

ANAMOSA COMMUNITY SCHOOL DISTRICT
ANAMOSA, IOWA

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

JUNE 30, 2014

TABLE OF CONTENTS

	Page
OFFICIALS	4
INDEPENDENT AUDITOR’S REPORT	5-6
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	7-21
BASIC FINANCIAL STATEMENTS:	
Exhibit	
Government-Wide Financial Statements:	
A Statement of Net Position	24-25
B Statement of Activities	26-29
Governmental Fund Financial Statements:	
C Balance Sheet	30-31
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	32
E Statement of Revenues, Expenditures and Changes in Fund Balances	33-34
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	35-36
Proprietary Fund Financial Statements:	
G Statement of Fund Net Position	37
H Statement of Revenues, Expenses and Changes in Fund Net Position	38
I Statement of Cash Flows	39-40
Fiduciary Fund Financial Statements:	
J Statement of Fiduciary Net Position	41
K Statement of Changes in Fiduciary Net Position	42
Notes to Financial Statements	43-61
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds	64
Notes to Required Supplementary Information – Budgetary Reporting	65
Schedule of Funding Progress for the Retiree Health Plan	66
SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Combining Balance Sheet	68
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	69
Capital Projects Accounts:	
3 Combining Balance Sheet	70
4 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	71
Nonmajor Enterprise Funds:	
5 Combining Schedule of Fund Net Position	72
6 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	73
7 Combining Schedule of Cash Flows	74
8 Schedule of Changes in Special Revenue Fund, Student Activity Accounts	75-76
9 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	77
10 Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	78-79
11 Schedule of Expenditures of Federal Awards	80-81

TABLE OF CONTENTS
(continued)

	Page
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	82-83
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	84-85
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	86-91

ANAMOSA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2013 election)		
Lowell Tiedt	President	2013
Rich Crump	Vice President	2015
Connie McKean	Board Member	2013
Kandi Behnke	Board Member	2013
Anna Mary Riniker	Board Member	2015
Kristine Kilburg	Board Member	2015
Shaun Lambertsen	Board Member	2015
(After September 2013 election)		
Connie McKean	President	2017
Shaun Lambertsen	Vice President	2015
Rich Crump	Board Member	2015
Kristine Kilburg	Board Member	2015
Anna Mary Riniker	Board Member	2015
Kandi Behnke	Board Member	2017
Nicole Claussen	Board Member	2017
<u>School Officials</u>		
Lisa Beames	Superintendent	2014
Don L. Folkerts	District Secretary	2014
Linda Von Behren	District Treasurer	2014
Brian Gruhn	Attorney	2014
Adrian Knuth Law Firm	Attorney	2014

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

To the Board of Education of
Anamosa 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 Anamosa Community School District, Anamosa 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Anamosa 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 accordance with U.S. generally accepted accounting principles.

Other*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 21 and 64 through 66 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 Anamosa 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 11, including the Schedule of Expenditures and of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2014 on our consideration of Anamosa Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Anamosa Community School District's internal control over financial reporting and compliance.

Oskaloosa, Iowa
December 2, 2014

Hunt & Associates, P.C.

Management's Discussion and Analysis

Anamosa Community School District provides this discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2014. Please consider this information in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District issued \$9.85 million in General Obligation School Bonds out of a \$16.95 million bond issue approved by voters in April 2013.
- Construction began on a Performing Arts Center at the high school along with additional classroom space and renovations. This is being funded out of the \$16.95 million bond issue. Other projects funded from the bond completed during the year include a \$529,000 expansion to the High School Fitness Center, \$1.3 million heating and cooling upgrade at Strawberry Hill Elementary, and \$58,000 security upgrade at Strawberry Hill Elementary.
- The sharing arrangement of the District's Transportation Director with the Olin Consolidated School District ended. In this final year, the sharing arrangement generated supplementary weighting of 14.58 student FTE's at a total amount of \$87,742.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

**Anamosa Community School District
Annual Financial Report**

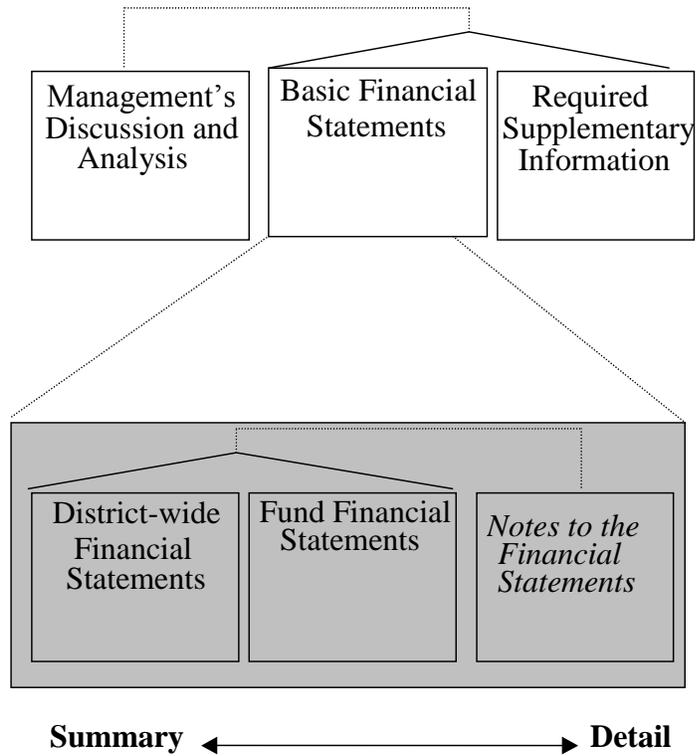


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Figure A-2: Major Features of the District Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial 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: nutrition services, day care and 3 year old preschool are included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and agency fund monies
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 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 focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during 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 and payable	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

District-wide Financial Statements

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

The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

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

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

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

the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements.

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

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District has four enterprise funds, the School Nutrition Fund, the Construction Trades Fund, the Three-Year Old Preschool Fund and the Day Care Fund, consisting of Rainbow Day Care and Kids Quest.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
 - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other entities.

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

Financial Analysis of the District as a Whole

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

	Governmental Activities		Business Type	Activities	Total	
					School	District
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Current and other assets	\$16,193,321	\$24,258,334	\$ 130,402	\$115,914	\$16,323,723	\$24,374,248
Capital assets	<u>22,596,260</u>	<u>25,059,209</u>	<u>280,374</u>	<u>254,744</u>	<u>22,876,634</u>	<u>25,313,953</u>
Total assets	<u>\$38,789,581</u>	<u>\$49,317,543</u>	<u>\$ 410,776</u>	<u>\$370,658</u>	<u>\$39,200,357</u>	<u>\$49,688,201</u>
Long-term obligations	\$15,107,132	\$24,136,695	\$ 30,005	\$ 34,709	\$15,137,137	\$24,171,404
Other liabilities	<u>2,104,909</u>	<u>2,530,719</u>	<u>39,239</u>	<u>44,812</u>	<u>2,144,148</u>	<u>2,575,531</u>
Total liabilities	<u>\$17,212,041</u>	<u>\$26,667,414</u>	<u>\$ 69,244</u>	<u>\$ 79,521</u>	<u>\$17,281,285</u>	<u>\$26,746,935</u>
Deferred Inflow – Succeeding Year Property Tax	<u>\$4,777,647</u>	<u>\$ 4,978,109</u>	\$ 0	\$ 0	<u>\$ 4,777,647</u>	<u>\$4,978,109</u>
Net position						
Net investment in capital assets	\$ 7,706,260	\$ 7,821,555	\$280,374	\$254,744	\$7,986,634	\$8,076,299
Restricted	4,966,862	5,912,350	-	-	4,966,862	\$5,912,350
Unrestricted	<u>4,126,771</u>	<u>3,938,115</u>	<u>61,158</u>	<u>36,393</u>	<u>4,187,929</u>	<u>\$3,974,508</u>
Total net position	<u>\$ 16,799,893</u>	<u>\$17,672,020</u>	<u>\$341,532</u>	<u>\$291,137</u>	<u>\$17,141,425</u>	<u>\$17,963,157</u>

Net position from governmental activities increased by \$872,127 in FY '14. This is primarily due to the additional capital assets related to new construction. The net position of the District's business-type activities decreased by \$50,395 which is primarily due operating expenses increasing more than operating revenues. (See Figure A-4)

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-type Activities		Total School District	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Revenues						
Program revenues						
Charges for services	\$ 1,762,489	\$1,727,846	\$ 779,412	\$ 940,941	\$2,541,901	\$ 2,668,787
Operating Grants & Contributions	1,768,192	2,011,129	272,849	347,005	2,041,041	2,358,134
Capital Grants & Contributions	567,439	2,753	213,711	-	781,150	2,753
General revenues						
Property taxes	3,987,611	4,800,412	-	-	3,987,611	4,800,412
Other taxes	1,516,004	1,657,056	-	-	1,516,004	1,657,056
Unrestricted Grants/Entitlements & Interest	6,112,498	6,032,574	158	117	6,112,656	6,032,691
Total revenues	\$ 15,714,233	\$16,231,770	\$1,266,130	\$1,288,063	\$16,980,363	\$17,519,833
Expenses						
Instruction	\$ 9,198,206	\$9,544,725	\$ 21,457	21,219	\$ 9,219,663	\$ 9,565,944
Support Services	3,687,337	4,167,098	12,508	110,093	3,699,845	4,277,191
Non-instructional Programs	-	-	1,060,329	1,207,146	1,060,329	1,207,146
Other	1,202,241	1,647,820	-	-	1,202,241	1,647,820
Total expenses	\$ 14,087,784	\$15,359,643	\$1,094,294	\$1,338,458	\$15,182,078	\$16,698,101
Change in net position	\$ <u>1,626,449</u>	\$ <u>872,127</u>	\$ <u>171,836</u>	\$ <u>(50,395)</u>	\$ <u>1,798,285</u>	\$ <u>821,732</u>

Figure A-5 shows the sources of revenues of governmental activities for fiscal year 2014. State Aid made up 36.2% of total revenues, down from 37.2% in fiscal year 2013. Property Taxes made up 29.6% of revenues, up from 25.4% last year. This is due to the debt service levy added with the bond issue passage in April 2013. Federal & State categorical grants made up 12.4% of the revenues, down from 14.9% last year. Charges for services as a percentage of total revenues decreased slightly from 11.2% to 10.6%. Other taxes, which consist of SILO and Income Surtax, made up 10.2% of governmental revenues, up from 9.6% last year. Investment earnings made up .9% of total revenues compared to 1.7% in fiscal year 2013.

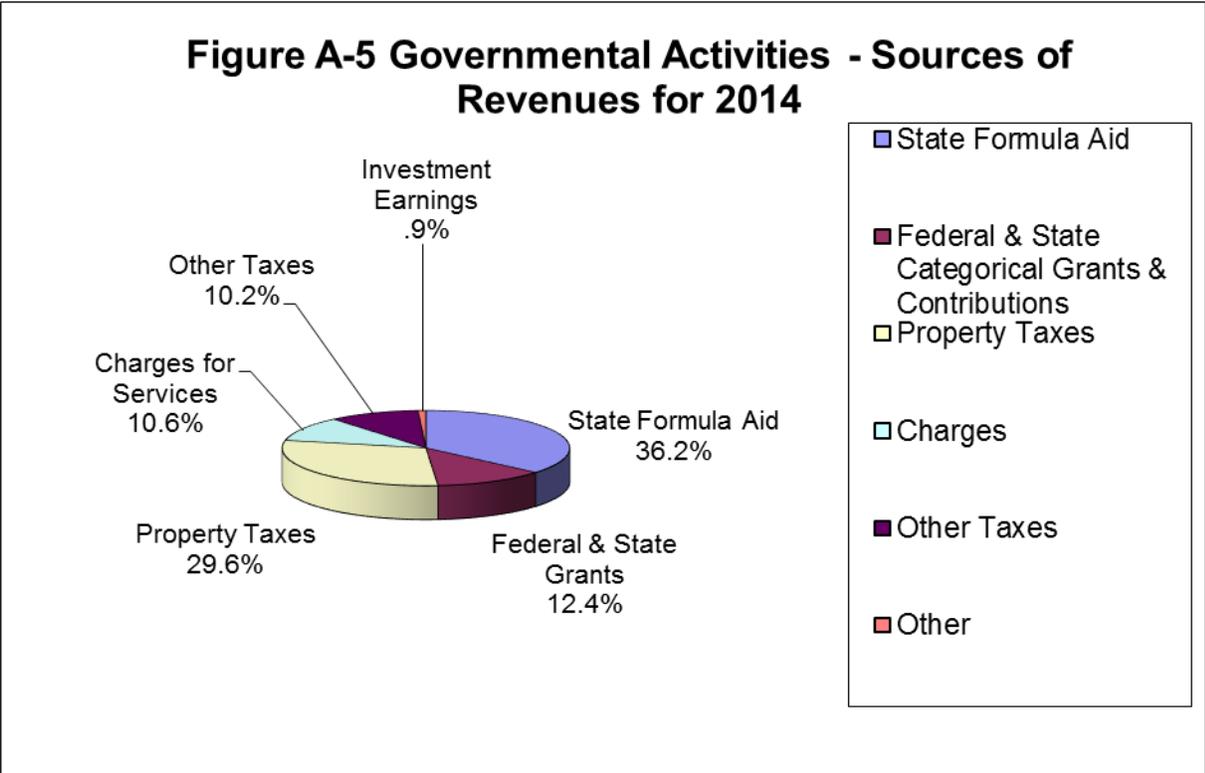


Figure A-6 illustrates the expenses of the District’s governmental activities divided into seven categories and presents them as a percent of all governmental activities expenses. Instructional expenses made up 62.1% of all governmental activities expenses. This is down from 65.3% in 2013. Pupil and Instructional Support, which includes media, guidance, and technology support, made up 7.1% of all expenses, up from 6.4% in 2013. Administration represented 9.0% of all expenses, up from 7.8%. Maintenance and Transportation accounted for 6.8% and 4.2% respectively of all expenses. This compares to 6.8% for Maintenance in 2013 and 5.2% for Transportation last year. All Other was 10.7% of total expenses. All Other includes Facilities Acquisition, Debt & Interest Charges, AEA Flowthrough and unallocated Depreciation.

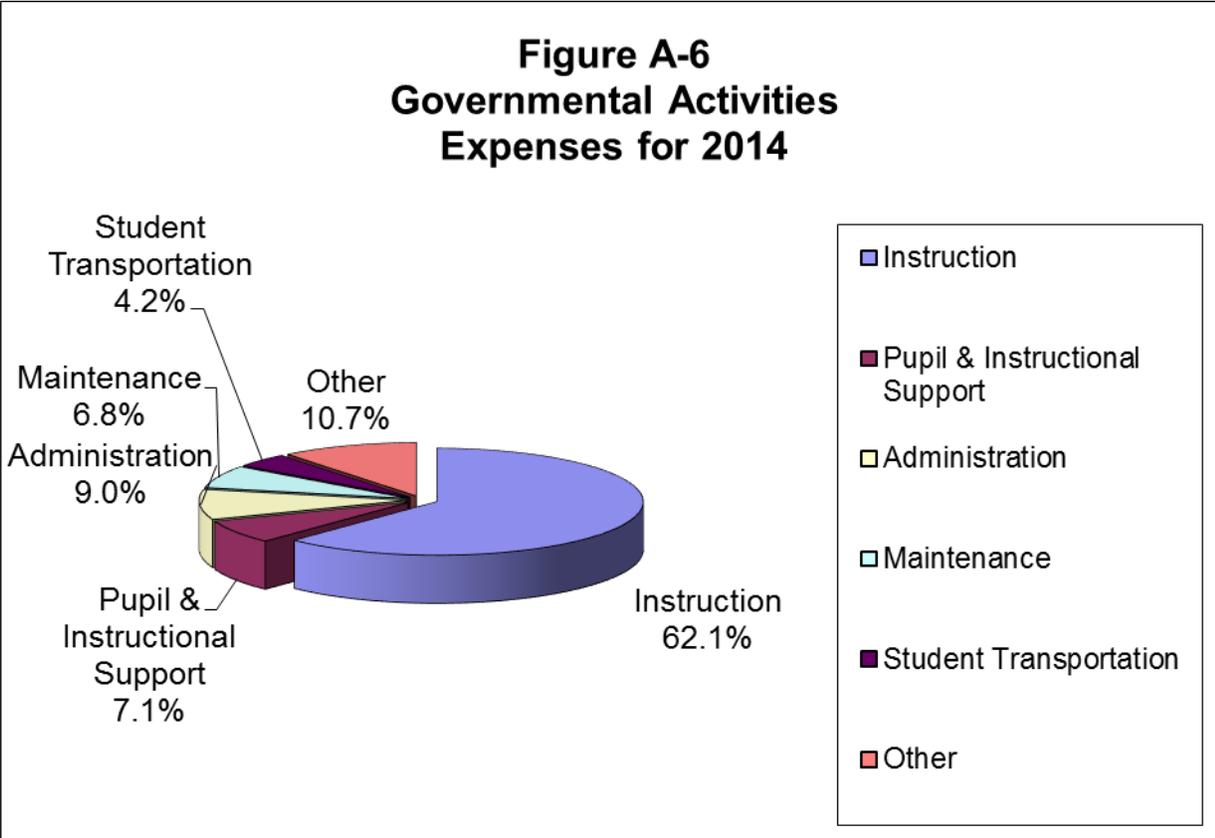


Figure A-7 presents the cost of four major district activities: instruction, support services including maintenance and transportation, non-instructional programs, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7

Total and Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Instruction	\$ 9,198,206	\$ 9,544,725	\$ 6,244,074	\$ 6,487,726
Support Services	3,687,337	4,167,098	3,589,729	3,980,461
Non-instructional Programs	-	-	-	-
Other	<u>1,202,241</u>	<u>1,647,820</u>	<u>155,861</u>	<u>1,149,728</u>
Total	\$14,087,784	\$15,359,643	\$ 9,989,664	\$11,617,915

- The cost of all governmental activities for FY '14 was \$15,359,643, an increase of 9.0% from FY '13.
- Some of the cost was financed by the users of the District's programs (see Figure A-4)
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$2,011,129 and charges for district services financed \$1,727,846.
- Most of the District's costs (\$11,617,915), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$4,800,412 in property taxes, \$569,067 in income surtax, \$6,032,574 of unrestricted state aid based on the statewide finance formula, and investment earnings. The state aid portion remained relatively stable at \$5,885,200, compared with \$5,844,409 in FY '13.

Business-Type Activities

Program revenues of the District's business-type activities increased slightly from \$1,266,130 to \$1,288,063, an increase of \$21,933, or 1.7%. Expenses for business-type activities increased by \$244,164 to \$1,338,458. This is primarily due to the recognition of expenses associated with the sale of the student-built home in FY '14. (Refer to Figure A-4.)

Financial Analysis of the District's Funds

As previously noted, the Anamosa 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 \$16,294,096. This is up from a combined governmental fund balance of \$8,858,386 at June 30, 2013. This increase is primarily due to bond proceeds on hand for the high school construction project as well as the increase in revenue bonds sinking fund.

Governmental Fund Highlights

- The General Fund balance decreased by \$234,271 or 5.3% from \$4,392,218 to \$4,157,947. This decrease is attributed to the spending down of some categorical dollars and conscientiously spending down General Fund unassigned fund balance on specific technology infrastructure at the high school and elementary as well as computer labs for the business department at the high school.
- The Capital Projects Fund balance increased from \$2,593,487 to \$9,560,733 due to bond proceeds on hand for the high school and elementary building projects and middle school athletic complex.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased by \$15,458 from last year to \$239,943 at June 30, 2014.

The Construction Trades net position decreased by \$40,915 from the previous year to (\$46,314) at June 30, 2014. This includes the expenses related to the student-built home sold during the year.

The Preschool Fund net position decreased by \$2,553 from June 30, 2013 to \$189. More of the program costs were covered out of this fund this year.

The Daycare Fund net position increased by \$8,531 from the previous year. This included a \$10,000 donation from an individual.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a basis consistent with generally accepted accounting principles (GAAP).

Over the course of the year, the District amended its annual operating budget one time in the area of Total Support Services. This was to allow for architectural expenditures greater than that anticipated at the time of the certified budget in April 2013 as well as additional technology purchases.

Though the budget was amended, one function area, Non-instructional programs, exceeded the certified budget by \$43,193. This was due to the sale of the student-built home and the recognition of associated expenditures. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total revenues were \$513,498 more than budgeted, a variance of 2.9%. Local revenues and state revenues show a significant variance from budget, with local revenues significantly below budget while state sources are significantly over budget. This is primarily due to a change in the way districts are required to account for revenues from local option sales tax collections. Beginning in fiscal year 2014 these are considered state revenues whereas previously, at the time the certified budget was prepared, these were considered local sources. Federal revenue sources were over budget due, in part, to higher than anticipated Title I revenues, the Safe & Supportive School grant as well as high than anticipated federal revenues in the Nutrition program.

Total expenditures were significantly less than the budgeted amount. This is primarily due to two factors: 1) the District's practice to budget expenditures near 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 exceed the actual expenditures during the year; and 2) Total expenditures for the high school and elementary building and renovation projects as of June 30, 2014 were much lower than that allowed in the certified budget. The non-instructional programs budget, however, was exceeded by \$43,193 at year end due to the sale of the construction and trades home prior to year end.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the District had invested approximately \$25 million in a broad range of assets including school buildings, athletic facilities, transportation, and technology equipment. (See Figure A-8) This is a net increase of approximately \$2.4 million from last year. The increase is mainly attributed to construction and architectural services underway for the high school additions and renovations, elementary renovations and middle school athletic complex. Net furniture and equipment increased by \$147,629. This includes technology infrastructure upgrades, two small vehicle purchases, a 2013 micro bus, and security upgrades at the elementary in the amount of \$55,109. **(More detailed information about capital assets can be found in Note 5 to the financial statements.)** Depreciation expense for the year was \$698,395 for governmental activities. Business-Type activities net assets decreased by \$25,630. This decrease is due to depreciation outpacing the purchase of equipment this fiscal year.

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013-2014</u>
Land	\$ 793,565	\$ 793,565	\$ -	\$ -	\$ 793,565	\$ 793,565	0%
Land Improvements	323,168	290,142			323,168	290,142	-10.2%
Construction In Progress	172,194	2,471,377			172,194	2,471,377	1,335.2%
Buildings	20,839,309	20,888,472	-	-	20,839,309	20,888,472	.2%
Equipment & Furniture	<u>468,024</u>	<u>615,653</u>	<u>280,374</u>	<u>254,744</u>	<u>748,398</u>	<u>870,397</u>	116.3%
	\$22,596,260	\$25,059,209	\$280,374	\$254,744	\$22,876,634	\$25,313,953	10.7%

Long-Term Debt

At June 30, 2014 the District had total long-term liabilities of \$24,136,695. This is an increase of \$9,029,563 from the previous fiscal year as can be seen in Figure A-9 below. More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

General obligation bonds in the amount of \$9,850,000 were issued during the fiscal year ended June 30, 2014 for renovations and additions to the high school,

renovations to the elementary and athletic facilities at the middle school.

Figure A-9

Outstanding Long-Term Liabilities – Governmental Activities

	Total School District		Total Percentage Change
	<u>2013</u>	<u>2014</u>	<u>2013-2014</u>
Early retirement	\$ 29,908	\$ 0	-100.0%
Net OPEB Liability	148,543	198,751	33.8%
Compensated Absences	38,681	32,944	-14.8%
General Obligation Bonds	-	9,030,000	100.0%
Revenue Bonds	2,290,000	2,275,000	-0.1%
Qualified School Construction Bonds	<u>12,600,000</u>	<u>12,600,000</u>	0.0%
Total	\$15,107,132	\$24,136,695	59.8%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that will affect its financial condition in the future:

- The District sold \$7,100,000 in General Obligation Bonds. These were the remaining bonds for funding high school renovations and additions, elementary renovations and middle school athletic facilities as approved by voters in April 2013.
- The District entered into a lease agreement with Apple Financial Services for approximately 227 devices most of which are for student use. The lease is a four-year lease calling for lease payments of approximately \$66,000 per year.
- The District completed a renovation of the high school gymnasium which included new bleachers, floor refinishing, new wall pads and complete painting of walls and rafters. This renovation had at a total cost of \$139,542.

- The Whole Grade Sharing Agreement with Olin Consolidated School District has been approved to continue July 2015-June 2018.
- Due to the cash reserve levy limit, funding for Modified Supplemental Amount – Drop Out Prevention and Special Education Deficit Balance is from the unassigned General Fund fund balance. These programs are expected to spend down this fund balance along with other planned expenditures.
- Certified teaching staff, represented by the Anamosa Education Association, make up approximately \$6,800,000 in wages and benefits or 49.5% of all General Fund expenditures. Salary and benefit settlements with any employee group in excess of “new money” or supplemental state aid has an adverse effect on the District’s General Fund budget and related fund balance.

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 Linda Von Behren, Business Manager, Anamosa Community School District, 200 S Garnavillo Street, Anamosa, Iowa, 52205.

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Basic Financial Statements

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 17,680,580	\$ 81,033	\$ 17,761,613
Receivables:			
Property tax:			
Current year	46,368	-	46,368
Succeeding year	4,978,109	-	4,978,109
Income surtax	484,326	-	484,326
Accounts	19,506	42,253	61,759
Due from other governments	952,836	-	952,836
Interfund balances (note 4)	22,188	(22,188)	-
Inventories	-	14,816	14,816
Prepaid expenses	74,421	-	74,421
Capital assets, net of accumulated depreciation (note 5)	25,059,209	254,744	25,313,953
Total assets	49,317,543	370,658	49,688,201
Liabilities			
Accounts payable	886,645	6,650	893,295
Due to other governments	319,314	-	319,314
Salaries and benefits payable	1,224,357	28,395	1,252,752
Advances from grantors	487	-	487
Bond deposit payable	71,000	-	71,000
Unearned revenue	-	9,767	9,767
Accrued interest payable	28,916	-	28,916
Long-term liabilities (note 6):			
Portion due within one year:			
Bonds payable	210,000	-	210,000
Compensated absences	32,944	5,460	38,404
Portion due after one year:			
Bonds payable	23,695,000	-	23,695,000
Net OPEB liability	198,751	29,249	228,000
Total liabilities	26,667,414	79,521	26,746,935
Deferred Inflows of Resources			
Unavailable property tax revenue	4,978,109	-	4,978,109

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$ 7,821,555	\$ 254,744	\$ 8,076,299
Restricted for:			
Categorical funding	472,463	-	472,463
Debt service	2,407,312	-	2,407,312
Capital projects	1,776,721	-	1,776,721
Physical plant and equipment levy purposes	887,176	-	887,176
Management levy purposes	140,315	-	140,315
Student activities	228,363	-	228,363
Unrestricted	<u>3,938,115</u>	<u>36,393</u>	<u>3,974,508</u>
 Total net position	 <u>\$ 17,672,020</u>	 <u>\$ 291,137</u>	 <u>\$ 17,963,157</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 9,544,725	\$ 1,701,362	\$ 1,355,637	\$ -
Support services:				
Student	573,689	3,090	145,117	-
Instructional staff	513,370	-	-	-
Administration	1,385,613	-	-	-
Operation and maintenance of plant	1,044,435	-	-	-
Transportation	649,991	23,394	15,036	-
	<u>4,167,098</u>	<u>26,484</u>	<u>160,153</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	238,365	-	-	2,753
Long-term debt interest and fiscal charges	367,339	-	-	-
AEA flowthrough	495,339	-	495,339	-
Depreciation (unallocated) *	546,777	-	-	-
	<u>1,647,820</u>	<u>-</u>	<u>495,339</u>	<u>2,753</u>
Total governmental activities	<u>15,359,643</u>	<u>1,727,846</u>	<u>2,011,129</u>	<u>2,753</u>
Business-Type Activities:				
Instruction	21,219	20,600	6,100	-
Support services:				
Instructional staff	2,341	-	-	-
Administration	4,297	-	-	-
Operation and maintenance of plant	103,008	-	-	-
Transportation	447	-	-	-
	<u>110,093</u>	<u>-</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (6,487,726)	\$ -	\$ (6,487,726)
(425,482)	-	(425,482)
(513,370)	-	(513,370)
(1,385,613)	-	(1,385,613)
(1,044,435)	-	(1,044,435)
(611,561)	-	(611,561)
(3,980,461)	-	(3,980,461)
(235,612)	-	(235,612)
(367,339)	-	(367,339)
-	-	-
(546,777)	-	(546,777)
(1,149,728)	-	(1,149,728)
(11,617,915)	-	(11,617,915)
-	5,481	5,481
-	(2,341)	(2,341)
-	(4,297)	(4,297)
-	(103,008)	(103,008)
-	(447)	(447)
-	(110,093)	(110,093)

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities (continued):				
Non-instructional programs:				
Food service operations	\$ 690,075	\$ 356,692	\$ 330,905	\$ -
Construction trades operations	120,366	173,245	-	-
Preschool operations	11,120	-	-	-
Daycare operations	385,585	390,404	10,000	-
	<u>1,207,146</u>	<u>920,341</u>	<u>340,905</u>	<u>-</u>
Total business-type activities	<u>1,338,458</u>	<u>940,941</u>	<u>347,005</u>	<u>-</u>
Total	<u>\$ 16,698,101</u>	<u>\$ 2,668,787</u>	<u>\$ 2,358,134</u>	<u>\$ 2,753</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

Special item - loss on disposal of building

Total general revenues and special items

Change in net position

Net position beginning of year

Net position end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (2,478)	\$ (2,478)
-	52,879	52,879
-	(11,120)	(11,120)
-	14,819	14,819
-	54,100	54,100
-	(50,512)	(50,512)
(11,617,915)	(50,512)	(11,668,427)
\$ 3,392,949	\$ -	\$ 3,392,949
1,080,190	-	1,080,190
327,273	-	327,273
569,067	-	569,067
1,087,989	-	1,087,989
5,885,200	-	5,885,200
63,346	117	63,463
222,356	-	222,356
(138,328)	-	(138,328)
12,490,042	117	12,490,159
872,127	(50,395)	821,732
16,799,893	341,532	17,141,425
<u>\$ 17,672,020</u>	<u>\$ 291,137</u>	<u>\$ 17,963,157</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 5,102,421	\$ 2,196,296	\$ 9,969,775	\$ 369,902	\$ 17,638,394
Receivables:					
Property tax:					
Current year	30,230	10,442	3,164	2,532	46,368
Succeeding year	3,263,955	1,106,349	340,806	266,999	4,978,109
Income surtax	484,326	-	-	-	484,326
Accounts	8,087	-	-	11,419	19,506
Interfund (note 4)	70,317	-	-	-	70,317
Due from other governments	519,793	-	433,043	-	952,836
Prepaid expenses	74,421	-	-	-	74,421
	<hr/>				
Total assets	<u>\$ 9,553,550</u>	<u>\$ 3,313,087</u>	<u>\$ 10,746,788</u>	<u>\$ 650,852</u>	<u>\$ 24,264,277</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 97,829	\$ -	\$ 774,249	\$ 14,567	\$ 886,645
Due to other governments	319,314	-	-	-	319,314
Salaries and benefits payable	1,223,749	-	-	608	1,224,357
Interfund payable (note 4)	5,943	-	-	-	5,943
Advances from grantors	487	-	-	-	487
Bond deposit payable	-	-	71,000	-	71,000
Total liabilities	<u>1,647,322</u>	<u>-</u>	<u>845,249</u>	<u>15,175</u>	<u>2,507,746</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,263,955	1,106,349	340,806	266,999	4,978,109
Other	484,326	-	-	-	484,326
Total deferred inflows of resources	<u>3,748,281</u>	<u>1,106,349</u>	<u>340,806</u>	<u>266,999</u>	<u>5,462,435</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	74,421	-	-	-	74,421
Restricted for:					
Categorical funding (note 11)	472,463	-	-	-	472,463
Revenue bonds	-	-	229,000	-	229,000
Revenue bonds sinking fund	-	2,200,285	-	-	2,200,285
Debt service	-	6,453	-	-	6,453
School infrastructure	-	-	8,444,557	-	8,444,557
Physical plant and equipment	-	-	887,176	-	887,176
Management levy purposes	-	-	-	140,315	140,315
Student activities	-	-	-	228,363	228,363
Assigned for wellness	19,393	-	-	-	19,393
Unassigned	3,591,670	-	-	-	3,591,670
Total fund balances	<u>4,157,947</u>	<u>2,206,738</u>	<u>9,560,733</u>	<u>368,678</u>	<u>16,294,096</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,553,550</u>	<u>\$ 3,313,087</u>	<u>\$ 10,746,788</u>	<u>\$ 650,852</u>	<u>\$ 24,264,277</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2014

Total fund balances of governmental funds	\$ 16,294,096
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.	25,059,209
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	484,326
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.	(28,916)
Long-term liabilities, including compensated absences, bonds payable, and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(24,136,695)</u>
Net position of governmental activities	<u>\$ 17,672,020</u>
See notes to financial statements.	

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,676,155	\$ 1,079,468	\$ 327,054	\$ 258,062	\$ 5,340,739
Tuition	1,033,128	-	-	-	1,033,128
Other	208,349	16,899	26,679	409,163	661,090
State sources	7,500,661	722	1,088,208	176	8,589,767
Federal sources	568,443	-	-	-	568,443
Total revenues	<u>12,986,736</u>	<u>1,097,089</u>	<u>1,441,941</u>	<u>667,401</u>	<u>16,193,167</u>
Expenditures:					
Current:					
Instruction	8,961,722	-	20,685	543,581	9,525,988
Support services:					
Student	573,689	-	-	-	573,689
Instructional staff	538,194	-	72,246	-	610,440
Administration	1,094,291	-	528,501	3,836	1,626,628
Operation and maintenance of plant	929,787	-	1,200	91,348	1,022,335
Transportation	633,441	-	101,411	23,846	758,698
	<u>3,769,402</u>	<u>-</u>	<u>703,358</u>	<u>119,030</u>	<u>4,591,790</u>
Other expenditures:					
Facilities acquisition	-	-	2,965,901	-	2,965,901
Long term debt:					
Principal	-	835,000	-	-	835,000
Interest and fiscal charges	-	332,639	12,250	-	344,889
AEA flowthrough	495,339	-	-	-	495,339
	<u>495,339</u>	<u>1,167,639</u>	<u>2,978,151</u>	<u>-</u>	<u>4,641,129</u>
Total expenditures	<u>13,226,463</u>	<u>1,167,639</u>	<u>3,702,194</u>	<u>662,611</u>	<u>18,758,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(239,727)</u>	<u>(70,550)</u>	<u>(2,260,253)</u>	<u>4,790</u>	<u>(2,565,740)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 5,025	\$ -	\$ -	\$ -	\$ 5,025
Compensation for loss of capital assets	431	-	-	-	431
General obligation bonds issued	-	-	9,850,000	-	9,850,000
Premium on bonds issued	-	-	145,994	-	145,994
Interfund transfers in (note 3)	-	768,495	-	-	768,495
Interfund transfers out (note 3)	-	-	(768,495)	-	(768,495)
Total other financing sources (uses)	<u>5,456</u>	<u>768,495</u>	<u>9,227,499</u>	<u>-</u>	<u>10,001,450</u>
Net change in fund balances	(234,271)	697,945	6,967,246	4,790	7,435,710
Fund balances beginning of year	<u>4,392,218</u>	<u>1,508,793</u>	<u>2,593,487</u>	<u>363,888</u>	<u>8,858,386</u>
Fund balances end of year	<u>\$ 4,157,947</u>	<u>\$ 2,206,738</u>	<u>\$ 9,560,733</u>	<u>\$ 368,678</u>	<u>\$ 16,294,096</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 7,435,710

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. The amounts
of capital outlays and depreciation expense in the current year are as follows:

Capital outlays	\$ 3,299,672	
Depreciation expense	<u>(698,395)</u>	2,601,277

In the Statement of Activities, the loss on disposition of capital assets is
reported, whereas the governmental funds report the proceeds from the
disposition as an increase in financial resources. (138,328)

Income surtax revenue not received until several months after the District's
fiscal year end is not considered available revenue and is recognized as
deferred inflows of resources in the governmental funds. 25,481

Proceeds from issuing long-term liabilities provide current financial resources
to governmental funds but issuing debt increases long-term liabilities in the
Statement of Net Position and does not affect the Statement of Activities. (9,850,000)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but it reduces long-term liabilities in the Statement of Net Position. 835,000

Interest on long-term debt in the Statement of Activities differs from the
amount reported in the governmental funds because interest is recorded as
an expenditure in the governmental funds when due. In the Statement of
Activities, however, interest expense is recognized as the interest accrues,
regardless of when it is due. (22,450)

ANAMOSA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

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	\$	29,908		
	Compensated absences		5,737		
	Net OPEB liability		<u>(50,208)</u>	\$	<u>(14,563)</u>
Change in net position of governmental activities				\$	<u><u>872,127</u></u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

June 30, 2014

	School Nutrition	Nonmajor Enterprise Funds	Total
Assets			
Cash and cash equivalents	\$ 25,265	\$ 97,954	\$ 123,219
Accounts receivable	5,775	36,478	42,253
Interfund receivable (note 4)	405	5,538	5,943
Inventories	14,816	-	14,816
Capital assets, net of accumulated depreciation (note 5)	254,744	-	254,744
Total assets	<u>301,005</u>	<u>139,970</u>	<u>440,975</u>
Liabilities			
Accounts payable	1,881	4,769	6,650
Salaries and benefits payable	8,279	20,116	28,395
Interfund payable (note 4)	24,003	46,314	70,317
Unearned revenue	9,172	595	9,767
Compensated absences (note 6)	-	5,460	5,460
Net OPEB liability (note 6)	17,727	11,522	29,249
Total liabilities	<u>61,062</u>	<u>88,776</u>	<u>149,838</u>
Fund Net Position			
Net investment in capital assets	254,744	-	254,744
Unrestricted	(14,801)	51,194	36,393
Total fund net position	<u>\$ 239,943</u>	<u>\$ 51,194</u>	<u>\$ 291,137</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2014

	School Nutrition	Nonmajor Enterprise Funds	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 356,692	\$ 584,249	\$ 940,941
Operating expenses:			
Instruction	-	21,219	21,219
Support services:			
Instructional staff	-	2,341	2,341
Administration	3,664	633	4,297
Operation and maintenance of plant	9,341	93,667	103,008
Transportation	-	447	447
Non-instructional programs	690,075	517,071	1,207,146
Total operating expenses	<u>703,080</u>	<u>635,378</u>	<u>1,338,458</u>
Operating loss	(346,388)	(51,129)	(397,517)
Non-operating revenues:			
Interest on investments	25	92	117
Contributions	-	10,000	10,000
State sources	5,240	6,100	11,340
Federal sources	325,665	-	325,665
Total non-operating revenues	<u>330,930</u>	<u>16,192</u>	<u>347,122</u>
Change in fund net position	(15,458)	(34,937)	(50,395)
Fund net position beginning of year	<u>255,401</u>	<u>86,131</u>	<u>341,532</u>
Fund net position end of year	<u>\$ 239,943</u>	<u>\$ 51,194</u>	<u>\$ 291,137</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2014

	School Nutrition	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 330,350	\$ -	\$ 330,350
Cash received from miscellaneous operating activities	25,109	570,975	596,084
Cash payments to employees for services	(303,110)	(376,260)	(679,370)
Cash payments to suppliers for goods or services	(330,740)	(47,915)	(378,655)
Net cash provided by (used by) operating activities	<u>(278,391)</u>	<u>146,800</u>	<u>(131,591)</u>
Cash flows from non-capital financing activities:			
Contributions received	-	10,000	10,000
State grants received	5,240	6,100	11,340
Federal grants received	293,320	-	293,320
Net cash provided by non-capital financing activities	<u>298,560</u>	<u>16,100</u>	<u>314,660</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(3,985)</u>	-	<u>(3,985)</u>
Cash flows from investing activities:			
Interest on investments	<u>25</u>	<u>92</u>	<u>117</u>
Net increase in cash and cash equivalents	16,209	162,992	179,201
Cash and cash equivalents beginning of year	<u>9,056</u>	<u>(107,224)</u>	<u>(98,168)</u>
Cash and cash equivalents end of year	<u>\$ 25,265</u>	<u>\$ 55,768</u>	<u>\$ 81,033</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2014

	School Nutrition	Nonmajor Enterprise Funds	Total
Reconciliation of operating loss to net cash provided by (used by) operating activities:			
Operating loss	\$ (346,388)	\$ (51,129)	\$ (397,517)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:			
Depreciation	29,615	-	29,615
Commodities used	32,345	-	32,345
(Increase) in accounts receivable	(3,803)	(7,551)	(11,354)
(Increase) in interfund receivable	-	(5,538)	(5,538)
(Increase) decrease in inventories	(257)	209,658	209,401
Increase (decrease) in accounts payable	(1,343)	495	(848)
Increase in salaries and benefits payable	313	3,723	4,036
Increase in interfund payable	765	415	1,180
Increase (decrease) in unearned revenue	2,570	(185)	2,385
(Decrease) in compensated absences	-	(3,088)	(3,088)
Increase in net OPEB liability	7,792	-	7,792
Net cash provided by (used by) operating activities	<u>\$ (278,391)</u>	<u>\$ 146,800</u>	<u>\$ (131,591)</u>

Non-cash financing activities:

During the year ended June 30, 2014, the District received \$32,345 of federal commodities.

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Cash and pooled investments	\$ 66,130	\$ 75,848
Liabilities:		
Accounts payable	-	50,069
Other payables	-	25,779
Total liabilities	-	75,848
Fiduciary Net Position:		
Restricted for scholarships	\$ 66,130	\$ -

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2014

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	
Additions:		
Local sources:		
Gifts and contributions	\$ 2,000	
Interest	876	
Total additions	<u>2,876</u>	
Deductions:		
Non-instructional programs:		
Scholarships awarded	<u>4,298</u>	
Change in fiduciary net position	(1,422)	
Fiduciary net position beginning of year	<u>67,552</u>	
Fiduciary net position end of year	<u><u>\$ 66,130</u></u>	
See notes to financial statements.		

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Anamosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve, special education pre-kindergarten, and a preschool program for three and four year olds. The geographic area served includes the Cities of Anamosa, Martelle, Viola, Morley, Fairview, and Stone City, Iowa, and agricultural territory in Jones County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Anamosa 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. Anamosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2014 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflows of resources on the modified accrual basis for the governmental funds. For the government-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	150,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

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 have been accrued as liabilities.

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collectible within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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

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

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

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures/expenses exceeded the amounts budgeted in the non-instructional programs function.

Note 2. Cash 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 ensure there will be no loss of public funds.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Cash and Pooled Investments (continued)

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 as follows:

	Amortized Cost/ Fair Value
Iowa Schools Joint Investment Trust, Diversified Portfolio	\$ 47,907
Money Market Mutual Fund	286,143
	\$ 334,050

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the money market mutual fund is valued at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust and the money market mutual fund were rated AAAM by Standard & Poor’s Financial Services.

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 768,495

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Interfund Receivables and Payables

At June 30, 2014, interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
Interfund balances between governmental and proprietary funds:		
Pooled cash balances:		
General	Enterprise - Construction Trades	\$ <u>42,186</u>
Other receivables:		
General	Enterprise - School Nutrition	24,003
General	Enterprise - Construction Trades	4,128
Enterprise - School Nutrition	General	405
Enterprise - Daycare	General	<u>5,538</u>
		<u>34,074</u>
Total		\$ <u><u>76,260</u></u>

Pooled cash balances are temporary financing between funds which is necessary due to the timing of expected revenues from the sale of the student built house and the related expenses.

The balances between governmental and proprietary funds have been eliminated on the face of the Government-wide Statement of Net Position.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 793,565	\$ -	\$ -	\$ 793,565
Construction in progress	172,194	2,435,821	136,638	2,471,377
Total capital assets not being depreciated	<u>965,759</u>	<u>2,435,821</u>	<u>136,638</u>	<u>3,264,942</u>
Capital assets being depreciated:				
Buildings	24,402,547	687,039	312,693	24,776,893
Improvements other than buildings	710,568	-	-	710,568
Furniture and equipment	2,343,648	313,450	45,108	2,611,990
Total capital assets being depreciated	<u>27,456,763</u>	<u>1,000,489</u>	<u>357,801</u>	<u>28,099,451</u>
Less accumulated depreciation for:				
Buildings	3,563,238	499,548	174,365	3,888,421
Improvements other than buildings	387,400	33,026	-	420,426
Furniture and equipment	1,875,624	165,821	45,108	1,996,337
Total accumulated depreciation	<u>5,826,262</u>	<u>698,395</u>	<u>219,473</u>	<u>6,305,184</u>
Total capital assets being depreciated, net	<u>21,630,501</u>	<u>302,094</u>	<u>138,328</u>	<u>21,794,267</u>
Governmental activities capital assets, net	<u>\$ 22,596,260</u>	<u>\$ 2,737,915</u>	<u>\$ 274,966</u>	<u>\$ 25,059,209</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 507,885	\$ 3,985	\$ -	\$ 511,870
Less accumulated depreciation	227,511	29,615	-	257,126
Business-type activities capital assets, net	<u>\$ 280,374</u>	<u>\$ (25,630)</u>	<u>\$ -</u>	<u>\$ 254,744</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction \$ 67,092

Support services:

Instructional staff 13,426

Administration 12,326

Operation and maintenance of plant 18,012

Transportation 40,762

151,618

Unallocated depreciation 546,777

Total depreciation expense - governmental activities \$ 698,395

Business-type activities:

Food service operations \$ 29,615

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 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:					
Compensated absences	\$ 38,681	\$ 32,944	\$ 38,681	\$ 32,944	\$ 32,944
Early retirement	29,908	-	29,908	-	-
General obligation bonds	-	9,850,000	820,000	9,030,000	190,000
Qualified school construction revenue bonds	12,600,000	-	-	12,600,000	-
Revenue bonds	2,290,000	-	15,000	2,275,000	20,000
Net OPEB liability	148,543	50,208	-	198,751	-
Total	\$ 15,107,132	\$ 9,933,152	\$ 903,589	\$ 24,136,695	\$ 242,944
	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business-type activities:					
Compensated absences	\$ 8,548	\$ 5,460	\$ 8,548	\$ 5,460	\$ 5,460
Net OPEB liability	21,457	7,792	-	29,249	-
Total	\$ 30,005	\$ 13,252	\$ 8,548	\$ 34,709	\$ 5,460

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	2.00 %	\$ 190,000	\$ 270,862	\$ 460,862
2016	2.00	195,000	267,063	462,063
2017	2.00	200,000	263,162	463,162
2018	2.00	205,000	259,163	464,163
2019	2.00	210,000	255,062	465,062
2020-2024	2.00-3.00	1,100,000	1,209,063	2,309,063
2025-2029	3.00-3.15	3,575,000	914,562	4,489,562
2030-2033	3.30-3.60	3,355,000	299,765	3,654,765
		<u>\$ 9,030,000</u>	<u>\$ 3,738,702</u>	<u>\$ 12,768,702</u>

Qualified School Construction Revenue Bonds

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

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 5,884	\$ 5,884
2016	-	5,884	5,884
2017	-	5,884	5,884
2018	-	5,884	5,884
2019	-	5,884	5,884
2020-2024	-	11,768	11,768
2025-2029	12,600,000	-	12,600,000
	<u>\$ 12,600,000</u>	<u>\$ 41,188</u>	<u>\$ 12,641,188</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Long-Term Liabilities (continued)

Qualified School Construction Revenue Bonds (continued)

The resolution providing for the issuance of the qualified school construction school infrastructure sales, services and use tax revenue bonds includes the following provisions:

- a) The qualified school construction revenue bonds are interest-free to the District. For issuances except the May 2012 issuance, the issuer banks will receive a tax credit for federal taxes at the following rates: 5.49% for series 2010A, 2010B and 2010C; 5.39% for series 2011A; 5.29% for series 2011B; and 5.27% for series 2011C. For May 2012 issuance, the District will receive from the U.S. Treasury subsidy payments equal to the interest on the bonds at a rate of 4.83%. However, the subsidy is subject to the federal sequester through 2021. The District is responsible for the difference between the interest due and the federal subsidy payment.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Fund.
- c) Annual deposits of \$624,625 shall be made to the Sinking Fund at each issuer bank for the purpose of accumulating money to make the bond principal payment when due at maturity for all issuances except the May 2012 issuance. For the May 2012 issuance, annual required deposits to the Sinking Fund range from \$50,000 to \$470,000. Each bank will pay interest of 1.00 to 1.25% on Sinking Fund deposits.
- d) Any monies remaining in the Revenue Fund after the required transfer to the Sinking Fund may be transferred to the Project Fund to be used for any lawful purpose.

Revenue Bonds

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	2.00 %	\$ 20,000	\$ 70,252	\$ 90,252
2016	2.00	20,000	69,853	89,853
2017	2.00	20,000	69,452	89,452
2018	2.50	20,000	69,053	89,053
2019	2.50	20,000	68,552	88,552
2020-2024	2.50-2.80	100,000	335,202	435,202
2025-2029	2.80-3.20	1,495,000	292,158	1,787,158
2030	3.20	580,000	9,280	589,280
		<u>\$ 2,275,000</u>	<u>\$ 983,802</u>	<u>\$ 3,258,802</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Long-Term Liabilities (continued)

Revenue Bonds (continued)

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

- a) \$229,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a Reserve Fund to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Fund. The balance of the proceeds shall be deposited to the Project Fund.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Fund.
- c) Sufficient monthly deposits amounting to one twelfth of the next principal payment and on sixth of the next interest payment shall be made to the Sinking Fund for the purpose of making the bond principal and interest payments when due.
- d) Any monies remaining in the Revenue Fund after the required transfer to the Sinking Fund may be transferred to the Project Fund to be used for any lawful purpose.

The District pledged future statewide sales, services and use tax revenues to repay the \$12,600,000 qualified school construction revenue bonds issued in December 2010, March 2011, April 2011, July 2011, and May 2012, and the \$2,290,000 revenue bonds issued in May 2012. The bonds were issued for the purpose of financing a portion of the costs of a new middle school and safe room. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual required transfers to the bond sinking fund and principal and interest payments are expected to require approximately 55 to 80 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$15,899,990. For the current year, principal of \$15,000 and interest of \$76,437 was paid on the bonds, \$674,625 was transferred to the qualified school construction sinking funds, and total statewide sales, services and use tax revenues were \$1,087,989.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 107 active and 16 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

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

Annual required contribution	\$ 87,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	<u>(15,000)</u>
Annual OPEB cost	76,000
Contributions made	<u>(18,000)</u>
Increase in net OPEB obligation	58,000
Net OPEB obligation beginning of year	<u>170,000</u>
 Net OPEB obligation end of year	 <u><u>\$ 228,000</u></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 \$18,000 to the medical plan.

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:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2012	\$ 67,000	35.8%	\$ 120,000
2013	67,000	25.4%	170,000
2014	76,000	23.7%	228,000

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 \$463,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$463,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,575,000, and the ratio of the UAAL to covered payroll was 5.4%. As of June 30, 2014, there were no trust fund assets.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing 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 entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis. The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 8. 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 \$741,421, \$702,628, and \$668,571, respectively, equal to the required contributions for each year.

Note 9. Risk Management

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$495,339 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.

Note 11. Categorical Funding

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

Program	Amount
Limited English proficient	\$ 4,173
Gifted and talented programs	50,731
Four year old preschool state aid	226,389
Teacher salary supplement	137,647
Market factor	5,409
Textbook aid for nonpublic students	2,138
Math and science education improvement	2,200
Professional development for model core curriculum	11,481
Professional development	12,542
Market factor incentives	10,160
Teacher leadership grants	9,593
Total	\$ 472,463

Note 12. Deficit Balance

The Construction Trades Fund within the Nonmajor Enterprise Funds had a deficit net position of \$46,314 at June 30, 2014.

Note 13. Construction Commitments

The District has entered into various contracts totaling \$12,827,643 for elementary and high school renovation projects. As of June 30, 2014, costs of \$1,057,427 had been incurred against the contracts. The balance of \$11,770,216 remaining at June 30, 2014 will be paid as work on the projects progresses.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 14. Subsequent Events

On July 1, 2014, the District issued \$7,100,000 of general obligation bonds. The bonds are payable through the year ending June 30, 2034 with interest rates ranging from 3.0% to 3.5%.

In July 2014, the District entered into a capital lease purchase agreement totaling \$189,893 for computers and related accessories. The agreement is payable through the year ending June 30, 2018 and includes interest at 1.9%.

In September 2014, the District approved a contract totaling \$314,540 for the ball field grading project.

Note 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.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 16. Early Childhood Iowa Area Board

The District is the fiscal agent for the Cedar/Jones Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the District's financial statements as an Agency Fund because of the District's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2014 is as follows:

	Early Childhood (State)	School Ready	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
State grants:			
Early childhood	\$ 37,159	\$ -	\$ 37,159
Family support and parent education	-	167,822	167,822
Preschool support for low income families	-	73,685	73,685
Quality improvement	-	47,107	47,107
Allocation for administration	1,956	9,463	11,419
Other program services	-	17,656	17,656
Total state grants	<u>39,115</u>	<u>315,733</u>	<u>354,848</u>
Interest	<u>6</u>	<u>114</u>	<u>120</u>
 Total revenues	 <u>39,121</u>	 <u>315,847</u>	 <u>354,968</u>
Expenditures:			
Program services:			
Early childhood	36,927	-	36,927
Family support and parent education	-	167,822	167,822
Preschool support for low income families	-	81,029	81,029
Quality improvement	-	41,307	41,307
Other program services	-	27,172	27,172
Total program services	<u>36,927</u>	<u>317,330</u>	<u>354,257</u>
Administration	<u>1,956</u>	<u>9,463</u>	<u>11,419</u>
 Total expenditures	 <u>38,883</u>	 <u>326,793</u>	 <u>365,676</u>
 Net change in fund balances	 238	 (10,946)	 (10,708)
 Balances beginning of year	 <u>-</u>	 <u>33,754</u>	 <u>33,754</u>
 Balances end of year	 <u>\$ 238</u>	 <u>\$ 22,808</u>	 <u>\$ 23,046</u>

Findings related to the operations of the Early Childhood Area Board are included as item IV-M-14 in the Schedule of Findings and Questioned Costs.

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Required Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2014

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 7,034,957	\$ 951,058	\$ 7,986,015	\$ 9,104,844	\$ 9,104,844	\$ (1,118,829)
State sources	8,589,767	11,340	8,601,107	7,242,388	7,242,388	1,358,719
Federal sources	568,443	325,665	894,108	620,500	620,500	273,608
Total revenues	16,193,167	1,288,063	17,481,230	16,967,732	16,967,732	513,498
EXPENDITURES/EXPENSES:						
Instruction	9,525,988	21,219	9,547,207	10,258,805	10,258,805	711,598
Support services	4,591,790	110,093	4,701,883	4,851,307	5,476,307	774,424
Non-instructional programs	-	1,207,146	1,207,146	1,163,953	1,163,953	(43,193)
Other expenditures	4,641,129	-	4,641,129	11,894,424	11,894,424	7,253,295
Total expenditures/expenses	18,758,907	1,338,458	20,097,365	28,168,489	28,793,489	8,696,124
Excess (deficiency) of revenues over (under) expenditures/ expenses	(2,565,740)	(50,395)	(2,616,135)	(11,200,757)	(11,825,757)	9,209,622
Other financing sources, net	10,001,450	-	10,001,450	6,862,875	6,862,875	3,138,575
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	7,435,710	(50,395)	7,385,315	(4,337,882)	(4,962,882)	12,348,197
Balance beginning of year	8,858,386	341,532	9,199,918	17,657,352	17,657,352	(8,457,434)
Balance end of year	<u>\$ 16,294,096</u>	<u>\$ 291,137</u>	<u>\$ 16,585,233</u>	<u>\$ 13,319,470</u>	<u>\$ 12,694,470</u>	<u>\$ 3,890,763</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by \$625,000.

During the year ended June 30, 2014, expenditures/expenses in the non-instructional programs function exceeded the amount budgeted.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 481	\$ 481	0.0%	\$ 8,466	5.7%
2011	July 1, 2009	-	464	464	0.0%	8,279	5.6%
2012	July 1, 2009	-	459	459	0.0%	8,492	5.4%
2013	July 1, 2012	-	500	500	0.0%	8,321	6.0%
2014	July 1, 2012	-	463	463	0.0%	8,575	5.4%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue		Total
	Management Levy	Student Activity	
Assets			
Cash and pooled investments	\$ 138,828	\$ 231,074	\$ 369,902
Receivables:			
Property tax:			
Current year	2,532	-	2,532
Succeeding year	266,999	-	266,999
Accounts	-	11,419	11,419
Total assets	<u>\$ 408,359</u>	<u>\$ 242,493</u>	<u>\$ 650,852</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,045	\$ 13,522	\$ 14,567
Salaries and benefits payable	-	608	608
Total liabilities	<u>1,045</u>	<u>14,130</u>	<u>15,175</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	266,999	-	266,999
Fund balances:			
Restricted for:			
Management levy purposes	140,315	-	140,315
Student activities	-	228,363	228,363
Total fund balances	<u>140,315</u>	<u>228,363</u>	<u>368,678</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 408,359</u>	<u>\$ 242,493</u>	<u>\$ 650,852</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 258,062	\$ -	\$ 258,062
Other	10,029	399,134	409,163
State sources	176	-	176
Total revenues	<u>268,267</u>	<u>399,134</u>	<u>667,401</u>
Expenditures:			
Current:			
Instruction	137,650	405,931	543,581
Support services:			
Administration	3,836	-	3,836
Operation and maintenance of plant	91,348	-	91,348
Transportation	23,846	-	23,846
Total expenditures	<u>256,680</u>	<u>405,931</u>	<u>662,611</u>
Net change in fund balances	11,587	(6,797)	4,790
Fund balances beginning of year	<u>128,728</u>	<u>235,160</u>	<u>363,888</u>
Fund balances end of year	<u>\$ 140,315</u>	<u>\$ 228,363</u>	<u>\$ 368,678</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 1,478,062	\$ 890,912	\$ 7,600,801	\$ 9,969,775
Receivables:				
Property tax:				
Current year	-	3,164	-	3,164
Succeeding year	-	340,806	-	340,806
Due from other governments	433,043	-	-	433,043
Total assets	\$ 1,911,105	\$ 1,234,882	\$ 7,600,801	\$ 10,746,788
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,850	\$ 6,900	\$ 765,499	\$ 774,249
Bond deposit payable	-	-	71,000	71,000
Total liabilities	1,850	6,900	836,499	845,249
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	340,806	-	340,806
Fund balances:				
Restricted for:				
Revenue bonds	229,000	-	-	229,000
School infrastructure	1,680,255	-	6,764,302	8,444,557
Physical plant and equipment	-	887,176	-	887,176
Total fund balances	1,909,255	887,176	6,764,302	9,560,733
Total liabilities, deferred inflows of resources and fund balances	\$ 1,911,105	\$ 1,234,882	\$ 7,600,801	\$ 10,746,788

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS
Year Ended June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 327,054	\$ -	\$ 327,054
Other	349	3,284	23,046	26,679
State sources	1,087,989	219	-	1,088,208
Total revenues	<u>1,088,338</u>	<u>330,557</u>	<u>23,046</u>	<u>1,441,941</u>
Expenditures:				
Current:				
Instruction	-	20,685	-	20,685
Support services:				
Instructional staff	1,850	23,367	47,029	72,246
Administration	47,821	17,513	463,167	528,501
Operation and maintenance of plant	-	1,200	-	1,200
Transportation	-	101,411	-	101,411
Other expenditures:				
Facilities acquisition	185,193	119,750	2,660,958	2,965,901
Long term debt:				
Interest and fiscal charges	750	-	11,500	12,250
Total expenditures	<u>235,614</u>	<u>283,926</u>	<u>3,182,654</u>	<u>3,702,194</u>
Excess (deficiency) of revenues over (under) expenditures	852,724	46,631	(3,159,608)	(2,260,253)
Other financing sources (uses):				
General obligation bonds issued	-	-	9,850,000	9,850,000
Premium on bonds issued	-	-	145,994	145,994
Interfund transfers out	(768,495)	-	-	(768,495)
Total other financing sources (uses)	<u>(768,495)</u>	<u>-</u>	<u>9,995,994</u>	<u>9,227,499</u>
Net change in fund balances	84,229	46,631	6,836,386	6,967,246
Fund balances beginning of year	<u>1,825,026</u>	<u>840,545</u>	<u>(72,084)</u>	<u>2,593,487</u>
Fund balances end of year	<u>\$ 1,909,255</u>	<u>\$ 887,176</u>	<u>\$ 6,764,302</u>	<u>\$ 9,560,733</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2014

	Construction Trades	Preschool	Daycare	Total
Assets				
Cash and cash equivalents	\$ -	\$ 2,855	\$ 95,099	\$ 97,954
Accounts receivable	-	-	36,478	36,478
Interfund receivable	-	-	5,538	5,538
Total assets	<u>-</u>	<u>2,855</u>	<u>137,115</u>	<u>139,970</u>
Liabilities				
Accounts payable	-	-	4,769	4,769
Salaries and benefits payable	-	2,071	18,045	20,116
Interfund payable	46,314	-	-	46,314
Unearned revenue	-	595	-	595
Compensated absences	-	-	5,460	5,460
Net OPEB liability	-	-	11,522	11,522
Total liabilities	<u>46,314</u>	<u>2,666</u>	<u>39,796</u>	<u>88,776</u>
Fund Net Position				
Unrestricted	<u>\$ (46,314)</u>	<u>\$ 189</u>	<u>\$ 97,319</u>	<u>\$ 51,194</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2014

	Construction Trades	Preschool	Daycare	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating revenues:				
Local sources:				
Charges for services	\$ 173,245	\$ 20,600	\$ 390,404	\$ 584,249
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating expenses:				
Instruction	-	18,133	3,086	21,219
Support services:				
Instructional staff	-	-	2,341	2,341
Administration	415	-	218	633
Operation and maintenance of plant	93,379	-	288	93,667
Transportation	-	-	447	447
Non-instructional programs	120,366	11,120	385,585	517,071
Total operating expenses	<u>214,160</u>	<u>29,253</u>	<u>391,965</u>	<u>635,378</u>
Operating loss	(40,915)	(8,653)	(1,561)	(51,129)
Non-operating revenues:				
Interest on investments	-	-	92	92
Contributions	-	-	10,000	10,000
State sources	-	6,100	-	6,100
Total non-operating revenues	<u>-</u>	<u>6,100</u>	<u>10,092</u>	<u>16,192</u>
Change in fund net position	(40,915)	(2,553)	8,531	(34,937)
Fund net position beginning of year	<u>(5,399)</u>	<u>2,742</u>	<u>88,788</u>	<u>86,131</u>
Fund net position end of year	<u>\$ (46,314)</u>	<u>\$ 189</u>	<u>\$ 97,319</u>	<u>\$ 51,194</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

 COMBINING SCHEDULE OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 Year Ended June 30, 2014

	Construction			
	Trades	Preschool	Daycare	Total
Cash flows from operating activities:				
Cash received from miscellaneous operating activities	\$ 173,245	\$ 20,415	\$ 377,315	\$ 570,975
Cash payments to employees for services	-	(30,814)	(345,446)	(376,260)
Cash payments to suppliers for goods or services	(4,087)	(247)	(43,581)	(47,915)
Net cash provided by (used by) operating activities	169,158	(10,646)	(11,712)	146,800
Cash flows from non-capital financing activities:				
Contributions received	-	-	10,000	10,000
State grants received	-	6,100	-	6,100
Net cash provided by non-capital financing activities	-	6,100	10,000	16,100
Cash flows from investing activities:				
Interest on investments	-	-	92	92
Net increase (decrease) in cash and cash equivalents	169,158	(4,546)	(1,620)	162,992
Cash and cash equivalents beginning of year	(211,344)	7,401	96,719	(107,224)
Cash and cash equivalents end of year	<u>\$ (42,186)</u>	<u>\$ 2,855</u>	<u>\$ 95,099</u>	<u>\$ 55,768</u>
Reconciliation of operating loss to net cash provided by (used by) operating activities:				
Operating loss	\$ (40,915)	\$ (8,653)	\$ (1,561)	\$ (51,129)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:				
(Increase) in accounts receivable	-	-	(7,551)	(7,551)
(Increase) in interfund receivable	-	-	(5,538)	(5,538)
Decrease in inventories	209,658	-	-	209,658
Increase in accounts payable	-	-	495	495
Increase (decrease) in salaries and benefits payable	-	(1,808)	5,531	3,723
Increase in interfund payable	415	-	-	415
(Decrease) in unearned revenue	-	(185)	-	(185)
(Decrease) in compensated absences	-	-	(3,088)	(3,088)
Net cash provided by (used by) operating activities	<u>\$ 169,158</u>	<u>\$ (10,646)</u>	<u>\$ (11,712)</u>	<u>\$ 146,800</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Annual	\$ 8,090	\$ 10,785	14,225	\$ 4,650
Student Council	11,399	21,720	31,788	1,331
Class of:				
2013	2,288	-	2,288	-
2014	2,185	6,224	7,602	807
2015	395	6,193	4,397	2,191
2016	500	500	-	1,000
2017	-	510	-	510
Drama	1,431	2,866	2,427	1,870
Speech	(90)	190	139	(39)
Vocal Music	1,179	4,314	5,192	301
Musicals	2,349	-	-	2,349
Instrumental Music	4,808	8,905	9,169	4,544
High School Music Trip Fund	5,859	1,058	6,815	102
Spanish Club	985	401	1,386	-
French Club	799	-	576	223
Interact Club	2,705	-	218	2,487
High School Art Club	1,598	5,134	5,086	1,646
Cheerleaders	1,034	4,020	3,962	1,092
Archery Club	5,876	16,827	14,017	8,686
Future Farmers of America	96,314	45,626	50,019	91,921
MS Instrumental Music	3,424	14,435	8,791	9,068
General Athletics	7,330	26,328	27,152	6,506
Dance Squad	209	20,886	10,596	10,499
Football	(260)	33,037	30,078	2,699
Boys Soccer	2,636	2,517	2,337	2,816
Girls Soccer	838	5,890	5,126	1,602
Baseball	5,042	9,971	12,237	2,776
Softball	5,907	13,609	15,556	3,960
Girls Track	1,048	4,969	5,412	605
Boys Track	1,067	7,338	7,780	625
Boys Golf	1,371	4,439	4,267	1,543
Wrestling	1,650	7,298	6,169	2,779
Cross Country	2,903	3,855	4,078	2,680
Girls Golf	2,510	2,501	1,928	3,083
Volleyball	5,971	7,038	7,898	5,111
Girls Basketball	553	13,074	11,464	2,163
Boys Basketball	3,186	17,572	18,684	2,074

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Middle School Concessions	\$ 555	\$ 5,179	\$ 4,850	\$ 884
Strawberry Hill - Miscellaneous	19,045	345	9,570	9,820
Strawberry Hill Service Project	27	-	-	27
Science Club	850	194	273	771
Weight Room	2,240	1,975	1,471	2,744
ELP/SCI Store	808	36	387	457
Trapshoot Club	432	4,126	3,711	847
Running Raider Marathon Club	-	1,304	717	587
Parent Partner	25	-	-	25
Student Success Store	126	-	-	126
Vending Machine	5,817	7,103	7,229	5,691
Wellness - Raiders Race	5,277	2,593	1,287	6,583
Fit 4 Life	211	-	-	211
Cornerstone Activity	(124)	22,570	21,325	1,121
Veterans Day	1,781	1,225	962	2,044
NHS Fundraiser	653	-	-	653
FCS Club	202	-	91	111
Raiders Around the World R.A.W.	1,357	20,799	13,795	8,361
Strawberry Hill - Watch Dogs	912	1,095	1,404	603
Middle School - Watch Dogs	(123)	560	-	437
Total	\$ 235,160	\$ 399,134	\$ 405,931	\$ 228,363

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 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	\$ 90,472	\$ 354,969	\$ 369,593	\$ 75,848
Liabilities				
Accounts payable	\$ 53,258	\$ 50,069	\$ 53,258	\$ 50,069
Other payables	37,214	304,900	316,335	25,779
Total liabilities	\$ 90,472	\$ 354,969	\$ 369,593	\$ 75,848

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2014	2013	2012	2011
Revenues:				
Local sources:				
Local tax	\$ 5,340,739	\$ 5,513,760	\$ 5,516,163	\$ 5,321,932
Tuition	1,033,128	914,302	817,867	754,048
Other	661,090	1,044,730	828,139	908,735
Intermediate sources	-	-	1,858	11,506
State sources	8,589,767	7,295,398	7,777,681	7,124,354
Federal sources	568,443	857,106	880,915	663,530
Total revenues	<u>\$ 16,193,167</u>	<u>\$ 15,625,296</u>	<u>\$ 15,822,623</u>	<u>\$ 14,784,105</u>
Expenditures:				
Instruction	\$ 9,525,988	\$ 9,161,723	\$ 9,133,441	\$ 8,852,480
Support services:				
Student	573,689	518,988	476,324	439,047
Instructional staff	610,440	415,879	341,435	483,010
Administration	1,626,628	1,206,104	1,399,725	1,755,379
Operation and maintenance of plant	1,022,335	979,235	983,812	969,777
Transportation	758,698	773,165	716,840	598,511
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	2,965,901	3,475,990	10,695,002	1,506,504
Long-term debt:				
Principal	835,000	-	-	-
Interest and fiscal charges	344,889	95,196	123,117	39,766
AEA flowthrough	495,339	478,941	483,603	530,928
Total expenditures	<u>\$ 18,758,907</u>	<u>\$ 17,105,221</u>	<u>\$ 24,353,299</u>	<u>\$ 15,175,402</u>

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	5,004,626	\$ 5,039,189	\$ 4,749,517	\$ 4,512,425	\$ 4,335,162	\$ 4,167,435
	720,134	779,802	735,736	651,467	537,216	491,171
	618,388	675,294	697,412	732,767	630,334	496,660
	12,927	8,569	200	-	-	-
	6,449,066	7,465,867	7,592,452	6,625,602	6,324,145	5,920,355
	1,378,869	736,779	778,013	867,161	927,975	862,619
\$	<u>14,184,010</u>	<u>14,705,500</u>	<u>14,553,330</u>	<u>13,389,422</u>	<u>12,754,832</u>	<u>11,938,240</u>
\$	8,748,111	\$ 9,009,836	\$ 8,763,429	\$ 7,960,603	\$ 7,359,279	\$ 6,731,909
	465,885	479,442	705,492	757,234	830,925	675,119
	484,960	521,540	611,574	559,333	398,139	347,346
	1,265,152	1,106,262	1,118,882	1,025,053	920,025	816,421
	957,346	967,248	936,804	869,900	883,972	740,929
	617,689	592,731	683,384	697,788	596,839	540,503
	-	-	32,000	-	-	28,781
	186,973	74,688	108,081	668,331	197,203	140,819
	18,800	1,028,800	1,198,800	1,037,600	1,000,000	304,000
	12,408	41,394	102,846	158,507	216,741	231,535
	526,833	490,841	484,508	432,227	403,084	378,516
\$	<u>13,284,157</u>	<u>14,312,782</u>	<u>14,745,800</u>	<u>14,166,576</u>	<u>12,806,207</u>	<u>10,935,878</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Grantor / Program	CFDA Number	Pass-through Grantor Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	0234-14	\$ 54,419
National School Lunch Program	10.555	0234-14	271,246 *
			<u>325,665</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0234G-14	152,143
Title I Grants to Local Educational Agencies	84.010	SINA-0234-14	14,704
			<u>166,847</u>
Safe and Drug-Free Schools and Communities - National Programs	84.184	0234-14	<u>102,876</u>
Advanced Placement Program	84.330	0234-14	<u>66</u>
Improving Teacher Quality State Grants	84.367	0234-14	<u>39,822</u>
Grants for State Assessments and Related Activities	84.369	0234-14	<u>6,710</u>
Grant Wood Area Education Agency:			
Special Education - Grants to States	84.027	0234-14	<u>58,960</u>
Career and Technical Education - Basic Grants to States	84.048	0234-14	<u>8,680</u>
U. S. Department of Health and Human Services:			
Iowa Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	0234-14	<u>255</u>
Total			<u>\$ 709,881</u>

* = Includes \$32,345 of non-cash awards.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Anamosa Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

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RUSSELL S. TERPSTRA, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Anamosa Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Anamosa 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 December 2, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 and Questioned Costs, we identified deficiencies in internal control over financial reporting 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 deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-14 to be a material weakness.

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

Compliance

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

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

Anamosa Community School District's Responses to Findings

Anamosa Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Anamosa 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 report is not suitable for any other purpose.

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

Oskaloosa, Iowa
December 2, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education of
Anamosa Community School District:

Report on Compliance for Each Major Federal Program

We have audited Anamosa Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. Anamosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Anamosa Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Anamosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Anamosa Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

In planning and performing our audit of compliance, we considered Anamosa Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Anamosa Community School District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Oskaloosa, Iowa
December 2, 2014

Hunt & Associates, P.C.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- (a) Unmodified opinions were issued on all opinion units.
- (b) A significant deficiency and a material weakness in internal control over financial reporting were reported.
- (c) The audit did not report any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Anamosa Community School District qualified as a low-risk auditee.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-14 School Nutrition Fund Accounts – We noted a material difference in the Enterprise, School Nutrition Fund meal revenue accounts and the unearned revenue account due to inaccurate monthly revenue reports used. Adjustments were subsequently made by the District to properly record these amounts in the financial statements.

Recommendation – The District should work with their dining software provider to ensure that accurate revenue reports are ran to use in recording meal revenues. This would ensure accurate revenues and unearned revenue are recorded in the financial statements.

Response – We have worked with our software provider and are now using standardized monthly revenue reports that are more accurate.

Conclusion – Response accepted.

II-B-14 Athletic Gate Admissions – We noted that athletic gate ticket reconciliations are not performed for every athletic event.

Recommendation – The District should establish reconciliation procedures for all athletic event gate admissions. The reconciliation should include the issuance of prenumbered tickets and the reconciling of the admissions and change box to the number of tickets issued times the ticket price.

Response – We will review our current procedures regarding athletic event admissions and consider implementing the recommended reconciliations.

Conclusion – Response accepted.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part IV: Other Findings Related to Statutory Reporting:

IV-A-14 Certified Budget – Expenditures/expenses for the year ended June 30, 2014, exceeded the amount budgeted in the non-instructional programs function.

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

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

Conclusion – Response accepted.

IV-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.

IV-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.

IV-D-14 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Connie McKean, Board President	Substitute Teacher	\$2,361

In accordance with Chapter 279.7A of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the cumulative amount did not exceed \$2,500 for the fiscal year.

IV-E-14 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

IV-F-14 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-14 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-14 Supplementary Weighting – The District’s supplementary weighting certified to the Iowa Department of Education for the fall of 2013 was understated by 3 for the operational shared supplementary weighting for a shared counselor. The supplementary weighting was properly coded by the District but was initially denied by the Iowa Department of Education.

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

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

IV-H-14 Supplementary Weighting (continued)

Response – We have contacted the Iowa Department of Education and the Iowa Department of Management and they will adjust our supplementary weighting for this.

Conclusion – Response accepted.

IV-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.

IV-J-14 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-14 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.

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

Beginning balance	\$	1,825,026
Revenues:		
Interest	\$	349
Statewide sales, services and use tax		<u>1,087,989</u>
		1,088,338
Expenditures/transfers out:		
School infrastructure construction		210,312
Equipment		1,850
Other		23,452
Transfers to other funds:		
Debt Service Fund		<u>768,495</u>
		<u>1,004,109</u>
Ending balance	\$	<u><u>1,909,255</u></u>

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.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- IV-M-14 Early Childhood Iowa Area Board – Anamosa Community School District is the fiscal agent for the Cedar/Jones Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the District’s financial statements as an Agency Fund because of the District’s fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.

- IV-N-14 Financial Condition – The Enterprise, School Nutrition Fund and the Enterprise, Construction Trades Fund had deficit unrestricted net positions of \$14,801 and \$46,314, respectively, at June 30, 2014.

Recommendation – The District should continue to monitor these funds and investigate alternatives to return the funds to a sound financial condition. The District may need to consider the feasibility of continuing the construction trades program.

Response – We will continue to work on eliminating the deficits. We plan to make a request to the SBRC to transfer \$46,314 from the General Fund to the Enterprise, Construction Trades Fund to close out that fund.

Conclusion – Response accepted.

- IV-O-14 School Nutrition Program – We noted that the February meal reimbursement claim had the amounts for breakfasts and lunches switched for one building. This resulted in a claim understatement of \$2,407.

Recommendation – The District should compare the monthly meal summaries to the meal reimbursement claim each month to ensure the accuracy of meals claimed. The District should contact the Iowa Department of Education to amend the claim for this error.

Response – We will double check the monthly meal summaries to the meal reimbursement claim in the future to make sure the numbers are accurate. We will contact the Iowa Department of Education about the amount underclaimed.

Response – Response accepted.