

CARLISLE COMMUNITY SCHOOL DISTRICT  
CARLISLE, IOWA

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

JUNE 30, 2018

## TABLE OF CONTENTS

	Page
OFFICIALS	4
INDEPENDENT AUDITOR’S REPORT	5-6
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	7-18
<b>BASIC FINANCIAL STATEMENTS:</b>	
Exhibit	
Government-Wide Financial Statements:	
A    Statement of Net Position	20-21
B    Statement of Activities	22-25
Governmental Fund Financial Statements:	
C    Balance Sheet	26-27
D    Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	28
E    Statement of Revenues, Expenditures and Changes in Fund Balances	29-30
F    Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	31
Proprietary Fund Financial Statements:	
G    Statement of Fund Net Position	32
H    Statement of Revenues, Expenses and Changes in Fund Net Position	33
I    Statement of Cash Flows	34-35
Fiduciary Fund Financial Statements:	
J    Statement of Fiduciary Net Position	36
K    Statement of Changes in Fiduciary Net Position	37
Notes to Financial Statements	38-61
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	64
Notes to Required Supplementary Information – Budgetary Reporting	65
Schedule of the District’s Proportionate Share of the Net Pension Liability	66
Schedule of District Contributions	68-69
Notes to Required Supplementary Information – Pension Liability	70
Schedule of Changes in the District’s Total OPEB Liability, Related Ratios and Notes	71
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule	
Nonmajor Governmental Funds:	
1    Combining Balance Sheet	74
2    Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	75
Capital Projects Fund Accounts:	
3    Combining Balance Sheet	76
4    Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	77
Nonmajor Enterprise Funds:	
5    Combining Schedule of Fund Net Position	78
6    Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	79
7    Combining Schedule of Cash Flows	80

TABLE OF CONTENTS  
(continued)

	Page
SUPPLEMENTARY INFORMATION (continued)	
Schedule (continued)	
Nonmajor Internal Services Fund:	
8 Combining Schedule of Fund Net Position	81
9 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	82
10 Combining Schedule of Cash Flows	83
11 Schedule of Changes in Special Revenue Fund, Student Activity Accounts	84-85
12 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	86
13 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	88-89
14 Schedule of Expenditures of Federal Awards	90-91
 INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	          92-93
 INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	          94-95
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS	          96-101

CARLISLE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2017 election)		
Susan James	President	2017
Jenny Foster	Vice President	2017
Kyle Chambers	Board Member	2019
Art Hill	Board Member	2019
Rob Joiner	Board Member	2017
(After September 2017 election)		
Kyle Chambers	President	2019
Art Hill	Vice President	2019
Harry Shipley	Board Member	2021
Cody Woodruff	Board Member	2021
Jerimie Eginoire	Board Member	2021
<u>School Officials</u>		
Bryce Amos	Superintendent	2020
Jean Flaws	District Secretary/Treasurer and Business Manager	2018
Ahlers & 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  
DEE A.A. HOKE, CPA

**HUNT & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST  
OSKALOOSA, IA 52577  
641/672-2541  
FAX 641/672-2461  
317 EAST ROBINSON  
KNOXVILLE, IA 50138  
641/842-3184  
FAX 641/828-7404

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, 2018 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, 2018, 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.

Emphasis of a Matter

As discussed in Note 15 to the financial statements, Carlisle Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

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 Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 7 through 18 and 64 through 71 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, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 14, 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 2, 2018 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 solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering 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, 2018. 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

- The District implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities and business type activities were restated by \$1,322,221 and \$43,007 respectively, to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- General Fund revenues increased from \$19,895,560 in fiscal year 2017 to \$20,431,062 in fiscal year 2018 and General Fund expenditures increased from \$19,285,019 in fiscal year 2017 to \$20,158,408 in fiscal year 2018. The General Fund balance as of June 30, 2018 was \$6,736,299 compared to \$6,447,963 at June 30, 2017.
- The increase in General Fund revenues was attributable to an increase in the state percent of growth and an increase in property tax valuation. The increase in General Fund expenditures was primarily attributable to an increase in staff FTE.
- The District made the decision to raise the debt service levy to \$4.03/\$1,000 to include a surplus debt service levy in the amount of \$745,000. The surplus levy is being used to pay down debt for the middle school bonds to save interest as they became callable in FY 2016. This is the sixth year the district has had the surplus debt service levy. The District has paid an additional \$3,375,000 towards the middle school bonds debt as a result.
- In December, 2016, the District received revenue from PPEL loan notes in the amount of \$4,520,000 to help finance the high school infrastructure/band room project which began the fall of 2016 and completed in January, 2018. The loan notes will be paid off in June, 2028.

## 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.

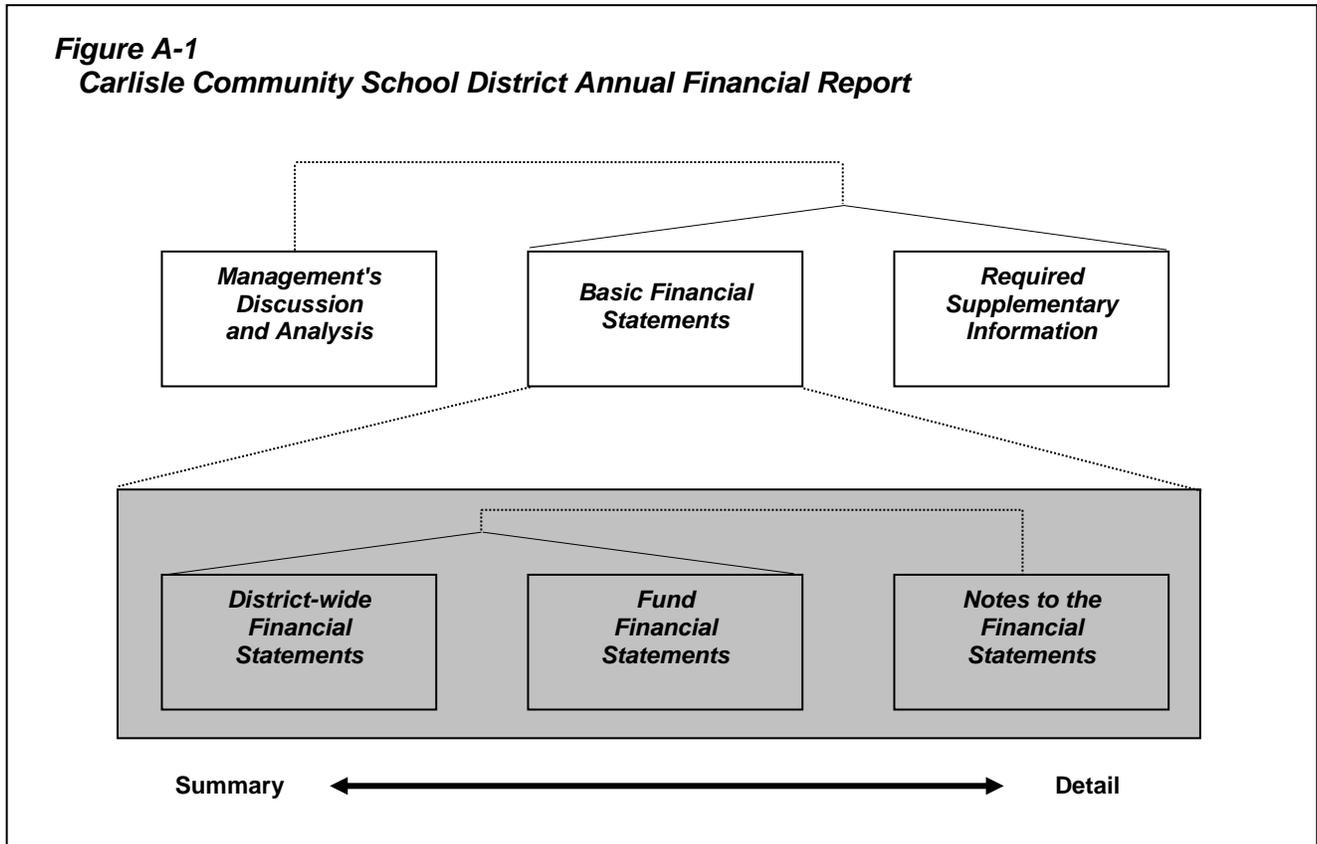


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

<b>Figure A-2 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, 2018 compared to June 30, 2017.

Figure A-3 Condensed Statement of Net Position	Governmental		Business-type		Total		Total
	Activities		Activities		School District		% Change
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)	2017-2018
Current and other assets	20,422,058	21,409,106	363,117	261,224	20,785,175	21,670,330	-4.08%
Capital assets	31,953,140	30,296,924	262,384	303,784	32,215,524	30,600,708	5.28%
Total assets	52,375,198	51,706,030	625,501	565,008	53,000,699	52,271,038	1.40%
Deferred outflows of resources	3,343,822	3,023,137	82,281	67,743	3,426,103	3,090,880	10.85%
Long-term obligations	26,060,472	26,265,410	304,343	221,970	26,364,815	26,487,380	-0.46%
Other liabilities	2,843,476	2,711,874	67,856	54,558	2,911,332	2,766,432	5.24%
Total liabilities	28,903,948	28,977,284	372,199	276,528	29,276,147	29,253,812	0.08%
Deferred inflows of resources	6,405,668	6,012,594	7,598	2,649	6,413,266	6,015,243	6.62%
Net position:							
Net investment in capital assets	17,908,140	14,021,924	262,384	303,784	18,170,524	14,325,708	26.84%
Restricted	4,778,172	6,665,354	-	-	4,778,172	6,665,354	-28.31%
Unrestricted	-2,276,908	-947,989	65,601	49,790	-2,211,307	-898,199	-146.19%
Total net position	20,409,404	19,739,289	327,985	353,574	20,737,389	20,092,863	3.21%

The District's combined net position was \$20,737,389 at June 30, 2018, an increase of 3.21% from FY 2017.

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, 2018 as compared to the year ended June 30, 2017. 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 \$7,741,615 and unrestricted state grants of \$10,970,254 account for 71.5 percent of the District's total revenues in FY 2018. The District's expenses primarily relate to instruction and support services which account for 84.8 percent of the total expenses.

Figure A-4 Changes in Net Position	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)	2017-18
Revenues:							
Program revenues:							
Charges for service and sales	1,995,528	1,930,716	1,042,461	512,332	3,037,989	2,443,048	24.35%
Operating grants, contributions							
and restricted interest	3,781,909	3,789,394	457,068	474,751	4,238,977	4,264,145	-0.59%
Capital grants, contributions and							
restricted interest	-	-	-	-	-	-	-
General revenues:							
Property and other taxes	7,741,615	7,580,358	-	-	7,741,615	7,580,358	2.13%
Unrestricted state grants	10,970,254	10,961,204	-	-	10,970,254	10,961,204	0.08%
Unrestricted investment earnings	32,077	29,798	430	353	32,507	30,151	7.81%
Capital Contributions	-	-	-	-	-	-	-
Other	178,145	219,950	-29,354	-	148,791	219,950	-32.35%
Total revenues	24,699,528	24,511,420	1,470,605	987,436	26,170,133	25,498,856	2.63%
Program expenses:							
Governmental activities:							
Instruction	13,532,227	12,579,456			13,532,227	12,579,456	7.57%
Support services	6,942,534	6,865,163	5,864	12,769	6,948,398	6,877,932	1.02%
Non-instructional programs			1,447,323	941,059	1,447,323	941,059	53.80%
Other expenses	2,232,431	2,162,945			2,232,431	2,162,945	3.21%
Total expenses	22,707,192	21,607,564	1,453,187	953,828	24,160,379	22,561,392	7.09%
Change in net position	1,992,336	2,906,856	17,418	33,608	2,009,754	2,937,464	-31.58%
Net position beginning of year	18,417,068	16,835,433	310,567	319,966	18,727,635	17,155,399	9.16%
Net position end of year	20,409,404	19,739,289	327,985	353,574	20,737,389	20,092,863	3.21%

## Governmental Activities

Revenues for governmental activities were \$24,699,528 and expenses were \$22,707,192.

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	
	2018	2017 (not restated)	2018	2017 (not restated)
Instruction	13,532,227	12,579,456	8,869,560	7,988,108
Support services	6,942,534	6,865,163	6,641,918	6,532,706
Other expenditures	2,232,431	2,162,945	1,418,277	1,366,643
Totals	22,707,192	21,607,564	16,929,755	15,887,454

- The cost financed by users of the District's programs was \$1,995,528.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,781,909.
- The remaining cost of governmental activities was financed with \$7,741,615 in property and other taxes, \$10,970,254 in state foundation aid, \$32,077 in interest income and \$178,145 in other miscellaneous revenue.

## Business-Type Activities

Revenues of the District's business-type activities were \$1,470,605 and expenses were \$1,453,187. 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 \$10,509,751 at June 30, 2018, a decrease of \$1,522,386 or 12.65 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 \$6,447,963 to 6,736,299.
- 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, 2018 was \$1,977,046 which is a decrease of \$1,744,311 from June 30, 2017.
- The balance of the Physical Plant and Equipment Levy (PPEL) Account within the Capital Projects Fund decreased from \$1,500,960 in fiscal year 2016-2017 to \$99,228 in fiscal year 2017-2018. Funds were used on the high school project (high school infrastructure and new band room), technology services and equipment, student information system, maintenance equipment, final payment on the parking lot project and PPEL loan note payment. 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 \$2,220,397 in fiscal year 2016-2017 to \$1,877,685 in fiscal year 2017-2018. Funds were used for phase 1 and phase 2 of the high school project and repayment of sales tax bonds (used for prior renovations to the athletic facility and the Hartford and high school buildings).
- The Debt Service Fund balance increased from \$730,983 in fiscal year 2017 to \$748,815 in fiscal year 2018, an increase of 2.44 percent.

### **Proprietary Fund Highlights**

The School Nutrition Fund net position decreased from \$274,641 at June 30, 2017 to \$260,537 at June 30, 2018. Revenues for the School Nutrition Fund totaled \$991,271. Expenses for the School Nutrition Fund totaled \$1,005,375, resulting in the \$14,104 decrease 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 \$285,359 more than the total budgeted revenues, a variance of 1.1%.

Total expenditures were \$897,319 less than budgeted, a variance of 3.1%. 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 exceed the budgeted amount in the area of non-instructional programs.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2018, the District had invested \$32,215,524 net of accumulated depreciation of \$14,305,175, 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 \$1,315,950.

The original cost of the District's capital assets was \$46,520,699. Governmental funds account for \$45,700,333 with the remainder of \$820,366 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings and improvements with the ending of the high school renovation project.

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		Business-type		Total	
	Activities		Activities		School District	
	2018	2017	2018	2017	2018	2017
Land	481,177	481,177			481,177	481,177
Construction in progress	778,181	3,296,249			778,181	3,296,249
Buildings	29,392,890	25,338,526			29,392,890	25,338,526
Furniture and equipment	1,300,892	1,180,972	262,384	303,784	1,563,276	1,484,756
Totals	31,953,140	30,296,924	262,384	303,784	32,215,524	30,600,708

## Long-Term Liabilities

At June 30, 2018, the District had \$26,364,815 in general obligation bonds and other long-term liabilities outstanding. This represents a decrease of approximately 5.34 percent from last year (see Figure A-7). More detailed information about the District's long-term liabilities is available in Note 6 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 2022.

The District began a surplus debt service levy in FY 2013. The levy in FY 2013 generated \$420,000, \$475,000 in FY 2014, \$505,000 in FY 2015, \$565,000 in FY 2016, \$665,000 in FY 2017 and \$745,000 in FY 2018. The additional funds have been used to pay down debt for the general obligation bonds as they became callable, which has saved the district 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 these sales tax revenue bonds in December, 2015 with final payment in FY 2030.

In December of 2016, the District received proceeds from the sale of PPEL loan notes in the amount of \$4,520,000 to fund the high school renovation and band room project. The final payment is scheduled June, 2028.

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

	Total School District		Total Change
	2018	2017 (not restated)	2017-2018
Capital Lease	66,336	77,325	-0.14211
General obligation bond notes	3,815,000	4,155,000	-0.08183
General obligation bonds	1,395,000	2,630,000	-0.46958
Revenue bonds	8,835,000	9,490,000	-0.06902
Compensated absences	9,378	7,208	0.30105
Total OPEB liability	1,375,001	-	N/A
Net pension liability	10,869,100	10,127,847	0.28033
<b>Totals</b>	<b>26,364,815</b>	<b>26,487,380</b>	<b>-0.46273</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 budget enrollment for the 2017-2018 fiscal year was the certified enrollment for the 2016-2017 school year was 1902.25 which was a decrease in certified enrollment of 3.28. The certified enrollment count for the 2017-2018 school year was 1943.73, an increase of 41.48 for the budget enrollment for the 2018-2019 fiscal year.
- The District continues to have a positive gain in the number of students open enrolling into the District vs. open enrolling out of the District. The net gain for 2017-2018 was 137, an increase of 4 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 classroom space. For the 2017-2018 school year, the District made the determination to close open enrollment for fourth grade and for the 2018-2019 school year, fifth grade will be closed to open enrollment.
- The District evaluated the condition of its transportation vehicles and purchased a bus from the general fund along with a bus on a purchase lease for three years during 2016-2017. The District continually monitors the fleet of vehicles to determine transportation needs and possible replacement of older buses and other vehicles. The District will enter into a five-year lease purchase for seven buses in 2018-2019.
- Increasing medical insurance costs always plays a big factor in negotiating with the Carlisle Community Education Association (CCEA). The District does partial-self fund the health insurance. Insurance packages and premiums are reviewed annually. The District will continue to monitor the cost of 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 2019 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 2022 because of levying additional funds in debt service over the last five years in order to pay down the debt and save on interest. The bonds became callable in FY 2015 and in FY 2016. The ability to levy for debt service surplus is reviewed annually.
- The high school renovation project began the fall of 2016. The project is broken down into two phases with phase 1 to include a band room addition and infrastructure work in the classrooms. The project is being funded with \$4,520,000 in general obligation capital loan notes (PPEL fund) and sales tax revenue.
- Phase 2 of the high school projects included relocation and renovation of the industrial tech area in order to clear the area for a high school activity center. This project began in April, 2018, to be completed the fall of 2018. This project is being funded with sales tax dollars.

The District began planning for the high school activity center project of phase 2 in 2017-2018. The District passed a \$17,000,000 bond issue April 3, 2018 to fund a high school activity center, energy

- improvements/upgrades, furniture and equipment upgrades, security/safety and technology upgrades and improvements for all school buildings. The District closed on \$15,000,000 in bonds July 11, 2018 to fund the above projects and will purchase an additional \$2,000,000 during the summer of 2019.

### **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, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 13,612,447	\$ 335,817	\$ 13,948,264
Receivables:			
Property tax:			
Current year	49,764	-	49,764
Succeeding year	6,122,709	-	6,122,709
Accounts	9,425	360	9,785
Due from other governments	627,713	-	627,713
Inventories	-	26,940	26,940
Capital assets, net of accumulated depreciation (note 5)	31,953,140	262,384	32,215,524
	<hr/>	<hr/>	<hr/>
Total assets	52,375,198	625,501	53,000,699
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	3,343,822	82,281	3,426,103
<b>Liabilities</b>			
Accounts payable	791,230	10,884	802,114
Salaries and benefits payable	1,879,671	37,804	1,917,475
Bond deposit payable	150,000	-	150,000
Unearned revenue	-	19,168	19,168
Accrued interest payable	22,575	-	22,575
Long-term liabilities (note 6):			
Portion due within one year:			
Notes payable	350,000	-	350,000
Bonds payable	515,000	-	515,000
Capital lease	11,371	-	11,371
Compensated absences	9,378	-	9,378
Portion due after one year:			
Notes payable	3,465,000	-	3,465,000
Bonds payable	9,715,000	-	9,715,000
Capital lease	54,965	-	54,965
Net pension liability	10,608,071	261,029	10,869,100
Total OPEB liability	1,331,687	43,314	1,375,001
	<hr/>	<hr/>	<hr/>
Total liabilities	28,903,948	372,199	29,276,147

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
June 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	\$ 6,122,709	\$ -	\$ 6,122,709
Pension related deferred inflows	202,708	4,988	207,696
OPEB related deferred inflows	80,251	2,610	82,861
	<hr/>		
Total deferred inflows of resources	6,405,668	7,598	6,413,266
<hr/>			
<b>Net Position</b>			
Net investment in capital assets	17,908,140	262,384	18,170,524
Restricted for:			
Categorical funding	1,026,444	-	1,026,444
Debt service	733,449	-	733,449
Capital projects	1,877,818	-	1,877,818
Physical plant and equipment levy purposes	92,870	-	92,870
Management levy purposes	925,812	-	925,812
Student activities	121,779	-	121,779
Unrestricted	(2,276,908)	65,601	(2,211,307)
	<hr/>		
Total net position	\$ 20,409,404	\$ 327,985	\$ 20,737,389
	<hr/>		

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	\$ 8,823,083	\$ 1,460,957	\$ 2,347,316
Special	2,469,189	199,509	136,545
Other	2,239,955	313,716	204,624
	<u>13,532,227</u>	<u>1,974,182</u>	<u>2,688,485</u>
Support services:			
Student	726,118	-	255,682
Instructional staff	732,935	-	13,802
Administration	2,892,805	-	-
Operation and maintenance of plant	1,596,286	18,380	-
Transportation	994,390	2,966	9,786
	<u>6,942,534</u>	<u>21,346</u>	<u>279,270</u>
Other expenditures:			
Facilities acquisition	12,161	-	-
Long-term debt interest and fiscal charges	438,144	-	-
AEA flowthrough	814,154	-	814,154
Depreciation (unallocated) *	967,972	-	-
	<u>2,232,431</u>	<u>-</u>	<u>814,154</u>
Total governmental activities	<u>22,707,192</u>	<u>1,995,528</u>	<u>3,781,909</u>

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (5,014,810)	\$ -	\$ (5,014,810)
(2,133,135)	-	(2,133,135)
(1,721,615)	-	(1,721,615)
<u>(8,869,560)</u>	-	<u>(8,869,560)</u>
(470,436)	-	(470,436)
(719,133)	-	(719,133)
(2,892,805)	-	(2,892,805)
(1,577,906)	-	(1,577,906)
(981,638)	-	(981,638)
<u>(6,641,918)</u>	-	<u>(6,641,918)</u>
(12,161)	-	(12,161)
(438,144)	-	(438,144)
-	-	-
(967,972)	-	(967,972)
<u>(1,418,277)</u>	-	<u>(1,418,277)</u>
<u>(16,929,755)</u>	-	<u>(16,929,755)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Business-Type Activities:			
Support services:			
Other enterprise operations	\$ 5,864	\$ -	\$ -
Non-instructional programs:			
Food service operations	1,005,375	533,782	457,068
Other enterprise operations	441,948	508,679	-
	<u>1,447,323</u>	<u>1,042,461</u>	<u>457,068</u>
Total business-type activities	<u>1,453,187</u>	<u>1,042,461</u>	<u>457,068</u>
Total	<u>\$ 24,160,379</u>	<u>\$ 3,037,989</u>	<u>\$ 4,238,977</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  
Transfers

Total general revenues

Change in net position

Net position beginning of year, as restated (note 15)

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

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (5,864)	\$ (5,864)
-	(14,525)	(14,525)
-	66,731	66,731
-	52,206	52,206
-	46,342	46,342
(16,929,755)	46,342	(16,883,413)
\$ 4,031,358	\$ -	\$ 4,031,358
1,356,837	-	1,356,837
581,676	-	581,676
1,771,744	-	1,771,744
10,970,254	-	10,970,254
32,077	430	32,507
148,791	-	148,791
29,354	(29,354)	-
18,922,091	(28,924)	18,893,167
1,992,336	17,418	2,009,754
18,417,068	310,567	18,727,635
\$ 20,409,404	\$ 327,985	\$ 20,737,389

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 8,583,833	\$ 737,579	\$ 2,276,220	\$ 1,046,118	\$ 12,643,750
Receivables:					
Property tax:					
Current year	32,363	11,236	4,654	1,511	49,764
Succeeding year	3,960,941	1,401,270	577,808	182,690	6,122,709
Accounts	6,346	-	-	3,079	9,425
Due from other governments	477,258	-	150,105	350	627,713
 Total assets	 <u>\$ 13,060,741</u>	 <u>\$ 2,150,085</u>	 <u>\$ 3,008,787</u>	 <u>\$ 1,233,748</u>	 <u>\$ 19,453,361</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 485,599	\$ -	\$ 303,933	\$ 1,698	\$ 791,230
Salaries and benefits payable	1,877,902	-	-	1,769	1,879,671
Bond deposit payable	-	-	150,000	-	150,000
Total liabilities	<u>2,363,501</u>	<u>-</u>	<u>453,933</u>	<u>3,467</u>	<u>2,820,901</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,960,941	1,401,270	577,808	182,690	6,122,709
Fund balances:					
Restricted for:					
Categorical funding (note 11)	1,026,444	-	-	-	1,026,444
Debt service	-	748,815	133	-	748,948
School infrastructure	-	-	1,877,685	-	1,877,685
Physical plant and equipment	-	-	99,228	-	99,228
Management levy purposes	-	-	-	925,812	925,812
Student activities	-	-	-	121,779	121,779
Unassigned	5,709,855	-	-	-	5,709,855
Total fund balances	<u>6,736,299</u>	<u>748,815</u>	<u>1,977,046</u>	<u>1,047,591</u>	<u>10,509,751</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,060,741</u>	<u>\$ 2,150,085</u>	<u>\$ 3,008,787</u>	<u>\$ 1,233,748</u>	<u>\$ 19,453,361</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, 2018

Total fund balances of governmental funds		\$ 10,509,751
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.		31,953,140
The Internal Service Funds are included in the governmental activities due to the integral nature of those funds to the governmental activities.		968,697
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.		(22,575)
Pension and OPEB 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 \$	3,343,822
	Deferred inflows of resources	<u>(282,959)</u>
		3,060,863
Long-term liabilities, including notes payable, bonds payable, capital lease purchase agreements, net pension liability, total OPEB liability and compensated absences are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(26,060,472)</u>
Net position of governmental activities		<u>\$ 20,409,404</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, 2018

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,861,921	\$ 1,353,878	\$ 580,430	\$ 160,537	\$ 5,956,766
Tuition	1,484,910	-	-	-	1,484,910
Other	347,316	3,296	10,864	353,781	715,257
State sources	14,101,668	2,959	1,772,990	377	15,877,994
Federal sources	635,247	-	-	-	635,247
Total revenues	<u>20,431,062</u>	<u>1,360,133</u>	<u>2,364,284</u>	<u>514,695</u>	<u>24,670,174</u>
Expenditures:					
Current:					
Instruction	13,010,048	-	5,197	344,629	13,359,874
Support services:					
Student	704,857	-	-	-	704,857
Instructional staff	654,773	-	18,714	-	673,487
Administration	2,546,806	-	144,584	148,618	2,840,008
Operation and maintenance of plant	1,454,515	-	74,339	81,310	1,610,164
Transportation	973,255	-	-	24,411	997,666
	<u>6,334,206</u>	<u>-</u>	<u>237,637</u>	<u>254,339</u>	<u>6,826,182</u>
Other expenditures:					
Facilities acquisition	-	-	2,531,802	-	2,531,802
Long term debt:					
Principal	-	2,240,989	-	-	2,240,989
Interest and fiscal charges	-	429,355	19,558	-	448,913
AEA flowthrough	814,154	-	-	-	814,154
	<u>814,154</u>	<u>2,670,344</u>	<u>2,551,360</u>	<u>-</u>	<u>6,035,858</u>
Total expenditures	<u>20,158,408</u>	<u>2,670,344</u>	<u>2,794,194</u>	<u>598,968</u>	<u>26,221,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>272,654</u>	<u>(1,310,211)</u>	<u>(429,910)</u>	<u>(84,273)</u>	<u>(1,551,740)</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):					
Residual equity transfer in	\$ 29,354	\$ -	\$ -	\$ -	\$ 29,354
Interfund transfers in (note 3)	-	1,328,073	-	-	1,328,073
Interfund transfers out (note 3)	(13,672)	-	(1,314,401)	-	(1,328,073)
Total other financing sources (uses)	<u>15,682</u>	<u>1,328,073</u>	<u>(1,314,401)</u>	<u>-</u>	<u>29,354</u>
Change in fund balances	288,336	17,862	(1,744,311)	(84,273)	(1,522,386)
Fund balances beginning of year	<u>6,447,963</u>	<u>730,953</u>	<u>3,721,357</u>	<u>1,131,864</u>	<u>12,032,137</u>
Fund balances end of year	<u>\$ 6,736,299</u>	<u>\$ 748,815</u>	<u>\$ 1,977,046</u>	<u>\$ 1,047,591</u>	<u>\$ 10,509,751</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, 2018

Change in fund balances - total governmental funds \$ (1,522,386)

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	\$ 2,927,929	
Depreciation expense	<u>(1,271,713)</u>	1,656,216

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. 164,629

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 2,240,989

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. 10,769

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. 33,871

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:

Pension expense	\$ (499,865)	
OPEB expense	(89,717)	
Compensated absences	<u>(2,170)</u>	<u>\$ (591,752)</u>

Change in net position of governmental activities \$ 1,992,336

See notes to financial statements.

## CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUND

June 30, 2018

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
<b>Assets</b>				
Cash and cash equivalents	\$ 266,227	\$ 69,590	\$ 335,817	\$ 968,697
Receivables:				
Accounts	360	-	360	-
Inventories	26,440	500	26,940	-
Capital assets, net of accumulated depreciation (note 5)	262,384	-	262,384	-
Total assets	<u>555,411</u>	<u>70,090</u>	<u>625,501</u>	<u>968,697</u>
Deferred Outflows of Resources				
Pension related deferred outflows	82,281	-	82,281	-
<b>Liabilities</b>				
Accounts payable	8,242	2,642	10,884	-
Salaries and benefits payable	37,804	-	37,804	-
Unearned revenue	19,168	-	19,168	-
Long-term liabilities: (note 6)				
Net pension liability	261,029	-	261,029	-
Total OPEB liability	43,314	-	43,314	-
Total liabilities	<u>369,557</u>	<u>2,642</u>	<u>372,199</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Pension related deferred inflows	4,988	-	4,988	-
OPEB related deferred inflows	2,610	-	2,610	-
	<u>7,598</u>	<u>-</u>	<u>7,598</u>	<u>-</u>
<b>Fund Net Position</b>				
Net investment in capital assets	262,384	-	262,384	-
Unrestricted	(1,847)	67,448	65,601	968,697
Total fund net position	<u>\$ 260,537</u>	<u>\$ 67,448</u>	<u>\$ 327,985</u>	<u>\$ 968,697</u>

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, 2018

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Operating revenues:				
Local sources:				
Charges for services	\$ 533,782	\$ 508,679	\$ 1,042,461	\$ 1,528,311
Operating expenses:				
Instruction:				
Insurance premiums	-	-	-	1,329,979
Purchased services	-	-	-	33,703
	-	-	-	1,363,682
Support services:				
Supplies	-	5,864	5,864	-
Non-instructional programs:				
Salaries	324,188	-	324,188	-
Benefits	123,915	-	123,915	-
Supplies	511,771	439,578	951,349	-
Depreciation	44,237	-	44,237	-
Other	1,264	2,370	3,634	-
	1,005,375	441,948	1,447,323	-
Total operating expenses	1,005,375	447,812	1,453,187	1,363,682
Operating income (loss)	(471,593)	60,867	(410,726)	164,629
Non-operating revenues (expenses):				
Interest on investments	421	9	430	-
State sources	8,470	-	8,470	-
Federal sources	448,598	-	448,598	-
Residual equity transfer out	-	(29,354)	(29,354)	-
Total non-operating revenues	457,489	(29,345)	428,144	-
Change in fund net position	(14,104)	31,522	17,418	164,629
Fund net position beginning of year, as restated (note 15)	274,641	35,926	310,567	804,068
Fund net position end of year	\$ 260,537	\$ 67,448	\$ 327,985	\$ 968,697

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2018

	Enterprise Funds		Total	Internal Service Funds
	School Nutrition	Non-Major Enterprise		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 522,121	\$ -	\$ 522,121	\$ -
Cash received from miscellaneous operating activities	13,383	508,679	522,062	1,528,311
Cash paid to employees for services	(417,332)	-	(417,332)	-
Cash paid to suppliers for goods or services	(457,666)	(237,384)	(695,050)	(1,367,455)
Net cash provided by (used by) operating activities	<u>(339,494)</u>	<u>271,295</u>	<u>(68,199)</u>	<u>160,856</u>
Cash flows from non-capital financing activities:				
Residual equity transfer out	-	(29,354)	(29,354)	-
(Decrease) in due to other funds	-	(201,705)	(201,705)	-
State grants received	8,470	-	8,470	-
Federal grants received	406,657	-	406,657	-
Net cash provided by (used by) non-capital financing activities	<u>415,127</u>	<u>(231,059)</u>	<u>184,068</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of equipment	<u>(2,837)</u>	<u>-</u>	<u>(2,837)</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	<u>421</u>	<u>9</u>	<u>430</u>	<u>-</u>
Net increase in cash and cash equivalents	73,217	40,245	113,462	160,856
Cash and cash equivalents beginning of year	<u>193,010</u>	<u>29,345</u>	<u>222,355</u>	<u>807,841</u>
Cash and cash equivalents end of year	<u>\$ 266,227</u>	<u>\$ 69,590</u>	<u>\$ 335,817</u>	<u>\$ 968,697</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2018

	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)	\$ (471,593)	\$ 60,867	\$ (410,726)	\$ 164,629
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	44,237	-	44,237	-
Commodities used	41,941	-	41,941	-
(Increase) in accounts receivable	(360)	-	(360)	-
Decrease in inventories	5,251	208,383	213,634	-
Increase (decrease) in accounts payable	8,177	2,045	10,222	(3,773)
Increase in salaries and benefits payable	994	-	994	-
Increase in unearned revenue	2,082	-	2,082	-
Increase in net pension liability	39,059	-	39,059	-
Increase in total OPEB liability	307	-	307	-
(Increase) in deferred outflows of resources	(14,538)	-	(14,538)	-
Increase in deferred inflows of resources	4,949	-	4,949	-
Net cash provided by (used by) operating activities	\$ <u>(339,494)</u>	\$ <u>271,295</u>	\$ <u>(68,199)</u>	\$ <u>160,856</u>

Non-cash financing activities:

During the year ended June 30, 2018, the District received \$41,941 of federal commodities.

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2018

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Cash and pooled investments	\$ 23,607	\$ 3,381
Liabilities:		
Accounts payable	-	1,641
Other payables	-	1,740
Total liabilities	-	3,381
Fiduciary Net Position:		
Restricted for scholarships	\$ 23,607	\$ -

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2018

	<u>Private Purpose Trust</u>  <u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>47</u>
Fiduciary net position beginning of year	<u>23,560</u>
Fiduciary net position end of year	\$ <u><u>23,607</u></u>

See notes to financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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 Polk and Warren 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.

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.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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.

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 which require income earned to be used to benefit individuals through scholarship awards.

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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 reported as a deferred inflow of resources 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2017.

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.

Prepaid Expenses – The District has paid for services that will not be a benefit until future periods. These amounts are reflected as a prepaid expenses asset in the financial statements.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

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 or constructed capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable 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 applicable 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 and OPEB expense and contributions from the District after the measurement date but before the end of the District’s reporting period.

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

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.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

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, 2018. 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. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future 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 and OPEB expense.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund Balance – 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, 2018, expenditures/expenses exceeded the amount budgeted in the non-instructional programs function.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2018 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, 2018, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) as follows:

	Amortized Cost
Diversified Portfolio	\$ <u>637,858</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.

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

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 1,314,401
	General	<u>13,672</u>
		<u>\$ 1,328,073</u>

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

Note 4. Residual Equity Transfer

The detail of residual equity transfers for the year ended June 30, 2018 is as follows:

<u>Transfer to:</u>	<u>Transfer from:</u>	<u>Amount</u>
General	Proprietary, Adult Education	\$ <u>29,354</u>

The residual equity transfer is the result of the Districts decision to close the Adult Education Fund. The residual equity remaining in the fund was transferred to the General Fund which was the original source of the funding.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2018 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
Construction in progress	3,296,249	2,480,180	4,998,248	778,181
Total capital assets not being depreciated	<u>3,777,426</u>	<u>2,480,180</u>	<u>4,998,248</u>	<u>1,259,358</u>
Capital assets being depreciated:				
Buildings	35,553,275	5,022,336	-	40,575,611
Furniture and equipment	3,516,571	423,661	74,868	3,865,364
Total capital assets being depreciated	<u>39,069,846</u>	<u>5,445,997</u>	<u>74,868</u>	<u>44,440,975</u>
Less accumulated depreciation for:				
Buildings	10,214,749	967,972	-	11,182,721
Furniture and equipment	2,335,599	303,741	74,868	2,564,472
Total accumulated depreciation	<u>12,550,348</u>	<u>1,271,713</u>	<u>74,868</u>	<u>13,747,193</u>
Total capital assets being depreciated, net	<u>26,519,498</u>	<u>4,174,284</u>	<u>-</u>	<u>30,693,782</u>
Governmental activities capital assets, net	<u>\$ 30,296,924</u>	<u>\$ 6,654,464</u>	<u>\$ 4,998,248</u>	<u>\$ 31,953,140</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business-type activities:</b>				
Furniture and equipment	\$ 817,529	\$ 2,837	\$ -	\$ 820,366
Less accumulated depreciation	513,745	44,237	-	557,982
Business-type activities capital assets, net	<u>\$ 303,784</u>	<u>\$ (41,400)</u>	<u>\$ -</u>	<u>\$ 262,384</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular \$ 48,771

Support services:

Student support 718

Instructional staff 42,349

Administration 29,604

Operation and maintenance of plant 37,219

Transportation 145,080

303,741

Unallocated depreciation 967,972

Total depreciation expense - governmental activities \$ 1,271,713

Business-type activities:

Food service operations \$ 44,237

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation					
capital loan notes	\$ 4,155,000	\$ -	\$ 340,000	\$ 3,815,000	\$ 350,000
General obligation bonds	2,630,000	-	1,235,000	1,395,000	515,000
Revenue bonds	9,490,000	-	655,000	8,835,000	-
Capital lease	77,325	-	10,989	66,336	11,371
Net pension liability	9,905,877	702,194	-	10,608,071	-
Total OPEB liability	1,322,221	9,466	-	1,331,687	-
Compensated absences	7,208	2,170	-	9,378	9,378
<b>Total</b>	<b>\$ 27,587,631</b>	<b>\$ 713,830</b>	<b>\$ 2,240,989</b>	<b>\$ 26,060,472</b>	<b>\$ 885,749</b>
<b>Business-type activities:</b>					
Net pension liability	\$ 221,970	\$ 39,059	\$ -	\$ 261,029	\$ -
Total OPEB liability	43,007	307	-	43,314	-
<b>Total</b>	<b>\$ 264,977</b>	<b>\$ 39,366</b>	<b>\$ -</b>	<b>\$ 304,343</b>	<b>\$ -</b>

CARLISLE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

Note 6. Long-Term Liabilities (continued)

Capital Loan Notes

Details of the District's June 30, 2018 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2019	2.00 %	\$ 350,000	\$ 76,300	\$ 426,300
2020	2.00	355,000	69,300	424,300
2021	2.00	365,000	62,200	427,200
2022	2.00	370,000	54,900	424,900
2023	2.00	375,000	47,500	422,500
2024	2.00	385,000	40,000	425,000
2025	2.00	390,000	32,300	422,300
2026	2.00	400,000	24,500	424,500
2027	2.00	410,000	16,500	426,500
2028	2.00	415,000	8,300	423,300
		<u>\$ 3,815,000</u>	<u>\$ 431,800</u>	<u>\$ 4,246,800</u>

General Obligation Bonds

Details of the District's June 30, 2018 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
2019	3.90%	\$ 275,000	\$ 43,833	3.85%	\$ 240,000	\$ 10,995
2020	3.95	285,000	33,107	3.90	45,000	1,750
2021	3.95	300,000	21,850	4.00	-	-
2022	4.00	250,000	10,000	4.00	-	-
		<u>\$ 1,110,000</u>	<u>\$ 108,790</u>		<u>\$ 285,000</u>	<u>\$ 12,745</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds (continued)

<u>Total</u>	
<u>Principal</u>	<u>Interest</u>
\$ 515,000	\$ 54,828
330,000	34,857
300,000	21,850
250,000	10,000
<u>\$ 1,395,000</u>	<u>\$ 121,535</u>

Revenue Bonds

Details of the District's June 30, 2018 statewide sales, services and use tax revenue bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	2.49 %	\$ -	\$ 109,996	\$ 109,996
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>\$ 8,835,000</u>	<u>\$ 1,453,039</u>	<u>\$ 10,288,039</u>

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:

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 6. Long-Term Liabilities (continued)

Revenue Bonds (continued)

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.

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 has pledged future statewide sales, services and use tax revenues to repay the \$10,735,000 bonds issued in 2015. The 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 \$10,288,039. For the current year, principal and interest paid on the revenue bonds totaled \$891,301 and total statewide sales, services and use tax revenues were \$1,771,744.

The District had \$9,115,000 in school infrastructure sales, services and use tax revenue bonds defeased but still outstanding at June 30, 2018.

Capital Lease

During the year ended June 30, 2017, the District entered into a capital lease purchase agreement for the purchase of a school bus totaling \$90,997. The lease calls for three annual payments of \$13,672 and one final payment of \$56,872 through the year ended June 30, 2020.

Details of the District's June 30, 2018 capital lease indebtedness are as follows:

Year Ending June 30,	Capital Lease Issued February 15, 2017			
	Interest Rates	Principal	Interest	Total
2019	3.4687%	\$ 11,371	\$ 2,301	\$ 13,672
2020	3.4687%	54,965	1,907	56,872
		<u>\$ 66,336</u>	<u>\$ 4,208</u>	<u>\$ 70,544</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 7. 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 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.

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.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 7. Pension Plan (continued)

In fiscal year 2018, 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, 2018 totaled \$1,124,695.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$10,869,100 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was 0.163169 percent, which was an increase of 0.002239 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,617,549. At June 30, 2018, 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	\$ 99,789	\$ 94,172
Changes of assumptions	1,888,548	-
Net difference between projected and actual earnings on IPERS' investments	-	113,524
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	313,071	-
District contributions subsequent to the measurement date	<u>1,124,695</u>	<u>-</u>
Total	<u>\$ 3,426,103</u>	<u>\$ 207,696</u>

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 7. Pension Plan (continued)

\$1,124,695 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, 2019. 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
2019	\$ 385,902
2020	928,982
2021	554,874
2022	88,654
2023	<u>135,300</u>
Total	<u>\$ 2,093,712</u>

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

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, 2018

Note 7. Pension Plan (continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	24.0%	6.25%
International Equity	16.0%	6.71
Core Plus Fixed Income	27.0%	2.25
Public Credit	3.5%	3.46
Public Real Assets	7.0%	3.27
Cash	1.0%	(0.31)
Private Equity	11.0%	11.15
Private Real Assets	7.5%	4.18
Private Credit	3.0%	4.25
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00 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% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 17,907,916	\$ 10,869,100	\$ 4,955,142

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, 2018

Note 8. Other Postemployment Benefits (OPEB)

Plan Description – The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Carlisle District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>196</u>
Total	<u><u>204</u></u>

Total OPEB Liability – The District’s total OPEB liability of \$1,375,001 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.75% per annum
Rates of salary increase (effective June 30, 2018)	3.50% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.56% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	6.80% initial rate decreasing over decades to an ultimate rate of 4.40% in fiscal year 2015.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.56% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2000 mortality table with projected mortality improvements based on sale AA. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

CARLISLE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

Note 8. Other Postemployment Benefits (OPEB) (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	\$ <u>1,365,228</u>
Changes for the year:	
Service cost	150,836
Interest	42,903
Changes in assumptions	(90,407)
Benefit payments	<u>(93,559)</u>
Net changes	<u>9,773</u>
Total OPEB liability end of year	\$ <u><u>1,375,001</u></u>

Changes of assumptions reflect a change in the discount rate from 2.92% in fiscal year 2017 to 3.56% in fiscal year 2018.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.56%) or 1% higher (4.56%) than the current discount rate.

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	\$ 1,518,375	\$ 1,375,001	\$ 1,243,546

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.80%) or 1% higher (7.80%) than the current healthcare cost trend rates.

	1% Decrease (5.80%)	Healthcare Cost Trend Rate (6.80%)	1% Increase (7.80%)
Total OPEB Liability	\$ 1,176,093	\$ 1,375,001	\$ 1,618,692

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 8. Other Postemployment Benefits (OPEB) (continued)

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the District recognized OPEB expense of \$186,193. At June 30, 2018, the District reported deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ <u><u>82,861</u></u>

The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 7,546
2020	7,546
2021	7,546
2022	7,546
2023	7,546
Thereafter	<u>45,131</u>
Total	<u>\$ 82,861</u>

Note 9. 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 to 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 or \$2,000 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 recorded as expenditures from the General and School Nutrition funds. Under the administrative services agreement, weekly payments of service fees and claims processed are paid from the Carlisle Community School District Employee Group Insurance Plan Fund, which is recorded as an Internal Service Fund. The District's contributions to the fund for the year ended June 30, 2018 were \$1,258,128.

The Internal Service Fund, Self-Funded Insurance Plan unrestricted net position was \$960,340 at June 30, 2018.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 9. Risk Management (continued)

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$814,154 for the year ended June 30, 2018 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2018:

Program	Amount
Home school assistance program	\$ 149,975
Gifted and talented programs	118,550
Market factor	2,841
Teacher leadership state aid	320,925
Four year old preschool state aid	369,661
Teacher salary supplement	51,774
Successful progression for early readers	11,028
Professional development	1,359
Evaluator training programs	331
Total	\$ 1,026,444

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 12. Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2018 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Carlisle	Urban renewal and economic development projects	\$ 11,299

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2018, this reimbursement amounted to \$5,689.

Note 13. Construction Commitments

The District has entered into various contracts totaling \$5,820,208 for various projects. As of June 30, 2018, costs of \$4,999,642 had been incurred against the contracts. The balance of \$820,566 remaining at June 30, 2018 will be paid as work on the projects progresses.

Note 14. Subsequent Events

On July 11, 2018, the District issued \$15,000,000 in general obligation School Bonds. The bonds are payable through the year ended June 30, 2038 and have interest rates ranging from 3.0% to 5.0%.

On September 4, 2018, the District entered into a capital lease purchase agreement totaling \$571,900 for the purchase of seven school buses. The agreement calls for six annual payments of \$124,778 and has an interest rate of 4.55%.

On August 13, 2018, the District approved a contract totaling \$10,489,820 for the construction of an indoor activity center.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local governmental employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities and business type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	<u>Governmental Activities</u>	<u>Business type Activities</u>	<u>Proprietary Fund, School Nutrition</u>
Net position June 30, 2017, as previously reported	\$ 19,739,289	\$ 353,574	\$ 317,648
Total OPEB liability at June 30, 2017	<u>(1,322,221)</u>	<u>(43,007)</u>	<u>(43,007)</u>
Net position July 1, 2017, as restated	<u>\$ 18,417,068</u>	<u>\$ 310,567</u>	<u>\$ 274,641</u>

This page intentionally left blank

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, 2018

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 8,156,933	\$ 1,042,891	\$ 9,199,824	\$ 10,679,256	\$ 10,679,256	\$ (1,479,432)
State sources	15,877,994	8,470	15,886,464	14,299,218	14,299,218	1,587,246
Federal sources	635,247	448,598	1,083,845	906,300	906,300	177,545
<b>Total revenues</b>	<b>24,670,174</b>	<b>1,499,959</b>	<b>26,170,133</b>	<b>25,884,774</b>	<b>25,884,774</b>	<b>285,359</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	13,359,874	-	13,359,874	13,795,000	13,795,000	435,126
Support services	6,826,182	5,864	6,832,046	7,110,550	7,255,550	423,504
Non-instructional programs	-	1,447,323	1,447,323	1,195,000	1,412,592	(34,731)
Other expenditures	6,035,858	-	6,035,858	6,109,278	6,109,278	73,420
<b>Total expenditures/expenses</b>	<b>26,221,914</b>	<b>1,453,187</b>	<b>27,675,101</b>	<b>28,209,828</b>	<b>28,572,420</b>	<b>897,319</b>
Excess (deficiency) of revenues over (under) expenditures/ expenses	(1,551,740)	46,772	(1,504,968)	(2,325,054)	(2,687,646)	1,182,678
Other financing sources, net	29,354	(29,354)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(1,522,386)	17,418	(1,504,968)	(2,325,054)	(2,687,646)	1,182,678
Balance beginning of year	12,032,137	310,567	12,342,704	12,117,524	12,117,524	225,180
Balance end of year	\$ <u>10,509,751</u>	\$ <u>327,985</u>	\$ <u>10,837,736</u>	\$ <u>9,792,470</u>	\$ <u>9,429,878</u>	\$ <u>1,407,858</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2018

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 \$362,592.

During the year ended June 30, 2018, expenditures/expenses in non-instructional programs function exceeded the amount 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 Four Years\*  
(In Thousands)

Required Supplementary Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.163169%	0.160930%	0.160113%	0.159686%
District's proportionate share of the net pension liability	\$ 10,869	\$ 10,128	\$ 7,910	\$ 6,333
District's covered payroll	\$ 12,180	\$ 11,546	\$ 10,958	\$ 10,449
District's proportionate share of the net pension liability as a percentage of its covered payroll	89.24%	87.72%	72.18%	60.61%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

This page intentionally left blank

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 1,125	\$ 1,088	\$ 1,031	\$ 978
Contributions in relation to the statutorily required contribution	<u>(1,125)</u>	<u>(1,088)</u>	<u>(1,031)</u>	<u>(978)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,594	\$ 12,180	\$ 11,546	\$ 10,958
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 933	\$ 854	\$ 751	\$ 620	\$ 610	\$ 576
<u>(933)</u>	<u>(854)</u>	<u>(751)</u>	<u>(620)</u>	<u>(610)</u>	<u>(576)</u>
<u>\$ -</u>					
\$ 10,449	\$ 9,862	\$ 9,310	\$ 8,912	\$ 9,169	\$ 9,060
8.93%	8.67%	8.07%	6.95%	6.65%	6.35%

CARLISLE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
Year Ended June 30, 2018

Changes of benefit terms:

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

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

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

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

CARLISLE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes

For the Current Year  
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 150,836
Interest cost	42,903
Changes in assumptions	(90,407)
Benefits payment	<u>(93,559)</u>
Net change in total OPEB liability	9,773
Total OPEB liability beginning of year, as restated	<u>1,365,228</u>
Total OPEB liability end of year	<u>\$ 1,375,001</u>
Covered-employee payroll	\$ 10,338,223
Total OPEB liability as a percentage of covered-employee payroll	13.30%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.56%
Year ended June 30, 2017	2.92%

This page intentionally left blank

Supplementary Information

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	<u>Special Revenue</u>		<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	
Assets			
Cash and pooled investments	\$ 924,301	\$ 121,817	\$ 1,046,118
Receivables:			
Property tax:			
Current year	1,511	-	1,511
Succeeding year	182,690	-	182,690
Accounts	-	3,079	3,079
Due from other governments	-	350	350
Total assets	<u>\$ 1,108,502</u>	<u>\$ 125,246</u>	<u>\$ 1,233,748</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 1,698	\$ 1,698
Salaries and benefits payable	-	1,769	1,769
Total liabilities	<u>-</u>	<u>3,467</u>	<u>3,467</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	182,690	-	182,690
Fund balances:			
Restricted for:			
Management levy purposes	925,812	-	925,812
Student activities	-	121,779	121,779
Total fund balances	<u>925,812</u>	<u>121,779</u>	<u>1,047,591</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,108,502</u>	<u>\$ 125,246</u>	<u>\$ 1,233,748</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, 2018

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 160,537	\$ -	\$ 160,537
Other	25,241	328,540	353,781
State sources	377	-	377
Total revenues	<u>186,155</u>	<u>328,540</u>	<u>514,695</u>
Expenditures:			
Current:			
Instruction	10,469	334,160	344,629
Support services:			
Administration	148,605	13	148,618
Operation and maintenance of plant	81,310	-	81,310
Transportation	24,411	-	24,411
Total expenditures	<u>264,795</u>	<u>334,173</u>	<u>598,968</u>
Deficiency of revenues under expenditures	(78,640)	(5,633)	(84,273)
Fund balances beginning of year	<u>1,004,452</u>	<u>127,412</u>	<u>1,131,864</u>
Fund balances end of year	<u>\$ 925,812</u>	<u>\$ 121,779</u>	<u>\$ 1,047,591</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND ACCOUNTS  
June 30, 2018

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
<b>Assets</b>				
Cash and pooled investments	\$ 2,030,087	\$ 96,000	\$ 150,133	\$ 2,276,220
Receivables:				
Property tax:				
Current year	-	4,654	-	4,654
Succeeding year	-	577,808	-	577,808
Due from other governments	150,105	-	-	150,105
<b>Total assets</b>	<b>\$ 2,180,192</b>	<b>\$ 678,462</b>	<b>\$ 150,133</b>	<b>\$ 3,008,787</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 302,507	\$ 1,426	\$ -	\$ 303,933
Bond deposit payable	-	-	150,000	150,000
<b>Total liabilities</b>	<b>302,507</b>	<b>1,426</b>	<b>150,000</b>	<b>453,933</b>
<b>Deferred inflows of resources:</b>				
<b>Unavailable revenues:</b>				
Succeeding year property tax	-	577,808	-	577,808
<b>Fund balances:</b>				
<b>Restricted for:</b>				
Revenue bonds	-	-	133	133
School infrastructure	1,877,685	-	-	1,877,685
Physical plant and equipment	-	99,228	-	99,228
<b>Total fund balances</b>	<b>1,877,685</b>	<b>99,228</b>	<b>133</b>	<b>1,977,046</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,180,192</b>	<b>\$ 678,462</b>	<b>\$ 150,133</b>	<b>\$ 3,008,787</b>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 Year Ended June 30, 2018

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 580,430	\$ -	\$ 580,430
Other	9,735	996	133	10,864
State sources	1,771,744	1,246	-	1,772,990
Total revenues	<u>1,781,479</u>	<u>582,672</u>	<u>133</u>	<u>2,364,284</u>
Expenditures:				
Current:				
Instruction	-	5,197	-	5,197
Support services:				
Instructional staff	-	18,714	-	18,714
Administration	550	144,034	-	144,584
Operation and maintenance of plant	12,386	61,953	-	74,339
Other expenditures:				
Facilities acquisition	1,200,396	1,331,406	-	2,531,802
Interest and fiscal charges	19,558	-	-	19,558
Total expenditures	<u>1,232,890</u>	<u>1,561,304</u>	<u>-</u>	<u>2,794,194</u>
Excess (deficiency) of revenues over (under) expenditures	548,589	(978,632)	133	(429,910)
Other financing sources (uses):				
Intrafund transfers in*	-	-	74,275	74,275
Intrafund transfers out*	(74,275)	-	-	(74,275)
Interfund transfers out	(817,026)	(423,100)	(74,275)	(1,314,401)
Total other financing sources (uses)	<u>(891,301)</u>	<u>(423,100)</u>	<u>-</u>	<u>(1,314,401)</u>
Change in fund balances	(342,712)	(1,401,732)	133	(1,744,311)
Fund balances beginning of year	<u>2,220,397</u>	<u>1,500,960</u>	<u>-</u>	<u>3,721,357</u>
Fund balances end of year	<u>\$ 1,877,685</u>	<u>\$ 99,228</u>	<u>\$ 133</u>	<u>\$ 1,977,046</u>

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

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 June 30, 2018

	<u>Building and Trades</u>
Assets	
Cash and cash equivalents	\$ 69,590
Inventories	500
Total assets	<u>70,090</u>
Liabilities	
Accounts payable	<u>2,642</u>
Fund Net Position	
Unrestricted	<u><u>\$ 67,448</u></u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2018

	Building and Trades	Adult Education	Total
Operating revenues:			
Sale of student built homes	\$ 506,270	\$ -	\$ 506,270
Other	2,409	-	2,409
Total operating revenues	<u>508,679</u>	<u>-</u>	<u>508,679</u>
Operating expenses:			
Support services:			
Supplies	5,864	-	5,864
Non-instructional programs:			
Supplies	439,578	-	439,578
Other	2,370	-	2,370
Total operating expenses	<u>447,812</u>	<u>-</u>	<u>447,812</u>
Operating income	<u>60,867</u>	<u>-</u>	<u>60,867</u>
Non-operating revenues (expenses):			
Interest on investments	-	9	9
Residual equity transfer out	-	(29,354)	(29,354)
Total non-operating revenues	<u>-</u>	<u>(29,345)</u>	<u>(29,345)</u>
Change in fund net position	60,867	(29,345)	31,522
Fund net position beginning of year	<u>6,581</u>	<u>29,345</u>	<u>35,926</u>
Fund net position end of year	<u>\$ 67,448</u>	<u>\$ -</u>	<u>\$ 67,448</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

 COMBINING SCHEDULE OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2018

	<u>Building Trades</u>	<u>Adult Education</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 508,679	\$ -	\$ 508,679
Cash payments to suppliers for goods or services	(237,384)	-	(237,384)
Net cash provided by operating activities	<u>271,295</u>	<u>-</u>	<u>271,295</u>
Cash flows from non-capital financing activities:			
(Decrease) in due to other funds	(201,705)	-	(201,705)
Residual equity transfer out	-	(29,354)	(29,354)
Net cash used by non-capital financing activities	<u>(201,705)</u>	<u>(29,354)</u>	<u>(231,059)</u>
Cash flows from investing activities:			
Interest on investments	-	9	9
Net increase (decrease) in cash and cash equivalents	69,590	(29,345)	40,245
Cash and cash equivalents beginning of year	-	29,345	29,345
Cash and cash equivalents end of year	<u>\$ 69,590</u>	<u>\$ -</u>	<u>\$ 69,590</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 60,867	\$ -	\$ 60,867
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease in inventory	208,383	-	208,383
Increase in accounts payable	2,045	-	2,045
Net cash provided by operating activities	<u>\$ 271,295</u>	<u>\$ -</u>	<u>\$ 271,295</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF FUND NET POSITION  
 NONMAJOR INTERNAL SERVICE FUNDS  
 June 30, 2018

	<u>Self-Funded Health</u>	<u>Flex Plan</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 960,340	\$ 8,357	\$ 968,697
Net Position			
Unrestricted	<u>\$ 960,340</u>	<u>\$ 8,357</u>	<u>\$ 968,697</u>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2018

	<u>Self-Funded Health</u>	<u>Flex Plan</u>	<u>Total</u>
Operating Revenues			
Local sources:			
Charges for services	\$ 1,527,600	\$ 711	\$ 1,528,311
Operating expenses:			
Instruction:			
Insurance premiums	1,329,979	-	1,329,979
Purchased services	33,703	-	33,703
	<u>1,363,682</u>	<u>-</u>	<u>1,363,682</u>
Operating income	163,918	711	164,629
Net position beginning of year	<u>796,422</u>	<u>7,646</u>	<u>804,068</u>
Net position end of year	<u>\$ 960,340</u>	<u>\$ 8,357</u>	<u>\$ 968,697</u>

See accompanying independent auditor's report.

## CARLISLE COMMUNITY SCHOOL DISTRICT

 COMBINING SCHEDULE OF CASH FLOWS  
 NONMAJOR INTERNAL SERVICE FUNDS  
 Year Ended June 30, 2018

	Self-Funded Health	Flex Plan	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 1,527,600	\$ 711	\$ 1,528,311
Cash payments to suppliers for goods or services	<u>(1,367,455)</u>	<u>-</u>	<u>(1,367,455)</u>
Net cash provided by operating activities	<u>160,145</u>	<u>711</u>	<u>160,856</u>
Cash and cash equivalents beginning of year	<u>800,195</u>	<u>7,646</u>	<u>807,841</u>
Cash and cash equivalents end of year	<u>\$ 960,340</u>	<u>\$ 8,357</u>	<u>\$ 968,697</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 163,918	\$ 711	\$ 164,629
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in accounts payable	<u>(3,773)</u>	<u>-</u>	<u>(3,773)</u>
Net cash provided by operating activities	<u>\$ 160,145</u>	<u>\$ 711</u>	<u>\$ 160,856</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, 2018

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Books & Buddies	\$ 182	\$ -	\$ -	\$ 182
FCCLA	218	-	39	179
Spanish	643	-	-	643
Marketing Club	2,917	-	-	2,917
High School Student Council	4,731	6,315	6,852	4,194
K-6 Book Club	7,173	17,883	15,481	9,575
7-12 Book Club	-	2,095	2,095	-
High School Annual	13,553	3,770	4,703	12,620
Color Guard	-	1,173	580	593
Cheerleading	-	15,845	9,962	5,883
Middle School Student Council	1,497	2,020	1,750	1,767
Middle School Yearbook	1,655	1,233	2,182	706
Elementary Yearbook	1,362	1,543	2,101	804
Hartford Store	1,164	515	790	889
High School Academic Enrichment	7,901	2,790	3,103	7,588
SADD	800	-	-	800
Elementary Enrichment	6,442	1,037	1,732	5,747
Middle School Enrichment	4,420	866	2,580	2,706
Drama	4,746	1,771	2,572	3,945
Speech Club	-	510	510	-
Debate Club	1	-	1	-
High School Chorus	10,945	-	481	10,464
Musical Productions	13,765	1,459	5,760	9,464
7-12 Band	2,294	-	126	2,168
All Athletics	544	182,942	179,219	4,267
Basketball - Girls	22	1,065	1,087	-
Basketball - Boys	500	2,922	3,422	-
Soccer - Girls	1,042	200	835	407
Soccer - Boys	-	1	1	-
Track - Girls	-	5,005	5,005	-

CARLISLE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2018

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Track - Boys	\$ 125	\$ 4,980	\$ 5,105	\$ -
Cross Country	-	2,357	2,357	-
Weightlifting	-	1	1	-
Football	-	1,020	1,020	-
Baseball	4,018	2,423	6,151	290
Wrestling	-	1,286	1,286	-
Volleyball	1,435	1,953	3,388	-
Softball	(1)	11,945	9,259	2,685
Y-Camp	7,035	13,017	11,791	8,261
Recycling/Fowler Habitat	1,100	-	-	1,100
Golf - Boys	-	1	1	-
Golf - Girls	-	1	1	-
MS Conservation Team	140	-	-	140
Character Counts	4,682	1,507	2,840	3,349
Culture Club	5	-	-	5
Prom	6,340	5,378	5,309	6,409
Adopt-A-Classroom	385	-	-	385
Middle School	4,976	14,215	15,993	3,198
Art Club - HS	1,173	2,150	2,576	747
Art Club - K-5	674	2,482	877	2,279
Social Studies Trip	39	3,339	3,337	41
Hartford Yearbook	3,701	1,242	2,292	2,651
HS Principal's Council	-	1	1	-
Dance Team	2,627	5,762	7,389	1,000
Student Ambassadors	441	520	230	731
<b>Total</b>	<b>\$ 127,412</b>	<b>\$ 328,540</b>	<b>\$ 334,173</b>	<b>\$ 121,779</b>

See accompanying independent auditor's report.

CARLISLE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Cash	\$ 1,993	\$ 3,301	\$ 1,913	\$ 3,381
Liabilities				
Accounts payable	60	3,201	1,620	1,641
Other payables	1,933	100	293	1,740
Total liabilities	\$ 1,993	\$ 3,301	\$ 1,913	\$ 3,381

See accompanying independent auditor's report.

This page intentionally left blank

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,			
	2018	2017	2016	2015
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 5,956,766	\$ 5,743,202	\$ 5,577,006	\$ 5,379,491
Tuition	1,484,910	1,440,886	1,386,737	1,394,942
Other	715,257	766,518	1,185,339	815,702
Intermediate sources	-	-	-	-
State sources	15,877,994	15,916,356	15,397,825	14,221,560
Federal sources	635,247	644,458	652,572	569,939
Total revenues	<u>\$ 24,670,174</u>	<u>\$ 24,511,420</u>	<u>\$ 24,199,479</u>	<u>\$ 22,381,634</u>
<b>Expenditures:</b>				
Instruction	\$ 13,359,874	\$ 12,530,920	\$ 13,314,910	\$ 12,228,703
Support services:				
Student	704,857	664,276	675,608	750,913
Instructional staff	673,487	700,444	921,022	552,292
Administration	2,840,008	3,126,751	2,728,942	2,580,546
Operation and maintenance of plant	1,610,164	1,465,680	1,566,232	1,556,012
Transportation	997,666	922,176	877,994	901,445
Other expenditures:				
Facilities acquisition	2,531,802	3,320,702	1,515,281	140,481
Long-term debt:				
Principal	2,240,989	2,158,672	2,610,000	1,550,000
Interest and fiscal charges	448,913	498,998	792,001	818,725
AEA flowthrough	814,154	796,302	779,370	750,133
Total expenditures	<u>\$ 26,221,914</u>	<u>\$ 26,184,921</u>	<u>\$ 25,781,360</u>	<u>\$ 21,829,250</u>

See accompanying independent auditor's report.

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	5,242,667	\$ 6,673,466	\$ 6,813,016	\$ 6,494,784	\$ 5,642,664	\$ 5,605,083
	1,445,627	1,272,599	1,111,259	920,325	604,590	531,953
	695,321	801,271	750,508	1,067,275	716,657	636,030
	-	5,000	-	-	10,000	10,000
	13,488,503	11,227,830	11,008,811	10,574,939	9,259,561	10,382,655
	576,726	429,848	814,695	846,035	1,533,433	235,843
\$	<u>21,448,844</u>	<u>20,410,014</u>	<u>20,498,289</u>	<u>19,903,358</u>	<u>17,766,905</u>	<u>17,401,564</u>
\$	11,435,414	\$ 10,625,063	\$ 10,095,727	\$ 9,650,279	\$ 9,556,760	\$ 9,532,176
	724,600	690,058	671,591	603,862	584,782	592,126
	525,538	391,066	303,120	408,471	339,566	734,228
	2,557,565	2,413,717	2,282,587	2,091,204	2,095,597	2,052,331
	1,489,312	1,489,222	1,442,798	1,382,082	1,435,226	1,478,901
	854,201	825,319	984,419	821,043	744,623	707,065
	1,037,840	718,489	623,095	1,411,893	7,510,608	2,363,979
	625,000	1,285,750	858,250	958,250	933,250	792,500
	846,425	884,630	925,255	959,901	802,786	444,237
	696,090	664,895	649,983	688,857	665,706	615,532
\$	<u>20,791,985</u>	<u>19,988,209</u>	<u>18,836,825</u>	<u>18,975,842</u>	<u>24,668,904</u>	<u>19,313,075</u>

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018

Grantor / Program	CFDA Number	Pass-through Entity Identifying Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	0981-18	\$ 77,841
National School Lunch Program	10.555	0981-18	370,757 *
			<u>448,598</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0981-G-18	167,026
Title I Grants to Local Educational Agencies	84.010	0981-SINA-18	22,182
			<u>189,208</u>
Special Education Cluster:			
Special Education - Grants to States**	84.027	0981-18	36,330 **
Career and Technical Education - Basic Grants to States	84.048	0981-18	9,658
Supporting Effective Instruction State Grants	84.367	0981-18	39,103
Heartland Area Educational Agency:			
Special Education Cluster:			
Special Education - Grants to States	84.027	0981-18	88,419 **
Title III - English Language Acquisition State Grants	84.365	0981-18	2,137
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	0981-18	233
Development Disabilities Projects of National Significant	93.631	0981-18	13,802
Total			<u>\$ 827,488</u>

\* = Includes \$41,941 of non-cash awards

\*\* = Total expended for CFDA number 84.027 = \$124,749

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018

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, 2018. 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.

Indirect Cost Rate - 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  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
DEE A.A. HOKE, CPA

**HUNT & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST  
OSKALOOSA, IA 52577  
641/672-2541  
FAX 641/672-2461  
  
317 EAST ROBINSON  
KNOXVILLE, IA 50138  
641/842-3184  
FAX 641/828-7404

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, 2018, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2018.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged 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 been 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.

### 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, 2018 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 2, 2018

DOUGLAS T. HUNT, CPA  
DONALD D. KAIN  
CHUCK C. CONVERSE, CPA  
RUSSELL S. TERPSTRA, CPA  
MICHAEL G. STANLEY, CPA  
DEE A.A. HOKE, CPA

**HUNT & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST  
OSKALOOSA, IA 52577  
641/672-2541  
FAX 641/672-2461  
317 EAST ROBINSON  
KNOXVILLE, IA 50138  
641/842-3184  
FAX 641/828-7404

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, 2018. 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, 2018.

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 2, 2018

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

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

- (a) Unmodified opinions were issued on all opinion units.
- (b) No material weaknesses in internal control over financial reporting were 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:
  - Child Nutrition Cluster
- (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, 2018

Part II: Findings Related to the Basic Financial Statements:

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, 2018

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, 2018

Part IV: Other Findings Related to Statutory Reporting:

IV-A-18 Certified Budget – Expenditures/expenses for the year ended June 30, 2018, exceeded the amount budgeted in the non-instructional programs function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures/expenses were allowed to exceed the budget.

Response – We will amend our budget in sufficient amounts before expenditures/expenses exceed the budget in the future.

Conclusion – Response accepted.

IV-B-18 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-18 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-18 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	Activities gate keeper	\$90

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-18 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-18 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-18 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for October 2016 was overstated by 1.0 due to the inclusion of one regular education student who was not enrolled in the District as of the official count date.

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

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

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

IV-G-18 Certified Enrollment (continued)

Response – The Iowa Department of Education and Iowa Department of Management have been contacted by our auditors regarding this.

Conclusion – Response accepted.

IV-H-18 Supplementary Weighting – The District’s supplementary weighting certified to the Iowa Department of Education for October 2017 was overstated by 0.349 due to three courses that were claimed for concurrent enrollment but had already been included in career and technical education.

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

Response – The Iowa Department of Education and the Iowa Department of Management have been contacted by our auditors regarding this.

Conclusion – Response accepted.

IV-I-18 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-18 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-18 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.

IV-L-18 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, 2018, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

CARLISLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

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

IV-L-18 Statewide Sales, Services and Use Tax (continued):

Beginning balance		\$	2,220,397
Revenues:			
Interest	\$	9,735	
Statewide sales, services and use tax		1,771,744	1,781,479
Expenditures/transfers out:			
School infrastructure construction		1,219,954	
Equipment		11,186	
Other		1,750	
Transfers to other funds:			
Debt Service Fund		817,026	
Other transfers		74,275	2,124,191
Ending balance		\$	1,877,685

For the year ended June 30, 2018, 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-18 Financial Condition – At June 30, 2018, the governmental activities and the Enterprise, School Nutrition Fund had deficit unrestricted net positions of \$2,276,908 and \$1,847, respectively. These deficit balances were caused by the recognition 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 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 and the School Nutrition Fund to sound financial conditions.

Conclusion – Response accepted.