

**ALTA COMMUNITY SCHOOL DISTRICT
ALTA, IOWA**

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

YEAR ENDED JUNE 30, 2014

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

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Alta Community School District
Alta, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Bruce Glienke	President	2013
Dave Turnquist	Vice President	2015
Ila Galvin	Board Member	2015
Mark Henningsen	Board Member	2015
Gigi Nelson	Board Member	2013
(After September 2013 Election)		
Gigi Nelson	President	2017
Ila Galvin	Vice President	2015
Greg Kueny	Board Member	2017
Mark Henningsen	Board Member	2015
Dave Turnquist	Board Member	2015
School Officials		
Lynn Evans	Superintendent	2014
Vicki Kolpin	District Secretary/Treasurer and Business Manager	2014
Gruhn Law Firm	Attorney	Indefinite

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Certified Public Accountants

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Independent Auditor's Report

To the Board of Education of
Alta Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Alta Community School District, Alta, Iowa, as of and for the year ended June 30, 2014, 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 of 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 principles 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.

Basis for Disclaimer of Opinion on Discretely Presented Component Units

The financial statements of Alta Community Educational Foundation have not been audited, and we were not engaged to audit the Alta Community Educational Foundation's financial statements as part of our audit of District's basic financial statements. Alta Community Educational Foundation's financial activities are included in the District's basic financial statements as a discretely presented component unit.

Disclaimer of Opinion on Discretely Presented Component Units

Because the Alta Community Educational Foundation's financial statements have not been audited, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit. Accordingly, we do not express an opinion on the financial statements of the discretely presented component unit of Alta Community School District, as of and for the year ended June 30, 2014.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph of this report 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 Alta Community School District as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 16 and 53 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We

do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alta 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, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2015, on our consideration of Alta Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Alta Community School District's internal control over financial reporting and compliance.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 24, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alta 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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,321,125 in fiscal year 2013 to \$6,066,060 in fiscal year 2014, while General Fund expenditures increased from \$5,733,743 in fiscal year 2013 to \$5,930,451 in fiscal year 2014. The District's General Fund balance increased from \$1,675,626 at the end of fiscal year 2013, to \$1,811,235 at the end of fiscal year 2014, an 8.1% increase.
- The fiscal year 2014 General Fund revenue decrease was attributable to decreases in local taxes and federal revenue. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits and transportation. Though revenues decreased there was still enough to cover the increase in expenditures resulting in the increase in the General Fund balance.

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Alta 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 Alta Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Alta Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Alta Community School District Annual Financial Report

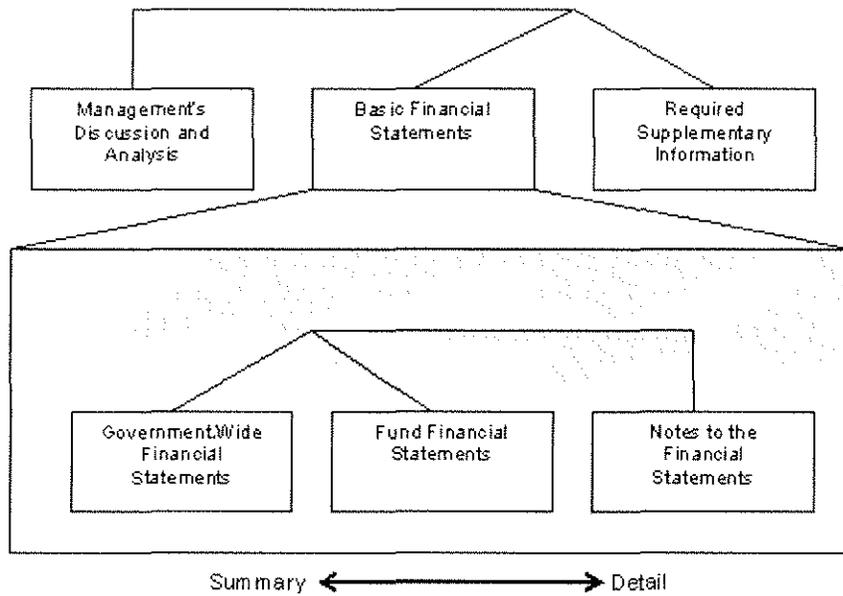


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

**Figure A-2
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
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 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

The District has three kinds of funds:

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

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 funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Agency Funds.
 - Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3
Condensed Statement of Net Position
(Expressed in Thousands)

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$ 7,943	7,422	101	101	8,044	7,523	6.9%
Capital assets	6,704	6,915	36	41	6,740	6,956	-3.1%
Total assets	<u>14,647</u>	<u>14,337</u>	<u>137</u>	<u>142</u>	<u>14,784</u>	<u>14,479</u>	<u>2.1%</u>
Long-term liabilities	5,325	5,642	14	13	5,339	5,655	-5.6%
Other liabilities	1,303	1,205	28	30	1,331	1,235	7.8%
Total liabilities	<u>6,628</u>	<u>6,847</u>	<u>42</u>	<u>43</u>	<u>6,670</u>	<u>6,890</u>	<u>-3.2%</u>
Deferred inflows of resources	2,552	2,614	---	---	2,552	2,614	-2.4%
Net position:							
Net investment in							
capital assets	1,649	1,500	36	41	1,685	1,541	9.3%
Restricted	2,115	1,749	---	---	2,115	1,749	20.9%
Unrestricted	<u>1,703</u>	<u>1,627</u>	<u>59</u>	<u>58</u>	<u>1,762</u>	<u>1,685</u>	<u>4.6%</u>
Total net position	<u>\$ 5,467</u>	<u>4,876</u>	<u>95</u>	<u>99</u>	<u>5,562</u>	<u>4,975</u>	<u>11.8%</u>

The District's total net position increased 12%, or approximately \$587,000 from the prior year. A portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$366,000 or 21% from the prior year. The increase was primarily a result of increased revenues in the Capital Projects Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$77,000, or 5%. This increase in unrestricted net position was a result of revenues exceeding expenditures for the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4
Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues:							
Program revenues:							
Charges for service	\$ 1,000	1,022	110	118	1,110	1,140	-2.6%
Operating grants, contributions and restricted interest	957	915	190	187	1,147	1,102	4.1%
Capital grants, contributions and restricted interest	54	27	---	---	54	27	100.0%
General revenues:							
Property tax	2,619	2,774	---	---	2,619	2,774	-5.6%
Statewide sales, services and use tax	442	410	---	---	442	410	7.8%
Income surtax	292	267	---	---	292	267	9.4%
Unrestricted state grants	2,038	1,992	---	---	2,038	1,992	2.3%
Unrestricted investment earnings	3	3	---	---	3	3	0.0%
Other	23	42	---	---	23	42	-45.2%
Total revenues	<u>7,428</u>	<u>7,452</u>	<u>300</u>	<u>305</u>	<u>7,728</u>	<u>7,757</u>	<u>-0.4%</u>
Program expenses:							
Instruction	4,583	4,433	---	---	4,583	4,433	3.4%
Support services	1,610	1,535	---	---	1,610	1,535	4.9%
Non-instructional programs	---	---	304	301	304	301	1.0%
Other expenses	606	633	---	---	606	633	-4.3%
Total expenses	<u>6,799</u>	<u>6,601</u>	<u>304</u>	<u>301</u>	<u>7,103</u>	<u>6,902</u>	<u>2.9%</u>
Change in net position	629	851	(4)	4	625	855	-26.9%
Net position beginning of year, as restated	<u>4,838</u>	<u>4,025</u>	<u>99</u>	<u>95</u>	<u>4,937</u>	<u>4,120</u>	<u>19.8%</u>
Net position end of year	<u>\$ 5,467</u>	<u>4,876</u>	<u>95</u>	<u>99</u>	<u>5,562</u>	<u>4,975</u>	<u>11.8%</u>

In fiscal year 2014, property tax and unrestricted state grants accounted for 62.7% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue. The District's total revenues were approximately \$7.7 million, of which approximately 7.4 million was for governmental activities and less than \$1 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.4% decrease in revenues and a 2.9% increase in expenses. Property and other taxes and unrestricted state grants decreased approximately \$52,000 to account for the decrease in revenues. The increase in expenses is related to increases in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$7,428,291 and expenses were \$6,799,864 for the year ended June 30, 2014.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u> <u>2013-2014</u>	<u>2014</u>	<u>2013</u>	<u>Change</u> <u>2013-2014</u>
Instruction	4,583	4,433	3.4%	2,932	2,788	5.2%
Support services	1,610	1,535	4.9%	1,481	1,420	4.3%
Non-instructional programs	---	---	0.0%	---	---	0.0%
Other expenses	<u>607</u>	<u>633</u>	<u>-4.1%</u>	<u>376</u>	<u>430</u>	<u>-12.6%</u>
Total	<u>6,800</u>	<u>6,601</u>	<u>3.0%</u>	<u>4,789</u>	<u>4,638</u>	<u>3.3%</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$1,000,031.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$957,366.
- The net cost of governmental activities was financed with \$3,352,649 in property and other taxes and \$2,038,249 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$300,786, representing a 1.4% decrease from the prior year, while expenses totaled \$304,419, a 1.2% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,922,673, above last year's ending fund balances of \$3,423,018. The primary reason for the increase in combined fund balances at the end of fiscal 2014 is due to the increase in the Management Fund balance.

Governmental Fund Highlights

- The General Fund balance increased from \$1,675,626 at the end of fiscal 2013 to \$1,811,235 at the end of fiscal year 2014.
- The Management Fund balance increased from \$195,476 at the end of fiscal year 2013 to \$437,586 at the end of fiscal year 2014.
- The Debt Service Fund balance decreased from \$266,578 at the end of fiscal year 2013 to \$266,024 at the end of fiscal year 2014. Revenues and expenditures did not vary significantly from the prior year.
- The Capital Projects Fund balance increased from \$1,209,730 at the end of fiscal year 2013 to \$1,334,898 at the end of fiscal year 2014.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$99,106 at June 30, 2013 to \$95,473 at June 30, 2014, representing a decrease of approximately 4%.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$154,485 more than budgeted revenues, a variance of 2.1%.

Total expenditures were less than budgeted by \$1,386,914, a variance of 16.1%. This was mainly due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested approximately \$6.7 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 3.1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$303,628.

The original cost of the District's capital assets was approximately \$10.7 million. Governmental funds account for approximately \$10.6 million, with less than \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, Net of Depreciation
(Expressed in Thousands)

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$ 154	154	-	-	154	154	-
Construction in progress	4	-	-	-	4	-	100.0%
Buildings	5,953	6,088	-	-	5,953	6,088	-2.2%
Improvements other than buildings	202	217	-	-	202	217	-6.9%
Furniture and equipment	390	456	36	41	426	497	-14.3%
Total	\$ 6,703	6,915	36	41	6,739	6,956	-3.1%

Long-Term Debt

At June 30, 2014, the District had \$5,091,369 in total long-term debt outstanding. This represents a decrease of approximately 6% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$15 million.

The District had total outstanding bonded indebtedness at June 30, 2014 of \$5,035,748.

Figure A-7
Outstanding Long-Term Obligations
(expressed in thousands)

	Total District	Total Change	
	June 30,	June 30,	
	2014	2013	2013-2014
General obligation refunding bonds	\$ 1,654	1,858	-11.0%
Revenue bonds	3,382	3,533	-4.3%
Copier lease purchase	18	24	-25.0%
Early retirement payable	37	16	131.3%
Total	<u>\$ 5,091</u>	<u>5,431</u>	<u>-6.3%</u>

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 passed a voter approved property, plant and equipment levy effective starting the 2015-2016 fiscal year. This will allow the District to fund more equipment purchases and facility improvements.
- Buena Vista County has advised the District that the District's total taxable valuation will be very similar to property taxes collected in fiscal 2014.
- The District experienced a slight increase in enrollment and must continue to monitor expenses carefully.
- Fiscal 2014 was another year in which a one-year agreement was reached with the Alta Education Association. The District will negotiate a new agreement during fiscal 2015. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- The District has continued the whole grade sharing agreement with Aurelia which started in fiscal 2011-2012. The two boards have been discussing renewal of the agreement.
- The District has relocated in October 2011 to one educational facility which is more cost effective. This will have a positive impact on the District. The District is investigating possible uses for the old building.
- The continued insufficient allowable growth rate set the by the State of Iowa will have a significant negative impact on the District's budget.

- The budget guarantee has largely been phased out so this will have a big impact on the District as well.
- The District has operating sharing agreements with other Districts for which financial incentives are received from the State of Iowa. If this funding is discontinued the District will have to look at making changes to the budget.

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 Vicki Kolpin , District Secretary/Treasurer and Business Manager, Alta Community School District, 101 W. 5th Street, Alta, Iowa, 51002.

Basic Financial Statements

Alta Community School District
Alta, Iowa

Exhibit A

Statement of Net Position

June 30, 2014

	Primary Government			Component
	Governmental	Business Type	Total	Unit
	<u>Activities</u>	<u>Activities</u>		<u>Educational</u> <u>Foundation</u>
Assets				
Cash, cash equivalents and pooled investments	\$ 4,366,373	97,386	4,463,759	126,291
Receivables:				
Property tax:				
Delinquent	21,546	-	21,546	-
Succeeding year	2,551,935	-	2,551,935	-
Accounts	21,621	1,042	22,663	-
Due from other governments	970,914	5,003	975,917	-
Due from other funds	10,758	(10,758)	-	-
Inventories	-	8,189	8,189	-
Capital assets, net of accumulated depreciation	6,703,423	36,684	6,740,107	-
Total assets	<u>14,646,570</u>	<u>137,546</u>	<u>14,784,116</u>	<u>126,291</u>
Liabilities				
Accounts payable	674,104	4,569	678,673	-
Salaries and benefits payable	533,277	17,051	550,328	-
Early retirement payable	15,647	-	15,647	-
Advances from grantors	-	6,416	6,416	-
Accrued interest payable	79,655	-	79,655	-
Long-term liabilities:				
Portion due within one year:				
General obligation refunding bonds	215,000	-	215,000	-
Revenue bonds	160,000	-	160,000	-
Early retirement	7,713	-	7,713	-
Copier lease purchase obligation	5,355	-	5,355	-
Portion due after one year:				
General obligation refunding bonds (net of \$5,947 unamortized discount)	1,439,051	-	1,439,051	-
Revenue bonds (net of \$53,303 unamortized discount)	3,221,697	-	3,221,697	-
Early retirement	29,309	-	29,309	-
Copier lease purchase obligation	13,244	-	13,244	-
Net OPEB liability	233,948	14,037	247,985	-
Total liabilities	<u>6,628,000</u>	<u>42,073</u>	<u>6,670,073</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	2,551,935	-	2,551,935	-

Alta Community School District
Alta, Iowa

Exhibit A

Statement of Net Position

June 30, 2014

	Primary Government			Component
	Governmental	Business Type	Total	Unit
	<u>Activities</u>	<u>Activities</u>		<u>Educational</u> <u>Foundation</u>
Net Position				
Net investment in capital assets	1,649,076	36,684	1,685,760	-
Restricted for:				
Categorical funding	119,874	-	119,874	-
Management levy purposes	400,564	-	400,564	-
Physical plant and equipment	62,140	-	62,140	-
School infrastructure	958,958	-	958,958	-
Student activities	72,930	-	72,930	-
Debt service	500,169	-	500,169	-
Unrestricted	<u>1,702,924</u>	<u>58,789</u>	<u>1,761,713</u>	<u>126,291</u>
Total net position	<u>\$ 5,466,635</u>	<u>95,473</u>	<u>5,562,108</u>	<u>126,291</u>

See notes to financial statements.

Alta Community School District
Alta, Iowa
Statement of Activities
Year ended June 30, 2014

	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Functions/Programs:				
Primary Government:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,736,474	514,174	388,003	21,621
Special instruction	697,278	153,614	50,654	-
Other instruction	1,149,768	219,039	304,079	-
	<u>4,583,520</u>	<u>886,827</u>	<u>742,736</u>	<u>21,621</u>
Support services:				
Student	61,171	-	5,833	-
Instructional staff	121,737	11,205	4,078	-
Administration	572,837	68,925	740	-
Operation and maintenance of plant	570,331	400	-	5,000
Transportation	283,719	32,674	-	-
	<u>1,609,795</u>	<u>113,204</u>	<u>10,651</u>	<u>5,000</u>
Other expenditures:				
Facilities acquisition	17,679	-	-	27,070
Long-term debt interest	209,120	-	-	-
AEA flowthrough	203,979	-	203,979	-
Depreciation (unallocated)*	175,771	-	-	-
	<u>606,549</u>	<u>-</u>	<u>203,979</u>	<u>27,070</u>
Total governmental activities	<u>6,799,864</u>	<u>1,000,031</u>	<u>957,366</u>	<u>53,691</u>
Business type activities:				
Non-instructional programs:				
Food service operations	304,419	110,301	190,421	-
Total primary government	<u>\$ 7,104,283</u>	<u>1,110,332</u>	<u>1,147,787</u>	<u>53,691</u>
Component Unit:				
Educational Foundation	<u>\$ 10,000</u>	<u>-</u>	<u>8,676</u>	<u>-</u>
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

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

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Educational Foundation
(1,812,676)	-	(1,812,676)	-
(493,010)	-	(493,010)	-
(626,650)	-	(626,650)	-
<u>(2,932,336)</u>	-	<u>(2,932,336)</u>	-
(55,338)	-	(55,338)	-
(106,454)	-	(106,454)	-
(503,172)	-	(503,172)	-
(564,931)	-	(564,931)	-
(251,045)	-	(251,045)	-
<u>(1,480,940)</u>	-	<u>(1,480,940)</u>	-
9,391	-	9,391	-
(209,120)	-	(209,120)	-
-	-	-	-
(175,771)	-	(175,771)	-
(375,500)	-	(375,500)	-
<u>(4,788,776)</u>	-	<u>(4,788,776)</u>	-
-	(3,697)	(3,697)	-
<u>(4,788,776)</u>	<u>(3,697)</u>	<u>(4,792,473)</u>	-
-	-	-	(1,324)
2,290,713	-	2,290,713	-
259,852	-	259,852	-
67,907	-	67,907	-
292,372	-	292,372	-
441,805	-	441,805	-
2,038,249	-	2,038,249	-
3,348	64	3,412	448
22,957	-	22,957	-
<u>5,417,203</u>	<u>64</u>	<u>5,417,267</u>	<u>448</u>
628,427	(3,633)	624,794	(876)
4,838,208	99,106	4,937,314	127,167
<u>\$ 5,466,635</u>	<u>95,473</u>	<u>5,562,108</u>	<u>126,291</u>

Alta Community School District
Alta, Iowa

Balance Sheet
Governmental Funds

June 30, 2014

	<u>General</u>	<u>Special Revenue Management</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets				
Cash, cash equivalents and pooled investments	\$ 2,346,848	\$ 450,265	263,889	1,220,675
Receivables:				
Property tax:				
Delinquent	15,885	2,968	2,135	558
Succeeding year	1,854,119	360,000	267,363	70,453
Accounts	21,621	-	-	-
Due from other funds	10,758	-	-	-
Due from other governments	835,349	-	-	135,565
Total assets	<u>\$ 5,084,580</u>	<u>813,233</u>	<u>533,387</u>	<u>1,427,251</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 640,438	-	-	21,900
Salaries and benefits payable	533,277	-	-	-
Early retirement payable	-	15,647	-	-
Total liabilities	<u>1,173,715</u>	<u>15,647</u>	<u>-</u>	<u>21,900</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,854,119	360,000	267,363	70,453
Income surtax	245,511	-	-	-
Total deferred inflows of resources	<u>2,099,630</u>	<u>360,000</u>	<u>267,363</u>	<u>70,453</u>
Fund balances:				
Restricted for:				
Categorical funding	119,874	-	-	-
Debt service	-	-	266,024	313,800
Management levy purposes	-	437,586	-	-
Student activities	-	-	-	-
School infrastructure	-	-	-	958,958
Physical plant and equipment	-	-	-	62,140
Unassigned	1,691,361	-	-	-
Total fund balances	<u>1,811,235</u>	<u>437,586</u>	<u>266,024</u>	<u>1,334,898</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,084,580</u>	<u>813,233</u>	<u>533,387</u>	<u>1,427,251</u>

See notes to financial statements.

Exhibit C

Nonmajor Special <u>Revenue</u> Student <u>Activities</u>		<u>Total</u>
84,696		4,366,373
-	21,546	
-	2,551,935	
-	21,621	
-	10,758	
-	970,914	
<u>84,696</u>	<u>7,943,147</u>	
11,766	674,104	
-	533,277	
-	15,647	
<u>11,766</u>	<u>1,223,028</u>	
-	2,551,935	
-	245,511	
-	2,797,446	
-	119,874	
-	579,824	
-	437,586	
72,930	72,930	
-	958,958	
-	62,140	
-	1,691,361	
<u>72,930</u>	<u>3,922,673</u>	
<u>84,696</u>	<u>7,943,147</u>	

Alta Community School District
Alta, Iowa

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2014

Total fund balances of governmental funds (page 22) \$ 3,922,673

*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. 6,703,423

Other long-term assets are not available to pay current year expenditures and,
therefore, are recognized as deferred inflows of resources in the governmental
funds. 245,511

Accrued interest payable on long-term liabilities is not due and payable in the
current year and, therefore, is not reported as a liability in the governmental
funds. (79,655)

Long-term liabilities, including bonds, early retirement and other
postemployment benefits payable, are not due and payable in the current year and,
therefore, are not reported in the governmental funds. (5,325,317)

Net position of governmental activities (page 18) \$ 5,466,635

See notes to financial statements.

Alta Community School District
Alta, Iowa
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2014

	<u>General</u>	<u>Special Revenue Management</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:				
Local sources:				
Local tax	\$ 2,201,866	365,766	259,852	67,907
Tuition	648,516	-	-	-
Other	219,504	-	168	28,450
State sources	2,794,285	135	97	446,830
Federal sources	201,889	-	-	-
Total revenues	<u>6,066,060</u>	<u>365,901</u>	<u>260,117</u>	<u>543,187</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,560,991	80,532	-	-
Special	691,157	-	-	-
Other	971,022	-	-	-
	<u>4,223,170</u>	<u>80,532</u>	<u>-</u>	<u>-</u>
Support services:				
Student	60,900	-	-	-
Instructional staff	122,098	-	-	24,512
Administration	566,225	-	-	-
Operation and maintenance of plant	508,810	38,555	-	5,000
Transportation	245,269	4,704	-	-
	<u>1,503,302</u>	<u>43,259</u>	<u>-</u>	<u>29,512</u>
Other expenditures:				
Facilities acquisition	-	-	-	76,692
Long-term debt:				
Principal	-	-	365,054	-
Interest and fiscal charges	-	-	207,432	-
AEA flowthrough	203,979	-	-	-
	<u>203,979</u>	<u>-</u>	<u>572,486</u>	<u>76,692</u>
Total expenditures	<u>5,930,451</u>	<u>123,791</u>	<u>572,486</u>	<u>106,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>135,609</u>	<u>242,110</u>	<u>(312,369)</u>	<u>436,983</u>
Other financing sources (uses):				
Operating transfers in	-	-	311,815	-
Operating transfers out	-	-	-	(311,815)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>311,815</u>	<u>(311,815)</u>
Extraordinary item:				
Insurance proceeds from storm damage	-	-	-	482,260
Storm damage expenses	-	-	-	(482,260)
Total extraordinary item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	135,609	242,110	(\$54)	125,168
Fund balances beginning of year	1,675,626	195,476	266,578	1,209,730
Fund balances end of year	<u>\$ 1,811,235</u>	<u>437,586</u>	<u>266,024</u>	<u>1,334,898</u>
See notes to financial statements.				

Exhibit E

Nonmajor Special <u>Revenue</u> Student <u>Activities</u>	<u>Total</u>
-	2,895,391
-	648,516
172,418	420,540
-	3,241,347
-	<u>201,889</u>
<u>172,418</u>	<u>7,407,683</u>
-	2,641,523
-	691,157
175,096	<u>1,146,118</u>
<u>175,096</u>	<u>4,478,798</u>
-	60,900
-	146,610
-	566,225
-	552,365
-	<u>249,973</u>
-	<u>1,576,073</u>
-	76,692
-	365,054
-	207,432
-	<u>203,979</u>
-	<u>853,157</u>
<u>175,096</u>	<u>6,908,028</u>
<u>(2,678)</u>	<u>499,655</u>
-	311,815
-	<u>(311,815)</u>
-	<u>-</u>
-	482,260
-	<u>(482,260)</u>
-	<u>-</u>
<u>(2,678)</u>	<u>499,655</u>
<u>75,608</u>	<u>3,423,018</u>
<u>72,930</u>	<u>3,922,673</u>

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2014

Change in fund balances - total governmental funds (page 25) \$ 499,655

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 not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 86,185	
Depreciation expense	<u>(297,615)</u>	(211,430)

Certain delinquent property tax and income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 20,608

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Discount on bonds issued	(4,309)	
Repaid	<u>365,054</u>	360,745

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

Early retirement	(21,375)	
Other postemployment benefits	<u>(22,397)</u>	(43,772)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,621

Change in net position of governmental activities (page 20) \$ 628,427

See notes to financial statements.

Alta Community School District
Alta, Iowa

Exhibit G

Statement of Net Position
Proprietary Fund

June 30, 2014

Enterprise,
School
Nutrition

Assets

Current assets:

Cash and cash equivalents	\$ 97,386
Accounts receivable	1,042
Due from other governments	5,003
Inventories	<u>8,189</u>
Total current assets	<u>111,620</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	<u>36,684</u>
Total noncurrent assets	<u>36,684</u>
Total assets	<u>148,304</u>

Liabilities

Current liabilities:

Accounts payable	4,569
Salaries and benefits payable	17,051
Due to other funds	10,758
Unearned revenue	<u>6,416</u>
Total current liabilities	<u>38,794</u>

Noncurrent liabilities:

Net OPEB liability	<u>14,037</u>
Total noncurrent liabilities	<u>14,037</u>
Total liabilities	<u>52,831</u>

Net Position

Net investment in capital assets	36,684
Unrestricted	<u>58,789</u>
Total net position	<u>\$ 95,473</u>

See notes to financial statements.

Alta Community School District
Alta, Iowa

Exhibit H

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

Year ended June 30, 2014

	<u>Enterprise, School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 110,301
Operating expenses:	
Support services:	
Operation and maintenance of plant	<u>3,141</u>
Non-instructional programs:	
Food service operations:	
Salaries	89,540
Benefits	43,308
Supplies	162,417
Depreciation	<u>6,013</u>
	<u>301,278</u>
Total operating expenses	<u>304,419</u>
Operating loss	<u>(194,118)</u>
Non-operating revenues:	
State sources	2,789
Federal sources	187,632
Interest income	<u>64</u>
Total non-operating revenues	<u>190,485</u>
Decrease in net position	(3,633)
Net position beginning of year	<u>99,106</u>
Net position end of year	<u>\$ 95,473</u>
See notes to financial statements.	

Alta Community School District
Alta, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2014

	Enterprise, School <u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 111,312
Cash paid to employees for services	(134,302)
Cash paid to suppliers for goods or services	<u>(150,102)</u>
Net cash used by operating activities	<u>(173,092)</u>
Cash flows from non-capital financing activities:	
State grants received	2,789
Federal grants received	<u>171,869</u>
Net cash provided by non-capital financing activities	<u>174,658</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(1,233)</u>
Cash flows from investing activities:	
Interest on investments	<u>64</u>
Net increase in cash and cash equivalents	397
Cash and cash equivalents beginning of year	<u>96,989</u>
Cash and cash equivalents end of year	<u>\$ 97,386</u>

(continued)

Alta Community School District
Alta, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2014

Enterprise,
School
Nutrition

**Reconciliation of operating loss to net cash used by
operating activities:**

Operating loss	\$ (194,118)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	15,763
Depreciation	6,013
Decrease in accounts receivable	2,941
(Increase) in inventories	(1,145)
Increase in accounts payable	838
(Decrease) in salaries and benefits payable	(1,546)
(Decrease) in due to other funds	(1,252)
(Decrease) in deferred revenue	(1,930)
Increase in other postemployment benefits	1,344
Net cash used by operating activities	<u>\$ (173,092)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received \$15,763 of federal commodities.

See notes to financial statements.

Alta Community School District
Alta, Iowa

Exhibit J

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2014

Agency

Assets

Cash, cash equivalents and pooled investments \$ 10,122

Total assets 10,122

Liabilities

Other payables 10,122

Total liabilities 10,122

Net position \$ -

See notes to financial statements.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Alta Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. An academic sharing agreement exists with Aurelia Community School District whereby grades six through eight attend the Aurelia Community School District and grades nine through twelve attend Alta Community School District. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Alta, Iowa, and the predominate agricultural territory in Buena Vista, Cherokee and Sac counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Alta 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.

These financial statements present the Alta Community School District and its component unit. Its component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2014

Discretely Presented Component Unit – The Alta Community Educational Foundation is a separate nonprofit organization organized to raise funds for the library, technology, and music programs of the District. The records are maintained on the basis of cash receipts and disbursements, with December 31 as its year end. The Alta Community Educational Foundation meets the definition of a component unit which should be discretely presented. The Foundation’s financial statements have not been audited and we do not express an opinion on them.

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

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements— Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project 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 Special Revenue, Management Levy Fund is used to account for the cost of unemployment benefits, liability insurance and agreements, costs of judgments, and certain early retirement benefits.

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.

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The District reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 500
Buildings	500
Improvements other than buildings	500
Furniture and equipment:	
School Nutrition Fund equipment	300
Other furniture and equipment	500

Capital assets 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 Years
Furniture and equipment	5-12 Years

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

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

Compensated Absences – District employees do not accumulate earned but unused vacation. District employees accumulate a limited amount of earned but unused sick leave benefits. An accrual for earned but unused sick leave is not recorded in these financial statements because sick leave can only be used for time off for illness.

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.

Deferred Inflows of Resources – 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 represents 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 unspent grant proceeds as well as 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 succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

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

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures did not exceed the amounts budgeted.

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

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$23,293 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

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(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise, School Nutrition	\$ 10,758

The School Nutrition Fund owes the General Fund for cooks' wages paid from the General Fund that were not reimbursed before June 30, 2014. The balance is to be repaid by June 30, 2015.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 311,815

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

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(5) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 153,990	---	---	153,990
Construction in progress	---	4,000	---	4,000
Total capital assets not being depreciated	<u>153,990</u>	<u>4,000</u>	<u>---</u>	<u>157,990</u>
Capital assets being depreciated:				
Buildings	7,742,120	21,847	---	7,763,967
Improvements other than buildings	561,224	5,016	---	566,240
Furniture and equipment	2,094,121	55,322	(47,999)	2,101,444
Total capital assets being depreciated	<u>10,397,465</u>	<u>82,185</u>	<u>(47,999)</u>	<u>10,431,651</u>
Less accumulated depreciation for:				
Buildings	1,654,715	156,064	---	1,810,779
Improvements other than buildings	344,122	19,905	---	364,027
Furniture and equipment	1,637,765	121,646	(47,999)	1,711,412
Total accumulated depreciation	<u>3,636,602</u>	<u>297,615</u>	<u>(47,999)</u>	<u>3,886,218</u>
Total capital assets being depreciated, net	<u>6,760,863</u>	<u>(215,430)</u>	<u>---</u>	<u>6,545,433</u>
Governmental activities capital assets, net	<u>\$ 6,914,853</u>	<u>(211,430)</u>	<u>---</u>	<u>6,703,423</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Furniture and equipment	\$ 77,928	1,233	---	79,161
Less accumulated depreciation	<u>36,464</u>	<u>6,013</u>	<u>---</u>	<u>42,477</u>
Business type activities capital assets, net	<u>\$ 41,464</u>	<u>(4,780)</u>	<u>---</u>	<u>36,684</u>

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Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular	\$ 63,388	
Special	4,614	
Other	1,347	
Support services:		
Administration	3,199	
Operation and maintenance of plant	16,009	
Transportation	<u>33,287</u>	
	121,844	
Unallocated	<u>175,771</u>	
Total depreciation expense – governmental activities	<u>\$ 297,615</u>	
Business type activities:		
Food service operations	<u>\$ 6,013</u>	

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation refunding bonds	\$ 1,858,181	---	204,130	1,654,051 (1)	215,000
Revenue bonds	3,533,258	---	151,561	3,381,697 (2)	160,000
Copier lease	23,653	---	5,054	18,599	5,355
Early retirement	15,647	37,022	15,647	37,022	7,713
Net OPEB liability	<u>211,551</u>	<u>22,397</u>	<u>---</u>	<u>233,948</u>	<u>---</u>
Total	<u>\$ 5,642,290</u>	<u>59,419</u>	<u>376,392</u>	<u>5,325,317</u>	<u>388,068</u>

(1) Bonds were sold at a discount; unamortized discount at June 30, 2014 totaled \$5,947.

(2) Bonds were sold at a discount; unamortized discount at June 30, 2014 totaled \$53,303.

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	<u>\$ 12,693</u>	<u>1,344</u>	<u>---</u>	<u>14,037</u>	<u>---</u>

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Termination Benefits

The District offered a voluntary early retirement plan to employees for the year ended June 30, 2013. Eligible employees must have completed at least fifteen years of contracted service to the District and must have reached the age of fifty-five on or before June 30, 2013. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal sixty percent of the employees' total salary amount as stated in their individual contract for the year they retire. Each participating employee may elect to continue their existing single or family coverage under the District's health insurance program as long as they pay the monthly premiums and are permitted to continue coverage by the insurer. To continue their health insurance coverage, the employee shall pay the monthly premium amount to the District's business office on a date mutually agreed upon prior to the date the District's premium payment is made to the insurance carrier.

Nothing in the early retirement plan shall limit the District's ability to change the terms of its existing health insurance plan. The plan in no way guarantees that an employee will be provided any certain level of benefits or premiums during the time of the employee's participation in the plan.

The plan allows for three options as to how the retiree can receive their early retirement benefits. They can be a) paid in two equal installments the first being paid in July and the second payment being paid in January, b) paid into a 403(b) Retirement Plan or c) kept on account with the school and applied toward payment of their individual health insurance premiums.

The District offered a voluntary early retirement plan to employees for the year ended June 30, 2014. Eligible employees must have completed at least ten years of contracted service to the District and must have reached the age of fifty-five on or before June 30, 2014. The application for early retirement was subject to approval by the Board of Education.

The early retirement benefit for the retiree under the 2014 plan is equal to the cost of District paid health insurance for 48 months.

At June 30, 2014, the District has obligations to one participant with a total liability of \$37,022. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$15,647.

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General Obligation Refunding Bonds

On March 1, 2010, the District issued \$2,430,000 of general obligation refunding bonds, with interest rates ranging from 1.00% to 3.75% for a current refunding of the general obligation bonds issued March 1, 2002. Details of the District's June 30, 2014, general obligation refunding bonded indebtedness are summarized as follows:

Year Ending <u>June 30,</u>	<u>Bond Issue of March 1, 2010</u>			
	Interest Rates	Principal	Interest	Total
2015	2.30	\$ 215,000	52,362	267,362
2016	2.60	220,000	47,418	267,418
2017	3.00	225,000	41,698	266,698
2018	3.20	240,000	34,947	274,947
2019	3.40	245,000	27,268	272,268
2020-2021	3.60-3.75	<u>515,000</u>	<u>28,875</u>	<u>543,875</u>
Total		<u>\$ 1,660,000</u>	<u>232,568</u>	<u>1,892,568</u>

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending <u>June 30,</u>	<u>Bond Issue of April 27, 2010</u>			
	Interest Rates	Principal	Interest	Total
2015	3.00	\$ 160,000	141,855	301,855
2016	3.00	150,000	137,055	287,055
2017	3.25	160,000	132,555	292,555
2018	3.50	185,000	127,355	312,355
2019	3.75	190,000	120,880	310,880
2020-2024	4.00-4.30	1,010,000	490,070	1,500,070
2025-2029	4.40-4.60	1,280,000	251,140	1,531,140
2030	4.60	<u>300,000</u>	<u>13,800</u>	<u>313,800</u>
Total		<u>\$ 3,435,000</u>	<u>1,414,710</u>	<u>4,849,710</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,890,000 of bonds issued in April 2010. The bonds were issued for the purpose of financing the costs of a new school addition. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable

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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 approximately 73 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$4,849,710. For the current year, principal and interest paid and total statewide sales, services and use tax revenues were \$300,730 and \$441,805, respectively.

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

- a) \$313,800 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.
- 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.

Copier Lease

During the year ended June 30, 2014, the District entered into a lease agreement with De Lage Landen Public Finance LLC for three copiers. Annual principal and interest payments are made from the Capital Projects, Physical Plant and Equipment Levy Fund. For the current year \$5,054 in principal and \$1,239 in interest was paid on the copier lease. Details of the District's June 30, 2014 copier lease indebtedness are as follows:

Year Ending June 30,	Lease dated of October 16, 2012			
	Interest Rates	Principal	Interest	Total
2015	5.80%	\$ 5,355	938	6,293
2016	5.80	5,674	619	6,293
2017	5.80	6,012	281	6,293
2018	5.80	1,558	15	1,573
Total		\$ 18,599	1,853	20,452

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(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$289,466, \$271,546, and \$247,144, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description – As explained in Note 9, the District is a member in the Iowa School Employees Benefits Association (ISEBA) which provides health insurance benefits for retirees and their spouses. There are 53 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The health insurance benefits are provided through the plan. Retirees under age 65 pay the same premium for the health insurance benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 26,000
Interest on net OPEB obligation	10,091
Adjustment to annual required contribution	<u>(8,350)</u>
Annual OPEB cost	27,741
Contributions made	<u>(4,000)</u>
Increase in net OPEB obligation	23,741
Net OPEB obligation beginning of year	<u>224,244</u>
Net OPEB obligation end of year	<u>\$ 247,985</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$4,000 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 80,817	29.7	\$ 202,244
2013	27,000	18.5	224,244
2017	27,741	14.4	247,985

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$188,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$188,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,194,000 and the ratio of the UAAL to covered payroll was 8.6%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the alternative measurement method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the District's average retirement age of pension eligible retirees over the last five years and applying termination factors from the U.S. Office of Personnel Management.

Projected claim costs of the health insurance plan are \$771 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.

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(9) Risk Management

Alta Community School District is a member in the Iowa School Employees Benefits Association, (ISEBA), a fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides health coverage and protection.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2014 were \$459,691.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

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

(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 \$203,979 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2014

(11) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Limited English proficient	\$ 13,281
Home school assistance program	19,073
Gifted and talented program	8,117
Dropout prevention program	1,307
Teacher salary supplement	28,411
Early literature	15,783
Professional development – core curriculum	6,098
Professional development	21,133
Teacher leadership	<u>6,671</u>
Total	<u>\$ 119,874</u>

(12) Prior Period Adjustment – Accounting Change

During the year ended June 30, 2014, the District implemented Governmental Accounting Standards Board Statement No. 65 and the District has restated the beginning net position in the Statement of Activities. In previous years, bond issuance costs were deferred and amortized over the term of the bonds. GASB 65 now requires these costs to be recognized in the period the loan originated. This results in decreasing the July 1, 2013 beginning net position by \$37,480.

Government-Wide Financial Statements

	<u>Statement of Activities</u>
Beginning Net Position, as previously reported	\$ 4,875,688
Accounting Change – Bond Costs	<u>(37,480)</u>
Beginning Net Position, as restated	<u>\$ 4,838,208</u>

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2014

(13) Extraordinary Item

APB Opinion No. 30 defines extraordinary items as “events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence”. On October 4, 2013 a tornado caused approximately \$482,260 of damage to District buildings and other property. The District insurance company covered the cost of repairs less the deductible.

(14) Subsequent Events

Subsequent events have been evaluated through March 24, 2015, which is the date the financial statements were available to be issued.

On July 14, 2014 the Board approved the purchase of a Suburban for \$36,548.

(15) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, 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 proportionate share of the employee pension plan.

Required Supplementary Information

Alta Community School District
Alta, Iowa

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, 2014

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 3,964,447	110,365
State sources	3,241,347	2,789
Federal sources	<u>201,889</u>	<u>187,632</u>
Total revenues	<u>7,407,683</u>	<u>300,786</u>
Expenditures/Expenses:		
Instruction	4,478,798	-
Support services	1,576,073	3,141
Non-instructional programs	-	301,278
Other expenditures	<u>853,157</u>	<u>-</u>
Total expenditures/expenses	<u>6,908,028</u>	<u>304,419</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	499,655	(3,633)
Balances beginning of year	<u>3,423,018</u>	<u>99,106</u>
Balances end of year	<u>\$ 3,922,673</u>	<u>95,473</u>

See accompanying independent auditor's report.

<u>Total Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
	<u>Original</u>	<u>Final</u>	
4,074,812	4,523,008	4,523,008	(448,196)
3,244,136	2,670,976	2,670,976	573,160
<u>389,521</u>	<u>360,000</u>	<u>360,000</u>	<u>29,521</u>
<u>7,708,469</u>	<u>7,553,984</u>	<u>7,553,984</u>	<u>154,485</u>
4,478,798	4,753,000	4,753,000	274,202
1,579,214	1,685,000	1,685,000	105,786
301,278	295,000	340,000	38,722
<u>853,157</u>	<u>1,321,361</u>	<u>1,821,361</u>	<u>968,204</u>
<u>7,212,447</u>	<u>8,054,361</u>	<u>8,599,361</u>	<u>1,386,914</u>
496,022	(500,377)	(1,045,377)	1,541,399
<u>3,522,124</u>	<u>2,922,986</u>	<u>2,922,986</u>	<u>599,138</u>
<u>4,018,146</u>	<u>2,422,609</u>	<u>1,877,609</u>	<u>2,140,537</u>

Alta Community School District
Alta, Iowa

Notes to Required Supplementary Information -- Budgetary Reporting

Year ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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 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 functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$545,000.

During the year ended June 30, 2014, expenditures did not exceed the amounts budgeted.

Alta Community School District
Alta, Iowa

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)
2010	Jul 1, 2009	-	\$ 584,000	584,000	0.0%	\$1,979,000	29.5%
2011	Jul 1, 2009	-	584,000	584,000	0.0%	1,978,000	29.5%
2012	Jul 1, 2009	-	584,000	584,000	0.0%	1,734,000	33.7%
2013	Jul 1, 2012	-	188,000	188,000	0.0%	2,079,000	9.0%
2014	Jul 1, 2012	-	188,000	188,000	0.0%	2,194,000	8.6%

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

See accompanying independent auditor's report.

Supplementary Information

Alta Community School District
Alta, Iowa

Schedule 1

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2014

<u>Account</u>	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 3,141	54,624	55,738	4,194	6,221
Ball Field	4,737	6,970	13,820	(3,182)	(5,295)
Band	-	715	-	(715)	-
Band Resale	729	363	691	(320)	81
Baseball	4,234	1,012	1,711	971	4,506
Book Fair	906	5,010	5,147	-	769
Boys Basketball	5,424	3,496	828	(3,000)	5,092
Boys Basketball Tournament	3,628	-	-	-	3,628
Cheerleaders	2,218	8,416	7,720	(1,044)	1,870
Class of 2011	654	-	-	(654)	-
Class of 2013	1,057	69	-	-	1,126
Class of 2014	1,056	3,047	4,043	-	60
Class of 2015	233	8,031	6,274	(90)	1,900
Class of 2016	387	-	-	-	387
Class of 2017	242	25	-	-	267
Class of 2018	59	-	-	-	59
Class of 2019	187	-	-	-	187
Class of 2020	100	-	-	-	100
Class of 2021	1	-	-	-	1
Class of 2022	10	-	-	-	10
Class of 2023	12	-	-	-	12
Class of 2025	24	-	-	-	24
Cross Country	552	2,407	2,095	56	920
Danceline	3,419	8,804	11,652	1,044	1,615
Drama	2,813	3,582	4,754	-	1,641
Elem Computer	2,214	662	1,945	59	990
FCA	25	-	-	-	25
FFA	4,739	11,096	11,935	(618)	3,282
FHA	1,014	489	816	-	687
Football	(3,553)	15,540	12,727	2,048	1,308
Football Moms	1,379	-	-	-	1,379
Interest	4,105	5,964	2,118	(1,861)	6,090
Girls Basketball	556	900	378	-	1,078
Marketing	114	-	-	-	114
Milk Lid Fundraiser	17	-	-	-	17
MS & HS Instrument Fees	712	110	320	1,035	1,537
MS Fundraiser	2,847	-	-	-	2,847
NASA	(883)	3,914	3,007	90	114

Alta Community School District
Alta, Iowa

Schedule 1

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2014

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
PE for Life	11,313	-	1,272	-	10,041
P.I.E.	259	-	-	-	259
Quiz Bowl	145	785	506	-	424
Softball	655	2,106	1,661	(154)	946
Speech Club	3,466	14,188	9,945	-	7,709
Student Council	9,444	2,269	5,897	-	5,816
Student Travel	59	1,150	1,107	-	102
Vocal	52	-	881	829	-
Volleyball	1,469	358	1,210	717	1,334
Wrestling	157	-	-	-	157
Scholarship Fund	1,193	460	-	-	1,653
Warrior Youth Athletics	1,634	-	-	(1,634)	-
Yearbook	(4,108)	4,899	4,820	654	(3,375)
Elem Activity	761	957	78	1,575	3,215
Total	<u>\$ 75,608</u>	<u>172,418</u>	<u>175,096</u>	<u>-</u>	<u>72,930</u>

See accompanying independent auditor's report.

Alta Community School District
Alta, Iowa

Schedule 2

Combining Balance Sheet
Capital Project Accounts

June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 1,137,193	83,482	1,220,675
Receivables:			
Property tax:			
Delinquent	-	558	558
Succeeding year	-	70,453	70,453
Due from other governments	135,565	-	135,565
Total assets	\$ 1,272,758	154,493	1,427,251
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	21,900	21,900
Total liabilities	-	21,900	21,900
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	70,453	70,453
Fund balances:			
Restricted for :			
Debt service	313,800	-	313,800
School infrastructure	958,958	-	958,958
Physical plant and equipment	-	62,140	62,140
Total fund balances	1,272,758	62,140	1,334,898
Total liabilities, deferred inflows of resources and fund balances	1,272,758	154,493	1,427,251

See accompanying independent auditor's report.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Capital Project Accounts

Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	67,907	67,907
Other	-	28,450	28,450
State sources	441,805	5,025	446,830
Total revenues	441,805	101,382	543,187
Expenditures:			
Support services:			
Instructional staff	24,512	-	24,512
Operation and maintenance of plant	-	5,000	5,000
Other expenditures:			
Facilities acquisition	-	76,692	76,692
Total expenditures	24,512	81,692	106,204
Excess of revenues over expenditures	417,293	19,690	436,983
Other financing sources (uses):			
Operating transfers out	(305,522)	(6,293)	(311,815)
Total other financing sources (uses)	(305,522)	(6,293)	(311,815)
Extraordinary item:			
Insurance proceeds from storm damage	-	482,260	482,260
Storm damage expenses	-	(482,260)	(482,260)
Total extraordinary item	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	111,771	13,397	125,168
Fund balances beginning of year	1,160,987	48,743	1,209,730
Fund balances end of year	\$ 1,272,758	62,140	1,334,898

See accompanying independent auditor's report.

Alta Community School District
Alta, Iowa

Schedule 4

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund

Year ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ 9,017	13,870	12,765	10,122
Total assets	<u>\$ 9,017</u>	<u>13,870</u>	<u>12,765</u>	<u>10,122</u>
Liabilities				
Other payables	\$ 9,017	13,870	12,765	10,122
Total liabilities	<u>\$ 9,017</u>	<u>13,870</u>	<u>12,765</u>	<u>10,122</u>

See accompanying independent auditor's report.

Alta Community School District
Alta, Iowa

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

For the Last Ten Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:				
Local sources:				
Local tax	\$ 2,895,391	3,432,384	3,367,150	3,107,246
Tuition	648,516	636,831	647,548	415,850
Other	420,540	448,488	486,044	407,199
Intermediate sources	-	-	-	-
State sources	3,241,347	2,675,777	2,425,511	2,274,990
Federal sources	201,889	232,623	191,629	346,831
Total	<u>\$ 7,407,683</u>	<u>7,426,103</u>	<u>7,117,882</u>	<u>6,552,116</u>
Expenditures:				
Instruction:				
Regular	\$ 2,641,523	2,610,159	2,709,216	2,543,978
Special	691,157	713,494	660,475	515,908
Other	1,146,118	1,108,200	806,307	752,737
Support services:				
Student	60,900	52,890	53,059	85,567
Instructional staff	146,610	120,866	119,788	105,522
Administration	566,225	584,156	543,441	529,317
Operation and maintenance of plant	552,365	557,120	487,530	497,523
Transportation	249,973	279,598	255,450	315,493
Other support	-	-	-	-
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	76,692	109,787	853,759	2,530,666
Long-term debt:				
Principal	365,054	303,603	300,000	265,000
Interest and other charges	207,432	210,960	214,643	180,240
AEA flowthrough	203,979	197,853	192,194	213,575
Total	<u>\$ 6,908,028</u>	<u>6,848,686</u>	<u>7,195,862</u>	<u>8,535,526</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
2,993,879	2,748,382	2,422,200	2,311,668	2,150,959	2,100,249
359,158	384,699	344,217	255,376	181,006	156,758
255,304	247,963	225,955	189,982	219,584	358,629
-	15,000	-	-	-	-
2,062,289	2,490,697	2,657,753	2,630,174	2,498,680	2,463,499
524,056	201,064	183,554	462,325	296,587	280,447
<u>6,194,686</u>	<u>6,087,805</u>	<u>5,833,679</u>	<u>5,849,525</u>	<u>5,346,816</u>	<u>5,359,582</u>
2,452,747	2,606,379	2,554,355	2,336,303	2,252,085	2,277,882
512,730	487,407	514,589	466,659	473,974	463,435
702,413	672,224	725,167	750,755	716,696	518,180
82,244	97,022	113,388	108,106	112,523	112,240
103,164	131,692	200,114	153,261	169,792	129,356
492,090	593,820	566,525	781,932	608,481	492,119
451,604	429,312	474,858	509,552	576,926	443,472
154,569	155,152	233,223	219,051	165,396	140,414
-	-	-	-	-	23,399
-	-	-	1,500	1,500	4,010
137,976	36,706	82,480	187,578	96,516	64,404
179,488	174,776	165,064	171,039	140,687	150,530
167,227	127,755	135,730	143,430	150,255	155,255
213,577	197,690	195,483	192,123	183,465	178,475
<u>5,649,829</u>	<u>5,709,935</u>	<u>5,960,976</u>	<u>6,021,289</u>	<u>5,648,296</u>	<u>5,153,171</u>

Cornwell, Frideres, Maher & Associates, P.L.C.

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

To the Board of Education of
Alta 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 Alta Community School District as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2015. Our report expressed unmodified opinions on the financial statements except for a disclaimer of opinion on the component unit, Alta Community Educational Foundation, which was not audited.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-14 and I-B-14 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as item I-C-14 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 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.

Alta Community School District's Responses to the Findings

Alta Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Alta 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 Alta 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.

Cornwell, Frideres, Maher & Associates, P.L.C.
Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 24, 2015

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2014

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts journal are all done by the same person. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We are doing everything we can within our situation and make improvements as the situation changes.

Conclusion - Response acknowledged. The District should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

I-B-14 Preparation of Financial Statements – The District does not have an internal control system designed to provide for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Therefore, as auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for an entity similar in size to Alta Community School District. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, it is the responsibility of the District’s management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2014

Response – Management feels that committing the resources to remain current on reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue to evaluate the risks to be accepted in preparation of the financial statements.

Conclusion – Response accepted.

- I-C-14 Disbursement Approval – For one of the disbursements tested, there was insufficient documentation to determine the date the Superintendent approved a routine expenditures for advance payment in accordance with the District’s policy.

Recommendation – For payments made in advance of Board meetings, the District should maintain documentation of the Superintendent’s approval of claims for payment, such as the Superintendent’s initials and date of approval.

Response – We will maintain documentation of the approval of disbursements made in advance of Board approval by having the Superintendent initial and date the claims.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Alta Community School District
Alta, Iowa

Schedule of Findings
Year ended June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-14 Certified Budget - Expenditures for the year ended June 30, 2014, did not exceed the certified budget amounts.
- II-B-14 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.
- II-C-14 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.
- II-D-14 Business Transactions - The follow business transactions between the District and District officials or employees were noted.

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dave Turnquist, Board Member	Softball coach	\$ 2,500

The transaction with Board Member, Turnquist, does not appear to violate Chapter 279.7A of the Code of Iowa as the transaction wasn't more than \$2,500 for the fiscal year.

- II-E-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure the coverage is adequate for current operations.
- II-F-14 Board Minutes - As previously noted, one disbursement had insufficient documentation to support it had been approved for payment by the Superintendent in advance of Board approval as allowed by Chapter 279.30 of the Code of Iowa.

Certain minutes were not published timely as required by Chapter 279.35 of the Code of Iowa.

Recommendation – Sufficient documentation should be maintained to evidence proper Superintendent approval of disbursements paid in advance of Board approval. The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2014

Response – Procedures have been revised to ensure the Superintendent’s approval of disbursements prior to Board meetings is adequately documented and the minutes are published within two weeks as required.

Conclusion – Response accepted.

- II-G-14 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-14 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-14 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-14 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-L-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District’s CAR including adjustments identified during the fiscal year 2014 audit:

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2014

Beginning balance		\$ 1,160,987
Revenues/transfer in:		
Sales tax revenues		441,805
		1,602,792
Expenditures/transfers out:		
Equipment	24,512	
Transfer to other funds:		
Debt service fund	305,522	330,034
Ending balance		\$ 1,272,758

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-14 Deficit Balances - Two student activities accounts had a deficit balances at June 30, 2014.

Recommendation - The District should continue to investigate alternatives to eliminate the deficits in order to return the accounts to a sound financial condition.

Response – The District is monitoring and investigating alternatives to eliminate the deficits in the student activity accounts.

Conclusion - Response accepted.

II-N-14 Revenue Bonds – No instances of non-compliance with the revenue bond resolution were noted.