



**Johnston Community School District
Johnston, Iowa**

Comprehensive Annual Financial Report

Year Ended June 30, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT
JOHNSTON COMMUNITY SCHOOL DISTRICT

Johnston, Iowa

Fiscal Year Ended June 30, 2017

OFFICIAL ISSUING REPORT

Jan Miller-Hook, Chief Financial Officer

OFFICE ISSUING REPORT

Business Office

Johnston Community School District
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Johnston Community School District
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Johnston, IA 50131-0010 ph.515-278-0470 fax 515-278-5884
Jan Miller-Hook, Chief Financial Officer

November 14, 2017

Members of the Board of Education and Residents
Johnston Community School District
Johnston, Iowa

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Johnston Community School District for the fiscal year ended June 30, 2017. The District is a separate reporting entity governed by a seven member board. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all District funds. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

The 2017 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit Compliance. The Introductory Section includes a transmittal letter, the District's organizational chart, a list of District officials, and the 2016 Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association and the Association of School Business Officials.

The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. Management is responsible for preparing a Management's Discussion and Analysis (MD&A). This discussion immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statement.

The Statistical Section sets forth selected unaudited financial and demographic information, and is divided into five categories including financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

This report includes all funds of the Johnston Community School District. The Johnston Community School District has no component units that meet the governmental Accounting Standards Board criteria. The District provides a full range of services including instructional (early childhood, preschool, transitional kindergarten, grades kindergarten through twelve), administrative, transportation, food service, maintenance of sites and facilities, custodial, clerical, extra, co-curricular and athletic activities, and community education.

Profile of the Government

The Johnston Community School District is located in the northwest part of Polk County and is one of the faster growing suburbs of Des Moines, Iowa. The District is the 13th largest of Iowa's 333 public school systems. The enrollment is approximately 6,894 students. Services provided include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

In addition to the elementary, middle school and high school programs offered in the District, there are additional opportunities for achieving success. Students attend Metro West, an alternative school for students who function better in a less-structured environment. Students may also attend the Central Academy that affords additional opportunities for a greater breadth of classes.

The District serves these students in one high school, two middle schools and five elementary schools. All of these buildings are either new or remodeled in the past 28 years.

Economic Condition and Outlook

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country. The economic condition and outlook of the District have remained strong during the past ten years, and as a result, the District has experienced tremendous growth over the past several years. This growth has had a positive effect on employment and the District's tax base. The District has averaged 3.8% annual increase in the tax base over the past ten years. In fiscal year 2017, the increase was 5.1%. The District also expects continued enrollment growth during the foreseeable future. The district's enrollment growth has averaged 2.26% annually over the last ten years. The District has seen annual certified enrollment increase slightly from an average increase of 141 students during the last ten years to an average of 160 students during the last five years, the District is projected to continue to grow over the next five years. The District utilizes a demographer to assist with enrollment projections.

Based on conservative projections, this trend is expected to continue well into the next decade. While having a positive impact, the growth also presents significant challenges for the District. The District utilizes the maximum optional instructional support levy and will need to continue a high level of efficient use of human resources and facilities.

Retail sales, building permits, and population increases in the western suburbs have generally exceeded that of any other location in the metropolitan area or in the State of Iowa. These increases are expected to continue if economic conditions remain stable.

In recent years, the state of Iowa has faced an economic downturn that severely hampered its ability to fund schools at the same level as in prior years. The District has faced inadequate funding for state aid and other state-funded programs, and this was particularly demonstrated in the unprecedented 10% across the board state funding cut fall 2010, the low 2% allowable growth for fiscal years 2011 and 2013, and the unprecedented zero per cent allowable growth for fiscal year 2012. For fiscal year 2014, the allowable growth was 2% with additional one time state funding of approximately 2%, fiscal year 2015 was based on more adequate funding at 4% followed by 1.25% for fiscal year 2016 and 2.25% supplemental state aid (allowable growth) for fiscal year 2017.

Major Initiatives

It is projected that the district will continue to grow for the foreseeable future. To accommodate the district's growth, a facility plan was approved that included a new high school housing grades 10-12 (opened fall 2017), renovations to the previous high school site to house 8th and 9th grade students (opened fall 2017), renovations to the previous middle school to house elementary students by moving Wallace Elementary to that building along with all district preschool classes (scheduled to open fall 2018), and renovations to the current Wallace Elementary to meet district needs. This facility plan is funded through various sources including a bond referendum that passed in June 2014 for \$41 million, revenue bonds, and PPEL notes; this facility plan should meet the enrollment needs of the district for many years.

Long-Term Financial Planning

Unassigned fund balance in the general fund increased \$3 million as a result of 4.4% new money (2.25% SSA), controlled staffing, and a continuation of no textbook adoptions. The District has not purchased formal adoptions for several years, instead \$650,000 is budgeted annually for curriculum resources. This helped the district increase financial solvency from 14.0% to 17.7% and increase unspent balance from 9.71% to 10.96%. The district has a financial solvency ratio target of 5-15% with 10% as a minimal goal, and unspent target of 5-15%. While the financial solvency ratio of 17.7% and unspent unreserved ratio of 10.96% are slightly above the targeted ranges set by policy, it will be important to maintain an adequate cash reserve levy to achieve and maintain the financial solvency goal, and will be equally important to monitor and adjust recurring expenses such as salaries and benefits which represent over 80% of the operating budget.

The State of Iowa has implemented lower supplemental state aid, mid-year budget reductions in past years, and not provided on time funding. With a growing district like Johnston, funds need to be built up to help cover expenses of increased enrollments since funding is not received until the subsequent year. With over 80% of the District's resources required for salaries and benefits, staffing efficiencies will become a priority.

Relevant Financial Policies

Since the funding formula is pupil driven, an increase in total spending authority occurs by increasing the number of pupils or by increasing the cost per pupil. The cost per pupil can be increased by the legislature in setting the amount of supplemental state aid each year.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties, the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the Management's Discussion and Analysis included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Independent Audit

The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnston Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. The Certificate of Achievement is the highest form of recognition for excellence in state and local financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Johnston Community School District has received this award annually for the last thirteen years. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) upon recommendation of the Association's Panel of Review, which has judged that the report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program. A certificate is valid for a period of one year. The Johnston Community School District has received this award for seventeen years, and we are submitting this report to ASBO to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire central administrative support staff and our auditors, Van Maanen, Sietstra, Meyer & Nikkel, PC. Finally, we would like to thank the Board of Education for their continued interest and support in conducting the financial operations of the District in a most responsible and progressive manner.

We are pleased to present this report of the results of the District's financial operation for the fiscal year ended June 30, 2017. It is our hope that study and review of this report will provide a better understanding of the District's financial operation for the District patrons.

Respectfully submitted,



Jan Miller-Hook
Chief Financial Officer



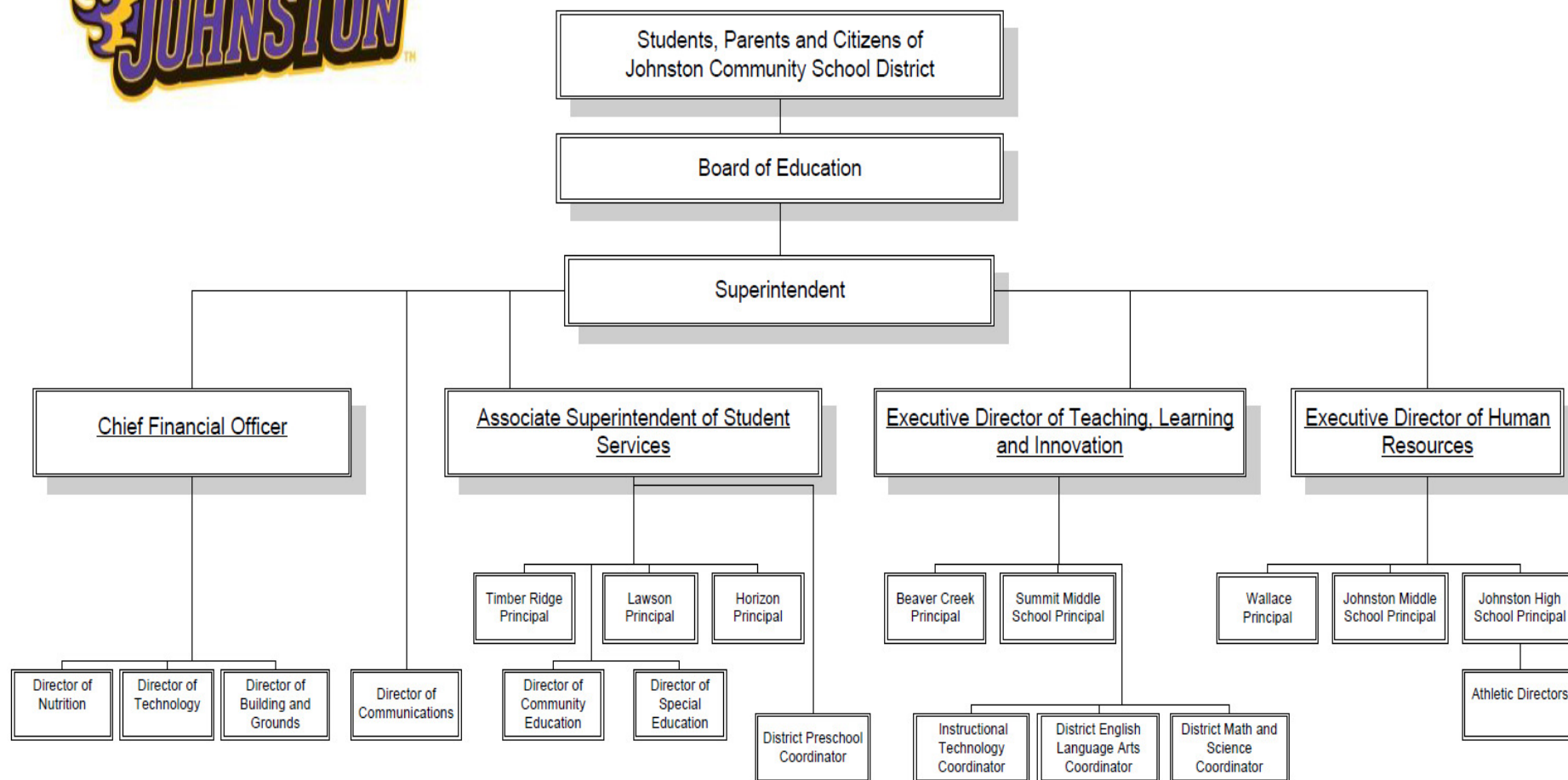
Dr. Corey Lunn

Superintendent of Schools



Johnston Community School District Administrative Organizational Chart
2016-2017

Updated 07/22/16



**Johnston Community School District
Board of Education and School District Administration
Year Ended June 30, 2017**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Board of Education		
Mark Toebben	President	2017
Marci Cordaro	Vice President	2017
Matthew Stahr	Board Member	2019
Deb Henry	Board Member	2019
Greg Dockum	Board Member	2019
Jill Morrill	Board Member	2019
Brad Ortmeier	Board Member	2017
School District Administration		
Dr. Corey Lunn	Superintendent of Schools	
Laura Kacer	Executive Director of Human Resources	
Dr. Bruce Amendt	Associate Superintendent of Academic Services	
Jan Miller-Hook	Chief Financial Officer	
Chris Bergman	Executive Director Teaching, Learning & Innovation	
Nancy J. Buryanek	Director of Community Education	
George Smith	Director of Buildings and Grounds, Interim	
Keith Eakins	Assistant Director of Buildings and Grounds	
LaRae Doll	Director of Nutrition & Food Services	
	Director of Transportation	
Tony Sparks	Director of Technology	
Ryan Woods	High School Principal	
Randy Klein	High School Associate Principal	
Jerry Stratton	High School Associate Principal	
Brent Riessen	Middle School Principal	
Raine Mollenbeck	Middle School Associate Principal	
Joy Wiebers	Summit Middle School Principal	
Kevin Blackburn	Summit School Associate Principal	
Gary L. Ross	Director of Athletics and Activities	
Trish Lenarz-Garmoe	Lawson Elementary Principal	
Kelley Harrison	Timber Ridge Elementary Principal	
Lindsey Cornwell	Horizon Elementary Principal	
Suzie Pearson	Wallace Elementary Principal	
Eric Toot	Beaver Creek Elementary Principal	
Vickie McCool	Director of Special Education	
Deb Cale	Director of Teaching & Learning	



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Johnston Community School District
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Johnston Community School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director



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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Johnston Community School District
Johnston, Iowa

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the 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 Johnston Community School District as of June 30, 2017, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 11 through 19 and 57 through 62 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 the 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 Johnston 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, 2016, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required 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 financial 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 taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 14, 2017, on our consideration of the Johnston Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Johnston Community School District's internal control over financial reporting and compliance. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 14, 2017

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

Financial Highlights

- The district showed an increase of \$11,551,503 and an increase of \$11,419,333 in net position for governmental activities during the years ended June 30, 2017 and 2016 respectively.
- Total revenues for the fiscal year ended June 30, 2017 and 2016 of \$105,628,645 and \$99,042,039 were comprised of General Revenues in the amount of \$80,055,679 and \$74,142,421 and Program Revenues totaling \$25,572,966 and \$24,899,888 respectively.
- As of June 30, 2017, the District's governmental funds reported combined ending fund balances of \$42,539,573, a decrease of \$17,644,483 in comparison with 2016. This compares with June 30, 2016 balance of \$60,184,056, an increase of \$8,859,698 in comparison with 2015. This decrease for year ending 2017 consists primarily of a decrease of \$27.9 million in School Infrastructure Fund due to construction costs paid from revenue bond proceeds, \$6.7 million increase in the PPEL fund due to the proceeds from PPEL notes sold December 2016 offset by construction costs, and an increase of \$3 million in the Unassigned fund balance due to controlled staffing, continuation of no formal textbook adoptions (district budgets \$650,000/year for curriculum resources in lieu of adoptions), and the cash reserve levied.
- As of June 30, 2017, Unassigned fund balance for the General Fund was \$13,107,148 or 17.7% of total General Fund expenditures. This is an increase from the balance on June 30, 2016 of \$10,088,953 or 14.3% of expenditures. This increase is due to 4.4% new money, controlled staffing, the continuation of \$650,000 budgeted for curriculum resources in lieu of textbook adoptions, and cash reserve levied.

Using This Annual Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The *Government-wide Financial Statements* consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Johnston Community School District as a whole and present an overall view of the District's finances.
- The *Fund Financial Statements* tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Johnston Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Johnston Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- The *Notes to Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.
- The *Required Supplementary Information* further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of funding Progress for the Retiree Health Plan.
- The *Supplementary Information* provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

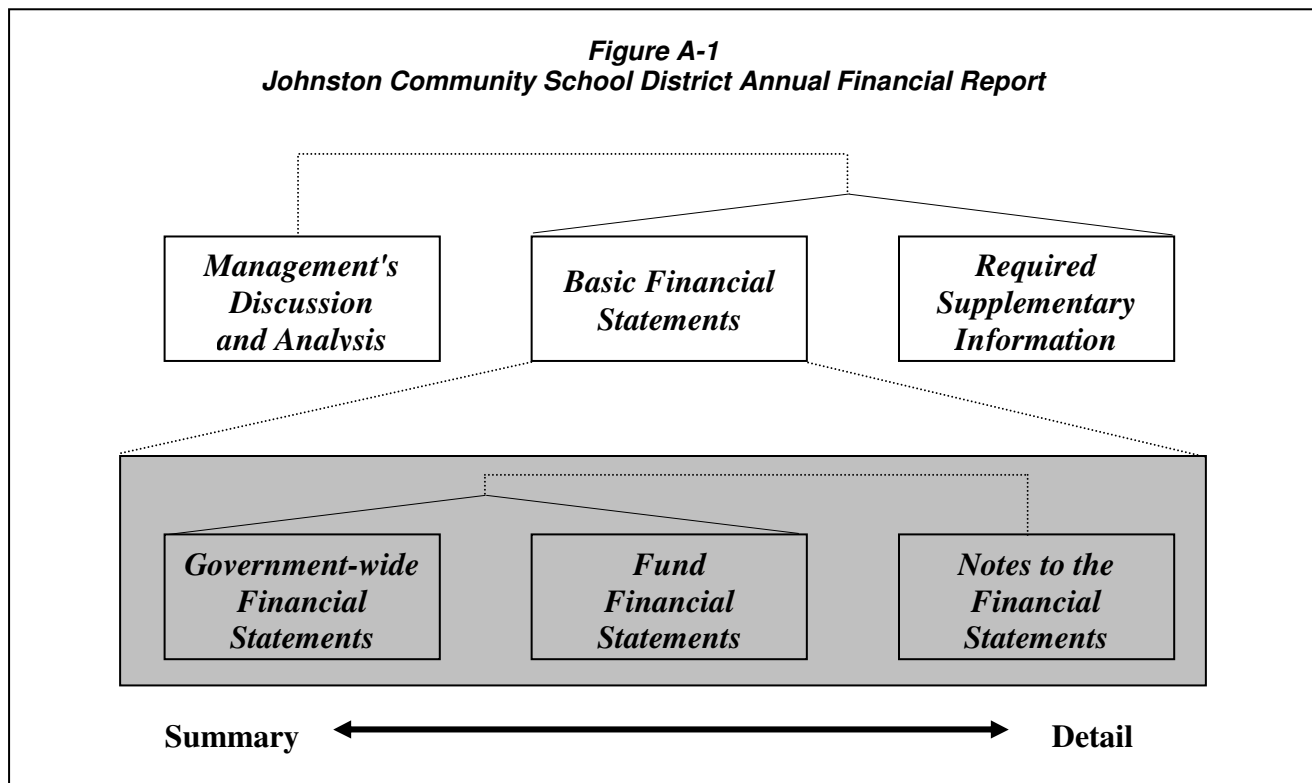


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow/inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Reporting the District's Financial Activities

Government-wide 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 outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two Government-wide financial statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources – are 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. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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.

Government-wide Financial Analysis

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

**Johnston Community School District
Management's Discussion and Analysis
Year ended June 30, 2017**

Figure A-3							
Condensed Statement of Net Position							
	Governmental activities		Business type activities		Total	Total Change	
	June 30,		June 30,		June 30,	June 30,	
	2017	2016	2017	2016	2017	2016	2016-2017
Current assets	\$ 105,200,614	\$ 118,571,988	3,262,098	3,693,970	108,462,712	122,265,958	-11.3%
Capital assets, net	182,728,910	151,211,072	951,723	394,007	183,680,633	151,605,079	21.2%
Total assets	287,929,524	269,783,060	4,213,821	4,087,977	292,143,345	273,871,037	6.7%
Deferred outflows of resources	15,044,030	9,560,494	988,212	628,506	16,032,242	10,189,000	0.0%
Total deferred outflows of resources	15,044,030	9,560,494	988,212	628,506	16,032,242	10,189,000	0.0%
Current liabilities	24,986,632	22,553,712	379,219	368,249	25,365,851	22,921,961	10.7%
Long-term liabilities	145,381,511	135,656,552	2,724,185	2,192,151	148,105,696	137,848,703	7.4%
Total liabilities	170,368,143	158,210,264	3,103,404	2,560,400	173,471,547	160,770,664	7.9%
Deferred inflows of resources	44,821,779	44,845,075	399,481	513,020	45,221,260	45,358,095	0.0%
Total deferred inflows of resources	44,821,779	44,845,075	399,481	513,020	45,221,260	45,358,095	0.0%
Net Position:							
Net investment in capital assets	76,387,311	63,827,711	951,723	394,007	77,339,034	64,221,718	20.4%
Restricted	20,505,453	24,264,939	-	-	20,505,453	24,264,939	-15.5%
Unrestricted	(9,109,131)	(11,804,435)	747,425	1,249,056	(8,361,706)	(10,555,379)	-20.8%
Total net position	\$ 87,783,633	\$ 76,288,215	1,699,148	1,643,063	89,482,781	77,931,278	14.8%

As noted earlier, net position may serve over time as a useful indicator of a government entity's financial position. The District's total net position increased from a year ago \$77,931,278 to \$89,482,781. The governmental activities net position increased \$11,495,418 and the business type activities net position increased \$56,085.

A significant portion of the District's total assets reflects its investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District's net position invested in capital assets, net of related debt, was \$77,339,034 for 2017 and \$64,221,718 for 2016.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt liabilities will be repaid through future property and sales taxes collections. Bond debt retirement for the year was \$4,645,000.

Property tax, sales tax, and unrestricted state grants account for 73.6% of the total revenue. The District's expenses primarily relate to instruction and support services that account for 73.1% of the total expenses.

The restricted portion of the District's net position (22.9% for 2017 and 31.2% for 2016) represents resources that are subject to external restrictions in how they may be used. Restrictions for 2017 include \$4,251,088 for capital projects, \$11,981,319 for physical plant and equipment levy, \$122,014 for internal services, \$887,233 for other special revenue purposes, \$4,251,088 for debt service, \$1,287,451 for management levy, and \$1,576,733 for state categorical funding. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to students and creditors.

At the end of the current fiscal year, the Johnston Community School District is unable to report positive balances in all three categories of net position. GASB 68 was implemented during 2015 creating a deficit unrestricted net position. It should be noted this is a book entry of a negative amount and not an actual deficit of cash.

The District's total net position increased by \$11,551,503 during the current fiscal year as compared to an increase of \$11,457,203 in 2016. The governmental activities net position increased by \$11,495,418 in 2017 and increased by \$11,419,333 in 2016. The business type activities (which include nutrition, community education, and community preschool) increased by \$56,085 in 2017 as compared to an increase of \$37,870 in 2016.

**Johnston Community School District
Management's Discussion and Analysis
Year ended June 30, 2017**

Governmental Activities

Revenues for governmental activities were \$98,442,339 and expenses were \$87,165,023 for the year ended June 30, 2017. Net position increased by \$11,495,418.

Figure A-4 highlights the District's revenues and expenses for the fiscal year ended June 30, 2017 and 2016. These two main components are subtracted to yield the change in net position. This exhibit utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, non-instructional programs and other expenses.

**Figure A-4
Changes in Net Position**

	Governmental activities		Business type activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2017	2016	2017	2016	2017	2016	2016-2017
Revenues:							
Program revenues:							
Charges for services	\$ 5,324,406	5,563,995	5,966,080	5,888,976	11,290,486	11,452,971	-1.4%
Operating grants and contributions	13,062,254	12,346,212	1,220,226	1,100,705	14,282,480	13,446,917	6.2%
General revenues:							
Local taxes	39,269,712	37,064,106	-	-	39,269,712	37,064,106	6.0%
Statewide sales, services and use tax	6,998,547	6,306,953	-	-	6,998,547	6,306,953	11.0%
State grants	31,096,960	29,515,436	-	-	31,096,960	29,515,436	5.4%
Investment earnings	384,870	162,818	-	-	384,870	162,818	136.4%
Other	2,305,590	1,093,108	-	-	2,305,590	1,093,108	110.9%
Total revenues	98,442,339	92,052,628	7,186,306	6,989,681	105,628,645	99,042,309	6.7%
Expenses:							
Program expenses:							
Instruction	56,825,307	52,795,932	-	-	56,825,307	52,795,932	7.6%
Support services - students & staff	6,742,740	5,859,411	-	-	6,742,740	5,859,411	15.1%
Support services - administration	6,023,950	5,350,729	-	-	6,023,950	5,350,729	12.6%
Operations and maintenance	5,672,304	5,282,071	-	-	5,672,304	5,282,071	7.4%
Transportation	4,045,455	3,429,478	-	-	4,045,455	3,429,478	18.0%
Non-instructional activities	213,645	151,702	6,912,119	6,741,267	7,125,764	6,892,969	3.4%
Other	7,641,622	7,974,516	-	-	7,641,622	7,974,516	-4.2%
Total expenses	87,165,023	80,843,839	6,912,119	6,741,267	94,077,142	87,585,106	7.4%
Excess (deficiencies) before transfers	11,277,316	11,208,789	274,187	248,414	11,551,503	11,457,203	0.8%
Transfers	218,102	210,544	(218,102)	(210,544)	-	-	-
Change in net position	11,495,418	11,419,333	56,085	37,870	11,551,503	11,457,203	0.8%
Net Position beginning of year	76,288,215	64,868,882	1,643,063	1,605,193	77,931,278	66,474,075	17.2%
Net Position end of year	\$ 87,783,633	76,288,215	1,699,148	1,643,063	89,482,781	77,931,278	14.8%

Business Type Activities

Revenues of the District's business-type activities were \$7,186,306 and expenses were \$6,912,119 for the year ended June 30, 2017. Net position increased \$56,085. The District's business-type activities include the School Nutrition, Community Preschool, and Community Education Funds. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

Individual Fund Analysis

The financial performance of the District as a whole is reflected in its governmental funds as well. On June 30, 2017 the District's governmental funds reported combined fund balances of \$42,539,573 compared to the 2016 ending fund balances of \$60,184,056. The \$17,644,483 decrease for year ending 2017 is primarily due to a decrease of \$27.9 million in School Infrastructure Fund due to construction costs paid from revenue bond proceeds, \$6.7 million increase in the PPEL fund due to the proceeds from PPEL notes sold December 2016 offset by construction costs, and an increase of \$3 million in the Unassigned fund balance due to controlled staffing, continuation of no formal textbook adoptions (district budgets \$650,000/year for curriculum resources in lieu of adoptions), and the cash reserve levied.

Governmental Fund Highlights

- The General Fund is the chief operating fund of the District. The District's General Fund balance increased by \$3,061,829 as the June 30, 2016 balance of \$11,682,190 increased to \$14,744,019 on June 30, 2017. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of \$13,107,148 represents 17.7% of total General Fund expenditures, and total fund balance of \$14,744,019 represents approximately 19.9% of that same amount for 2017. For fiscal year 2016, unassigned fund balance of \$10,088,953 represents 14.3% of total General Fund expenditures, while total fund balance of \$11,682,190 represents approximately 16.5% of that same amount. This increase is due to 4.4% new money, controlled staffing, the continuation of \$650,000 budgeted for curriculum resources in lieu of textbook adoptions, and cash reserve levied.
- The Debt Service Fund balance increased from \$456,769 June 30, 2016 to \$595,155 June 30, 2017. The increase in the Debt Service fund balance is due to commercial and industrial replacement revenue not used to offset debt service levy.
- The Capital Projects Fund balance decreased from \$46,162,623 June 30, 2016 to \$25,025,715 June 30, 2017. This decrease is due construction cost payments made during fiscal year 2017.
- The non-major special revenue funds balance increased \$292,210 due to an increase in the management fund balance at year end.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$1,688,538 on June 30, 2016 to \$1,850,414 on June 30, 2017 for an increase of \$161,876.

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 for internal services, private-purpose trusts 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 accrual basis. Schedules showing the original and final budget amounts compared to the District's actual financial activity are included in the required supplementary information section of this report.

Legal Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget for all funds except internal service and agency funds as described in the note to required supplementary information.

A comparison of actual expenditures/expenses of the District's budgeted funds with the final program budget amounts is as follows:

	Final Budget	Actual	Variance
Instruction	\$ 64,331,676	53,960,375	10,371,301
Support services	28,908,762	23,008,937	5,899,825
Non-instructional programs	7,118,282	6,397,327	720,955
Other	67,275,420	51,031,515	16,243,905
\$	167,634,140	134,398,154	33,235,986

"Other" expenditures variance is due to construction project expenditures not meeting projected cash flows, always a difficult estimate.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2017, the District had invested \$183,680,633 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This compares to the June 30, 2016 balance of \$151,605,079. See Figure A-5.

The original cost of the District's capital assets was \$236,215,734. Governmental funds account for \$233,195,332 with the remainder, \$3,020,402, in the Enterprise funds.

The largest change in capital asset activity during the year was due to construction expenses for the new high school and stadium.

Figure A-5 Capital Assets, Net of Depreciation							
	Governmental activities		Business type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2017	2016	2017	2016	2017	2016	2016-2017
Land	\$ 9,285,261	9,285,261	-	-	9,285,261	9,285,261	0.0%
Construction in progress	9,337,607	59,239,837	-	-	9,337,607	59,239,837	-
Buildings	155,066,202	75,497,462	-	-	155,066,202	75,497,462	105.4%
Improvements other than buildings	4,145,422	4,345,119	-	-	4,145,422	4,345,119	-4.6%
Furniture and equipment	4,894,418	2,843,393	951,723	394,007	5,846,141	3,237,400	80.6%
Total	\$ 182,728,910	151,211,072	951,723	394,007	183,680,633	151,605,079	21.2%

Additional information about the District's capital assets can be found in Note 5 on page 42 in the notes to the financial statements.

Long-Term Debt

At June 30, 2017 the District had \$153,695,486 in long-term debt outstanding including general obligation bonds, revenue bonds, and other long-term debt outstanding. This represents an increase of approximately 7.1% from June 30, 2016. (See Figure A-6) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The increase is primarily a result of issuing \$9.32 million general obligation school capital loan notes offset by \$4.6 million principal general obligation bond reductions, \$2.5 million principal revenue bond reductions, and an increase in the net pension liability of \$7.9 million due to GASB 68.

Figure A-6 Long-term Debt Obligations			
	Total Governmental		Total Change
	June 30,		June 30,
	2017	2016	2016-2017
General obligation bonds	\$ 63,775,000	59,100,000	7.9%
General obligation bond discount	(292,933)	(278,865)	5.0%
General obligation bond premium	987,806	895,613	10.3%
Revenue bonds	47,650,000	50,190,000	-5.1%
Revenue bond discount	(370,559)	(406,056)	-8.7%
Revenue bond premium	1,880,530	2,065,376	-8.9%
Capital lease obligation	531,063	477,459	-
Early retirement	-	4,538	-100.0%
Other postemployment benefits	1,811,597	1,644,679	10.1%
Net pension liability	37,515,356	29,628,049	26.6%
Compensated absences	207,626	186,212	11.5%
Totals	\$ 153,695,486	143,507,005	7.1%

Economic Factors Bearing on the District's Future

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

- The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country. The economic condition and outlook of the District have remained strong during the past ten years, and as a result, the District has experienced tremendous growth over the past several years. This growth has had a positive effect on employment and the District's tax base. The District has averaged 3.8% annual increase in the tax base over the past ten years. In fiscal year 2017, the increase was 5.1%.
- The District also expects continued enrollment growth during the foreseeable future. The district's enrollment growth has averaged 2.26% annually over the last ten years. The District has seen annual certified enrollment increase slightly from an average increase of 141 students during the last ten years to an average of 160 students during the last five years, the District is projected to continue to grow over the next five years. The District utilizes a demographer to assist with enrollment projections.
- To accommodate the district's growth, a facility plan was approved that included a new high school housing grades 10-12 (opened fall 2017), renovations to the previous high school site to house 8th and 9th grade students (opened fall 2017), renovations to the previous middle school to house elementary students by moving Wallace Elementary to that building along with all district preschool classes (scheduled to open fall 2018), and renovations to the current Wallace Elementary to meet district needs. This facility plan is funded through various sources including a bond referendum that passed in June 2014 for \$41 million, revenue bonds, and PPEL notes; this facility plan should meet the enrollment needs of the district for many years.
- Inadequate state funding and increasing enrollments will continue to put great pressure on district finances to meet the personnel, facility and transportation needs of the District.
- In policy, the District has a financial solvency ratio target of 5-15% with 10% as a minimal goal, and unspent target of 5-15%. It will be important to maintain an adequate cash reserve levy to achieve and maintain the financial solvency goal, and will be equally important to monitor and adjust recurring expenses such as salaries and benefits which represent approximately 80% of the operating budget.
- The economy continues to be a factor that could have consequences for the district in regard to state revenues, property valuations, and enrollment.

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 Jan Miller-Hook, Chief Financial Officer, Johnston Community School District, 5608 Merle Hay Road, Johnston, IA 50131-1234.

Basic Financial Statements

Johnston Community School District
Statement of Net Position
June 30, 2017

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current assets:			
Cash, cash equivalents and pooled investments:	\$ 61,086,323	3,087,538	64,173,861
Receivables:			
Property tax:			
Delinquent	281,316	-	281,316
Succeeding year	39,645,001	-	39,645,001
Accounts	129,479	47,965	177,444
Due from other governments	3,998,357	602	3,998,959
Inventories	60,138	125,993	186,131
Total current assets	105,200,614	3,262,098	108,462,712
Non-current assets:			
Capital assets:			
Land	9,285,261	-	9,285,261
Construction in progress	9,337,607	-	9,337,607
Improvements other than buildings	8,218,435	-	8,218,435
Buildings and improvements	197,324,264	-	197,324,264
Vehicles, furniture and equipment	9,029,765	3,020,402	12,050,167
Accumulated depreciation	(50,466,422)	(2,068,679)	(52,535,101)
Total capital assets	182,728,910	951,723	183,680,633
Total non-current assets	182,728,910	951,723	183,680,633
Total assets	287,929,524	4,213,821	292,143,345
Deferred Outflows of Resources			
Pension related deferred outflows	15,044,030	988,212	16,032,242
Liabilities			
Current liabilities:			
Accounts payable	2,677,818	129,961	2,807,779
Advances from tuition and registration fees	109,928	-	109,928
Advances from prepaid childcare	-	3,112	3,112
Advances from prepaid lunches	-	108,596	108,596
Insurance claims payable	1,104,269	-	1,104,269
Salaries and benefits payable	7,196,040	117,634	7,313,674
Construction contracts payable	4,241,272	-	4,241,272
Accrued interest payable	1,169,540	-	1,169,540
Deposits	173,789	-	173,789
General obligation bonds payable	4,932,357	-	4,932,357
Revenue bonds payable	2,789,350	-	2,789,350
Obligations under lease	384,642	-	384,642
Compensated absences	207,626	19,916	227,542
Total current liabilities	24,986,631	379,219	25,365,850
Non-current liabilities:			
General obligation bonds payable	59,537,516	-	59,537,516
Revenue bonds payable	46,370,621	-	46,370,621
Obligations under lease	146,421	-	146,421
Net pension liability	37,515,356	2,602,122	40,117,478
Other post employment benefits payable	1,811,597	122,063	1,933,660
Total non-current liabilities	145,381,511	2,724,185	148,105,696
Total liabilities	170,368,142	3,103,404	173,471,546

Johnston Community School District
Statement of Net Position
June 30, 2017

	Governmental Activities	Business Type Activities	Total Primary Government
<i>Continued from previous page</i>			
Deferred Inflows of Resources			
Deferred property tax revenue	39,645,001	-	39,645,001
Pension related deferred inflows	5,176,778	399,481	5,576,259
Total deferred inflows of resources	44,821,779	399,481	45,221,260
Net Position			
Net investment in capital assets	76,387,311	951,723	77,339,034
Restricted for:			
State categorical funding	1,576,733	-	1,576,733
Management levy purposes	1,287,451	-	1,287,451
Debt service	399,615	-	399,615
School infrastructure	4,251,088	-	4,251,088
Physical plant and equipment	11,981,319	-	11,981,319
Internal service	122,014	-	122,014
Student activities	887,233	-	887,233
Unrestricted	(9,109,131)	747,425	(8,361,706)
Total net position	\$ 87,783,633	1,699,148	89,482,781

See notes to financial statements.

Johnston Community School District
Statement of Activities
Year ended June 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Primary Government
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 38,247,137	3,462,706	7,682,032	(27,102,399)	-	(27,102,399)
Special	10,193,417	836,447	2,360,638	(6,996,332)	-	(6,996,332)
Other	8,384,753	801,434	79,671	(7,503,648)	-	(7,503,648)
	56,825,307	5,100,587	10,122,341	(41,602,379)	-	(41,602,379)
Support Service:						
Student	2,300,234	-	-	(2,300,234)	-	(2,300,234)
Instructional staff	4,442,506	-	-	(4,442,506)	-	(4,442,506)
Administration	6,023,950	-	-	(6,023,950)	-	(6,023,950)
Operation and maintenance of plant	5,672,304	39,694	-	(5,632,610)	-	(5,632,610)
Transportation	4,045,455	184,125	98,992	(3,762,338)	-	(3,762,338)
	22,484,449	223,819	98,992	(22,161,638)	-	(22,161,638)
Non-instructional programs:						
Nutrition services	13,222	-	-	(13,222)	-	(13,222)
Community education services	200,420	-	-	(200,420)	-	(200,420)
	213,642	-	-	(213,642)	-	(213,642)
Other expenses:						
Facilities acquisition	839,284	-	-	(839,284)	-	(839,284)
Long-term debt interest	3,961,420	-	-	(3,961,420)	-	(3,961,420)
AEA support	2,840,921	-	2,840,921	-	-	-
	7,641,625	-	2,840,921	(4,800,704)	-	(4,800,704)
Total governmental activities	87,165,023	5,324,406	13,062,254	(68,778,363)	-	(68,778,363)
Business type activities:						
Non-instructional programs:						
Nutrition services	3,353,090	2,426,387	1,171,681	-	244,978	244,978
Preschool services	253,555	234,507	44,190	-	25,142	25,142
Community education services	3,305,474	3,305,186	4,355	-	4,067	4,067
Total business type activities	6,912,119	5,966,080	1,220,226	-	274,187	274,187
Total primary governmental activities	\$ 94,077,142	11,290,486	14,282,480	(68,778,363)	274,187	(68,504,176)

Johnston Community School District
Statement of Activities
Year ended June 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating Grants, Contributions and Restricted Interest			
	Expenses	Charges for Service		Governmental Activities	Business Type Activities	Total Primary Government
Totals continued from previous page	\$ 94,077,142	11,290,486	14,282,480	(68,778,363)	274,187	(68,504,176)
General revenues and transfers:						
Property tax levied for:						
General purposes				\$ 29,253,021	-	29,253,021
Debt service				6,123,980	-	6,123,980
Capital outlay				3,892,711	-	3,892,711
Statewide sales, services and use tax shared revenue				6,998,547	-	6,998,547
Unrestricted state grants				31,096,960	-	31,096,960
Unrestricted investment earnings				384,870	-	384,870
Other				2,305,590	-	2,305,590
Transfers				218,102	(218,102)	-
Total general revenues and transfers				80,273,781	(218,102)	80,055,679
Change in net position				11,495,418	56,085	11,551,503
Net position beginning of year				76,288,215	1,643,063	77,931,278
Net position end of year				\$ 87,783,633	1,699,148	89,482,781

See notes to financial statements.

Johnston Community School District
Balance Sheet
Governmental Funds
June 30, 2017

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 20,734,693	554,121	28,652,466	2,394,356	52,335,636
Receivables:					
Property tax:					
Delinquent	203,551	41,034	25,973	10,758	281,316
Succeeding year	26,517,433	7,810,874	3,931,747	1,384,947	39,645,001
Accounts	128,919	-	-	560	129,479
Due from other governments	2,925,355	-	1,073,002	-	3,998,357
Inventories	60,138	-	-	-	60,138
Total assets	\$ 50,570,089	8,406,029	33,683,188	3,790,621	96,449,927
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,828,880	-	484,454	230,990	2,544,324
Advances from tuition and registration fees	109,928	-	-	-	109,928
Salaries and benefits payable	7,196,040	-	-	-	7,196,040
Contracts payable	-	-	4,241,272	-	4,241,272
Deposits	173,789	-	-	-	173,789
Total liabilities	9,308,637	-	4,725,726	230,990	14,265,353
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	26,517,433	7,810,874	3,931,747	1,384,947	39,645,001
Total deferred inflows of resources	26,517,433	7,810,874	3,931,747	1,384,947	39,645,001
Fund balances:					
Nonspendable for:					
Inventories	60,138	-	-	-	60,138
Restricted for:					
School infrastructure	-	-	12,070,396	-	12,070,396
Debt service	-	595,155	974,000	-	1,569,155
State categorical funding	1,576,733	-	-	-	1,576,733
Physical plant and equipment	-	-	11,981,319	-	11,981,319
Management levy purposes	-	-	-	1,287,451	1,287,451
Student activities	-	-	-	887,233	887,233
Unassigned	13,107,148	-	-	-	13,107,148
Total fund balances	14,744,019	595,155	25,025,715	2,174,684	42,539,573
Total liabilities, deferred inflows of resources and fund balances	\$ 50,570,089	8,406,029	33,683,188	3,790,621	96,449,927

See notes to financial statements.

Exhibit D

Johnston Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2017

Total fund balances of governmental funds (Exhibit C) \$ 42,539,573

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. 182,728,910

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 7,512,924

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$	15,044,030	
Deferred inflows of resources		(5,176,778)	9,867,252

Long-term liabilities, including bonds and notes payable, bond discounts and premiums, compensated absences, accrued interest, lease payable, net pension liability and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

General obligation bonds payable	(63,775,000)		
Revenue bonds payable	(47,650,000)		
Bond discounts	663,492		
Bond premiums	(2,868,336)		
Accrued interest	(1,169,540)		
Lease payable	(531,063)		
Compensated absences	(207,626)		
Net pension liability	(37,515,356)		
Other post employment benefits	(1,811,597)		(154,865,026)

Net position of governmental activities (Exhibit A) \$ 87,783,633

See notes to financial statements.

Exhibit E

Johnston Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2017

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 27,800,609	6,123,980	3,892,711	1,452,412	39,269,712
Tuition	3,892,666	-	-	-	3,892,666
Other	1,228,966	1,285	1,514,757	1,130,296	3,875,304
Intermediate sources	91,273	-	-	-	91,273
State sources	41,754,767	1,008	6,999,185	270	48,755,230
Federal sources	2,318,265	-	-	-	2,318,265
Total revenues	77,086,546	6,126,273	12,406,653	2,582,978	98,202,450
Expenditures:					
Current:					
Instruction:					
Regular instruction	34,672,708	-	81,072	380,857	35,134,637
Special instruction	10,098,221	-	-	-	10,098,221
Other instruction	7,265,696	-	-	1,105,249	8,370,945
	52,036,625	-	81,072	1,486,106	53,603,803
Support services:					
Student services	2,278,378	-	-	1,074	2,279,452
Instructional staff services	2,538,732	-	1,717,675	-	4,256,407
Administration services	5,935,186	5,250	130,670	153,396	6,224,502
Operation and maintenance of plant services	5,026,736	-	262,862	486,420	5,776,018
Transportation services	3,451,014	-	557,062	92,837	4,100,913
	19,230,046	5,250	2,668,269	733,727	22,637,292
Non-instructional programs:					
Food service	-	-	-	13,222	13,222
Community service and education	142,490	-	-	57,713	200,203
	142,490	-	-	70,935	213,425
Capital outlay:					
Other expenditures	-	-	36,617,228	-	36,617,228
Debt Service:					
Other expenditures:					
Principal	-	7,570,596	-	-	7,570,596
Interest	-	3,944,651	-	-	3,944,651
Other	-	58,119	-	-	58,119
	-	11,573,366	-	-	11,573,366
Intergovernmental:					
Other expenditures	2,840,921	-	-	-	2,840,921
Total expenditures	74,250,082	11,578,616	39,366,569	2,290,768	127,486,035
Excess (deficiency) of revenues over (under) expenditures	2,836,464	(5,452,343)	(26,959,916)	292,210	(29,283,585)

Exhibit E

Johnston Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2017

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
<i>Continued from previous page</i>					
Other financing sources (uses):					
Proceeds from sale of assets	7,263	-	1,459,055	-	1,466,318
Proceeds from lease purchases	-	-	439,200	-	439,200
Proceeds from debt issuances	-	-	9,320,000	-	9,320,000
Premiums on bonds issued	-	-	235,558	-	235,558
Discounts on bonds issued	-	-	(40,076)	-	(40,076)
Transfers in	218,102	5,590,729	-	-	5,808,831
Transfers out	-	-	(5,590,729)	-	(5,590,729)
Total other financing sources (uses)	225,365	5,590,729	5,823,008	-	11,639,102
Net change in fund balances	3,061,829	138,386	(21,136,908)	292,210	(17,644,483)
Fund balances beginning of year	11,682,190	456,769	46,162,623	1,882,474	60,184,056
Fund balances end of year	\$ 14,744,019	595,155	25,025,715	2,174,684	42,539,573

See notes to financial statements.

Johnston Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2017

Net change in fund balances - total governmental funds (Exhibit E) **\$ (17,644,483)**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Position and are allocated over their estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays:

From facilities acquisition	\$ 118,788,026	
From facilities disposition	(83,963,252)	
Less current year depreciation	(3,306,936)	31,517,838

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred in and amortized in the Statement of Activities.

Current year items are as follows:

Issuance of bonds and leases	(9,954,682)	
Repayments of bond and note principal	7,570,596	
Amortization of bond premiums and discounts	266,706	(2,117,380)

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

41,350

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

3,851,638

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.

Compensated absences	(21,414)	
Pension expense	(4,515,249)	
Other postemployment benefits	(166,918)	(4,703,581)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in Net Position of the Internal Service Fund is reported with governmental activities.

550,036

Change in net position of governmental activities (Exhibit B) **\$ 11,495,418**

See notes to financial statements.

Johnston Community School District
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,087,538	8,750,687
Receivables:		
Accounts	47,965	-
Due from other governments	602	-
Inventories	125,993	-
Total current assets	3,262,098	8,750,687
Non-current assets:		
Property and equipment:		
Machinery and equipment	3,020,402	-
Accumulated depreciation	(2,068,679)	-
Total non-current assets	951,723	-
Total assets	4,213,821	8,750,687
Deferred Outflows of Resources		
Pension related deferred outflows	988,212	-
Liabilities		
Current liabilities:		
Accounts payable	129,961	133,494
Advances from prepaid childcare	3,112	-
Advances from prepaid lunches	108,596	-
Insurance claims liability	-	1,104,269
Accrued salaries and benefits payable	117,634	-
Compensated absences payable	19,916	-
Total current liabilities	379,219	1,237,763
Non-current liabilities:		
Net pension liability	2,602,122	-
Other postemployment benefits payable	122,063	-
Total non-current liabilities	2,724,185	-
Total liabilities	3,103,404	1,237,763
Deferred Inflows of Resources		
Pension related deferred inflows	399,481	-
Net Position		
Net investment in capital assets	951,723	-
Restricted for:		
Flexible benefits	-	122,014
Unrestricted	747,425	7,390,910
Total net position	\$ 1,699,148	7,512,924

See notes to financial statements.

Exhibit H

Johnston Community School District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenue:		
Local sources:		
Operating revenues	\$ 5,966,080	9,438,107
Operating expenses:		
Instructional programs:		
Instruction services:		
Other	356,572	-
	356,572	-
Support services:		
Depreciation	226	
Other	371,419	8,888,071
	371,645	8,888,071
Non-instructional programs:		
Food service operations:		
Depreciation	87,194	-
Other	3,263,726	-
	3,350,920	-
Community service operations:		
Depreciation	5,795	-
Other	2,827,187	-
	2,832,982	-
Total operating expenses	6,912,119	8,888,071
Operating income (loss)	(946,039)	550,036
Non-operating revenues:		
State sources	67,389	-
Federal sources	1,138,271	-
Interest income	14,566	-
Total non-operating revenues	1,220,226	-
Income before transfers	274,187	550,036
Transfers (out)	(218,102)	-
Changes in net position	56,085	550,036
Net position beginning of year	1,643,063	6,962,888
Net position end of year	\$ 1,699,148	7,512,924

See notes to financial statements.

Johnston Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 2,444,108	-
Cash received from community services	3,535,322	9,455,063
Cash payments to employees for services	(4,309,382)	(8,307,979)
Cash payments to suppliers for goods or services	(2,274,325)	(412,197)
Net cash provided (used) by operating activities	(604,277)	734,887
Cash flows from non-capital financing activities:		
State grants received	67,389	-
Federal grants received	904,547	-
Net cash provided by non-capital financing activities	971,936	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(650,931)	-
Transfers	(218,102)	-
Net cash used by capital and related financing activities	(869,033)	-
Cash flows from investing activities:		
Interest on investments	14,566	-
Net increase in cash and cash equivalents	(486,808)	734,887
Cash and cash equivalents at beginning of year	3,574,346	8,015,800
Cash and cash equivalents at end of year	3,087,538	8,750,687
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (946,039)	550,036
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	233,724	-
Depreciation	93,215	-
(Increase) Decrease in accounts receivable	(8,879)	16,956
(Increase) Decrease in inventory	(46,057)	-
Increase (decrease) in accounts payable	38,457	112,387
Increase in insurance claims liability	-	55,508
Increase (decrease) in salaries and benefits payable	(49,475)	-
Increase in unearned revenues	22,229	-
(Decrease) in compensated absences	(241)	-
Increase in net pension liability	514,291	-
(Increase) in deferred outflows of resources	(359,706)	-
(Decrease) in deferred inflows of resources	(113,539)	-
Increase in other post-employment benefits	17,743	-
Net cash provided (used) by operating activities	\$ (604,277)	734,887

Johnston Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

Business Type Activities	Governmental Activities
Non-major Enterprise Funds	Internal Service Fund

Continued from previous page

**Reconciliation of cash and cash equivalents at year end to
 specific assets included on Combined Balance Sheet:**

Current assets:

Cash and investments	\$ 3,087,538	8,750,687
Cash and cash equivalents at year end	\$ 3,087,538	8,750,687

Non-cash investing, capital and financing activities:

During the year ended June 30, 2017, the District received federal commodities valued at \$233,724.

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

The Johnston Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades prekindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the city of Johnston, Iowa; portions of Urbandale, Des Moines, Granger and Grimes, Iowa; and other unincorporated areas of Polk County. 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, Johnston 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. Johnston 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 Polk 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 activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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 assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments 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.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. 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. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

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

The Debt Service Fund is utilized to account for property tax and other 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 non-major governmental funds:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

The District reports the following major proprietary funds:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The District reports the following non-major enterprise funds:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Preschool Fund: This fund accounts for transactions for preschool programs with an instructional component for children who have not yet met the age requirement for school-aged education.

Community Education Fund: This fund accounts for transactions for facilities and services to provide further education opportunities to the local area.

Internal Service Funds: The internal service funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District has the following internal service funds:

Self-Insurance Fund: This fund accounts for transactions for self-insured health insurances including medical, dental, prescription and vision received by District employees in which the District is responsible for paying all claims and administrative costs attributable to the insurances listed above.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Flexible Benefits: This fund accounts for transactions for certain benefits available to District employees in which the District is responsible for paying all premiums or costs specified by the employee.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Pooled Investments – The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that had a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The District has invested funds in the Iowa Schools Joint Investment Trust (ISJIT). ISJIT is an investment pool managed by the trustee, Bankers Trust, which allows governments within the State to pool their funds for investment purposes. ISJIT is registered with the SEC as an investment company and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in ISJIT are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2016.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments. Federal and state grants are recorded as receivables and the revenue is recognized during the period in which the District fulfills the requirements for receiving the grant awards in the government-wide statements. In the governmental fund statements, the revenue must meet the measurable and available criteria. Amounts received for which legal claims or applicable requirements have not been met are recorded as deferred revenue. Certain intergovernmental revenues have been included to spend such funds only for the purpose reported.

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 Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements on the consumption method.

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. 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. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

(1) *Summary of Significant Accounting Policies (continued from previous page)*

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,500
Buildings	3,500
Improvements other than buildings	3,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,500

Capital assets (with the exception of land and construction in progress, which are not depreciated) are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Interfund Activity - Transfers between governmental and business type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

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

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

Advances - Proceeds received by the District for which services will be rendered in a succeeding fiscal year, such as prepaid tuition and registration fees, prepaid childcare and prepaid lunch money.

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 that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. The District has no vesting requirement and the earned but unused vacation is all considered a current liability.

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

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

(1) *Summary of Significant Accounting Policies (continued from previous page)*

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current 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 consists of the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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

Non-spendable - Amounts which cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Assigned - Amounts intended to be used for a specific purpose but does not meet the criteria to be restricted or committed.

Unassigned - All amounts not included in the preceding classifications. Negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

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

E. Budgets and Budgetary Accounting

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2017, expenditures did not exceed the amounts budgeted.

(2) **Cash, Cash Equivalents and Pooled Investments**

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

(2) Cash, Cash Equivalents and Pooled Investments (continued from previous page)

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

At June 30, 2017, the District had investments in the following:

Iowa Schools Joint Investment Trust	
Diversified Portfolio	\$ 55,772,387
Wells Fargo Bank Money Market	3,620
Checking Accounts	8,397,854
	<u>\$ 64,173,861</u>

At June 30, 2017, the District had investments in the Iowa Schools joint Investment Trust District (ISJIT) which 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.

Concentration of credit risk. The District's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the District to meet all anticipated cash requirements. The District's policy further restricts investments in short-term corporate debt and commercial paper to no more than 30 percent of the investment portfolio of the District and no more than 5 percent of the investment portfolio can be invested in the securities of a single issuer.

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Chapter 12c of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

(3) Due from Other Governments

The detail of due from other governments for the year ended June 30, 2017, is as follows:

Due from other districts	\$ 2,389,846
Due from the State of Iowa - Local sources	89,099
Due from the State of Iowa - State sources	1,349,202
Due from the State of Iowa - Federal sources	170,812
	<u>\$ 3,998,959</u>

All amounts are expected to be collected within one year.

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service Fund	Capital Projects Fund - Statewide Sales, Services and Use Tax	\$ 5,493,605
Debt Service Fund	Capital Projects Fund - Physical Plant and Equipment Levy	97,124
General Fund	Community Education Fund	120,000
General Fund	Nutrition Fund	83,102
General Fund	Community Preschool Fund	15,000
		<u>\$ 5,808,831</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. A transfer was made into the Debt Service fund to pay debt payments funded by tax collections in the Statewide Sales, Services & Use Tax fund. Transfers were made from the Community Education fund, Nutrition fund and Community Preschool fund to cover expense for shared costs paid by the General fund.

(5) Capital Assets

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,285,261	-	-	9,285,261
Construction in progress	59,239,837	32,834,593	82,736,823	9,337,607
Total capital assets not being depreciated	68,525,098	32,834,593	82,736,823	18,622,868
Capital assets being depreciated:				
Buildings	115,342,479	81,981,785	-	197,324,264
Improvements other than buildings	8,061,582	156,853	-	8,218,435
Furniture and equipment	10,380,037	3,814,795	5,165,067	9,029,765
Total capital assets being depreciated	133,784,098	85,953,433	5,165,067	214,572,464
Less accumulated depreciation for:				
Buildings	39,845,017	2,413,045	-	42,258,062
Improvements other than buildings	3,716,463	356,550	-	4,073,013
Furniture and equipment	7,536,644	537,341	3,938,638	4,135,347
Total accumulated depreciation	51,098,124	3,306,936	3,938,638	50,466,422
Total capital assets being depreciated, net	82,685,974	82,646,497	1,226,429	164,106,042
Governmental activities capital assets, net	\$ 151,211,072	115,481,090	83,963,252	182,728,910
Business type activities:				
Furniture and equipment	\$ 2,369,471	650,931	-	3,020,402
Less accumulated depreciation	1,975,464	93,215	-	2,068,679
Business-type activities capital assets, net	\$ 394,007	557,716	-	951,723

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 2,962,230
Other	1,230

Support services:

Instructional staff services	178,268
Administration	42,426
Operation and maintenance of plant	109,788
Transportation	12,994
Total depreciation expense - governmental activities	\$ 3,306,936

Business type activities:

Food services	\$ 87,194
Community Preschool	226
Community Education	5,795
	\$ 93,215

(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 59,100,000	9,320,000	4,645,000	63,775,000	4,815,000
General obligation bond discounts	(278,865)	(40,076)	26,008	(292,933)	(26,008)
General obligation bond premiums	895,613	235,558	143,365	987,806	143,365
Revenue bonds	50,190,000	-	2,540,000	47,650,000	2,640,000
Revenue bond discounts	(406,056)	-	35,497	(370,559)	(35,497)
Revenue bond premiums	2,065,376	-	184,846	1,880,530	184,847
Capital lease payable	477,459	439,200	385,596	531,063	384,642
Early retirement	4,538	-	4,538	-	-
Net OPEB liability	1,644,679	166,918	-	1,811,597	-
Net pension liability	29,628,049	7,887,307	-	37,515,356	-
Compensated absences	186,212	207,626	186,212	207,626	207,626
Total	\$ 143,507,005	18,216,533	8,151,062	153,695,486	8,313,975
Business type activities:					
Net OPEB liability	\$ 104,320	17,743	-	122,063	-
Net pension liability	2,087,831	514,291	-	2,602,122	-
Compensated absences	20,157	19,916	20,157	19,916	19,916
Total	\$ 2,212,308	551,950	20,157	2,744,101	19,916

Compensated absences and net OPEB liabilities are generally liquidated by the General Fund for governmental activities and the respective funds for business-type activities.

General Obligation Bonds Payable

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

Bond was issued to pay costs of refunding existing general obligation indebtedness.

\$8,740,000 Bond Issue of December 20, 2012				
Year ended June 30,	Rates	Principal	Interest	Total
2018	2.0%	\$ 170,000	167,900	337,900
2019	2.0%	4,060,000	164,500	4,224,500
2020	2.0%	4,165,000	83,300	4,248,300
Subtotal		8,395,000	415,700	8,810,700

Johnston Community School District
Notes to Financial Statements
June 30, 2017

(6) *Long-Term Liabilities*
General Obligation Bonds Payable (continued from previous page)

Bond was issued to pay costs of refunding existing general obligation indebtedness and construction of the new high school.

\$55,300,000 Bond Issue of December 9, 2015				
Year ended June 30,	Rates	Principal	Interest	Total
2018	3.00%	\$ 4,645,000	1,477,962	6,122,962
2019	3.00%	945,000	1,338,619	2,283,619
2020	3.00%	970,000	1,310,269	2,280,269
2021	3.00%	2,105,000	1,281,169	3,386,169
2022	3.00%	2,170,000	1,218,019	3,388,019
2023	3.00%	2,235,000	1,152,919	3,387,919
2024	3.00%	2,305,000	1,085,869	3,390,869
2025	3.00%	2,370,000	1,016,719	3,386,719
2026	3.00%	2,445,000	945,619	3,390,619
2027	3.25%	2,515,000	872,269	3,387,269
2028	3.25%	2,600,000	790,531	3,390,531
2029	3.25%	2,685,000	706,031	3,391,031
2030	3.25%	2,770,000	618,769	3,388,769
2031	3.25%	2,860,000	528,744	3,388,744
2032	3.38%	2,955,000	435,794	3,390,794
2033	3.50%	3,055,000	336,063	3,391,063
2034	3.50%	3,160,000	229,138	3,389,138
2035	3.63%	3,270,000	118,538	3,388,538
Subtotal		46,060,000	15,463,037	61,523,037

Bond was issued to pay costs of refunding existing general obligation indebtedness and improvements of existing school buildings.

\$9,320,000 Bond Issue of December 22, 2016				
Year ended June 30,	Rates	Principal	Interest	Total
2018	2.25%	\$ -	219,902	219,902
2019	2.25%	-	219,902	219,902
2020	2.25%	715,000	219,902	934,902
2021	2.25%	2,805,000	203,816	3,008,816
2022	2.35%	2,865,000	140,702	3,005,702
2023	2.50%	2,935,000	73,376	3,008,376
Subtotal		9,320,000	1,077,600	10,397,600

(6) Long-Term Liabilities (continued from previous page)

Year ended June 30,	Totals		
	Principal	Interest	Total
2018	\$ 4,815,000	1,865,764	6,680,764
2019	5,005,000	1,723,021	6,728,021
2020	5,850,000	1,613,471	7,463,471
2021	4,910,000	1,484,985	6,394,985
2022	5,035,000	1,358,721	6,393,721
2023	5,170,000	1,226,295	6,396,295
2024	2,305,000	1,085,869	3,390,869
2025	2,370,000	1,016,719	3,386,719
2026	2,445,000	945,619	3,390,619
2027	2,515,000	872,269	3,387,269
2028	2,600,000	790,531	3,390,531
2029	2,685,000	706,031	3,391,031
2030	2,770,000	618,769	3,388,769
2031	2,860,000	528,744	3,388,744
2032	2,955,000	435,794	3,390,794
2033	3,055,000	336,063	3,391,063
2034	3,160,000	229,138	3,389,138
2035	3,270,000	118,538	3,388,538
Total	\$ 63,775,000	16,956,337	80,731,337

Revenue Bonds Payable

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

The District has pledged future statewide sales, services and use tax revenues to repay the \$42,900,000 of bonds issued in 2013. The bonds were issued for the purpose of financing a portion of the costs of a new high school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$50,327,482. For the current year, \$2,240,000 of principal and \$1,736,456 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$6,998,547.

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

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required payments may be transferred to the project account to be used for any lawful purpose.

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

(6) Long-Term Liabilities
Revenue Bonds Payable (continued from previous page)

\$42,900,000 Bond Issue of 2013					
Year ended June 30,	Rates	Principal	Interest	Total	
2018	4.0%	\$ 2,295,000	1,645,756	3,940,756	
2019	4.0%	2,335,000	1,553,156	3,888,156	
2020	5.0%	2,430,000	1,445,706	3,875,706	
2021	5.0%	2,555,000	1,321,081	3,876,081	
2022	5.0%	2,685,000	1,190,081	3,875,081	
2023	5.0%	2,820,000	1,052,456	3,872,456	
2024	5.0%	2,960,000	907,956	3,867,956	
2025	3.5%	3,110,000	779,531	3,889,531	
2026	3.8%	3,140,000	666,231	3,806,231	
2027	3.8%	3,335,000	544,825	3,879,825	
2028	5.0%	3,455,000	395,919	3,850,919	
2029	4.1%	3,625,000	234,778	3,859,778	
2030	4.3%	3,765,000	80,006	3,845,006	
Subtotal		\$ 38,510,000	11,817,482	50,327,482	

The District has pledged future statewide sales, services and use tax revenues to repay the \$9,740,000 of bonds issued in 2013. The bonds were issued for the purpose of financing a portion of the costs of a new high school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$12,078,776. For the current year, \$300,000 of principal and \$316,050 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$6,998,547.

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

- a) \$974,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

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

Johnston Community School District
Notes to Financial Statements
June 30, 2017

(6) *Long-Term Liabilities*
Revenue Bonds Payable (continued from previous page)

\$9,740,000 Bond Issue of 12/4/2013					
Year ended June 30,	Rates	Principal	Interest	Total	
2018	3.0%	\$ 345,000	306,375	651,375	
2019	3.0%	410,000	295,050	705,050	
2020	3.0%	420,000	282,600	702,600	
2021	3.0%	430,000	269,850	699,850	
2022	3.0%	440,000	256,800	696,800	
2023	3.0%	450,000	243,450	693,450	
2024	3.0%	465,000	229,725	694,725	
2025	3.0%	480,000	215,550	695,550	
2026	3.0%	495,000	200,925	695,925	
2027	3.0%	510,000	185,850	695,850	
2028	3.3%	530,000	169,588	699,588	
2029	3.5%	550,000	151,350	701,350	
2030	4.0%	3,615,000	131,663	3,746,663	
Subtotal		9,140,000	2,938,776	12,078,776	

TOTALS					
Year ended June 30,	Rates	Principal	Interest	Total	
2018	Various	\$ 2,640,000	1,952,131	4,592,131	
2019	Various	2,745,000	1,848,206	4,593,206	
2020	Various	2,850,000	1,728,306	4,578,306	
2021	Various	2,985,000	1,590,931	4,575,931	
2022	Various	3,125,000	1,446,881	4,571,881	
2023	Various	3,270,000	1,295,906	4,565,906	
2024	Various	3,425,000	1,137,681	4,562,681	
2025	Various	3,590,000	995,081	4,585,081	
2026	Various	3,635,000	867,156	4,502,156	
2027	Various	3,845,000	730,675	4,575,675	
2028	Various	3,985,000	565,507	4,550,507	
2029	Various	4,175,000	386,128	4,561,128	
2030	Various	7,380,000	211,669	7,591,669	
Total		\$ 47,650,000	14,756,258	62,406,258	

Capital Lease Payable

The district entered into a capital lease arrangement for the purchase of computer equipment for the District. Assets in the amount of \$1,162,892 were acquired under these leases. The following is a schedule of the future minimum payments required under the lease together with its present value as of June 30, 2017:

Year Ending June 30,	Apple, Inc. Capital Lease	
	Payment	Total
2018	\$ 397,099	397,099
2019	149,813	149,813
Total minimum lease payments	546,912	546,912
Less amount representing interest	15,849	15,849
Present value of minimum lease payments	\$ 531,063	531,063

(6) *Long-Term Liabilities (continued from previous page)*

Early Retirement

The most recent early retirement plan was offered to District employees for 2015. The plan requires employees to have completed at least ten years of full-time service within the prior twelve consecutive years to the District, must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement is to commence and only applied to non-nutrition funded employees covered under two groupings of Other Professional Salaried and Other Professional CE Staff.

For those eligible, early retirement benefits were equal to 50% of the average of the employee's last three years' salary plus \$100 per day multiplied by the number of sick days accumulated at retirement.

The previous plan was established in 2014 and requires eligible employees to have completed at least ten years of full-time service within the prior twelve consecutive years to the District, must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement is to commence and must be covered by the JEA master agreement or the JESPA master agreement with the exclusion of Food Service personnel.

For those covered under the JEA agreement, early retirement benefits were equal to 50% of the average of the employee's last three years' contractual salary but not including TSS, Schedule B, etc. plus \$100 per day multiplied by the number of sick days accumulated as of retirement. The plan was limited to fifteen employees, and the early retirement benefit will be placed in a State RIC 403(b) plan as directed by the employee in the July immediately following retirement.

For those covered under the JESPA agreement (excluding Food Service personnel), early retirement benefits were equal to 50% of the average of the employee's last three years contractual salary excluding all compensation outside the normal work contract plus \$50 per day multiplied by the number of sick days accumulated as of retirement. The plan was limited to seven employees, and the early retirement benefit will be placed in a State RIC 403(b) plan as directed by the employee in the July immediately following retirement.

The next most recent plan required eligible employees to have completed at least ten years of full-time service within the prior twelve consecutive years to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement was to commence. No more than ten employees were allowed to retire in any given year with priority given to employees with the longest tenure of service.

Early retirement benefits were equal to 50% of the average of the employee's highest three year's contractual salary in the twelve years prior to retirement plus accumulated sick leave balance times applicable daily rates based on class of employee with all early retirement benefit placed in a State RIC 403(b) plan as directed by the employee. Early retirement cash benefit amounts were placed in a State RIC 403(b) plan as directed by the employee in the July immediately following retirement.

Prior to the voluntary early retirement plan described above, there was a voluntary early retirement plan that consisted of both a stipend paid to a 403b account representing 30% of employee's high three year average and a single insurance benefit covering employees until Medicare eligible.

At June 30, 2017, the District had no obligations to pay early retirement liabilities. Actual early retirement expenditures for the year ended June 30, 2017, totaled \$4,538.

This long-term liability is generally liquidated with funds from the Non-major Special Revenue Fund – Management Levy.

(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 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

(7) *Pension Plan (continued from previous page)*

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

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

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

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

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

Disability and Death Benefits – A vested member who is awarded 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. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2017 were \$4,102,786.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the District reported a liability of \$40,117,478 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the District's proportion was 0.643295%, which was an increase of 0.005334% from its proportion measured as of June 30, 2015.

(7) Pension Plan (continued from previous page)

For the year ended June 30, 2017, the District recognized pension expense of \$4,807,443. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 354,559	478,786
Changes of assumptions	612,069	-
Net difference between projected and actual earnings on IPERS' investments	10,679,914	4,964,441
Changes in proportion and differences between District contributions and proportionate share of contributions	282,914	133,032
District contributions subsequent to the measurement date	4,102,786	-
Total	<u>\$ 16,032,242</u>	<u>5,576,259</u>

\$4,102,786 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	
2018	\$ 816,298
2019	816,298
2020	3,029,366
2021	1,712,374
2022	(21,139)
	<u>\$ 6,353,197</u>

There were no non-employer contributing entities to IPERS.

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

(7) Pension Plan (continued from previous page)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed 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 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$ 64,904,648	\$ 40,117,478	\$ 19,196,779

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

Payables to the IPERS - At June 30, 2017, the District reported payables to IPERS of \$360,728 for legally required District contributions and \$240,351 for legally required employee contributions withheld from employee wages which had not yet remitted to IPERS.

(8) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 737 active and 25 retired/COBRA members in the plan. Retired participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 10 years within the 12 consecutive years prior to the retirement year. The plan does not issue a standalone report.

The medical/prescription drug coverage is provided through a self-funded insurance program administered by a third party administrator. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

(8) *Other Post-Employment Benefits (OPEB) (continued from previous page)*

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

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

	2017	2016	2015	2014	2013	2012
Annual required contribution	\$ 289,000	243,000	422,000	422,000	420,000	420,000
Interest on net OPEB obligation	69,961	63,381	62,550	50,000	46,831	40,000
Adjustment to annual required contribution	(58,300)	(57,000)	(52,932)	(41,846)	(135,684)	(34,000)
Annual OPEB cost	300,661	249,381	431,618	430,154	331,147	426,000
Contributions made	(116,000)	(83,000)	(239,000)	(148,000)	(264,000)	(264,000)
Increase in net OPEB obligation	184,661	166,381	192,618	282,154	67,147	162,000
Net OPEB obligation beginning of year	1,748,999	1,582,618	1,390,000	1,107,846	1,040,699	878,699
Net OPEB obligation end of year	\$ 1,933,660	1,748,999	1,582,618	1,390,000	1,107,846	1,040,699

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the District contributed \$116,000 to the medical plan. Plan members eligible for benefits contributed \$1,229,712 to the plan.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 426,000	61.97%	1,040,699
June 30, 2013	331,147	79.70%	1,107,846
June 30, 2014	430,154	34.41%	1,390,000
June 30, 2015	431,618	55.37%	1,582,618
June 30, 2016	249,381	33.28%	1,748,999
June 30, 2017	300,661	38.58%	1,933,660

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$1.81 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.81 million. The covered payroll (annual payroll of active employees covered by the plan) was \$45,943,843, and the ratio of the UAAL to covered payroll was 3.9%. As of June 30, 2017, there were no trust fund assets.

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

(8) *Other Post-Employment Benefits (OPEB) (continued from previous page)*

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

As of the July 1, 2015 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumption includes a 4.0% discount rate based on the District's funding policy. The projected annual healthcare cost trend rate is 8.0%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate. An inflation rate of 3.5% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2015.

Projected claim costs of the medical plan are \$632 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years. Information regarding the inflation rate investment return and post-retirement benefit increases was not available.

This long-term liability is generally liquidated with funds from the General Fund or Proprietary Funds.

(9) **Risk Management**

Johnston Community School 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. During the year ended June 30, 2017, there were no significant reductions in coverage. In addition, over the past four fiscal years, settlement amounts did not exceed insurance coverage.

In addition to the above, the District operates a partially self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' medical benefits. The program is supplemented by stop loss protection, which limits the District's liability to \$60,000 per individual medical claim or an aggregate limit of 125% during the period July 1, 2006 through June 30, 2017.

The District operates a totally self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' dental benefits. The program liability is limited to \$1,000 per individual per year.

Both plans receive an annual actuarial opinion and an annual report is filed with the State of Iowa Insurance Division. The insurance claims liability of \$1,104,269 reported at June 30, 2017, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The District operates a Section 125/Flex Plan whereby employee contributions are made through payroll deduction and eligible expenses are reimbursed on a weekly basis.

The above plans are reported in the Internal Services Fund.

(9) Risk Management (continued from previous page)

Changes in the reported liability since July 1, 2011 resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2012	\$ 821,292	6,902,759	(6,884,482)	839,569
2013	839,569	6,684,776	(6,708,442)	815,903
2014	815,903	8,423,483	(8,234,488)	1,004,898
2015	1,004,898	7,460,500	(7,525,271)	940,127
2016	940,127	8,647,617	(8,538,983)	1,048,761
2017	1,048,761	8,943,579	(8,888,071)	1,104,269

(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 \$2,840,921 for the year ended June 30, 2017, and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(11) Construction Commitment

The District has entered into contracts totaling \$22,550,881 for the construction of an athletic field, two school remodel projects and a fiber project. As of June 30, 2017, costs of \$9,337,607 had been incurred against the contracts. The balance of \$13,213,274 remaining at June 30, 2017 will be paid as work on the project progresses.

Project	Contract Amount	Costs through June 30, 2017
Athletic Field	\$ 8,310,562	7,485,475
Middle School	2,996,426	1,066,722
Wallace Elementary	10,883,126	433,970
Fiber Project	360,767	351,440
	<u>\$ 22,550,881</u>	<u>9,337,607</u>

(12) Operating Leases

The District leases copy machines under noncancelable operating leases. Total costs for such leases were approximately \$62,340 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Year ending June 30:	
2018	\$ 51,950
	<u>\$ 51,950</u>

(13) Commitments and Contingencies

The District has been named as a defendant in a civil suit which is currently being handled by the District's insurance carrier. It is the opinion of management in consultation with legal counsel that any possible final settlement of this matter will not result in a material adverse effect on the financial position of the District.

Subsequent to the date of the financial statements, there was an alleged incident involving a bus driver and a student. The incident is under investigation and at this time it is not known what, if any, legal or financial ramifications may result from this.

(14) Deficit Net Position

A net position deficit of \$183,617 exists in the Enterprise, Community Education Fund.

This deficit results from recognizing the Enterprise, Community Education Fund's net pension liability (approximately \$1.5 million) as required by generally accepted auditing principles and is based on the District's employer share of contributions to IPERS relative to the contributions of all IPERS participating employers. This liability is only payable as the District pays the District's employer share of IPERS contributions on payrolls in the future years.

(15) Subsequent Events

The District is in the process of issuing \$8,335,000 of General Obligation School Capital Loan Notes. The transaction is set to close on November 8, 2017.

(16) Tax Abatements

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

Tax Abatements of Other Entities

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

Entity	Tax Abatement Program	Amount of Tax Abated
City of Johnston	Urban renewal and economic development projects	\$ 898,298
City of Urbandale	Urban renewal and economic development projects	127,715
City of Grimes	Urban renewal and economic development projects	257,599

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2017, this reimbursement amounted to \$22,350.

(17) New Accounting Pronouncement

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

(18) Prospective Accounting Change

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

Required Supplementary Information

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

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 47,037,682	5,980,646	53,018,328	50,200,286	2,818,042
Intermediate sources	91,273	-	91,273	90,000	1,273
State sources	48,755,230	67,389	48,822,619	50,417,896	(1,595,277)
Federal sources	2,318,265	1,138,271	3,456,536	3,044,000	412,536
Total revenues	98,202,450	7,186,306	105,388,756	103,752,182	1,636,574
Expenditures:					
Instruction	53,603,803	356,572	53,960,375	64,331,676	10,371,301
Support services	22,637,292	371,645	23,008,937	28,908,762	5,899,825
Noninstructional programs	213,425	6,183,902	6,397,327	7,118,282	720,955
Other expenditures	51,031,515	-	51,031,515	67,275,420	16,243,905
Total expenditures	127,486,035	6,912,119	134,398,154	167,634,140	33,235,986
Excess (deficiency) of revenues over (under) expenditures	(29,283,585)	274,187	(29,009,398)	(63,881,958)	34,872,560
Other financing sources (uses), net	11,639,102	(218,102)	11,421,000	10,000,000	1,421,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(17,644,483)	56,085	(17,588,398)	(53,881,958)	36,293,560
Balances beginning of year	60,184,056	1,643,063	61,827,119	53,881,958	7,945,161
Balances end of year	\$ 42,539,573	1,699,148	44,238,721	-	44,238,721

See accompanying independent auditor's report.

Johnston Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year Ended June 30, 2017

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

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

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

During the year ended June 30, 2017, expenditures did not exceed the District's budget.

Johnston Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For the Last Three Fiscal Years * (In Thousands)
Required Supplementary Information

	2017	2016	2015
District's proportion of the net pension liability	0.643295%	0.637961%	0.642155%
District's proportionate share of the net pension liability	\$ 40,117	31,716	25,989
District's covered-employee payroll	\$ 45,752	43,990	41,980
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.68%	72.10%	61.91%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Johnston Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years (In Thousands)
Required Supplementary Information

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 4,089	4,086	3,930	3,829	3,035	3,159	2,615	2,436	2,207	1,886
Contributions in relation to the statutorily required contribution	(4,089)	(4,086)	(3,930)	(3,829)	(3,035)	(3,159)	(2,615)	(2,436)	(2,207)	(1,886)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 45,789	45,752	43,990	42,880	35,009	39,144	37,620	36,635	34,759	31,174
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

See accompanying independent auditor's report.

Johnston Community School District
Notes to Required Supplementary Information - Pension Liability
Year Ended June 30, 2017

Changes of benefit terms:

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

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

Changes of assumptions:

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- 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 20year 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.

Johnston Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Employer Contributions
2010 July 1, 2009		\$ -	5,200,000	5,200,000	0.0%	\$ 31,542,587	16.5%	\$ 402,999
2011 July 1, 2009		-	5,200,000	5,200,000	0.0%	32,049,990	16.2%	403,000
2012 July 1, 2011		-	3,220,000	3,220,000	0.0%	35,990,188	8.9%	264,000
2013 July 1, 2011		-	3,220,000	3,220,000	0.0%	36,235,755	8.9%	264,000
2014 July 1, 2013		-	2,889,000	2,889,000	0.0%	37,420,385	7.7%	148,000
2015 July 1, 2013		-	2,889,000	2,889,000	0.0%	38,216,262	7.6%	239,000
2016 July 1, 2015		-	1,808,000	1,808,000	0.0%	45,814,889	3.9%	83,000
2017 July 1, 2015		-	1,808,000	1,808,000	0.0%	45,943,843	3.9%	116,000

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

See accompanying independent auditor's report.

Supplementary Information
Combining and Individual Fund Financial Statements and Schedules

Johnston Community School District
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2017

	Management	Student Activity	Total
Assets			
Current assets:			
Cash, cash equivalent and pooled investments	\$ 1,463,919	930,437	2,394,356
Receivables:			
Accounts	-	560	560
Property tax:			
Delinquent	10,758	-	10,758
Succeeding year	1,384,947	-	1,384,947
Total assets	\$ 2,859,624	930,997	3,790,621
Liabilities, Deferred Inflows of Resources and Fund Balances			
Current liabilities:			
Accounts payable	\$ 187,226	43,764	230,990
Early retirement payable	-	-	-
Total liabilities	187,226	43,764	230,990
Deferred inflows of resources:			
Unavailable revenue			
Succeeding year property tax	1,384,947	-	1,384,947
Total deferred inflows of resources	1,384,947	-	1,384,947
Fund balances:			
Restricted for:			
Management levy purposes	1,287,451	-	1,287,451
Student activities	-	887,233	887,233
Total fund balances	1,287,451	887,233	2,174,684
Total liabilities, deferred inflows of resources and fund balances	\$ 2,859,624	930,997	3,790,621

See accompanying independent auditor's report.

Schedule 2

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year ended June 30, 2017

	Management	Student Activity	Total
Revenues:			
Local sources:			
Local tax:			
Property tax	\$ 1,414,178	-	1,414,178
Utility tax replacement excise tax	37,103	-	37,103
Mobile home tax	1,131	-	1,131
	<u>1,452,412</u>	<u>-</u>	<u>1,452,412</u>
Other local sources:			
Student activities	-	797,679	797,679
Donations	-	89,805	89,805
Other local revenue	95,123	147,689	242,812
	<u>95,123</u>	<u>1,035,173</u>	<u>1,130,296</u>
	<u>1,547,535</u>	<u>1,035,173</u>	<u>2,582,708</u>
State sources:			
Revenue in lieu of taxes :			
Military credit	270	-	270
	<u>270</u>	<u>-</u>	<u>270</u>
Total revenues	<u>1,547,805</u>	<u>1,035,173</u>	<u>2,582,978</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction:			
Salaries	2,000	-	2,000
Benefits	378,373	-	378,373
Purchased services	484	-	484
	<u>380,857</u>	<u>-</u>	<u>380,857</u>
Co-curricular instruction:			
Salaries	-	10,351	10,351
Benefits	-	1,072	1,072
Purchased services	-	332,406	332,406
Supplies	-	675,516	675,516
Property	-	36,919	36,919
Other	-	48,985	48,985
	<u>-</u>	<u>1,105,249</u>	<u>1,105,249</u>
Total instruction	<u>380,857</u>	<u>1,105,249</u>	<u>1,486,106</u>

Schedule 2

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year ended June 30, 2017

	Management	Student Activity	Total
<i>Continued from previous page</i>			
Expenditures:			
Current:			
Support Services:			
Student support:			
Benefits	135	-	135
Property	-	939	939
	135	939	1,074
Administration:			
Benefits	105,345	-	105,345
Purchased services	43,239	4,513	47,752
Supplies	299	-	299
	148,883	4,513	153,396
Plant operation and maintenance:			
Benefits	71,059	-	71,059
Purchased services	415,361	-	415,361
	486,420	-	486,420
Student transportation:			
Benefits	54,263	-	54,263
Purchased services	38,574	-	38,574
	92,837	-	92,837
Total support services	728,275	5,452	733,727
Non-instructional Programs:			
Food services			
Benefits	13,222	-	13,222
Community service & education:			
Benefits	57,713	-	57,713
Total non-instructional programs	70,935	-	70,935
Total expenditures	1,180,067	1,110,701	2,290,768
Excess of revenues over expenditures	367,738	(75,528)	292,210
Fund balances beginning of year	919,713	962,761	1,882,474
Fund balances end of year	\$ 1,287,451	887,233	2,174,684

See accompanying independent auditor's report.

Johnston Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2017

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 14,026,535	14,598,002	27,929	28,652,466
Receivables:				
Property tax:				
Delinquent	-	25,973	-	25,973
Succeeding year	-	3,931,747	-	3,931,747
Intergovernmental	1,073,002	-	-	1,073,002
Total assets	\$ 15,099,537	18,555,722	27,929	33,683,188
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 119,334	337,191	27,929	484,454
Contracts Payable	1,935,807	2,305,465	-	4,241,272
Total liabilities	2,055,141	2,642,656	27,929	4,725,726
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	3,931,747	-	3,931,747
Total deferred inflows of resources	-	3,931,747	-	3,931,747
Fund balances:				
Restricted for:				
School infrastructure	12,070,396	-	-	12,070,396
Debt Service	974,000	-	-	974,000
Physical plant and equipment	-	11,981,319	-	11,981,319
Total fund balances	13,044,396	11,981,319	-	25,025,715
Total liabilities, deferred inflows of resources and fund balances	\$ 15,099,537	18,555,722	27,929	33,683,188

See accompanying independent auditor's report.

Johnston Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2017

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Capital Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	3,892,711	-	3,892,711
Other	79,447	1,294,188	141,122	1,514,757
State sources	6,998,547	638	-	6,999,185
Total revenues	7,077,994	5,187,537	141,122	12,406,653
Expenditures:				
Current:				
Instructional Services:				
Regular instruction	-	81,072	-	81,072
Support Services:				
Instructional staff services	439,350	1,278,325	-	1,717,675
Administration	49	130,621	-	130,670
Plant operation and maintenance	-	262,862	-	262,862
Transportation	-	557,062	-	557,062
Other expenditures				
Facilities acquisition	8,358,428	7,003,446	21,255,354	36,617,228
Total expenditures	8,797,827	9,313,388	21,255,354	39,366,569
Excess (deficiency) of revenues over (under) expenditures	(1,719,833)	(4,125,851)	(21,114,232)	(26,959,916)
Other financing sources (uses):				
Proceeds from sale of assets	-	1,459,055	-	1,459,055
Proceeds from lease purchases	439,200	-	-	439,200
Proceeds from debt issuances	-	9,555,558	-	9,555,558
Debt service	-	(40,076)	-	(40,076)
Operating transfers out	(5,493,605)	(97,124)	-	(5,590,729)
Total other financing uses	(5,054,405)	10,877,413	-	5,823,008
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(6,774,238)	6,751,562	(21,114,232)	(21,136,908)
Fund balances beginning of year	19,818,634	5,229,757	21,114,232	46,162,623
Fund balances end of year	\$ 13,044,396	11,981,319	-	25,025,715

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2017

	Business Type Activities				Governmental Activities		
	Enterprise Funds				Internal Service Funds		
	Community Education	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Assets							
Current assets:							
Cash and cash equivalents	\$ 1,096,580	174,227	1,816,731	3,087,538	8,613,927	136,760	8,750,687
Receivables:							
Accounts	43,653	-	4,312	47,965	-	-	-
Due from other governments	-	-	602	602	-	-	-
Inventories	-	-	125,993	125,993	-	-	-
Total current assets	1,140,233	174,227	1,947,638	3,262,098	8,613,927	136,760	8,750,687
Non-current assets:							
Property and equipment:							
Machinery and equipment	169,633	7,483	2,843,286	3,020,402	-	-	-
Accumulated depreciation	(148,062)	(7,265)	(1,913,352)	(2,068,679)	-	-	-
Total non-current assets	21,571	218	929,934	951,723	-	-	-
Total assets	1,161,804	174,445	2,877,572	4,213,821	8,613,927	136,760	8,750,687
Deferred Outflows of Resources							
Pension related deferred outflows	552,326	54,494	381,392	988,212	-	-	-
Liabilities							
Current liabilities:							
Accounts payable	87,648	-	42,313	129,961	118,748	14,746	133,494
Advances from prepaid childcare	3,112	-	-	3,112	-	-	-
Advances from prepaid lunches	-	-	108,596	108,596	-	-	-
Insurance claims liability	-	-	-	-	1,104,269	-	1,104,269
Accrued salaries and benefits payable	1,981	3,382	112,271	117,634	-	-	-
Compensated absences	14,352	-	5,564	19,916	-	-	-
Total current liabilities	107,093	3,382	268,744	379,219	1,223,017	14,746	1,237,763
Non-current liabilities:							
Net pension liability	1,503,238	157,937	940,947	2,602,122	-	-	-
Other postemployment benefits payable	44,707	7,284	70,072	122,063	-	-	-
Total non-current liabilities	1,547,945	165,221	1,011,019	2,724,185	-	-	-
Total liabilities	1,655,038	168,603	1,279,763	3,103,404	1,223,017	14,746	1,237,763
Deferred Inflows of Resources							
Pension related deferred inflows	242,709	27,985	128,787	399,481	-	-	-
Net Position							
Invested in capital assets	21,571	218	929,934	951,723	-	-	-
Restricted for:							
Flexible benefits	-	-	-	-	-	122,014	122,014
Unrestricted	(205,188)	32,133	920,480	747,425	7,390,910	-	7,390,910
Total Net Position	\$ (183,617)	32,351	1,850,414	1,699,148	7,390,910	122,014	7,512,924

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities				Governmental Activities		
	Enterprise Funds				Internal Service Funds		
	Community Education	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Operating revenues:							
Local sources:							
Other local sources:							
Food service sales	\$ -	-	2,421,052	2,421,052	-	-	-
Daycare service fees	2,612,007	-	-	2,612,007	-	-	-
Community education fees	691,774	234,507	-	926,281	-	-	-
Charges for services	-	-	-	-	8,993,387	444,720	9,438,107
Other operating income	1,405	-	5,335	6,740	-	-	-
Total operating revenues	3,305,186	234,507	2,426,387	5,966,080	8,993,387	444,720	9,438,107
Operating expenses:							
Instructional programs:							
Instructional services:							
Salaries	-	116,902	-	116,902	-	-	-
Benefits	-	41,563	-	41,563	-	-	-
Services	-	28,850	-	28,850	-	-	-
Supplies	-	15,481	-	15,481	-	-	-
Other	153,776	-	-	153,776	-	-	-
	153,776	202,796	-	356,572	-	-	-
Support Services:							
Administrative services:							
Salaries	81,292	34,279	-	115,571	-	-	-
Benefits	33,240	13,720	-	46,960	7,925,966	-	7,925,966
Services	157,268	2,497	2,170	161,935	530,945	431,160	962,105
Supplies	-	37	-	37	-	-	-
Depreciation	-	226	-	226	-	-	-
	271,800	50,759	2,170	324,729	8,456,911	431,160	8,888,071
Transportation services:							
Services	46,916	-	-	46,916	-	-	-
	46,916	-	-	46,916	-	-	-
	318,716	50,759	2,170	371,645	8,456,911	431,160	8,888,071
Non-instructional programs:							
Food services operations:							
Salaries	-	-	1,120,620	1,120,620	-	-	-
Benefits	-	-	455,853	455,853	-	-	-
Services	-	-	96,738	96,738	-	-	-
Supplies	-	-	1,589,110	1,589,110	-	-	-
Other	-	-	1,405	1,405	-	-	-
Depreciation	-	-	87,194	87,194	-	-	-
	-	-	3,350,920	3,350,920	-	-	-
Community service operations:							
Salaries	1,961,776	-	-	1,961,776	-	-	-
Benefits	459,210	-	-	459,210	-	-	-
Services	4,960	-	-	4,960	-	-	-
Supplies	391,855	-	-	391,855	-	-	-
Other	9,386	-	-	9,386	-	-	-
Depreciation	5,795	-	-	5,795	-	-	-
	2,832,982	-	-	2,832,982	-	-	-
	2,832,982	-	3,350,920	6,183,902	-	-	-
Total operating expenses	3,305,474	253,555	3,353,090	6,912,119	8,456,911	431,160	8,888,071
Operating income (loss)	(288)	(19,048)	(926,703)	(946,039)	536,476	13,560	550,036

Johnston Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities				Governmental Activities		
	Enterprise Funds				Internal Service Funds		
	Community Education	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
<i>Continued from previous page</i>							
Non-operating revenues:							
State grants	-	43,479	-	43,479	-	-	-
State lunch and breakfast program claims	-	-	23,910	23,910	-	-	-
National School Lunch Program	-	-	780,218	780,218	-	-	-
School Breakfast Program	-	-	120,017	120,017	-	-	-
Federal food commodities revenue	-	-	233,724	233,724	-	-	-
Summer Food Program	-	-	4,312	4,312	-	-	-
Interest income	4,355	711	9,500	14,566	-	-	-
Total non-operating revenues	4,355	44,190	1,171,681	1,220,226	-	-	-
Income before transfers	4,067	25,142	244,978	274,187	536,476	13,560	550,036
Transfers (out)	(120,000)	(15,000)	(83,102)	(218,102)	-	-	-
Changes in Net Position	(115,933)	10,142	161,876	56,085	536,476	13,560	550,036
Net Position beginning of year	(67,684)	22,209	1,688,538	1,643,063	6,854,434	108,454	6,962,888
Net Position end of year	\$ (183,617)	32,351	1,850,414	1,699,148	7,390,910	122,014	7,512,924

See accompanying independent auditor's report.

Johnston Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

	Business Type Activities				Governmental Activities		
	Community Education	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Cash flows from operating activities:							
Cash received from sale of lunches and breakfasts	\$ -	-	2,444,108	2,444,108	-	-	-
Cash received from community services	3,298,815	236,507	-	3,535,322	9,010,343	444,720	9,455,063
Cash paid to employees for services	(2,547,084)	(207,258)	(1,555,040)	(4,309,382)	(7,870,458)	(437,521)	(8,307,979)
Cash paid to suppliers for goods or services	(741,569)	(46,909)	(1,485,847)	(2,274,325)	(412,197)	-	(412,197)
Net cash provided (used) by operating activities	10,162	(17,660)	(596,779)	(604,277)	727,688	7,199	734,887
Cash flows from non-capital financing activities:							
State grants received	-	43,479	23,910	67,389	-	-	-
Federal grants received	-	-	904,547	904,547	-	-	-
Net cash provided by non-capital financing activities	-	43,479	928,457	971,936	-	-	-
Cash flows from capital and related financing activities:							
Acquisition of capital assets	(579)	-	(650,352)	(650,931)	-	-	-
Transfers	(120,000)	(15,000)	(83,102)	(218,102)	-	-	-
Net cash used by capital and related financing activities	(120,579)	(15,000)	(733,454)	(869,033)	-	-	-
Cash flows from investing activities:							
Interest on investments	4,355	711	9,500	14,566	-	-	-
Net increase (decrease) in cash and cash equivalents	(106,062)	11,530	(392,276)	(486,808)	727,688	7,199	734,887
Cash and cash equivalents at beginning of year	1,202,642	162,697	2,209,007	3,574,346	7,886,239	129,561	8,015,800
Cash and cash equivalents at end of year	\$ 1,096,580	174,227	1,816,731	3,087,538	8,613,927	136,760	8,750,687
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (288)	(19,048)	(926,703)	(946,039)	536,476	13,560	550,036
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Commodities used	-	-	233,724	233,724	-	-	-
Depreciation	5,795	226	87,194	93,215	-	-	-
(Increase) decrease in accounts receivable	(5,965)	2,000	(4,914)	(8,879)	16,956	-	16,956
(Increase) in inventories	-	-	(46,057)	(46,057)	-	-	-
Increase (decrease) in accounts payable	22,592	(44)	15,909	38,457	118,748	(6,361)	112,387
Increase in insurance claims liability	-	-	-	-	55,508	-	55,508
Increase (decrease) in salaries and benefits payable	(46,083)	(2,805)	(587)	(49,475)	-	-	-
Increase (decrease) in unearned revenues	(406)	-	22,635	22,229	-	-	-
Increase (decrease) in compensated absences	(112)	-	(129)	(241)	-	-	-
Increase (decrease) in net pension liability	283,136	27,470	203,685	514,291	-	-	-
(Increase) decrease in deferred outflows of resources	(194,385)	(18,708)	(146,613)	(359,706)	-	-	-
Increase (Decrease) in deferred inflows of resources	(62,388)	(6,049)	(45,102)	(113,539)	-	-	-
Increase (Decrease) in other post-employment benefits	8,266	(702)	10,179	17,743	-	-	-
Net cash provided (used) by operating activities	\$ 10,162	(17,660)	(596,779)	(604,277)	727,688	7,199	734,887

Johnston Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

Continued from previous page

**Reconciliation of cash and cash equivalents at year end to
specific assets included on Combined Balance Sheet:**

Current assets:

	Business Type Activities				Governmental Activities		
	Community Education	Community Preschool	School Nutrition	Total	Self-funded Insurance	Flexible Benefits	Total
Cash and investments	\$ 1,096,580	174,227	1,816,731	3,087,538	8,613,927	136,760	8,750,687
Cash and cash equivalents at year end	<u>\$ 1,096,580</u>	<u>174,227</u>	<u>1,816,731</u>	<u>3,087,538</u>	<u>8,613,927</u>	<u>136,760</u>	<u>8,750,687</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2017, the District received federal commodities valued at \$233,724.

See accompanying independent auditor's report.



Supplementary Information
Capital Assets used in the Operation of Governmental Funds

Schedule 8

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2017

Governmental funds capital assets

Land and improvements	\$ 17,503,696
Buildings and improvements	197,324,264
Vehicles, furniture and equipment	9,029,765
Construction in progress	<u>9,337,607</u>

Total governmental funds capital assets	<u><u>\$ 233,195,332</u></u>
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Investments in governmental funds capital assets by source

General Fund	\$ 10,433,091
Special Revenue Funds	245,522
Capital Projects Funds	<u>222,516,719</u>

Total governmental funds capital assets	<u><u>\$ 233,195,332</u></u>
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See accompanying independent auditor's report.

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2017

Function and Activity	Land and Improvements	Buildings and Improvements	Vehicles, Furniture and Equipment	Construction in Progress	Total
Instruction	\$ 15,991,251	194,473,480	6,294,225	9,337,607	226,096,563
Other instruction	371,476	61,506	-	-	432,982
Support services - instructional staff	441,545	-	1,227,137	-	1,668,682
Administration	328,878	1,191,161	325,917	-	1,845,956
Operation and maintenance of plant services	119,319	1,598,117	1,074,240	-	2,791,676
Student transportation services	251,227	-	108,246	-	359,473
Total	<u>\$ 17,503,696</u>	<u>197,324,264</u>	<u>9,029,765</u>	<u>9,337,607</u>	<u>233,195,332</u>

See accompanying independent auditor's report.

Schedule 10

Johnston Community School District
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year ended June 30, 2017

Function and Activity	July 1, 2016	Additions	Deletions	June 30, 2017
Instruction	\$ 190,050,381	118,514,767	82,468,585	226,096,563
Other instruction	432,982	-	-	432,982
Support services - instructional staff	1,945,320		276,638	1,668,682
Administration	1,832,564	13,392	-	1,845,956
Operation and maintenance of plant services	2,556,614	235,062	-	2,791,676
Student transportation services	5,491,335	24,805	5,156,667	359,473
Total	<u>\$ 202,309,196</u>	<u>118,788,026</u>	<u>87,901,890</u>	<u>233,195,332</u>

See accompanying independent auditor's report.

**Supplementary Information
Other Financial Schedules**

Johnston Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2017

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balanced End of Year
Elementary Schools:					
Lawson Elementary	\$ 2,404	-	-	-	2,404
Wallace Elementary	172	-	172	-	-
Beaver Creek Elementary	2,500	-	-	-	2,500
Horizon	1,558	-	-	-	1,558
Summit Middle School:					
Student Council	4,525	5,034	5,451	-	4,108
Yearbook	12,035	10,249	17,441	-	4,843
Vocal Music	9,326	376	2,157	-	7,545
Instrumental Music	-	5,244	4,403	-	841
Tech Club	24,357	8,016	22,815	-	9,558
Lego Robotics	-	1,442	-	-	1,442
Cheerleading	6,158	-	-	-	6,158
Food Assistance	621	-	-	-	621
Climate Club	313	-	153	-	160
SOS	100	-	-	-	100
Math Counts	-	50	-	-	50
Middle School:					
Dragon Express	522	-	-	-	522
Student Council	2,187	1,557	898	-	2,846
Robotics	213	850	592	-	471
Yearbook	13,200	11,685	20,216	-	4,669
Vocal Music	21,915	48,615	48,779	-	21,751
Instrumental Music	17,284	7,966	3,161	-	22,089
Student Management	10,822	-	-	-	10,822
Cheerleading	131	-	-	-	131
MS Pride	4	-	-	-	4
Art Club	44	-	-	-	44
French Club	153	-	-	-	153
Spanish Club	176	-	-	-	176
Science Olympiad	2,119	6,282	6,560	-	1,841
Math Club	150	-	-	-	150
Tech Club	2,411	3,146	2,567	-	2,990
High School:					
Environmental Club	456	89	72	-	473
Spanish Club	2,754	610	1,130	-	2,234
Drama Club	5,668	1,185	1,023	-	5,830
Speech -Large Group	-	-	733	733	-
Speech - Individual	-	11,549	9,572	(1,977)	-
Debate	-	9,290	19,580	10,290	-
Student Council	14,933	32,467	38,422	-	8,978
National Honor Society	2,077	5,865	3,939	-	4,003
Archery	7,243	4,344	3,932	-	7,655
Senior Class	10,950	18,515	13,230	-	16,235
Yearbook	82,124	63,149	77,803	(9,046)	58,424
Academic Competition	-	2,582	1,255	-	1,327
Math Club	602	-	209	-	393
Instrumental Music	6,403	35,754	10,772	-	31,385
Vocal Music	41,397	13,288	21,348	5,597	38,934
Piano	86	-	-	-	86
Madrigal	-	594	648	54	-
Showzam	-	56,323	24,646	(31,677)	-
Synergy	-	28,345	29,310	965	-
INNO	-	43,608	68,669	25,061	-
Vocal Tour	4,464	64,419	68,857	-	26
Circle of Friends	538	6,600	5,972	-	1,166
SADD	157	-	-	-	157
Diversity Committee	100	-	-	-	100
Tech Club	2,466	2,011	1,425	-	3,052
Hyperstream	1,869	-	639	-	1,230
Gay Straight Alliance	357	-	-	-	357
Fencing Club	1,493	-	-	-	1,493
Exp Based Career	1,320	1,944	913	-	2,351
Musicals	18,507	7,413	7,422	-	18,498
Silver Cord	2,585	-	-	-	2,585
Miscellaneous	65	1,824	1,887	-	2
American Sign	-	190	168	-	22
Dragon A-la-Cart	-	309	149	-	160
Athletics	618,747	512,394	561,611	-	569,530
Total	\$ 962,761	1,035,173	1,110,701	-	887,233

See accompanying independent auditor's report.

Johnston Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Local sources:										
Local tax	\$ 39,253,233	37,064,106	35,626,566	32,393,934	35,857,736	35,695,347	35,019,915	32,577,208	32,073,368	30,063,824
Tuition	3,892,666	3,855,810	3,707,732	3,639,110	3,582,546	3,668,713	3,475,163	3,137,706	3,388,830	3,860,880
Other	3,875,304	2,952,246	2,317,904	2,661,625	2,367,120	2,106,399	2,083,829	2,788,425	2,307,958	3,321,999
Intermediate sources	91,273	88,824	89,537	90,390	98,961	95,614	91,857	90,678	92,866	85,004
State sources	48,755,230	45,960,835	43,653,789	39,316,622	31,650,260	30,704,092	27,910,332	23,396,412	25,729,617	23,887,916
Federal sources	2,334,744	2,126,015	2,074,240	1,898,661	1,769,532	1,692,437	3,729,793	4,060,543	1,310,703	608,405
Total	\$ 98,202,450	92,047,836	87,469,768	80,000,342	75,326,155	73,962,602	72,310,889	66,050,972	64,903,342	61,828,028
Expenditures:										
Instruction:										
Regular	\$ 35,134,637	33,604,284	32,626,297	30,467,849	29,014,697	27,638,864	27,049,790	26,420,349	25,632,654	22,840,146
Special	10,098,221	9,311,875	9,049,507	8,936,782	9,552,833	8,737,716	8,299,509	7,633,325	7,310,329	7,135,533
Other	8,370,945	7,877,884	7,818,352	7,644,581	6,851,147	6,188,208	5,211,519	4,562,423	3,493,390	2,798,377
Support services:										
Student	2,279,452	1,892,148	1,819,763	1,922,828	1,733,474	1,652,186	1,657,172	1,595,119	1,434,161	1,413,042
Instructional staff	4,256,407	3,829,694	3,116,176	3,446,669	5,256,963	3,238,683	2,965,971	2,681,246	2,590,573	2,679,714
Administration	6,224,502	6,188,422	6,059,234	6,021,436	5,580,409	5,354,058	5,461,057	5,135,490	5,183,740	5,216,577
Operation and maintenance of plant	5,776,018	5,403,883	5,322,847	5,604,645	4,899,107	4,826,922	4,744,650	4,845,401	4,693,862	4,511,428
Transportation	4,100,913	3,413,497	3,451,604	3,453,897	3,346,722	3,161,811	2,859,427	2,582,214	2,625,767	1,984,393
Central support	-	-	-	-	-	-	-	-	-	-
Non-instructional programs:										
Food services	13,222	6,537	12,756	60,845	50,075	22,680	42,357	13,764	17,345	22,305
Community services and education	200,203	144,963	162,264	153,851	134,712	142,207	118,070	118,485	112,879	111,639
Other expenditures:										
Facilities acquisition	36,617,228	39,095,795	25,238,957	4,513,719	3,223,347	10,429,507	5,158,895	3,865,127	3,341,005	9,739,160
Long-term debt:										
Principal	7,570,596	22,616,233	13,404,870	4,324,630	4,910,369	4,305,000	4,150,000	5,670,000	5,520,000	5,365,000
Interest and other charges	4,042,846	3,595,966	3,527,675	1,522,027	1,683,782	1,655,159	1,803,086	1,952,509	2,128,980	2,250,958
AEA support	2,840,921	2,746,943	2,610,924	2,448,847	2,307,835	2,236,244	2,320,857	2,187,815	1,946,449	1,771,545
Total	\$ 127,526,111	139,728,124	114,221,226	80,522,606	78,545,472	79,589,245	71,842,360	69,263,267	66,031,134	67,839,817

See accompanying independent auditor's report.



Johnston Community School District
Statistical Section
Table of Contents

The statistical section of the Johnston Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

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Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	84-102
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	103--108
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	109-115
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	116-120
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	121-127

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB 68 in fiscal year 2016; schedules presenting government-wide information include information beginning in that year.

NET POSITION BY COMPONENT
Last Ten Fiscal Years

Year ended June 30,	2017	2016	2015
Governmental activities:			
Invested in capital assets, net of related debt	\$ 76,387,314	63,827,711	58,871,834
Restricted	20,505,552	24,264,939	23,692,664
Unrestricted	(9,109,230)	(11,804,435)	(17,695,615)
Total governmental activities net position	\$ 87,783,636	76,288,215	64,868,883
Business-type activities:			
Invested in capital assets, net of related debt	\$ 951,723	394,007	513,678
Restricted	-	-	-
Unrestricted	747,425	1,249,056	1,091,515
Total business-type activities net position	\$ 1,699,148	1,643,063	1,605,193
Primary government:			
Invested in capital assets, net of related debt	\$ 77,339,037	64,221,718	59,385,512
Restricted	20,505,552	24,264,939	23,692,664
Unrestricted	(8,361,805)	(10,555,379)	(16,604,100)
Total primary government net position	\$ 89,482,784	77,931,278	66,474,076

Source: 2017 Certified Annual Report

2014	2013	2012	2011	2010	2009	2008
13,249,999	65,764,354	62,356,405	51,038,392	48,156,947	45,865,614	39,330,607
63,844,645	10,749,999	9,744,735	16,419,758	15,159,937	13,277,408	13,641,285
8,209,879	8,028,431	9,387,456	7,405,591	4,549,254	5,467,196	5,023,421
85,304,523	84,542,784	81,488,596	74,863,741	67,866,138	64,610,218	57,995,313
614,448	731,486	587,958	676,121	759,166	764,558	860,311
920	-	-	8,370	-	-	-
2,884,984	2,513,869	2,586,485	2,122,298	1,887,694	1,894,468	1,714,535
3,500,352	3,245,355	3,174,443	2,806,789	2,646,860	2,659,026	2,574,846
13,864,447	66,495,840	62,944,363	51,714,513	48,916,113	46,630,172	40,190,918
63,845,565	10,749,999	9,744,735	16,428,128	15,159,937	13,277,408	13,641,285
11,094,863	10,542,300	11,973,941	9,527,889	6,436,948	7,361,664	6,737,956
88,804,875	87,788,139	84,663,039	77,670,530	70,512,998	67,269,244	60,570,159

EXPENSES, PROGRAM REVENUES AND NET REVENUES (EXPENSES)
Last Ten Fiscal Years

Year ended June 30,	2017	2016	2015	2014
Expenses:				
Governmental activities:				
Instruction	\$ 56,825,307	52,795,932	49,803,088	49,337,355
Student services	2,300,234	1,859,466	1,758,854	1,925,705
Instructional staff services	4,442,506	3,999,945	3,261,971	3,590,304
Administrative services	6,023,950	5,350,729	5,581,377	5,711,829
Operating and maintenance of plant services	5,672,304	5,282,071	5,219,346	5,672,497
Transportation services	4,045,455	3,429,478	3,445,848	3,309,073
Capital outlay	-	-	-	-
Long-term debt interest	3,961,417	3,421,694	3,254,018	2,591,867
Non-instructional programs	213,642	151,702	150,343	205,640
Other expenditures	3,680,205	4,552,822	5,454,504	6,962,566
Total governmental activities expenses	87,165,020	80,843,839	77,929,349	79,306,836
Business type activities:				
Nutrition	3,353,090	3,329,784	3,354,998	3,248,993
Day care services	-	-	2,087,055	1,916,455
Community education services	3,559,029	3,411,483	997,118	997,042
Total business type activities expenses	6,912,119	6,741,267	6,439,171	6,162,490
Total primary government expenses	\$ 94,077,139	87,585,106	84,368,520	85,469,326
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	\$ 5,100,587	5,190,701	4,858,280	4,944,723
Support services	223,819	373,294	261,651	333,733
Operating grants and contributions	13,062,254	12,346,212	11,896,003	9,391,081
Total governmental activities program revenues	18,386,660	17,910,207	17,015,934	14,669,537
Business type activities:				
Charges for services:				
Nutrition	2,426,387	2,479,676	2,547,400	2,424,013
Day care services	-	-	2,295,884	2,105,910
Community education services	3,539,693	3,409,300	999,673	986,262
Operating grants and contributions	1,220,226	1,100,705	1,034,906	966,302
Total business type program revenues	7,186,306	6,989,681	6,877,863	6,482,487
Total primary government program revenues	\$ 25,572,966	24,899,888	23,893,797	21,152,024
Net revenue (expense):				
Governmental activities	\$ (68,778,360)	(62,933,632)	(60,913,415)	(64,637,299)
Business type activities	274,187	248,414	438,692	319,997
Total primary government net expense	\$ (68,504,173)	(62,685,218)	(60,474,723)	(64,317,302)

Source: 2017 Certified Annual Report

2013	2012	2011	2010	2009	2008
49,036,745	44,757,711	42,997,915	41,075,403	38,263,152	34,346,658
1,697,758	1,638,859	1,657,151	1,596,919	1,401,696	1,380,591
3,645,976	3,364,050	3,028,879	2,749,674	2,601,050	2,669,388
5,251,380	5,043,599	5,308,433	5,122,778	4,781,632	4,929,567
4,919,762	4,886,355	4,836,685	4,912,963	4,712,151	4,488,374
3,222,225	3,591,054	3,197,520	2,829,785	2,302,013	2,097,710
-	-	-	-	-	798,920
1,595,681	1,642,172	1,790,759	1,920,576	2,082,797	2,220,610
159,747	136,274	145,594	126,953	91,567	82,532
2,971,590	2,282,020	2,350,350	2,460,001	2,068,147	1,771,545
72,500,864	67,342,094	65,313,286	62,795,052	58,304,205	54,785,895
2,989,163	2,968,730	2,893,145	2,826,126	2,539,224	2,403,213
2,095,538	1,982,675	1,987,377	2,005,525	2,270,418	2,251,506
795,752	632,314	584,003	606,859	582,854	509,127
5,880,453	5,583,719	5,464,525	5,438,510	5,392,496	5,163,846
78,381,317	72,925,813	70,777,811	68,233,562	63,696,701	59,949,741
4,708,965	4,716,473	4,446,966	4,021,814	4,384,947	4,721,590
334,746	303,992	319,065	303,383	268,496	236,406
8,742,525	8,729,403	10,716,250	10,659,417	6,848,576	5,115,230
13,786,236	13,749,868	15,482,281	14,984,614	11,502,019	10,073,226
2,332,549	2,341,951	2,270,385	2,126,538	1,997,655	1,877,541
2,164,258	1,971,370	1,880,593	1,870,093	2,181,658	2,218,810
813,678	718,583	572,686	593,905	552,129	479,257
887,948	919,469	900,790	835,808	741,005	717,105
6,198,433	5,951,373	5,624,454	5,426,344	5,472,447	5,292,713
19,984,669	19,701,241	21,106,735	20,410,958	16,974,466	15,365,939
(58,714,628)	(53,592,226)	(49,831,005)	(47,810,438)	(46,802,186)	(44,712,669)
317,980	367,654	159,929	(12,166)	79,951	128,867
(58,396,648)	(53,224,572)	(49,671,076)	(47,822,604)	(46,722,235)	(44,583,802)

GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
Last Ten Fiscal Years

Year ended June 30,	2017	2016	2015	2014
Net (expense) revenue:				
Governmental activities	\$ (68,778,360)	(62,933,632)	(60,913,415)	(64,637,299)
Business type activities	274,187	248,414	438,692	319,997
Total primary government net expense	(68,504,173)	(62,685,218)	(60,474,723)	(64,317,302)
General revenues and other changes in net position:				
Governmental activities:				
General revenues:				
Property taxes levied for:				
General purposes	29,253,021	28,270,487	26,634,779	25,257,174
Debt service	6,123,980	5,184,793	5,537,573	3,815,774
Capital outlay	3,892,711	3,608,826	3,462,422	3,320,986
Statewide sales, services and use tax	6,998,547	6,306,953	6,074,567	5,449,133
Unrestricted state grants	31,096,960	29,515,436	27,832,918	26,458,419
Unrestricted investment earnings	384,870	162,818	126,645	85,142
Other	2,305,590	1,093,108	792,981	947,410
Capital contributions	-	-	-	-
Transfers	218,102	210,544	169,884	65,000
Total governmental activities	80,273,781	74,352,965	70,631,769	65,399,038
Business-type activities:				
Miscellaneous	-	-	-	-
Transfers	(218,102)	(210,544)	(169,884)	(65,000)
Total business-type activities	(218,102)	(210,544)	(169,884)	(65,000)
Total primary government general revenues and other changes in net position	80,055,679	74,142,421	70,461,885	65,334,038
Change in net position:				
Governmental activities	11,495,421	11,419,333	9,718,354	761,739
Business-type activities	56,085	37,870	268,808	254,997
Total primary government change in net position	\$ 11,551,506	11,457,203	9,987,162	1,016,736

Source: 2017 Certified Annual Report

2013	2012	2011	2010	2009	2008
(58,714,628)	(53,592,226)	(49,831,005)	(47,810,438)	(46,802,186)	(44,712,669)
317,980	367,654	159,929	(12,166)	79,951	128,867
(58,396,648)	(53,224,572)	(49,671,076)	(47,822,604)	(46,722,235)	(44,583,802)
23,739,582	25,139,889	25,381,589	24,158,338	21,298,103	19,689,959
3,614,999	2,302,231	875,421	1,313,820	2,556,704	2,657,697
3,169,354	3,129,302	2,954,515	2,822,082	2,638,596	2,485,836
5,336,410	5,123,925	5,808,390	4,282,968	5,579,965	5,230,332
24,769,091	23,753,747	20,916,147	16,880,987	20,175,159	19,400,505
46,852	71,535	109,923	847,168	376,149	1,148,153
872,283	696,452	782,623	760,995	796,644	1,142,678
-	-	-	-	-	-
65,000	-	-	-	(4,229)	-
61,613,571	60,217,081	56,828,608	51,066,358	53,417,091	51,755,160
-	-	-	-	-	-
(65,000)	-	-	-	4,229	-
(65,000)	-	-	-	4,229	-
61,548,571	60,217,081	56,828,608	51,066,358	53,421,320	51,755,160
2,898,943	6,624,855	6,997,603	3,255,920	6,614,905	7,042,491
252,980	367,654	159,929	(12,166)	84,180	128,867
3,151,923	6,992,509	7,157,532	3,243,754	6,699,085	7,171,358

FUND BALANCES - GOVERNMENTAL FUNDS**Last Ten Fiscal Years**

Year ended June 30,	2017	2016	2015
General Fund:			
Nonspendable for Inventories/Prepd	\$ 60,138	67,662	44,102
Restricted	1,576,733	1,525,575	1,283,366
Unassigned	13,107,148	10,088,953	6,065,734
Total general fund	14,744,019	11,682,190	7,393,202
All other governmental funds:			
Restricted, reported in:			
Debt Service	1,569,155	1,430,769	2,265,914
Special revenue funds	2,174,684	1,882,474	1,743,993
Capital project funds	24,051,715	45,188,623	39,921,249
Total all other governmental funds	27,795,554	48,501,866	43,931,156
Total governmental fund balances	\$ 42,539,573	60,184,056	51,324,358

Source: 2017 Certified Annual Report

2014	2013	2012	2011	2010	2009	2008
47,864	49,391	47,836	42,426	49,222	42,801	31,176
801,527	742,491	875,116	765,115	1,013,530	592,350	466,786
4,195,630	4,019,759	5,998,132	4,721,855	1,580,546	2,347,277	2,713,355
5,045,021	4,811,641	6,921,084	5,529,396	2,643,298	2,982,428	3,211,317
9,545,061	9,721,828	516,040	517,651	518,464	3,990,413	454,343
1,989,103	2,901,807	2,622,228	2,200,881	4,272,008	4,406,636	4,427,435
61,322,483	6,173,055	5,851,080	13,284,800	13,630,429	12,897,017	17,177,649
72,856,647	18,796,690	8,989,348	16,003,332	18,420,901	21,294,066	22,059,427
77,901,668	23,608,331	15,910,432	21,532,728	21,064,199	24,276,494	25,270,744

GOVERNMENTAL FUNDS REVENUES
Last Ten Fiscal Years

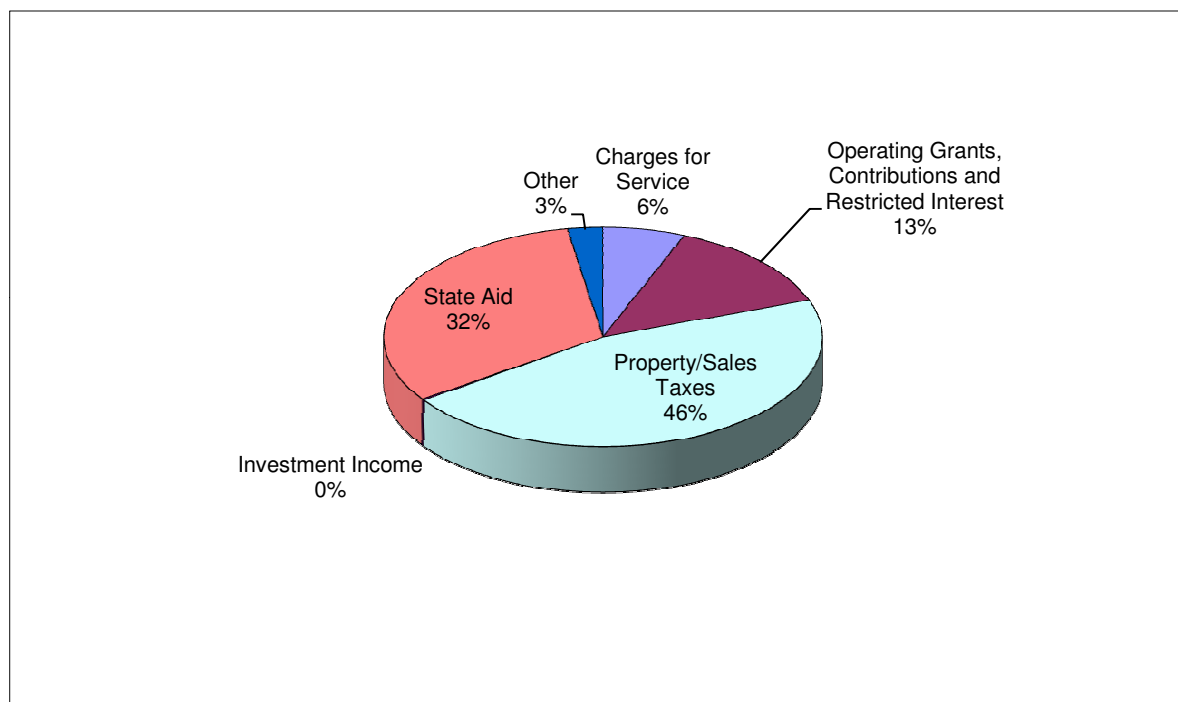
Year ended June 30,	2017	2016	2015	2014	2013
Local Sources:					
Property taxes	\$ 36,926,204	34,753,002	33,969,188	31,541,517	30,531,071
Local option sales tax	-	-	-	-	5,336,410
Utility replacement	963,718	949,620	975,143	852,417	860,601
Other local sources	6,704,217	5,875,222	5,186,443	5,393,603	4,385,685
Investment earnings	399,436	162,818	126,645	89,142	46,852
Student activities	801,434	887,274	830,618	908,380	745,744
Total local sources	45,795,009	42,627,936	41,088,037	38,785,059	41,906,363
State sources:					
State foundation aid	31,096,960	29,515,436	27,832,918	25,706,139	24,769,091
Statewide Sales tax	6,998,547	6,306,953	6,074,567	5,449,133	-
Other state sources	11,993,669	11,471,496	10,400,006	8,161,350	6,881,169
Total state sources	50,089,176	47,293,885	44,307,491	39,316,622	31,650,260
Federal sources	2,318,265	2,126,015	2,074,240	1,898,661	1,769,531
Total Revenues	\$ 98,202,450	92,047,836	87,469,768	80,000,342	75,326,154

Source: 2017 Certified Annual Report

2012	2011	2010	2009	2008
29,705,068	28,376,676	27,530,901	25,775,471	24,131,034
5,123,925	5,808,390	4,282,968	5,579,965	5,230,332
866,354	834,848	763,339	717,932	702,460
5,004,132	4,710,696	4,430,103	4,844,036	5,613,015
71,535	109,923	847,168	376,149	1,148,154
795,059	830,231	739,538	569,468	506,711
41,566,073	40,670,764	38,594,017	37,863,021	37,331,706
23,753,747	20,916,147	16,880,987	19,988,582	19,218,464
-	-	-	-	-
6,950,345	6,994,185	6,515,425	5,741,036	4,669,452
30,704,092	27,910,332	23,396,412	25,729,618	23,887,916
1,692,437	3,729,793	4,060,543	1,310,703	608,406
73,962,602	72,310,889	66,050,972	64,903,342	61,828,028

GOVERNMENTAL REVENUES, BY SOURCE
Last Ten Fiscal Years

PROGRAM REVENUES			GENERAL REVENUES				
Fiscal Year	Charges for Service	Operating Grants, Contributions and Restricted Interest	Property/Sales Taxes	Investment Income	State Aid	Other	TOTAL
2016-17	\$ 5,324,406	13,062,251	44,888,469	399,436	31,096,960	3,430,928	98,202,450
2015-16	5,563,995	12,436,212	42,009,575	162,818	29,515,436	2,359,800	92,047,836
2014-15	5,119,031	11,896,003	41,018,898	126,645	27,832,918	1,476,273	87,469,768
2013-14	5,278,456	9,391,081	37,843,067	89,142	25,706,139	1,692,457	80,000,342
2012-13	5,043,711	8,742,525	35,860,345	46,852	24,769,091	863,630	75,326,154
2011-12	5,020,465	8,729,403	35,695,347	71,535	23,753,747	692,105	73,962,602
2010-11	4,766,031	10,716,250	35,019,915	109,923	20,916,147	782,623	72,310,889
2009-10	4,325,197	10,659,417	32,577,208	847,168	16,880,987	760,995	66,050,972
2008-09	4,653,443	6,848,576	32,073,368	376,149	19,988,582	963,224	64,903,342
2007-08	4,957,996	5,115,230	30,063,826	1,148,154	19,218,464	1,324,358	61,828,028



Note: Governmental activities only, does not include business activities.

Source: District Audits



COMPARATIVE RATIO OF DEBT SERVICE TO GOVERNMENTAL FUNDS EXPENDITURES
Last Ten Fiscal Years

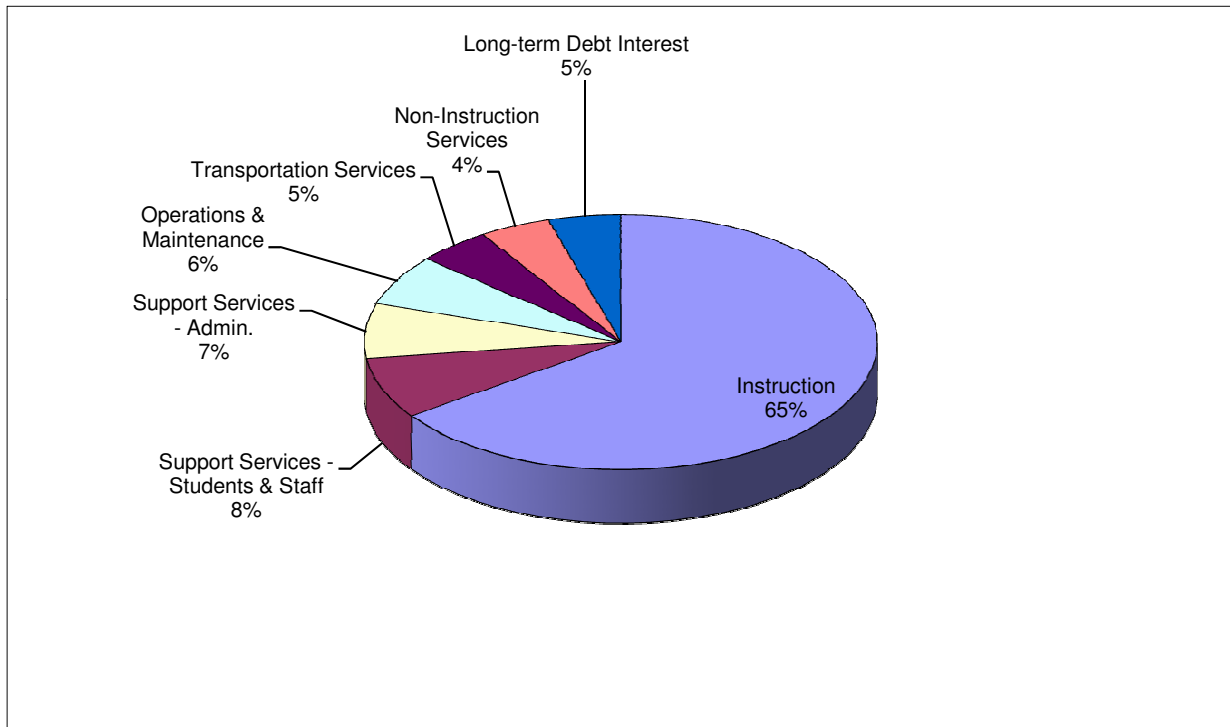
Year ending June 30,	2017	2016	2015	2014	2013	2012
Instruction:						
Regular instruction	\$ 35,134,637	33,604,284	32,626,297	30,467,849	30,274,566	27,638,864
Special instruction	10,098,221	9,311,875	9,049,507	8,936,782	9,552,833	8,737,716
Other instruction	8,370,945	7,877,884	7,818,352	7,644,581	6,851,147	6,188,208
Support services:						
Student services	2,279,452	1,892,148	1,819,763	1,922,828	1,733,474	1,652,186
Instructional staff services	4,256,407	3,829,694	3,116,176	3,446,669	3,997,094	3,238,683
Administration services	6,224,502	6,188,422	6,059,234	6,021,436	5,580,409	5,354,058
Plant operation and maintenance	5,776,018	5,403,883	5,322,847	5,604,645	4,899,107	4,826,922
Transportation services	4,100,913	3,413,497	3,451,604	3,453,897	3,346,722	3,161,811
Non-instructional programs:						
Food services	13,222	6,537	12,756	60,845	50,075	22,680
Community service and education	200,203	144,963	162,264	153,851	134,712	142,207
Capital outlay	36,617,228	39,095,795	25,238,957	4,513,719	3,223,347	10,429,507
Debt service:						
Principal	7,570,596	22,616,233	13,404,870	4,324,630	4,910,369	4,305,000
Interest	3,944,651	3,487,643	3,526,675	1,522,027	1,577,488	1,655,159
Services	58,119	152,727	1,000	-	106,294	-
Intergovernmental other expenditures	2,840,921	2,746,943	2,610,924	2,448,847	2,307,835	2,236,244
Total expenditures	\$ 127,486,035	139,772,528	114,221,226	80,522,606	78,545,472	79,589,245
Less: capital expenditures	34,824,774	37,880,877	23,811,309	1,244,915	3,780,159	10,383,731
Non-capital expenditures	\$ 92,661,261	101,891,651	90,409,917	79,277,691	74,765,313	69,205,514
Debt service expenditures	\$ 11,515,247	26,103,876	16,931,545	5,846,657	6,487,857	5,960,159
Debt service as a percentage of non-capital expenditures	12.43%	25.62%	18.73%	7.37%	8.68%	8.61%

Source: 2017 Certified Annual Report

2011	2010	2009	2008	2007	2006	2005
27,049,790	26,246,992	25,632,654	22,840,146	19,978,686	18,389,994	16,682,152
8,299,509	7,633,325	7,310,329	7,135,533	6,694,623	5,867,984	6,196,627
5,211,519	4,735,781	3,493,390	2,798,377	2,841,136	2,385,744	2,186,628
1,657,172	1,595,120	1,434,161	1,413,042	1,289,939	1,189,547	1,123,216
2,965,971	2,681,246	2,590,573	2,679,714	2,087,999	1,985,956	1,452,473
5,461,057	5,135,488	5,183,740	5,216,577	4,781,180	4,011,887	2,685,530
4,744,650	4,845,401	4,693,862	4,511,428	3,903,490	3,707,823	3,596,527
2,859,427	2,582,214	2,625,767	1,984,393	2,103,016	1,675,469	1,846,703
42,357	13,764	17,345	22,305	2,855	8,203	713
118,070	118,485	112,879	111,639	121,130	142,590	5,130
5,158,895	3,865,127	3,341,005	9,739,160	16,166,714	7,242,583	4,949,087
4,150,000	5,670,000	5,520,000	5,365,000	7,655,000	9,510,000	11,975,000
1,803,086	1,952,509	2,128,980	2,230,458	2,592,150	1,085,413	1,155,598
-	-	-	20,500	5,274	2,450	3,900
2,320,857	2,187,815	1,946,449	1,771,545	1,606,455	1,408,173	1,261,795
71,842,360	69,263,267	66,031,134	67,839,817	71,829,647	58,613,816	55,121,079
5,129,402	3,592,941	3,714,407	8,892,495	16,383,368	7,042,122	4,061,000
66,712,958	65,670,326	62,316,727	58,947,322	55,446,279	51,571,694	51,060,079
5,953,086	7,622,509	7,648,980	7,595,458	10,247,150	10,595,413	13,130,598
8.92%	11.61%	12.27%	12.89%	18.48%	20.55%	25.72%

GOVERNMENT-WIDE EXPENSES, BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	Instruction	Support Services - Students & Staff	Support Services - Admin.	Operations & Maintenance	Transportation Services	Non-Instruction Services	Long-term Debt Interest	Totals
2016-17	\$ 56,825,307	6,742,740	6,023,950	5,672,304	4,045,455	3,893,847	3,961,417	87,165,020
2015-16	52,795,932	5,859,411	5,350,729	5,282,071	3,429,478	4,704,524	3,421,694	80,843,839
2014-15	49,803,088	5,020,825	5,581,377	5,219,346	3,445,848	5,604,847	3,254,018	77,929,349
2013-14	49,337,355	5,516,009	5,711,829	5,672,497	3,309,073	7,168,206	2,591,867	79,306,836
2012-13	49,036,745	5,343,734	5,251,380	4,919,762	3,222,225	3,131,337	1,595,681	72,500,864
2011-12	44,757,711	5,002,909	5,043,599	4,886,355	3,591,054	2,418,294	1,642,172	67,342,094
2010-11	42,997,915	4,686,030	5,308,433	4,836,685	3,197,520	2,483,617	1,803,086	65,313,286
2009-10	41,075,403	4,346,593	5,122,778	4,912,963	2,829,785	2,555,021	1,952,509	62,795,052
2008-09	38,263,152	4,002,746	4,781,632	4,712,151	2,302,013	2,113,531	2,128,980	58,304,205
2007-08	34,346,658	4,069,979	4,929,567	4,488,374	2,097,710	2,632,997	2,220,610	54,785,895



Note: Governmental activities only, does not include business activities.

Source: District Audits



**JOHNSTON
COMMUNITY**

SCHOOL DISTRICT

Excellence In Education

OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Year ended June 30,	2017	2016	2015
Excess (deficiency) of revenues over (under) expenditures	\$ (29,283,585)	(47,724,692)	(26,751,458)
Other financing sources (uses):			
Transfers in	5,808,831	5,561,136	3,294,653
Transfers out	(5,590,729)	(5,350,592)	(3,124,769)
Sale of bonds/Discounts/Premiums	195,482	345,363	(1,925)
Sale of property/equipment	1,466,318	4,791	6,189
Proceeds from capital lease/lease purchase	439,200	723,692	-
General obligation bond proceeds	9,320,000	55,300,000	-
Net change in fund balances	\$ (17,644,483)	8,859,698	(26,577,310)

Source: District Audit

2014	2013	2012	2011	2010	2009	2008
(522,264)	(3,219,317)	(5,626,643)	468,529	(3,212,295)	(1,127,792)	(6,011,789)
1,897,301	2,861,855	3,654,751	5,077,667	6,310,309	5,112,753	5,397,505
(1,832,301)	(2,796,855)	(3,654,751)	(5,077,667)	(6,310,309)	(5,116,982)	(5,397,505)
54,747,368	-	-	-	-	-	10,069,074
3,233	8,652	4,347	-	-	19,997	358
-	1,259,869	-	-	-	-	-
-	9,374,113	-	-	-	-	-
54,293,337	7,488,317	(5,622,296)	468,529	(3,212,295)	(1,112,024)	4,057,643

**COMPARISONS OF GROWTH IN REVENUE, EXPENDITURES, ENROLLMENT,
ASSESSED VALUATION AND TAX RATES - GENERAL FUND BY YEAR
Last Ten Fiscal Years**

Fiscal Year	Revenue	Growth	Expenditures	Growth	Enrollment	Growth	Assessed Value	Growth	Tax Rate	Growth
2016-17	\$ 77,304,648	9.5%	\$ 74,250,082	8.6%	6,894.2	4.2%	\$ 3,546,265,721	11.6%	13.33817	-2.4%
2015-16	74,965,911	14.6%	\$ 70,676,923	8.4%	6,756.1	5.4%	3,288,950,762	4.9%	13.88824	3.6%
2014-15	70,566,918	15.1%	68,388,621	7.7%	6,617.1	5.6%	3,178,778,284	4.0%	13.66094	2.5%
2013-14	65,393,402	6.7%	65,225,022	2.7%	6,408.0	2.2%	3,134,052,888	2.6%	13.41003	0.6%
2012-13	61,310,243	-0.4%	63,484,686	5.5%	6,269.0	2.0%	3,055,537,525	-1.1%	13.32548	-4.2%
2011-12	61,544,827	1.2%	60,153,139	3.9%	6,147.4	0.9%	3,088,909,736	3.4%	13.90275	-4.9%
2010-11	60,786,323	11.1%	57,900,225	5.2%	6,094.3	2.0%	2,988,468,862	3.5%	14.61345	3.3%
2009-10	54,702,682	5.2%	55,041,811	5.4%	5,972.1	3.4%	2,886,822,451	5.0%	14.14840	6.3%
2008-09	52,004,072	7.1%	52,232,962	7.6%	5,776.3	2.5%	2,749,488,947	8.9%	13.30651	1.4%
2007-08	48,564,115	8.8%	48,550,653	12.3%	5,638.1	4.5%	2,523,734,642	5.6%	13.12585	-0.2%
2006-07	44,636,256	12.0%	43,241,313	10.4%	5,396.7	4.1%	2,390,757,791	14.5%	13.14847	-0.2%

Source: Polk County Auditor and Certified Annual Report

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Collection Year	Real Property	Personal Property	Railroad & Utilities w/o Gas & Electric	Gas & Electric	Total Assessed Value	Total Taxable Value	Total Direct Rate
2016-17	\$ 3,452,812,103	-	5,594,714	87,858,904	3,546,265,721	2,247,010,252	18.35317
2015-16	3,204,905,488	-	6,006,901	78,038,373	3,288,950,762	2,091,826,714	18.35491
2014-15	3,109,427,512	-	6,783,155	62,567,617	3,178,778,284	2,035,596,241	17.35444
2013-14	3,049,121,748	-	7,634,070	77,297,070	3,134,052,888	2,001,735,565	17.35444
2012-13	2,972,775,062	-	7,935,534	74,826,929	3,055,537,525	1,897,678,183	17.35008
2011-12	3,008,100,368	-	7,822,942	72,986,426	3,088,909,736	1,878,286,267	17.3460
2010-11	2,908,599,500	-	7,125,798	72,743,564	2,988,468,862	1,773,728,907	17.3451
2009-10	2,818,969,900	-	6,846,410	61,006,141	2,886,822,451	1,690,544,610	17.3474
2008-09	2,693,831,446	-	6,502,115	49,155,386	2,749,488,947	1,584,618,486	17.3462
2007-08	2,464,922,044	-	6,159,060	52,653,538	2,523,734,642	1,492,882,000	17.3475

Source: Polk County Auditor

PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

		Overlapping Rates					District Direct Rates					
Levy Year	Collection Year	Polk County	State	Area XI Community College	City	Special	Johnston General Purpose	Johnston Capital Purpose	Johnston Debt Service	Johnston Community School District	Total	Ratio of Johnston CSD to Total
City of Des Moines												
2015	2016-17	\$ 11.22030	0.00330	0.72334	16.92000	0.06151	14.04477	1.67000	2.63840	18.35317	47.28162	0.38817
2014	2015-16	11.64598	0.00330	0.67574	16.92000	0.05484	14.28539	1.67000	2.39952	18.35491	47.65477	0.38516
2013	2014-15	11.34385	0.00330	0.65724	16.92000	0.05669	13.76563	1.67000	1.91881	17.35444	46.33552	0.37454
2012	2013-14	10.93115	0.00330	0.69120	16.92001	0.06911	13.76563	1.67000	1.91881	17.35444	45.96921	0.37752
2011	2012-13	10.66459	0.00330	0.58466	16.91982	0.06011	13.77526	1.67000	1.90482	17.35008	45.58256	0.38063
2010	2011-12	10.45909	0.00320	0.59018	16.58000	0.08531	14.44737	1.67000	1.22862	17.34599	45.06377	0.38492
2009	2010-11	10.49853	0.00340	0.56008	16.57614	0.08005	15.18024	1.67000	0.49482	17.34506	45.06326	0.38490
2008	2009-10	10.43366	0.00300	0.56778	16.57614	0.33537	14.89988	1.67000	0.77750	17.34738	45.26333	0.38325
2007	2008-09	10.72611	0.00350	0.56386	16.57606	0.33994	14.05536	1.67000	1.61817	17.34353	45.55300	0.38073
2006	2007-08	10.76215	0.00350	0.60276	16.59028	0.35918	13.89265	1.67000	1.78548	17.34813	45.66600	0.37989
City of Grimes												
2015	2016-17	\$ 10.99830	0.00330	0.72334	12.91473	-	14.04477	1.67000	2.63840	18.35317	42.99284	0.42689
2014	2015-16	11.42398	0.00330	0.67574	12.91377	-	14.28539	1.67000	2.39952	18.35491	43.37170	0.42320
2013	2014-15	11.12160	0.00330	0.65724	12.91374	-	13.76563	1.67000	1.91881	17.35444	42.05032	0.41271
2012	2013-14	10.70915	0.00330	0.69120	12.91302	-	13.76563	1.67000	1.91881	17.35444	41.67111	0.41646
2011	2012-13	10.44259	0.00330	0.58466	12.90968	-	13.77526	1.67000	1.90482	17.35008	41.29031	0.42020
2010	2011-12	10.23709	0.00320	0.59018	12.90318	-	14.44737	1.67000	1.22862	17.34599	41.07964	0.42225
2009	2010-11	10.25833	0.00340	0.56008	12.91004	-	15.18024	1.67000	0.49482	17.34506	41.07691	0.42226
2008	2009-10	10.16090	0.00300	0.56778	12.92062	-	14.89988	1.67000	0.77750	17.34738	40.99968	0.42311
2007	2008-09	10.17930	0.00350	0.56386	12.96278	-	14.05536	1.67000	1.61817	17.34353	41.05297	0.42247
2006	2007-08	10.21360	0.00350	0.60276	12.92590	-	13.89265	1.67000	1.78548	17.34183	41.08759	0.42207
City of Johnston												
2015	2016-17	\$ 11.02630	0.00330	0.72334	11.40000	-	14.04477	1.67000	2.63840	18.35317	41.50611	0.44218
2014	2015-16	11.45198	0.00330	0.67574	11.50054	-	14.28539	1.67000	2.39952	18.35491	41.98647	0.43716
2013	2014-15	11.14960	0.00330	0.65724	11.34392	-	13.76563	1.67000	1.91881	17.35444	40.50850	0.42841
2012	2013-14	10.73715	0.00330	0.69120	11.15007	-	13.76563	1.67000	1.91881	17.35444	39.93616	0.43455
2011	2012-13	10.47059	0.00330	0.58466	11.29000	-	13.77526	1.67000	1.90482	17.35008	39.69863	0.43704
2010	2011-12	10.26509	0.00320	0.59018	11.09579	-	14.44737	1.67000	1.22862	17.34599	39.30025	0.44137
2009	2010-11	10.28803	0.00340	0.56008	11.26700	-	15.18024	1.67000	0.49482	17.34506	39.46357	0.43952
2008	2009-10	10.18968	0.00300	0.56778	11.30102	-	14.89988	1.67000	0.77750	17.34738	39.40886	0.44019
2007	2008-09	10.19335	0.00350	0.56386	11.30102	-	14.05536	1.67000	1.61817	17.34353	39.40526	0.44013
2006	2007-08	10.22677	0.00350	0.60276	11.30298	-	13.89265	1.67000	1.78548	17.34813	39.48414	0.43937
City of Urbandale												
2015	2016-17	\$ 11.07830	0.00330	0.72334	9.92000	0.06151	14.04477	1.67000	2.63840	18.35317	40.13962	0.45723
2014	2015-16	11.50398	0.00330	0.67574	9.82000	0.05484	14.28539	1.67000	2.39952	18.35491	40.41277	0.45419
2013	2014-15	11.20160	0.00330	0.65724	9.72000	0.05699	13.76563	1.67000	1.91881	17.35444	38.99357	0.44506
2012	2013-14	10.78915	0.00330	0.69120	9.57000	0.06911	13.76563	1.67000	1.91881	17.35444	38.47720	0.45103
2011	2012-13	10.52259	0.00330	0.58466	9.62000	0.06011	13.77526	1.67000	1.90482	17.35008	38.14074	0.45490
2010	2011-12	10.31709	0.00320	0.59018	9.52000	0.08531	14.44737	1.67000	1.22862	17.34599	37.86177	0.45814
2009	2010-11	10.33903	0.00340	0.56008	9.32000	0.08005	15.18024	1.67000	0.49482	17.34506	37.64762	0.46072
2008	2009-10	10.24238	0.00300	0.56778	9.22000	0.33537	14.89988	1.67000	0.77750	17.34738	37.71591	0.45995
2007	2008-09	10.35478	0.00350	0.56386	9.22000	0.33994	14.05536	1.67000	1.61817	17.34353	37.82561	0.45851
2006	2007-08	10.33434	0.00350	0.60276	9.22000	0.35918	13.89265	1.67000	1.78548	17.34183	37.86161	0.45803

Source: Polk County Auditor

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2017			2008		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Deere Credit Services	\$ 47,934,000	1	2.13%	\$ 29,594,530	3	1.95%
Pioneer Hi-Bred Co	42,989,824	2	1.91%	\$ -		
Cole OFC Johnston IA LLC	27,486,900	3	1.22%			
ARCP OFC Johnston IA Phase II LLC	26,757,000	4	1.19%			
Pioneer Hi-Bred International Inc	19,728,317	5	0.88%	70,512,060	1	4.65%
Centro GA Haymarket Square LLC	18,978,300	6	0.84%			
Pioneer Hi-Bred Corn Co	14,444,252	7	0.64%			
Mansions at Hemingway LLC	12,385,663	8	0.55%	-		
Mid-American Inv. Co.	11,875,500	9	0.53%	15,678,350	5	1.03%
Wal-Mart Real Estate Business Trust	11,215,341	10	0.50%	-		
Mid-American Energy				40,648,859	2	2.68%
MFR Partners III				18,038,390	4	1.19%
Target Corp.				13,742,960	6	0.91%
Spirit SPE Johnston LLC				12,151,250	7	0.80%
Denny Elwell Family LLC				11,319,070	8	0.75%
Village Court				11,157,820	9	0.74%
Colossal Investments				9,831,500	10	0.65%
Total	<u>\$ 233,795,097</u>		10.40%	<u>\$ 232,674,789</u>		15.35%
Total taxable value	\$ 2,247,010,252			\$1,515,428,149		0.153537328

Source: Polk County Auditor

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
DuPont Pioneer	2,938	1	*	1,600	1	*
John Deere Credit	910	2	*	910	2	*
Johnston Community Schools	844	3	*	800	3	*
Childserve				*		
Iowa National Guard	704	4	*	704	4	*
Heartland Area Education Agency	250	5	*	250	5	*
Bishop Drumm Care Center	245	6	*	245	6	*
Children's Habilitation Center	175	7	*	175	7	*
Iowa Public Television	127	8	*	127	8	*
ITS Inc.	125	9	*	125	9	*
Youth Homes of Mid-America	80	10		80	10	*
Total	<u>6,398</u>			<u>5,016</u>		

*Information not available

Source: City of Johnston/audit/Loctionone.com

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Year ended June 30,	Taxies Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 37,894,961	37,880,097	99.96%	\$ 4,874	37,884,971	99.97%
2016	35,779,037	35,729,875	99.86%	(31,855)	35,698,020	99.77%
2015	34,950,043	34,936,310	99.96%	4,478	34,940,788	99.97%
2014	32,565,344	32,433,674	99.60%	(72,054)	32,361,620	99.37%
2013	30,519,078	30,485,501	99.89%	6,177	30,491,678	99.91%
2012	30,573,898	30,554,889	99.94%	(11,659)	30,543,230	99.90%
2011	29,259,811	29,154,463	99.64%	26,868	29,181,331	99.73%
2010	28,298,368	28,234,121	99.77%	20,791	28,254,912	99.85%
2009	26,504,811	26,457,754	99.82%	10,201	26,467,955	99.86%
2008	24,845,334	24,792,959	99.79%	10,390	24,803,349	99.83%

Source: Polk County Cash Management

PROPERTY TAX RATES**Last Ten Fiscal Years**

Fiscal Year		General	Mngt.	Reg. PPEL	Voted PPEL	Debt Service	Total
2016-17	\$	13.33817	0.70660	0.33000	1.34000	2.63840	18.35317
2015-16		13.88824	0.39715	0.33000	1.34000	2.39952	18.35491
2014-15		13.66094	0.35193	0.33000	1.34000	2.67739	18.36026
2013-14		13.41003	0.35560	0.33000	1.34000	1.91881	17.35444
2012-13		13.32548	0.44978	0.33000	1.34000	1.90482	17.35008
2011-12		13.90275	0.54462	0.33000	1.34000	1.22862	17.34599
2010-11		14.61345	0.56679	0.33000	1.34000	0.49482	17.34506
2009-10		14.14840	0.75148	0.33000	1.34000	0.77750	17.34738
2008-09		13.30651	0.74885	0.33000	1.34000	1.61817	17.34353
2007-08		13.12585	0.76680	0.33000	1.34000	1.78548	17.34813

Source: District records

PROPERTY TAX LIABILITY**Last Ten Fiscal Years**

Fiscal Year	Assessed Value	Rollback	Taxable Value	Rate	Tax Liability	Change Dollars	Percent
2016-17	\$ 200,000	55.63%	\$ 111,252	18.35317	\$ 2,042	(4)	-0.2%
2015-16	200,000	55.73%	111,467	18.35491	2,046	213	11.6%
2014-15	200,000	54.40%	108,800	18.36026	1,998	237	13.5%
2013-14	200,000	52.82%	105,633	17.35444	1,833	72	4.1%
2012-13	200,000	50.75%	101,500	17.35008	1,761	77	4.6%
2011-12	200,000	48.53%	97,060	17.34599	1,684	57	3.5%
2010-11	200,000	46.91%	93,820	17.34506	1,627	45	2.8%
2009-10	200,000	45.59%	91,180	17.34738	1,582	52	3.4%
2008-09	200,000	44.08%	88,160	17.34942	1,530	(51)	-3.2%
2007-08	200,000	45.56%	91,120	17.34772	1,581	(15)	-0.9%

Source: District records, Polk County Assessor

RATIOS OF GENERAL BONDED DEBT OUTSTANDING**Last Ten Fiscal Years****(dollars in thousands, except per capita)**

Fiscal Year	Population	Assessed Value Property	Legal Debt Limit (5%)	General Obligation Bonds	Debt to Assessed Value	Per Capita
2017	17,278	\$ 3,546,265,721	177,313,286	64,469,873	1.82%	3,731
2016	17,278	3,288,950,762	164,447,538	59,716,748	1.82%	3,456
2015	17,278	3,178,778,284	158,938,914	24,107,386	0.76%	1,395
2014	17,278	3,134,052,888	156,702,644	37,212,468	1.19%	2,154
2013	17,278	3,055,537,525	152,776,876	40,620,000	1.33%	2,351
2012	17,278	3,088,909,736	154,445,487	35,630,000	1.15%	2,062
2011	17,278	2,988,468,862	149,423,443	39,230,000	1.31%	2,271
2010	15,691	2,886,822,451	144,341,123	42,695,000	1.48%	2,721
2009	15,691	2,749,488,947	137,474,447	45,235,000	1.65%	2,883
2008	15,691	2,523,734,642	126,186,732	47,690,000	1.89%	3,039

Source: U.S. Department of Commerce, Bureau of Census (2010 was the first census that contains Johnston school district information-it was just city of Johnston information in the past).

Source: Polk County Auditor and District Records, 100% Valuation Before Rollback and Including TIF

OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				100% Assessed Valuation *
	General	Sales Tax	Equipment and Capital	Total**	
	Obligation Bonds	Revenue Bonds	Loan Notes		
2017	\$ 64,469,873	49,159,971	-	113,629,844	\$ 3,546,265,721
2016	59,716,748	51,849,320	-	111,566,068	3,288,950,762
2015	24,107,386	54,448,668	-	78,556,054	3,178,778,284
2014	37,212,468	55,075,069	-	92,287,537	3,134,052,888
2013	40,620,000	-	-	40,620,000	3,055,537,525
2012	35,630,000	-	730,000	36,360,000	3,088,909,736
2011	39,230,000	-	1,435,000	40,665,000	2,988,468,862
2010	42,695,000	-	2,120,000	44,815,000	2,886,822,451
2009	45,235,000	2,470,000	2,780,000	50,485,000	2,749,488,947
2008	47,690,000	4,885,000	3,430,000	56,005,000	2,700,333,561

* Includes TIF Valuation

**Total Indebtedness indicates amount of debt at the end of the fiscal year.

***Source: U.S. Department of Commerce, Bureau of Census (2010 was the first census that contains Johnston school district information-it was just city of Johnston information before that time).

****Source: Iowa Department of Revenue

NA-Information not available

Percent of Actual Taxable Value of Property	Population***	Per Capita	Personal Income ****	Percentage of Personal Income
3.20%	17,278	6,577	N/A	NA
3.39%	17,278	6,457	N/A	NA
2.47%	17,278	4,547	N/A	NA
2.94%	17,278	5,341	N/A	NA
1.33%	17,278	2,351	N/A	NA
1.18%	17,278	2,104	1,061,293,731	3.43%
1.36%	17,278	2,354	1,012,094,482	4.02%
1.55%	15,691	2,856	911,095,733	4.92%
1.84%	15,691	3,217	926,426,360	5.45%
2.07%	15,691	3,569	935,709,569	5.99%

LEGAL DEBT MARGIN INFORMATION**Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2017 \$ 3,546,265,721

Debt limit (5% of assessed value)	177,313,286
Debt applicable to limit	113,629,844
Legal debt margin	\$ 63,683,442

Year ended June 30,	2017	2016	2015	2014	2013
Debt limit	\$ 63,683,442	164,447,538	158,938,914	156,702,644	152,776,876
Total net debt applicable to limit	113,629,844	111,566,068	78,556,054	92,287,537	40,620,000
Legal debt margin	\$ (49,946,402)	52,881,470	80,382,860	64,415,107	112,156,876
Total net debt applicable to the limit as a percentage of debt limit	178%	68%	49%	59%	27%

Source: Polk County Auditor and District Records

2012	2011	2010	2009	2008
154,445,487	150,913,560	145,903,098	141,405,787	135,016,678
113,629,844	40,665,000	44,815,000	50,485,000	56,005,000
40,815,643	110,248,560	101,088,098	90,920,787	79,011,678
74%	27%	31%	36%	41%

DEBT LIMIT

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The district's debt limit, based upon said valuation, amounts to the following:

Legal Debt Margin Calculation for Fiscal Year 2017

Actual assessed value	\$ 3,546,265,721
	0.05
Debt Limit:	<u>\$ 177,313,286</u>

Total Direct Debt = \$ 113,629,844 or 64.1% of debt limit.

*Includes TIF valuation of \$ 265,633,624

OVERLAPPING AND UNDERLYING DEBT

Issuer	Outstanding Debt	Total Taxable Valuation	Valuation Within Issuer	Percent Applicable	Amount Applicable
Polk County	\$ 157,620,758	23,544,740,444	2,354,339,310	10.00%	\$ 15,761,174
DMACC	78,820,000	23,544,740,444	2,354,339,310	10.00%	7,881,549
Heartland AEA 11	-	23,544,740,444	2,354,339,310	10.00%	-
Urbandale San Sewer Dist	-	2,107,098,260	437,145,839	20.75%	-
City of Des Moines	416,021,618	7,697,645,242	155,444,765	2.02%	8,401,060
City of Grimes	29,945,000	691,921,033	157,468,698	22.76%	6,814,940
City of Johnston	90,960,000	1,476,479,223	1,476,479,223	100.00%	90,960,000
City of Urbandale	67,071,688	2,318,618,645	430,804,826	18.58%	12,462,078
Subtotal, overlapping debt	<u>840,439,064</u>				<u>142,280,801</u>
District direct debt:					
General obligation	64,469,873			100%	64,469,873
Capital loan notes	0			100%	0
Sales tax revenue	49,159,971			100%	49,159,971
Total direct debt	<u>113,629,844</u>				<u>113,629,844</u>
Total direct and overlapping debt	<u>\$ 954,068,908</u>				<u>\$ 255,910,645</u>

Source: Polk County Auditor, Government Offices

Compares the taxable valuation of the Johnston Community School District to the taxable valuation of each taxing district less military and includes TIF incremental values, ag land, and gas and electric utility values.

PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

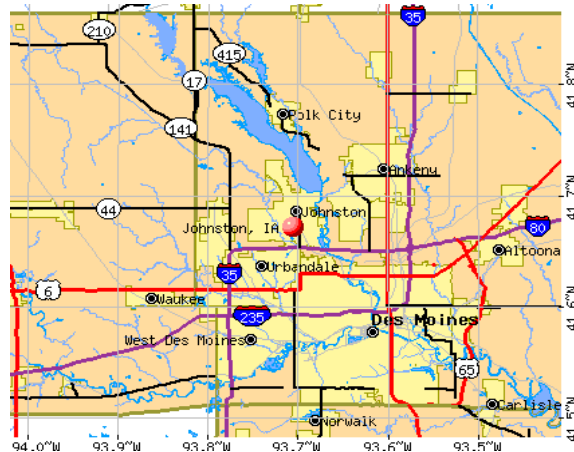
Year Ended June 30,	Bonds Issued	Local Option Sales Tax Revenue Bonds					Coverage
		Revenue	Debt Service		Total		
			Principal	Interest			
2017	\$ 49,159,971	6,998,547	2,540,000	2,052,506	4,592,506	1.5239059	
2016	51,849,320	6,306,953	2,450,000	2,149,306	4,599,306	1.37128362	
2015	54,448,668	6,148,911	-	2,181,401	2,181,401	2.81878985	
2014	55,075,069	*	*	*	*	*	
2013	*	*	*	*	*	*	
2012	*	*	*	*	*	*	
2011	*	*	*	*	*	*	
2010	*	*	*	*	*	*	
2009	-	5,690,221	2,415,000	112,532	2,527,532	2.25129533	
2008	-	5,452,532	2,365,000	185,666	2,550,666	2.13768953	

Source; District Records

* Coverage ratio not applicable as no debt payment in this fiscal year-bonds issued, but no payments until 2014-2015.

GENERAL INFORMATION

The Johnston Community School District is located in central Iowa within the Des Moines Metropolitan area. Included within the District's 25,344 acres are the cities of Johnston and portions of Des Moines, Urbandale and Grimes. Transportation facilities are provided by U.S. Interstates 35 & 80, Iowa Highway 141, as well as numerous paved county roads. Commercial airline service is available at the Des Moines International Airport. Commercial development within the District has been greatly enhanced by the continued growth of the northwestern portion of the metropolitan area. Residential growth and recreational opportunities within the District have been enhanced by the construction of Saylorville Lake, a U.S. Corps of Engineers flood control dam impounding the Des Moines River.



The three major employers within the District are DowDuPont Inc., Childserve, and John Deere Credit. DowDuPont Inc. is an internationally known producer of hybrid seeds. With over 2,700 employees within the District, Pioneer's facilities within Johnston include the Central Division Offices, Plant Breeding Division, Pioneer Data Systems Division, and Green Meadows Limited. ChildServe is a not-for-profit organization that partners with families to help children with special health care needs. John Deere Credit provides retail, wholesale and lease financing as well as revolving credit to help facilitate the sale of John Deere agricultural, construction and forestry, and commercial and consumer equipment.

Continuing education centers within commuting distance include: Drake University, Grand View University, Des Moines University, and American Institute of Business, all in Des Moines; Iowa State University of Science and Technology, Ames; Simpson College, Indianola; and Des Moines Area Community College, Ankeny.

DEMOGRAPHIC AND ECONOMIC STATISTICS**Last Ten Calendar Years**

Calendar Year	Population *	Personal Income **	Adjusted Gross Income Per Tax Return **	Per Capita Personal Income	Unemployment Rate *** - %
2017	17,278	N/A	N/A	N/A	4.0
2016	17,278	N/A	N/A	N/A	4.0
2015	17,278	\$1,310,825,054	70,905	75,867	3.6
2014	17,278	1,261,836,335	69,557	73,031	4.4
2013	17,278	1,214,695,925	68,841	70,303	4.8
2012	17,278	1,154,230,470	69,132	66,803	5.2
2011	17,278	1,061,293,731	63,566	61,425	5.7
2010	15,691	1,012,094,482	62,976	64,502	6.0
2009	15,691	911,095,733	58,784	58,065	6.1
2008	15,691	926,426,360	61,446	59,042	4.1

N/A-Not available

* U.S. Department of Commerce, Bureau of Census (2010 was the first census that contains Johnston school district information-it was just city of Johnston information in the past.

**Iowa Department of Revenue

***Iowa Workforce Development annual average county-wide unemployment rate

CENSUS FIGURES BY AGE GROUP - 2010

	Johnston	Urbandale	Des Moines
Under 18 years	28.3%	24.8%	24.5%
18 to 24 years	6.6%	6.8%	10.9%
25 to 44 years	28.5%	28.3%	29.0%
45 to 64 years	26.7%	27.7%	24.2%
65 years and over	9.8%	12.5%	11.3%
Median Age	36.8	38.1	33.8

Source: U.S. Department of Commerce, Bureau of Census (2010)

RETAIL SALES (IN MILLIONS)**Last Ten Calendar Years**

Year ended*	Johnston	Des Moines	Polk County	State
2017	N/A	N/A	N/A	N/A
2016	\$ 151.9	3,789.2	8,073.5	38,419.5
2015	139.7	3,661.2	7,736.2	37,526.3
2014	157.2	3,439.9	7,291.7	35,847.6
2013	156.5	3,325.4	6,970.0	34,800.6
2012	159.6	3,264.3	6,786.9	34,538.0
2011	148.6	3,195.1	6,563.6	32,904.0
2010	153.3	3,108.0	6,341.0	31,943.6
2009	156.1	3,300.1	6,471.3	33,559.9
2008	174.1	3,470.7	6,571.6	33,089.0

* Year ended March 31 for 2008, and June 30 for year ended 2009 and beyond

NA - Information not available.

Source: Iowa Department of Revenue & Finance

BANK DEPOSITS

Institution	June 30, 2017	
	Deposits inside	Market
Wells Fargo Bank	\$	105,245,000
Charter Bank		84,997,000
Grinnell State Bank		57,073,000
Bank of the West		39,952,000
Community State Bank		35,446,000
Bank Iowa		15,348,000
Liberty National Bank		12,853,000
ITS Bank		500,000
	\$	351,414,000

Source: FDIC Deposit Market Share Report, Zip Code 50131

RESIDENTIAL CONSTRUCTION BY NUMBER OF DWELLING UNITS**Last Ten Calendar Years**

Year	Single Family	Townhome	Multi-family	Totals
2016	105	18	75	198
2015	124	45	395	564
2014	86	42	98	226
2013	101	23	109	233
2012	113	14	275	402
2011	139	27	16	182
2010	130	24	36	190
2009	98	38	85	221
2008	78	22	0	100
2007	130	16	52	198
Total	1,189	330	1,162	2,681

Source: City of Johnston Planning Department

DISTRICT STAFFING LEVELS -- General Fund (FTE)
Last Ten Fiscal Years

	For Fiscal Year ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Administration:										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assoc. Supt.	1.0	1.0	1.0	1.0	-	1.0	1.0	1.0	1.0	1.0
Principals	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0
Assist. Principals	5.5	8.0	8.0	9.0	4.0	4.0	4.0	4.0	4.0	9.0
Other Admin.	12.2	9.0	9.0	9.0	10.0	8.0	8.0	8.0	8.0	3.0
Total Administration	27.7	27.0	27.0	28.0	23.0	22.0	22.0	22.0	22.0	21.0
Supervisors/ Coordinators/Managers	1.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Instruction:										
Teachers	435.2	429.8	429.4	425.0	425.7	415.5	405.6	400.4	393.5	364.1
Counselors, Deans	15.0	10.0	13.0	10.5	15.5	15.5	11.5	12.5	14.5	12.0
Media Spec.	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Other Instructors	-	-	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total Instruction	457.2	446.8	452.4	446.5	452.2	442.0	428.1	423.9	419.0	387.1
Professional/Other										
Nurses	8.5	8.5	8.0	8.0	8.0	8.3	8.3	8.3	7.3	7.0
Other Professional Staff	8.6	8.2	5.6	5.7	6.6	6.5	8.0	8.0	8.0	7.5
Total Professional/Other	17.1	16.7	13.6	13.7	14.6	14.8	16.3	16.3	15.3	14.5
Instructional Support Personnel:	156.3	150.0	133.7	125.6	139.6	139.2	137.5	135.0	135.0	124.0
Support Personnel:										
Office/Clerical	27.0	30.0	29.8	29.0	29.0	29.5	30.0	32.0	32.0	29.0
Transportation	12.3	54.0	49.6	51.2	47.4	55.0	52.5	52.0	55.0	55.0
Op. & Maintenance	43.8	45.5	42.6	40.6	42.6	42.5	42.5	41.5	44.0	44.0
Service Personnel	6.0	6.0	5.0	5.0	4.0	4.0	4.0	4.0	5.0	5.0
Total Support Personnel	89.1	135.5	126.9	125.8	123.0	131.0	129.0	129.5	136.0	133.0
Grand Totals	748.9	779.0	756.6	742.6	755.4	752.0	735.9	729.7	730.3	682.6
Certified Enrollment	6,894.2	6,756.1	6,616.0	6,409.0	6,269.0	6,148.0	6,094.0	5,972.0	5,776.0	5,638.0
Employees/Student	9.2	8.7	8.7	8.6	8.3	8.2	8.3	8.2	7.9	8.3
Pupil/Teacher	15.1	15.1	14.6	14.4	13.9	13.9	14.2	14.1	13.8	14.6

Source: District Data

OPERATING COST PER PUPIL
Last Ten Fiscal Years

Fiscal Year		Total Costs	Daily Average Membership		General Fund Operating Expenses Per Pupil	Free or Reduced Percentage
2016-17	\$	74,250,082	6,975	\$	10,645	20.60%
2015-16		70,676,923	6,802		10,391	18.80%
2014-15		68,388,621	6,649		10,286	18.00%
2013-14		65,225,022	6,564		9,937	17.60%
2012-13		63,484,686	6,393		9,930	17.90%
2011-12		60,153,139	6,218		9,674	16.40%
2010-11		57,900,225	6,185		9,361	16.60%
2009-10		55,041,811	6,022		9,140	14.40%
2008-09		52,232,942	5,773		9,048	13.40%
2007-08		48,563,110	5,666		8,571	11.20%

Source: 2017 Certified Annual Report/Student Reporting in Iowa



**JOHNSTON
COMMUNITY**

SCHOOL DISTRICT

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GENERAL ANALYSIS OF FACILITIES
Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Elementary Schools:					
Lawson K-5 (1958, 1960, 1967, 1998, 2012)					
Square Feet	82,532	82,532	82,532	82,532	82,532
Number of classrooms	47	47	47	47	47
Enrollment	581	576	574	692	615
Wallace PK-5 (1987, 1989)					
Square Feet	66,064	66,064	66,064	66,064	66,064
Number of classrooms	44	44	44	44	44
Enrollment	544	509	550	567	513
Beaver Creek K-5 (1997, 2001)					
Square Feet	96,125	96,125	96,125	96,125	96,125
Number of classrooms	45	45	45	45	45
Enrollment	649	641	695	723	767
Horizon K-5 (2001)					
Square Feet	100,506	100,506	100,506	100,506	100,506
Number of classrooms	44	44	44	44	44
Enrollment	641	657	665	701	729
Timber Ridge K-5 (200, 2013)					
Square Feet	122,181	122,181	122,181	122,181	116,681
Number of classrooms	48	48	48	48	48
Enrollment	718	705	707	537	505
Middle Schools:					
Summit Middle School 6-7 (2004, 2007, 2012)					
Square Feet	191,680	191,680	191,680	191,680	191,680
Number of classrooms	75	75	75	75	75
Enrollment	1112	1095	1052	1026	1017
Johnston Middle School 8-9 (1984, 1990, 2007)					
Square Feet	176,366	176,366	176,366	176,366	176,366
Number of classrooms	68	68	68	68	68
Enrollment	1078	1050	1042	1026	999
High School:					
Johnston High School 9-12 (1972, 1977, 1994, 2008)					
Square Feet	263,829	263,829	263,829	263,829	263,829
Number of classrooms	88	88	88	88	88
Enrollment	1590	1569	1557	1450	1360
Other facilities:					
Administrative Resource Center (2000)					
Square Feet	16,509	16,509	16,509	16,509	16,509
Transportation and BG (2000, 2007)					
Square Feet	17,040	17,040	17,040	17,040	17,040
Wallace Annex (1987)					
Square Feet	5,405	5,405	5,405	5,405	5,405
Number of classrooms	3	3	3	3	3
Warehouse (2000) and BG (2010)					
Square Feet	7,935	7,935	7,935	7,935	7,935

Source: District Information

2012	2011	2010	2009	2008
82,532	63,353	63,353	63,353	63,353
47	38	38	38	38
478	492	502	474	486
66,064	66,064	66,064	66,064	66,064
44	44	44	44	44
536	563	553	505	482
96,125	96,125	96,125	96,125	96,125
45	45	45	45	45
846	796	746	670	653
100,506	100,506	100,506	100,506	100,506
44	44	44	44	44
686	702	687	610	571
111,281	111,281	111,281	111,281	111,281
42	42	42	42	42
536	548	569	540	537
191,680	184,680	184,680	184,680	184,680
75	66	66	66	66
1007	968	948	913	832
176,366	176,366	176,366	176,366	176,366
68	68	68	68	68
972	947	862	813	846
263,829	263,829	263,829	263,829	263,829
88	88	88	88	71
1310	1292	1320	1287	1,249
16,509	16,509	16,509	16,509	16,509
17,040	17,040	17,040	17,040	17,040
5,405	5,405	5,405	5,405	5,405
3	3	3	3	3
7,935	7,935	7,935	7,935	7,935

SCHEDULE OF INSURANCE COVERAGE**June 30, 2017**

Company	Type of Policy	Period	
		From	To
Employers Mutual Companies	Business Protection - property coverage	7/1/2016	6/30/2017
Employers Mutual Companies	Business Protection - General Comprehensive Liability	7/1/2016	6/30/2017
Employers Mutual Companies	Business Protection - Automobile	7/1/2016	6/30/2017
Employers Mutual Companies	Business Protection- Crime Coverage	7/1/2016	6/30/2017
Employers Mutual Companies	Workers' Compensation	7/1/2016	6/30/2017
Employers Mutual Companies	Umbrella Liability	7/1/2016	6/30/2017
Employers Mutual Companies	Linebacker Policy - Errors and Omission Coverage	7/1/2016	6/30/2017
Employers Mutual Companies	Pollution Liability	7/1/2016	6/30/2017
Employers Mutual Companies	Excess Liability	7/1/2016	6/30/2017
Employers Mutual Companies	Flood	7/1/2016	6/30/2017
Employers Mutual Companies	Earthquake	7/1/2016	6/30/2017
Employers Mutual Companies	Cyber Liability	7/1/2016	6/30/2017
Employers Mutual Companies	Builders Risk	7/1/2016	6/30/2017

Source: District Records

Note: The dollar amount for self insured reflects the amount paid during fiscal year 2016.

Liability Limits	Annual Premium
Building and property replacement; blanket boiler and vessels - business interruption and extra expense, earthquake	\$ 207,124
\$2,000,000 each occurrence/\$4,000,000 aggregate/Abuse and Molestation Coverage incl./ Schedule Affiliate Groups included as additional insureds school violent event coverage \$100,000	33,584
\$2,000,000 combined single limit/Uninsured and Underinsured motorist/\$5,000 auto medical per person; compr and collision/\$30,000 limit garage keepers at HS	114,621
Employee Theft per employee \$1,000,000; forgery or alterations \$100,000; Computer Fraud \$1,000,000; Funds Transfer fraud \$1,000,000	5,497
Self Insured-\$350,000 retention per occurrence, \$500,000 employer's liability maximum limit of indemnity per occurrence	90,691
\$9,000,000 each occurrence and aggregate/\$10,000 retained limit	20,075
\$2,000,000 Linebacker each loss & agg/additional insureds/ \$5,000 deductible	7,688
\$500,000 each incident, \$1,000,000 aggregate/\$250 deductible	1,125
\$15,000,000 limit each occurrence/aggregate/limit shared by all IASB policy holders	11,776
Transportation Bldg, MS, HS, WL, TR \$500,000 Bldg/Contents/\$1,000 deductible	16,615
\$15,000,000 limit each site/10% deductible	-
\$1,000,000 each loss and aggregate/\$25,000 retention each loss	14,288
\$71,140,000 limit/\$5,000 deductible (new high school project)	69,006
Total Premium	<u>\$ 592,090</u>



**JOHNSTON
COMMUNITY**
SCHOOL DISTRICT

Excellence In Education

Johnston Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY17	\$ 120,017
National School Lunch Program	10.555	FY17	1,013,942
Summer Food Service Program for Children	10.559	FY17	4,311
			<u>1,138,270</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY17	<u>452,886</u>
Title I Program for Neglected & Delinquent Children	84.013	FY17	<u>62,163</u>
Vocational Education - Basic Grants to States	84.048	FY17	<u>47,676</u>
Special Education State Personnel Development	84.323	FY17	<u>5,000</u>
Title III - English Language Acquisition	84.365	FY17	<u>33,149</u>
Improving Teacher Quality State Grants	84.367	FY17	<u>44,415</u>
Grants for State Assessments	84.369	FY17	<u>13,494</u>
Heartland Area Education Agency			
Special Education - Grants to States	84.027	FY17	<u>328,703</u>
			<u>987,486</u>
U.S. Department of Health and Human Services			
Iowa Department of Education:			
Childcare and Development Block Grant	93.575	FY17	<u>8,200</u>
Total			<u>\$ 2,133,956</u>

See Notes to Schedule of Expenditures of Federal Awards.

Johnston Community School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Johnston Community School District under program of the federal government for the year ended June 30, 2017. 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 Johnston Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Johnston Community School District.

Note 2. 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.

Note 3. Indirect Cost Rate

Johnston Community School District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$233,724 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.



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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of
Johnston Community School District:

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Johnston Community School District, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Johnston 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 Johnston Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Johnston Community School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 and Other Matters

As part of obtaining reasonable assurance about whether Johnston 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Johnston School District's Responses to the Findings

Johnston Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Johnston 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Johnston 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.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 14, 2017



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

To the Board of Education of Johnston Community School District:

Report on Compliance for Each Major Federal Program

We have audited Johnston 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, 2017. Johnston 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 Johnston 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 Johnston Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Johnston 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, 2017.

Report on Internal Control Over Compliance

The management of Johnston Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Johnston Community School District's internal control over compliance with type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance 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 Johnston Community School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal 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.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

November 14, 2017

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Johnston Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-17 Certified Budget – Expenditures for the year ended June 30, 2017, did not exceed the certified budget amounts.
- IV-B-17 Questionable Expenditures - No expenditures 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-17 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-17 Business Transactions - No business transactions were noted between the District and District officials or employees.
- IV-E-17 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-17 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-17 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-17 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-17 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-J-17 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-17 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

Johnston Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

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

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

Beginning balance		\$	19,818,634
Revenues/transfers in:			
Sales tax revenues	\$	6,998,547	
Other local revenues		79,447	
Lease purchases		439,200	
Premiums on revenue bonds issued		-	7,517,194
			<u>27,335,828</u>
Expenditures/transfers out:			
School infrastructure construction		8,358,428	
Regular instruction		-	
Instructional staff services		439,350	
Administration		49	
Plant and operation maintenance		-	
Debt service		-	
Transfers to other funds:			
Debt service funds		5,493,605	14,291,432
			<u>14,291,432</u>
Ending balance		\$	<u>13,044,396</u>

For the year ended June 30, 2017, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy	
	Reduction Per	
	\$1,000 of	
	Taxable	Property Tax
	Valuation	Dollars Reduced
Debt service levy	\$ 0.24563	500,000

IV-M-17 Deficit Balances – The Community Education Fund had a deficit balance at June 30, 2017.

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

Response – The District is continuing to investigate alternatives to minimize this deficit in the Community Education Fund at the end of the fiscal year.

This deficit results from recognizing the Enterprise, Community Education Fund's net pension liability (approximately \$1.5 million) as required by generally accepted auditing principles and is based on the District's employer share of contributions to IPERS relative to the contributions of all IPERS participating employers. This liability is only payable as the District pays the District's employer share of IPERS contributions on payrolls in the future years.

Conclusion – Response accepted.