</u>	<u>418,715</u>	<u>-</u>
Total business-type activities	<u>936,627</u>	<u>518,500</u>	<u>418,715</u>	<u>-</u>
Total	\$ <u>24,409,033</u>	\$ <u>2,502,281</u>	\$ <u>4,472,755</u>	\$ <u>20,000</u>

General revenues:

Property tax levied for:  
    General purposes  
    Debt service  
    Capital outlay  
Statewide sales, services and use tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

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

See notes to financial statements.



Net (Expense) Revenue  
and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ -	\$ (12,278)	\$ (12,278)
-	12,985	12,985
-	(119)	(119)
-	12,866	12,866
-	588	588
(17,414,585)	588	(17,413,997)
\$ 3,803,170	\$ -	\$ 3,803,170
1,272,101	-	1,272,101
525,562	-	525,562
1,800,581	-	1,800,581
10,549,534	-	10,549,534
21,741	272	22,013
168,969	-	168,969
18,141,658	272	18,141,930
727,073	860	727,933
16,108,360	319,106	16,427,466
\$ 16,835,433	\$ 319,966	\$ 17,155,399

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 7,271,092	\$ 712,659	\$ 1,534,665	\$ 905,398	\$ 10,423,814
Receivables:					
Property tax:					
Current year	21,147	8,107	3,349	3,299	35,902
Succeeding year	3,298,419	1,289,087	532,592	557,076	5,677,174
Accounts	1,020	-	-	1,882	2,902
Due from other governments	588,235	-	295,936	-	884,171
	<hr/>				
Total assets	<u>\$ 11,179,913</u>	<u>\$ 2,009,853</u>	<u>\$ 2,366,542</u>	<u>\$ 1,467,655</u>	<u>\$ 17,023,963</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 365,782	\$ -	\$ 108,137	\$ 20,652	\$ 494,571
Salaries and benefits payable	1,755,616	-	-	1,960	1,757,576
Total liabilities	<u>2,121,398</u>	<u>-</u>	<u>108,137</u>	<u>22,612</u>	<u>2,252,147</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,298,419	1,289,087	532,593	557,076	5,677,175
Fund balances:					
Restricted for:					
Categorical funding (note 10)	976,547	-	-	-	976,547
Debt service	-	720,766	-	-	720,766
School infrastructure	-	-	1,460,157	-	1,460,157
Physical plant and equipment	-	-	265,655	-	265,655
Management levy purposes	-	-	-	731,161	731,161
Student activities	-	-	-	156,806	156,806
Unassigned	4,783,549	-	-	-	4,783,549
Total fund balances	<u>5,760,096</u>	<u>720,766</u>	<u>1,725,812</u>	<u>887,967</u>	<u>9,094,641</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,179,913</u>	<u>\$ 2,009,853</u>	<u>\$ 2,366,542</u>	<u>\$ 1,467,655</u>	<u>\$ 17,023,963</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 June 30, 2016

Total fund balances of governmental funds		\$	9,094,641
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.			27,803,411
The Internal Service Funds are included in the governmental activities due to the integral nature of those funds to those governmental activities. resources in the governmental funds.			675,403
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.			(26,212)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
	Deferred outflows of resources	\$ 1,587,315	
	Deferred inflows of resources	<u>(643,427)</u>	943,888
Long-term liabilities, including early retirement, bonds payable, compensated absences and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.			<u>(21,655,698)</u>
Net position of governmental activities		\$	<u><u>16,835,433</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2016

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,276,287	\$ 1,269,565	\$ 520,499	\$ 510,655	\$ 5,577,006
Tuition	1,386,737	-	-	-	1,386,737
Other	720,185	3,308	25,711	436,135	1,185,339
State sources	13,587,457	2,536	1,805,644	2,188	15,397,825
Federal sources	652,572	-	-	-	652,572
Total revenues	<u>19,623,238</u>	<u>1,275,409</u>	<u>2,351,854</u>	<u>948,978</u>	<u>24,199,479</u>
Expenditures:					
Current:					
Instruction	12,789,983	-	4,720	520,207	13,314,910
Support services:					
Student	675,608	-	-	-	675,608
Instructional staff	688,743	-	232,279	-	921,022
Administration	2,347,778	-	177,384	203,780	2,728,942
Operation and maintenance of plant	1,483,569	-	-	82,663	1,566,232
Transportation	837,354	-	22,000	18,640	877,994
	<u>6,033,052</u>	<u>-</u>	<u>431,663</u>	<u>305,083</u>	<u>6,769,798</u>
Other expenditures:					
Facilities acquisition	-	-	1,515,281	-	1,515,281
Long term debt:					
Principal	-	2,610,000	-	-	2,610,000
Interest and fiscal charges	-	792,001	-	-	792,001
AEA flowthrough	779,370	-	-	-	779,370
	<u>779,370</u>	<u>3,402,001</u>	<u>1,515,281</u>	<u>-</u>	<u>5,696,652</u>
Total expenditures	<u>19,602,405</u>	<u>3,402,001</u>	<u>1,951,664</u>	<u>825,290</u>	<u>25,781,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,833</u>	<u>(2,126,592)</u>	<u>400,190</u>	<u>123,688</u>	<u>(1,581,881)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):					
Revenue bonds issued	\$ -	\$ 10,735,000	\$ -	\$ -	\$ 10,735,000
Payments to bond refunding escrow	-	(11,604,662)	-	-	(11,604,662)
Interfund transfers in (note 3)	-	2,205,124	-	-	2,205,124
Interfund transfers out (note 3)	-	-	(2,205,124)	-	(2,205,124)
Total other financing sources (uses)	<u>-</u>	<u>1,335,462</u>	<u>(2,205,124)</u>	<u>-</u>	<u>(869,662)</u>
Change in fund balances	20,833	(791,130)	(1,804,934)	123,688	(2,451,543)
Fund balances beginning of year	<u>5,739,263</u>	<u>1,511,896</u>	<u>3,530,746</u>	<u>764,279</u>	<u>11,546,184</u>
Fund balances end of year	<u>\$ 5,760,096</u>	<u>\$ 720,766</u>	<u>\$ 1,725,812</u>	<u>\$ 887,967</u>	<u>\$ 9,094,641</u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

Change in fund balances - total governmental funds \$ (2,451,543)

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

Capital outlays to purchase or build capital assets are reported in  
governmental funds as expenditures. These costs are not reported in the  
Statement of Activities, but they are allocated over the estimated useful  
lives of the capital assets as depreciation expense in the Statement of Activities.  
The amounts of capital outlay expenditures and depreciation expense in the  
current year are as follows:

Expenditures for capital assets	\$ 1,647,621	
Depreciation expense	<u>(1,103,710)</u>	543,911

The increase in net position of the Internal Service Funds represents  
an overcharge to the governmental funds and is, therefore, added back  
to the Statement of Activities. 2,727

Proceeds from issuing long-term liabilities provide current financial resources  
to governmental funds, but issuing debt increases long-term liabilities in the  
Statement of Net Position and does not affect the Statement of Activities. (10,735,000)

Repayment of long-term liabilities is an expenditure in the governmental  
funds, but it reduces long-term liabilities in the Statement of Net Position. 2,610,000

Interest on long-term debt in the Statement of Activities differs from the  
amount reported in the governmental funds because interest is recorded as  
an expenditure in the governmental funds when due. In the Statement of  
Activities, interest expense is recognized as the interest accrues,  
regardless of when it is due. 282,940

The current year District employer share of IPERS contributions are reported  
as expenditures in the governmental funds, but are reported as deferred  
outflows of resources in the Statement of Net Position. 51,619

CARLISLE COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

Payments to a bond refunding escrow account reduce current financial resources to the governmental funds but a debt defeasance reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	11,604,662
The debt defeasance resulted in additional expenses that affect the Statement of Activities due to the relation to the long-term liabilities.	(1,469,662)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:	
Early retirement	\$ 57,488
Compensated absences	3,085
Pension expense	<u>226,846</u>
	<u>\$ 287,419</u>
Change in net position of governmental activities	<u>\$ 727,073</u>

See notes to financial statements.



## CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUND

June 30, 2016

	Enterprise Funds			Internal Service Funds
	School Nutrition	Non-Major Enterprise	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 136,644	\$ 35,367	\$ 172,011	\$ 678,703
Due from other governments	590	-	590	-
Inventories	16,638	500	17,138	-
Capital assets, net of accumulated depreciation (note 4)	341,238	-	341,238	-
<b>Total assets</b>	<b>495,110</b>	<b>35,867</b>	<b>530,977</b>	<b>678,703</b>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	36,811	-	36,811	-
<b>Liabilities</b>				
Accounts payable	-	-	-	3,300
Salaries and benefits payable	36,485	-	36,485	-
Unearned revenue	17,121	-	17,121	-
Long-term liabilities: (note 5)				
Net pension liability	179,294	-	179,294	-
<b>Total liabilities</b>	<b>232,900</b>	<b>-</b>	<b>232,900</b>	<b>3,300</b>
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	14,922	-	14,922	-
<b>Fund Net Position</b>				
Net investment in capital assets	341,238	-	341,238	-
Unrestricted	(57,139)	35,867	(21,272)	675,403
<b>Total fund net position</b>	<b>\$ 284,099</b>	<b>\$ 35,867</b>	<b>\$ 319,966</b>	<b>\$ 675,403</b>

See notes to financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
Year Ended June 30, 2016

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Operating revenues:				
Local sources:				
Charges for services	\$ 518,500	\$ -	\$ 518,500	\$ 334,532
Operating expenses:				
Instruction:				
Insurance premiums	-	-	-	211,463
Purchased services	-	-	-	120,342
Total operating expenses	-	-	-	331,805
Support services:				
Purchased services	12,278	-	12,278	-
Non-instructional programs:				
Salaries	291,780	-	291,780	-
Benefits	72,850	-	72,850	-
Supplies	508,979	119	509,098	-
Depreciation	44,269	-	44,269	-
Other	6,352	-	6,352	-
	924,230	119	924,349	-
Total expenses	936,508	119	936,627	331,805
Operating income (loss)	(418,008)	(119)	(418,127)	2,727
Non-operating revenues:				
Interest on investments	214	58	272	-
State sources	7,897	-	7,897	-
Federal sources	410,818	-	410,818	-
Total non-operating revenues	418,929	58	418,987	-
Change in fund net position	921	(61)	860	2,727
Fund net position beginning of year	283,178	35,928	319,106	672,676
Fund net position end of year	\$ 284,099	\$ 35,867	\$ 319,966	\$ 675,403

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2016

	Enterprise Funds			Internal Service Funds
	School Nutrition	Non-Major Enterprise	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 504,820	\$ -	\$ 504,820	\$ -
Cash received from miscellaneous operating activities	12,228	-	12,228	334,532
Cash paid to employees for services	(380,415)	-	(380,415)	-
Cash paid to suppliers for goods or services	(475,678)	(619)	(476,297)	(328,900)
Net cash provided by (used by) operating activities	(339,045)	(619)	(339,664)	5,632
Cash flows from non-capital financing activities:				
State grants received	7,897	-	7,897	-
Federal grants received	366,946	-	366,946	-
Net cash provided by non-capital financing activities	374,843	-	374,843	-
Cash flows from capital and related financing activities:				
Purchase of equipment	(17,445)	-	(17,445)	-
Cash flows from investing activities:				
Interest on investments	214	58	272	-
Net increase (decrease) in cash and cash equivalents	18,567	(561)	18,006	5,632
Cash and cash equivalents beginning of year	118,077	35,928	154,005	673,071
Cash and cash equivalents end of year	\$ 136,644	\$ 35,367	\$ 172,011	\$ 678,703

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2016

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (418,008)	\$ (119)	\$ (418,127)	\$ 2,727
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	44,269	-	44,269	-
Commodities used	43,282	-	43,282	-
(Increase) decrease in inventories	12,834	(500)	12,334	-
Increase (decrease) in accounts payable	(4,185)	-	(4,185)	2,905
Increase in salaries and benefits payable	935	-	935	-
(Decrease) in unearned revenue	(1,452)	-	(1,452)	-
Increase in net pension liability	27,815	-	27,815	-
(Increase) in deferred outflows of resources	(1,687)	-	(1,687)	-
(Decrease) in deferred inflows of resources	(42,848)	-	(42,848)	-
Net cash provided by (used by) operating activities	\$ <u>(339,045)</u>	\$ <u>(619)</u>	\$ <u>(339,664)</u>	\$ <u>5,632</u>

Non-cash financing activities:

During the year ended June 30, 2016, the District received \$43,282 of federal commodities.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2016

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Assets:		
Cash and pooled investments	\$ <u>23,514</u>	
Fiduciary Net Position:		
Restricted for scholarships		\$ <u><u>23,514</u></u>
See notes to financial statements.		

CARLISLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2016

	Private Purpose Trust
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>38</u>
Deductions:	
None	<u>-</u>
Change in fiduciary net position	38
Fiduciary net position beginning of year	<u>23,476</u>
Fiduciary net position end of year	<u><u>\$ 23,514</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but 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 Warren County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

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



CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

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

Cash, 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 non-negotiable certificates of deposit, which are stated at cost.

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

Property Tax Receivable – Property tax receivable is recognized in the governmental 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. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair 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 one year.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Intangibles	75,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,500

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

Asset Class	Estimated Useful Lives
Buildings	40-50 years
Intangibles	5-15 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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.

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

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2016, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) as follows:

	Amortized Cost
Diversified Portfolio	\$ <u>481,345</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

Note 2. Cash and Pooled Investments (continued)

At June 30, 2016, the District had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Money Market Mutual Fund	\$ <u>285</u>

The District uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the Money Market Mutual Fund of \$285 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>2,205,124</u>

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 481,177	\$ -	\$ -	\$ 481,177
Capital assets being depreciated:				
Buildings	34,146,416	1,353,387	-	35,499,803
Furniture and equipment	3,079,285	294,234	43,219	3,330,300
Total capital assets being depreciated	<u>37,225,701</u>	<u>1,647,621</u>	<u>43,219</u>	<u>38,830,103</u>
Less accumulated depreciation for:				
Buildings	8,531,268	841,068	-	9,372,336
Furniture and equipment	1,916,110	262,642	43,219	2,135,533
Total accumulated depreciation	<u>10,447,378</u>	<u>1,103,710</u>	<u>43,219</u>	<u>11,507,869</u>
Total capital assets being depreciated, net	<u>26,778,323</u>	<u>543,911</u>	<u>-</u>	<u>27,322,234</u>
Governmental activities capital assets, net	<u>\$ 27,259,500</u>	<u>\$ 543,911</u>	<u>\$ -</u>	<u>\$ 27,803,411</u>
<b>Business-type activities:</b>				
Furniture and equipment	\$ 810,478	\$ 17,445	\$ 16,988	\$ 810,935
Less accumulated depreciation	<u>442,416</u>	<u>44,269</u>	<u>16,988</u>	<u>469,697</u>
Business-type activities capital assets, net	<u>\$ 368,062</u>	<u>\$ (26,824)</u>	<u>\$ -</u>	<u>\$ 341,238</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 39,908
Special	
Other	

Support services:

Student support	718
Instructional staff	43,723
Administration	17,868
Operation and maintenance of plant	31,752
Transportation	<u>128,673</u>

262,642

Unallocated depreciation	<u>841,068</u>
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Total depreciation expense - governmental activities	<u>\$ 1,103,710</u>
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Business-type activities:

Food service operations	<u>\$ 44,269</u>
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CARLISLE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

Note 5. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 77,499	\$ -	\$ 57,488	\$ 20,011	\$ 20,011
General obligation bonds	5,295,000	-	1,525,000	3,770,000	475,000
Revenue bonds	10,615,000	10,735,000	11,220,000	10,130,000	-
Net pension liability	6,181,511	1,549,551	-	7,731,062	-
Compensated absences	7,710	4,625	7,710	4,625	4,625
<b>Total</b>	<b>\$ 22,176,720</b>	<b>\$ 12,289,176</b>	<b>\$ 12,810,198</b>	<b>\$ 21,655,698</b>	<b>\$ 499,636</b>
Business-type activities:					
Net pension liability	\$ 151,479	\$ 27,815	\$ -	\$ 179,294	\$ -

Early Retirement

For the year ended June 30, 2013, the District offered a voluntary early retirement plan only to administrators who were at least age 55 years of age and had seven years of service with the District. The early retirement incentive was health insurance paid by the District at the District's single rate premium, except for the Superintendent, who will receive health insurance paid at the full family rate, until the employee reaches age 65 or otherwise becomes eligible for Medicare. The District offered no new early retirement plan for the year ended June 30, 2016.

The District has offered various early retirement incentive plans in the past years. Details of those plans are available upon request at the District administrative office.

At June 30, 2016, the District had obligations to seven participants with a total liability of \$20,011. Actual early retirement expenditures for the year ended June 30, 2016 totaled \$57,488. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

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

Year Ending June 30,	Bond Issue Dated January 2006			Bond Issue Dated May 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2017	3.80 %	\$ 255,000	\$ 90,462	3.80 %	\$ 220,000	\$ 57,623
2018	3.85	265,000	80,772	3.85	225,000	49,262
2019	3.90	275,000	70,570	3.85	240,000	40,600
2020	3.95	285,000	59,846	3.90	250,000	31,360
2021	3.95	300,000	48,588	4.00	255,000	21,610
2022	4.00	315,000	36,738	4.00	265,000	11,410
2023	4.00	325,000	24,137	4.05	20,000	810
2024	4.05	275,000	11,138	4.10	-	-
		<u>\$ 2,295,000</u>	<u>\$ 422,251</u>		<u>\$ 1,475,000</u>	<u>\$ 212,675</u>
<u>Total</u>						
		<u>Principal</u>	<u>Interest</u>			
		\$ 475,000	\$ 148,085			
		490,000	130,034			
		515,000	111,170			
		535,000	91,206			
		555,000	70,198			
		580,000	48,148			
		345,000	24,947			
		275,000	11,138			
		<u>\$ 3,770,000</u>	<u>\$ 634,926</u>			

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

During the year ended June 30, 2016, the District issued \$10,735,000 in School Infrastructure Sales, Services and Use Tax Revenue Refunding Bonds. The bonds, dated December 3, 2015, are payable through the year ended June 30, 2030, and have an interest rate of 2.49%.

The proceeds of the School Infrastructure Sales, Services and Use Tax Revenue Refunding Bonds will be used to advance refund the School Infrastructure Sales, Services and Use Tax Revenue Bonds issued on May 1, 2009. Those bonds have interest rates ranging from 4.25% to 5.70%, were payable through the year ended June 30, 2030, and will become callable on July 1, 2019. Because of the timing of the call date, the refunding will not occur until the fiscal year ended June 30, 2020 and the proceeds have been placed in an irrevocable escrow account for that purpose. This results in a full defeasance of the May 1, 2009 bond issue for the District and that liability has been removed from the District's financial records. The refunding of the May 1, 2009 School Infrastructure Sales, Services and Use Tax Revenue Bonds will result in a total savings of \$828,838 over the next fourteen years, with an economic savings (net present value) of \$868, 611.

Details of the District's June 30, 2016 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Bond Issue Dated December 3, 2015		
		Principal	Interest	Total
2017	2.49 %	\$ -	\$ 126,119	\$ 126,119
2018	2.49	640,000	244,269	884,269
2019	2.49	655,000	228,146	883,146
2020	2.49	670,000	211,650	881,650
2021	2.49	685,000	194,780	879,780
2022	2.49	695,000	177,599	872,599
2023	2.49	715,000	160,045	875,045
2024	2.49	725,000	142,117	867,117
2025	2.49	740,000	123,877	863,877
2026	2.49	755,000	105,265	860,265
2027	2.49	775,000	86,216	861,216
2028	2.49	785,000	66,794	851,794
2029	2.49	800,000	47,061	847,061
2030	2.49	1,490,000	27,639	1,517,639
		<u>\$ 10,130,000</u>	<u>\$ 1,941,577</u>	<u>\$ 12,071,577</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 5. Long-Term Liabilities (continued)

The statewide sales, services and use tax revenue bonds were issued for the purpose of refunding a prior bond issue. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not general obligations of the District and are not subject to the constitutional debt limitation of the District.

The resolutions providing for the issuances of the statewide sales, services and use tax revenue bonds include the following provisions:

The bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.

Bonds maturing July 1, 2021 may be called for redemption by the issuer and paid before maturity on said date or any date thereafter.

Revenue Bonds

Money in the sinking fund shall be used to pay the interest and principal on the bonds. Surplus monies in the sinking fund may be transferred to the Capital Projects Fund to be used for any lawful purpose. The sinking fund is part of the Capital Projects Fund.

The District pledged future statewide sales, service and use tax revenues to repay the \$10,735,000 bonds issued in 2015. Those bonds were issued to refund the June 1, 2009 statewide sales, services and use tax revenue bonds. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through June 30, 2030. The bonds are not general obligations of the District. Annual principal and interest payments on the bonds are expected to require nearly 49 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$12,071,577. For the current year, principal and interest paid on revenue bonds totaled \$1,509,026 and total statewide sales, services and use tax revenues were \$1,800,581.

The District had \$10,135,000 in school infrastructure sales, services and use tax revenue bonds defeased but still outstanding at June 30, 2016.

Note 6. Pension Plan

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 6. Pension Plan (continued)

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

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

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

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

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

Contributions – 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 2016, pursuant to the required rate, Regular members contributed 5.95% of covered pay and the District contributed 8.93% of covered payroll, for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2016 were \$1,031,048.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 6. Pension Plan (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the District reported a liability of \$7,910,356 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the District’s proportion was 0.160113 percent, which was an increase of 0.000427 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$667,097. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 119,515	\$ -
Changes of assumptions	217,792	-
Net difference between projected and actual earnings on pension plan investments	-	658,349
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	255,771	-
District contributions subsequent to the measurement date	<u>1,031,048</u>	<u>-</u>
Total	<u>\$ 1,624,126</u>	<u>\$ 658,349</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 6. Pension Plan (continued)

\$1,031,048 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 ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	\$ (150,060)
2018	(150,060)
2019	(150,060)
2020	373,771
2021	<u>11,138</u>
Total	<u>\$ (65,271)</u>

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

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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:

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 6. Pension Plan (continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24%	6.29
International Equity	16%	6.75
Private Equity/Debt	11%	11.32
Real Estate	8%	3.48
Credit Opportunities	5%	3.63
U.S. TIPS	5%	1.91
Other Real Assets	2%	6.24
Cash	1%	(0.71)
 Total	 <u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. 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, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 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%) or 1-percentage-point higher (8.5%) 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	\$ 13,849,610	\$ 7,910,356	\$ 2,897,199

IPERS’ Fiduciary Net Position – Detailed information about IPERS’ fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).



CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 188 active and 18 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is 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.

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 203,775
Interest on net OPEB obligation	(18,663)
Adjustment to annual required contribution	<u>16,551</u>
Annual OPEB cost	201,663
Contributions made	<u>(178,987)</u>
Increase in net OPEB obligation	22,676
Net OPEB obligation beginning of year	<u>(414,738)</u>
Net OPEB obligation end of year	<u><u>\$ (392,062)</u></u>

Because of the large explicit benefit attributable to the District’s early retirement plan, the net explicit cost to the District is essentially prepaid at this time by contributions made for early retirees. However, this prepayment does not reflect on the District’s financial statements as an asset because all contributions are made on a pay-as-you-go basis. Thus, no asset exists at this time.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$178,987 to the medical plan.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 7. Other Postemployment Benefits (OPEB) (continued)

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 152,203	100.0%	\$ -
2015	149,000	100.0%	-
2016	201,663	100.0%	-

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,601,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,601,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$11,741,000, and the ratio of the UAAL to covered payroll was 13.6%. As of June 30, 2015, there were no trust fund assets.

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

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

As of the July 1, 2015 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 7.5%. The ultimate medical trend rate is 5.0%. The medical trend rate is reduced .25% each year until reaching the 5.0% ultimate trend rate.

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

Projected claim costs of the medical plan are \$842 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of pay amount on an open basis over 30 years.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 8. Risk Management

The District has a partial self-funded insurance plan. The plan is funded by contributions from the District and is administered through a service agreement with Wellmark/Blue Cross-Blue Shield of Iowa. The agreement is not subject of automatic renewal provisions. The District assumes liability for claims up to the difference between the \$500 or \$1,000 deductible plans paid for by the employee and the \$1,500 deductible plan purchased by the District.

Monthly payments of service fees and plan contributions to the Carlisle Community School District Employee Group Insurance Plan are recored as expenditures from the General and School Nutrition funds. Under the administrative services agreement, weekly payments of service fees and claims processed are paid to Wellmark/Blue Cross-Blue Shield of Iowa from the Carlisle Community School District Employee Group Insurance Plan fund as an Internal Service Fund. The District's contributions to the fund for the year ended June 30, 2016 were \$215,780.

The Internal Service Fund, Self-Funded Insurance Plan unrestricted new position was \$667,757 at June 30, 2016.

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 no exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$779,370 for the year ended June 30, 2016 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

Note 10. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 120,548
Early intervention	50,622
Gifted and talented programs	176,813
Returning dropouts and dropout prevention programs	61,864
Four year old preschool state aid	335,479
Teacher salary supplement	69,315
Successful progression for early readers	10,770
Professional development for model core curriculum	21,516
Professional development	9,666
Market factor incentives	5,172
Evaluator training	331
Beginning teacher mentoring and induction	22,009
Teacher leadership grants	77,790
At-risk programs	<u>14,652</u>
Total	<u>\$ 976,547</u>

Note 11. Construction Commitments

The District has entered into various contracts totaling \$1,255,434 for a parking lot and softball field renovations. As of June 30, 2016, costs of \$1,183,555 had been incurred against the contracts. The balance of \$71,879 remaining at June 30, 2016 will be paid as work on the project progresses.

Note 12. Subsequent Events

On September 12, 2016, the District approved the issuance of \$4,520,000 in general obligation capital loan notes. The notes have an interest rate of 2.0% and are payable through the year ended June 30, 2028.

On October 10, 2016, the District approved a contract totaling \$4,142,276 for the renovation of the District's high school.

Required Supplementary Information

CARLISLE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2016

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 8,149,082	\$ 518,772	\$ 8,667,854	\$ 8,010,648	\$ 8,010,648	\$ 657,206
State sources	15,397,825	7,897	15,405,722	15,452,465	15,452,465	(46,743)
Federal sources	652,572	410,818	1,063,390	799,500	799,500	263,890
<b>Total revenues</b>	<b>24,199,479</b>	<b>937,487</b>	<b>25,136,966</b>	<b>24,262,613</b>	<b>24,262,613</b>	<b>874,353</b>
<b>EXPENDITURES/ EXPENSES:</b>						
Instruction	13,314,910	-	13,314,910	12,386,900	13,785,000	470,090
Support services	6,769,798	12,278	6,782,076	6,704,000	6,909,023	126,947
Non-instructional programs	-	924,349	924,349	935,000	935,000	10,651
Other expenditures	5,696,652	-	5,696,652	2,855,489	5,922,161	225,509
<b>Total expenditures/ expenses</b>	<b>25,781,360</b>	<b>936,627</b>	<b>26,717,987</b>	<b>22,881,389</b>	<b>27,551,184</b>	<b>833,197</b>
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,581,881)	860	(1,581,021)	1,381,224	(3,288,571)	1,707,550
Other financing sources, net	(869,662)	-	(869,662)	-	-	(869,662)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(2,451,543)	860	(2,450,683)	1,381,224	(3,288,571)	837,888
Balance beginning of year	11,546,184	319,106	11,865,290	12,340,376	12,340,376	(475,086)
Balance end of year	<u>\$ 9,094,641</u>	<u>\$ 319,966</u>	<u>\$ 9,414,607</u>	<u>\$ 13,721,600</u>	<u>\$ 9,051,805</u>	<u>\$ 362,802</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2016

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting 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 internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated 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. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by \$4,669,795.

During the year ended June 30, 2016, expenditures/expenses did not exceed the amounts budgeted.

CARLISLE COMMUNITY SCHOOL DISTRICT

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

Iowa Public Employees' Retirement System  
For the Last Two Years\*  
(In Thousands)

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.160113	0.159686
District's proportionate share of the net pension liability	\$ 7,910	\$ 6,333
District's covered-employee payroll	\$ 11,546	\$ 10,958
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.51%	57.79%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

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

See accompanying independent auditor's report.

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



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CARLISLE COMMUNITY SCHOOL DISTRICT

Schedule of the District's Contributions

Iowa Public Employees' Retirement System  
Last Ten Fiscal Years  
(In Thousands)

Required Supplementary Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 1,031	\$ 978	\$ 933	\$ 854
Contributions in relation to the statutorily required contribution	<u>1,031</u>	<u>978</u>	<u>933</u>	<u>854</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,546	\$ 10,958	\$ 10,449	\$ 9,862
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 751	\$ 620	\$ 610	\$ 576	\$ 501	\$ 420
751	620	610	576	501	420
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 9,310	\$ 8,912	\$ 9,169	\$ 9,060	\$ 8,278	\$ 7,296
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
Year Ended June 30, 2016

Changes of benefit terms:

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

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

Changes of assumptions:

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

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

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

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

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

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2016

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b-a)/c )
2010	July 1, 2009	\$ -	\$ 1,384	\$ 1,384	0.0%	\$ 9,300	14.9%
2011	July 1, 2009	-	1,206	1,206	0.0%	9,100	13.3%
2012	July 1, 2009	-	1,031	1,031	0.0%	9,500	10.9%
2013	July 1, 2012	-	1,642	1,642	0.0%	10,009	16.4%
2014	July 1, 2012	-	1,642	1,642	0.0%	10,648	15.4%
2015	July 1, 2012	-	1,642	1,642	0.0%	11,208	14.7%
2016	July 1, 2015	-	1,601	1,601	0.0%	11,741	13.6%

See note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

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## Supplementary Information

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	<u>Special Revenue</u>		
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 727,862	\$ 177,536	\$ 905,398
Receivables:			
Property tax:			
Current year	3,299	-	3,299
Succeeding year	557,076	-	557,076
Accounts	-	1,882	1,882
	<hr/>		
Total assets	<u>\$ 1,288,237</u>	<u>\$ 179,418</u>	<u>\$ 1,467,655</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 20,652	\$ 20,652
Salaries and benefits payable	-	1,960	1,960
Total liabilities	<u>-</u>	<u>22,612</u>	<u>22,612</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenues:			
Succeeding year property tax	557,076	-	557,076
<hr/>			
<b>Fund balances:</b>			
Restricted for:			
Management levy purposes	731,161	-	731,161
Student activities	-	156,806	156,806
Total fund balances	<u>731,161</u>	<u>156,806</u>	<u>887,967</u>
<hr/>			
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,288,237</u>	<u>\$ 179,418</u>	<u>\$ 1,467,655</u>

See accompanying independent auditor's report.



## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2016

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 510,655	\$ -	\$ 510,655
Other	38,919	397,216	436,135
State sources	2,188	-	2,188
Total revenues	<u>551,762</u>	<u>397,216</u>	<u>948,978</u>
Expenditures:			
Current:			
Instruction	59,544	460,663	520,207
Support services:			
Administration	203,294	486	203,780
Operation and maintenance of plant	77,767	4,896	82,663
Transportation	18,640	-	18,640
Total expenditures	<u>359,245</u>	<u>466,045</u>	<u>825,290</u>
Excess (deficiency) of revenues over (under) expenditures	192,517	(68,829)	123,688
Fund balances beginning of year	<u>538,644</u>	<u>225,635</u>	<u>764,279</u>
Fund balances end of year	<u>\$ 731,161</u>	<u>\$ 156,806</u>	<u>\$ 887,967</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS ACCOUNTS  
June 30, 2016

	<u>Statewide Sales, Services and Use Tax</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 1,272,108	\$ 262,557	\$ 1,534,665
Receivables:			
Property tax:			
Current year	-	3,349	3,349
Succeeding year	-	532,592	532,592
Due from other governments	295,936	-	295,936
	<u>1,568,044</u>	<u>798,498</u>	<u>2,366,542</u>
<b>Total assets</b>			
	<u>\$ 1,568,044</u>	<u>\$ 798,498</u>	<u>\$ 2,366,542</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 107,887	\$ 250	\$ 108,137
<b>Deferred inflows of resources:</b>			
Unavailable revenues:			
Succeeding year property tax	-	532,593	532,593
	<u>-</u>	<u>532,593</u>	<u>532,593</u>
<b>Fund balances:</b>			
Restricted for:			
School infrastructure	1,460,157	-	1,460,157
Physical plant and equipment	-	265,655	265,655
Total fund balances	<u>1,460,157</u>	<u>265,655</u>	<u>1,725,812</u>
	<u>1,460,157</u>	<u>265,655</u>	<u>1,725,812</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>			
	<u>\$ 1,568,044</u>	<u>\$ 798,498</u>	<u>\$ 2,366,542</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS ACCOUNTS  
Year Ended June 30, 2016

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
<b>Revenues:</b>				
Local sources:				
Local tax	\$ -	\$ 520,499	\$ -	\$ 520,499
Other	24,928	757	26	25,711
State sources	1,800,581	5,063	-	1,805,644
Total revenues	<u>1,825,509</u>	<u>526,319</u>	<u>26</u>	<u>2,351,854</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	4,720	-	4,720
Support services:				
Instructional staff	-	232,279	-	232,279
Administration	-	177,384	-	177,384
Transportation	-	22,000	-	22,000
Other expenditures:				
Facilities acquisition	905,583	609,698	-	1,515,281
Total expenditures	<u>905,583</u>	<u>1,046,081</u>	<u>-</u>	<u>1,951,664</u>
Excess (deficiency) of revenues over (under) expenditures	919,926	(519,762)	26	400,190
<b>Other financing sources (uses):</b>				
Intrafund transfers in*	-	-	1,184,266	1,184,266
Intrafund transfers out*	(1,184,266)	-	-	(1,184,266)
Interfund transfers out	-	-	(2,205,124)	(2,205,124)
Total other financing sources (uses)	<u>(1,184,266)</u>	<u>-</u>	<u>(1,020,858)</u>	<u>(2,205,124)</u>
Change in fund balances	(264,340)	(519,762)	(1,020,832)	(1,804,934)
Fund balances beginning of year	<u>1,724,497</u>	<u>785,417</u>	<u>1,020,832</u>	<u>3,530,746</u>
Fund balances end of year	<u>\$ 1,460,157</u>	<u>\$ 265,655</u>	<u>\$ -</u>	<u>\$ 1,725,812</u>

See accompanying independent auditor's report.

\* = These amounts have been eliminated from the basic financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR ENTERPRISE FUNDS

June 30, 2016

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 6,080	\$ 29,287	\$ 35,367
Inventory	<u>500</u>	<u>-</u>	<u>500</u>
Total assets	<u>6,580</u>	<u>29,287</u>	<u>35,867</u>
Fund Net Position			
Unrestricted	<u>\$ 6,580</u>	<u>\$ 29,287</u>	<u>\$ 35,867</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2016

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenues:			
None	\$ -	\$ -	\$ -
Operating expenses:			
Non-instructional programs:			
Supplies	119	-	119
Operating loss	(119)	-	(119)
Non-operating revenues:			
Interest on investments	11	47	58
Change in fund net position	(108)	47	(61)
Fund net position beginning of year	6,688	29,240	35,928
Fund net position end of year	<u>\$ 6,580</u>	<u>\$ 29,287</u>	<u>\$ 35,867</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS

Year Ended June 30, 2016

	<u>Building and Trades</u>	<u>Adult Education</u>	<u>Total</u>
Cash flows from operating activities:			
Cash payments to suppliers for goods or services	(619)	-	(619)
Cash flows from investing activities:			
Interest on investments	11	47	58
Net increase (decrease) in cash and cash equivalents	(608)	47	(561)
Cash and cash equivalents beginning of year	6,688	29,240	35,928
Cash and cash equivalents end of year	\$ <u>6,080</u>	\$ <u>29,287</u>	\$ <u>35,367</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (119)	-	(119)
Adjustments to reconcile operating loss to net cash used by operating activities:			
(Increase) in inventory	(500)	-	(500)
Net cash used by operating activities	\$ <u>(619)</u>	\$ <u>-</u>	\$ <u>(619)</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2016

	<u>Self-Funded Health</u>	<u>Flex Plan</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ <u>671,057</u>	\$ <u>7,646</u>	\$ <u>678,703</u>
<b>Liabilities</b>			
Accounts payable	<u>3,300</u>	-	<u>3,300</u>
<b>Net Position</b>			
Unrestricted	\$ <u><u>667,757</u></u>	\$ <u><u>7,646</u></u>	\$ <u><u>675,403</u></u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 NONMAJOR INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2016

	Self-Funded Health	Flex Plan	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 249,023	\$ 85,509	\$ 334,532
Operating expenses:			
Instruction:			
Insurance premiums	211,463	-	211,463
Purchased services	35,594	84,748	120,342
	247,057	84,748	331,805
Operating income	1,966	761	2,727
Net position beginning of year	665,791	6,885	672,676
Net position end of year	\$ 667,757	\$ 7,646	\$ 675,403

See accompanying independent auditor's report.



## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR INTERNAL SERVICE FUNDS

Year Ended June 30, 2016

	Self-Funded Health	Flex Plan	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 249,023	\$ 85,509	\$ 334,532
Cash payments to suppliers for goods or services	(244,152)	(84,748)	(328,900)
Net cash provided by operating activities	<u>4,871</u>	<u>761</u>	<u>5,632</u>
Cash and cash equivalents beginning of year	<u>666,186</u>	<u>6,885</u>	<u>673,071</u>
Cash and cash equivalents end of year	<u>\$ 671,057</u>	<u>\$ 7,646</u>	<u>\$ 678,703</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,966	\$ 761	\$ 2,727
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in accounts payable	<u>2,905</u>	<u>-</u>	<u>2,905</u>
Net cash provided by operating activities	<u>\$ 4,871</u>	<u>\$ 761</u>	<u>\$ 5,632</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

Year Ended June 30, 2016

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Books & Buddies	\$ 182	\$ -	\$ -	\$ 182
FCCLA	230	43	-	273
Spanish	664	300	124	840
Marketing Club	2,917	-	-	2,917
High School Student Council	5,827	8,315	8,030	6,112
K-6 Book Club	8,080	18,796	18,650	8,226
7-12 Book Club	-	771	771	-
High School Annual	15,082	4,180	2,308	16,954
Color Guard	70	-	-	70
Cheerleading	2,418	6,620	8,568	470
Middle School Student Council	842	1,558	895	1,505
Middle School Yearbook	-	2,190	1,142	1,048
Elementary Yearbook	709	2,450	2,060	1,099
Hartford Store	930	703	308	1,325
High School Academic Enrichment	11,109	3,095	3,527	10,677
SADD	1,282	316	877	721
Elementary Enrichment	9,497	3,085	3,120	9,462
Middle School Enrichment	19,170	28,554	33,129	14,595
Class of '11	297	-	-	297
Class of '12	3	-	-	3
Interest	3,763	-	-	3,763
5-6 Band Concessions	142	1	145	(2)
Drama	4,950	546	290	5,206
Speech Club	-	1,168	1,170	(2)
Debate Club	12	499	510	1
High School Chorus	11,004	100	158	10,946
Musical Productions	12,071	2,000	2,780	11,291
7-12 Band	4,033	371	2,047	2,357
All Athletics	19,903	95,305	112,489	2,719
Basketball - Girls	1,148	5,659	6,805	2
Basketball - Boys	498	7,568	8,065	1
Soccer - Girls	1,098	228	998	328
Soccer - Boys	-	5,476	5,476	-
Track - Girls	2,114	11,506	13,460	160

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

Year Ended June 30, 2016

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Track - Boys	\$ 4,454	\$ 11,100	\$ 15,244	\$ 310
Cross Country	750	6,577	7,327	-
Weightlifting	4,541	436	436	4,541
Football	13,009	49,115	62,124	-
Baseball	1,078	23,269	19,771	4,576
Wrestling	7,047	2,113	9,160	-
Volleyball	5,807	9,200	12,217	2,790
Softball	8,646	31,892	40,539	(1)
Y-Camp	6,487	9,692	9,040	7,139
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	185	2,140	2,325	-
Golf - Girls	400	2,249	2,649	-
MS Conservation Team	140	-	-	140
Character Counts	3,366	3,105	1,265	5,206
Culture Club	5	-	-	5
Prom	5,007	5,985	4,872	6,120
Adopt-A-Classroom	384	-	-	384
Middle School	15,819	11,692	22,016	5,495
Art Club - HS	923	1,810	2,572	161
Art Club - K-5	1,251	-	-	1,251
Social Studies Trip	-	6,076	6,037	39
Hartford Yearbook	2,646	915	-	3,561
HS Principal's Council	923	250	1,126	47
Dance Team	1,622	7,760	9,383	(1)
Student Ambassadors	-	437	40	397
<b>Total</b>	<b>\$ 225,635</b>	<b>\$ 397,216</b>	<b>\$ 466,045</b>	<b>\$ 156,806</b>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2016	2015	2014	2013
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 5,577,006	\$ 5,379,491	\$ 5,242,667	\$ 6,673,466
Tuition	1,386,737	1,394,942	1,445,627	1,272,599
Other	1,185,339	815,702	695,321	801,271
Intermediate sources	-	-	-	5,000
State sources	15,397,825	14,221,560	13,488,503	11,227,830
Federal sources	652,572	569,939	576,726	429,848
<b>Total revenues</b>	<b>\$ 24,199,479</b>	<b>\$ 22,381,634</b>	<b>\$ 21,448,844</b>	<b>\$ 20,410,014</b>
<b>Expenditures:</b>				
Instruction	\$ 13,314,910	\$ 12,228,703	\$ 11,435,414	\$ 10,625,063
Support services:				
Student	675,608	750,913	724,600	690,058
Instructional staff	921,022	552,292	525,538	391,066
Administration	2,728,942	2,580,546	2,557,565	2,413,717
Operation and maintenance of plant	1,566,232	1,556,012	1,489,312	1,489,222
Transportation	877,994	901,445	854,201	825,319
Other expenditures:				
Facilities acquisition	1,515,281	140,481	1,037,840	718,489
Long-term debt:				
Principal	2,610,000	1,550,000	625,000	1,285,750
Interest and fiscal charges	792,001	818,725	846,425	884,630
AEA flowthrough	779,370	750,133	696,090	664,895
<b>Total expenditures</b>	<b>\$ 25,781,360</b>	<b>\$ 21,829,250</b>	<b>\$ 20,791,985</b>	<b>\$ 19,988,209</b>

See accompanying independent auditor's report.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	6,813,016	\$ 6,494,784	\$ 5,642,664	\$ 5,605,083	\$ 5,183,840	\$ 4,521,969
	1,111,259	920,325	604,590	531,953	393,000	390,632
	750,508	1,067,275	716,657	636,030	791,989	879,642
	-	-	10,000	10,000	27,291	-
	11,008,811	10,574,939	9,259,561	10,382,655	9,940,194	8,323,806
	814,695	846,035	1,533,433	235,843	278,604	740,735
\$	<u>20,498,289</u>	<u>\$ 19,903,358</u>	<u>\$ 17,766,905</u>	<u>\$ 17,401,564</u>	<u>\$ 16,614,918</u>	<u>\$ 14,856,784</u>
\$	10,095,727	\$ 9,650,279	\$ 9,556,760	\$ 9,532,176	\$ 9,224,556	\$ 7,763,185
	671,591	603,862	584,782	592,126	547,931	471,477
	303,120	408,471	339,566	734,228	323,161	356,783
	2,282,587	2,091,204	2,095,597	2,052,331	2,101,225	1,490,702
	1,442,798	1,382,082	1,435,226	1,478,901	1,621,960	1,146,121
	984,419	821,043	744,623	707,065	643,595	510,147
	623,095	1,411,893	7,510,608	2,363,979	1,050,244	7,527,550
	858,250	958,250	933,250	792,500	520,000	635,000
	925,255	959,901	802,786	444,237	449,592	520,221
	649,983	688,857	665,706	615,532	571,154	502,822
\$	<u>18,836,825</u>	<u>\$ 18,975,842</u>	<u>\$ 24,668,904</u>	<u>\$ 19,313,075</u>	<u>\$ 17,053,418</u>	<u>\$ 20,924,008</u>

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016

Grantor / Program	CFDA Number	Pass-through Grantor Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Program:			
School Breakfast Program	10.553	0981-16	\$ 69,636
National School Lunch Program*	10.555	0981-16	341,182 *
			<u>410,818</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0981-G-16	150,810
Title I Grants to Local Educational Agencies	84.010	0981-SINA-16	18,130
			<u>168,940</u>
Special Education - Grants to States**	84.027	0981-16	<u>45,361</u> **
Supporting Effective Instruction State Grants	84.367	0981-16	<u>33,180</u>
Grants for State Assessments and Related Activities	84.369	0981-16	<u>8,032</u>
Career and Technical Education - Basic Grants to States	84.048	0981-16	<u>11,881</u>
Heartland Area Education Agency:			
Special Education - Grants to States**	84.027	0981-16	<u>86,499</u> **
Title III English Language Acquisition State Grants	84.365	0981-16	<u>3,497</u>
U. S. Department of Health and Human Services:			
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	0981-16	<u>223</u>
Total			<u>\$ 768,431</u>

\* = Includes \$43,282 of non-cash awards.

\*\* = Total expended for CFDA number 84.027 = \$131,860

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016

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

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

See accompanying independent auditor's report.

DOUGLAS T. HUNT, CPA  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Carlisle Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Carlisle Community School District as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

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

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

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. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-16 that we consider to be a significant deficiency.



### Compliance

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Carlisle Community School District's Responses to the Findings

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

### Purpose of this Report

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

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

*Hunt & Associates, P.C.*

Oskaloosa, Iowa  
November 14, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of  
Carlisle Community School District:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Carlisle Community School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

*Hunt + Associates, P.C.*

Oskaloosa, Iowa  
November 14, 2016

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

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

- (a) Unmodified opinions were issued on all opinion units.
- (b) A significant deficiency in internal control over financial reporting was reported.
- (c) The audit did not report any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.515
- (g) The major program was as follows:
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Carlisle Community School District qualified as a low-risk auditee.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-16 Untimely Receipt Deposits – We noted that two out of eleven receipts tested were not deposited to the bank in a timely manner. The receipts were held for a range of ten to eighteen days. This situation developed due to practicing poor internal control over cash receipts.

Recommendation – The District should implement controls to insure that all receipts are deposited to the bank in a timely manner. Receipts should be deposited weekly at a minimum, and should be deposited daily in the best situation to protect the underlying assets.

Response – We will insure that all deposits are made in a timely manner in the future and we will develop better controls for depositing cash receipts.

Conclusion – Response accepted.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-16 Certified Budget – Expenditures/expenses for the year ended June 30, 2016, did not exceed the amounts budgeted.
- IV-B-16 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-16 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-16 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Andrew Hill, son of Board Member Art Hill	Ticket taking	\$70

The transactions with the son of Board Member Hill do not represent a conflict of interest according to an attorney general opinion dated November 9, 1976.

- IV-E-16 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-16 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-16 Certified Enrollment – We noted that the enrollment data certified to the Department of Education included two individuals who were improperly included on the original submission for the year ended June 30, 2016 as English language learners which resulted in an overstatement of .44 students. This error resulted because of the difficulty in collating all necessary enrollment data.  
  
 Recommendation – The District should contact the Department of Education and the Department of Management to report the additional students originally claimed in error.  
  
 Response – This was an oversight on our part when collating the information used in the difficult enrollment certification process. We will contact the necessary departments to report this error.  
  
 Conclusion – Response accepted.
- IV-H-16 Supplementary Weighting – We noticed a variance regarding the supplementary weighting certified to the Iowa Department of Education. Supplementary weighting was overstated by .32 students. This error was the result of the improper inclusion of three classes which had non-qualifying start dates.

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-H-16 Supplementary Weighting (continued)

Recommendation – The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.

Response – We will contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.

Conclusion – Response accepted.

IV-I-16 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

IV-J-16 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

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

IV-L-16 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2016, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$ 1,724,497
Revenues:		
Interest	\$ 4,928	
Other local revenues	20,000	
Statewide sales, services and use tax	1,800,581	1,825,509
Expenditures/transfers out:		
School infrastructure construction	874,961	
Equipment	30,622	
Transfers to other funds:		
Other transfers	1,184,266	2,089,849
Ending balance		\$ 1,460,157



CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-L-16 Statewide Sales, Services and Use Tax (continued)

For the year ended June 30, 2016, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-16 Financial Condition – At June 30, 2016, the governmental activities, business-type activities, and the Enterprise, School Nutrition Fund had deficit unrestricted net positions of \$1,332,847, \$21,272, and \$57,139, respectively. These deficit balances were caused by the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, which requires the inclusion of the District’s proportionate share of the IPERS pension liability and the related deferred outflows of resources and deferred inflows of resources in the District’s financial statements.

Recommendation – Even though the deficits arose due to the net pension liability, deferred outflows of resources, and deferred inflows of resources, the District should investigate ways to return the governmental activities, business-type activities and the School Nutrition Fund to sound financial conditions.

Response – We are unsure of what steps can be taken at this time to alleviate the strain of the District’s proportionate share of the IPERS liability and the related deferred outflows of resources and deferred inflows of resources since actions related to this area are controlled by the Iowa Legislature. However, we will look into this situation and investigate ways to return the governmental activities, business-type activities, and the School Nutrition Fund to sound financial conditions.

Conclusion – Response accepted.