

**ALDEN COMMUNITY SCHOOL DISTRICT
ALDEN, IOWA**

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

YEAR ENDED JUNE 30, 2015

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

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Alden Community School District
Alden, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Marcela Hoversten	President	2015
Greg Lascheid	Vice President	2015
John Wibholm	Board Member	2015
Kyle Janes	Board Member	2017
Abbey Barrick	Board Member	2017
School Officials		
Dr. John Robbins	Superintendent	2015
Kim Sharar	District Secretary/Treasurer and Business Manager	2015
Ahlers & Cooney, P.C.	Attorney	Indefinite

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

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

Independent Auditor's Report

To the Board of Education of
Alden 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 Alden Community School District, Alden, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Alden Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Alden Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 52 through 60 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 Alden 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 two years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other auditors previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2016 on our consideration of Alden Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Alden Community School District's internal control over financial reporting and compliance.

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

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

March 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alden Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,270,645 in fiscal 2014 to \$3,306,391 in fiscal 2015, while General Fund expenditures increased from \$3,170,418 in fiscal 2014 to \$3,279,725 in fiscal 2015. The District's General Fund balance increased from \$1,232,303 in fiscal 2014 to \$1,258,969 in fiscal 2015, a 2% increase.
- The fiscal year 2015 General Fund revenue increase was attributable to an increase in state revenues. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Alden Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Alden Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Alden Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Alden Community School District
Annual Financial Report

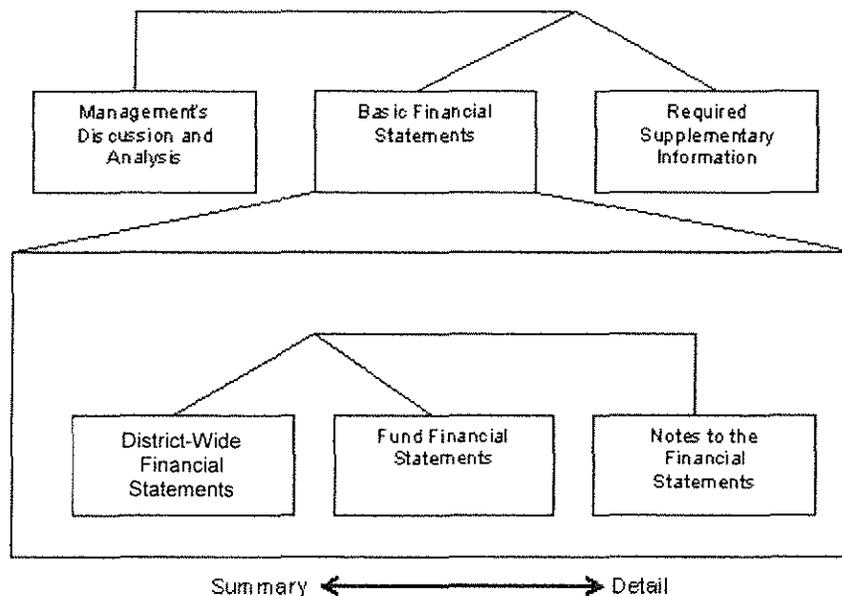


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the 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 Funds – These are funds through which the District administers and accounts for certain revenue collected for vending machine sales as well as contributions and donations toward the library and nurse's office.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

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

	Governmental Activities		Business Type Activities		Total District		Total Change June 30, 2014-2015
	June 30, 2014 (Not restated)	June 30, 2015	June 30, 2014 (Not restated)	June 30, 2015	June 30, 2014 (Not restated)	June 30, 2015	
Current and other assets	\$ 3,123	2,950	5	23	3,128	2,973	5.2%
Capital assets	1,785	1,595	1	2	1,786	1,597	11.8%
Total assets	4,908	4,545	6	25	4,914	4,570	7.5%
Deferred outflows of resources	161	---	7	---	168	---	100.0%
Long-term liabilities	838	11	32	---	870	11	7,809.1%
Other liabilities	164	4	---	---	164	4	4,000.0%
Total liabilities	1,002	15	32	---	1,034	15	6,793.3%
Deferred inflows of resources	1,502	1,182	13	---	1,515	1,182	28.2%
Net position:							
Net investment in capital assets	1,785	1,595	1	2	1,786	1,597	11.8%
Restricted	467	573	---	---	467	573	-18.5%
Unrestricted	313	1,180	(33)	23	280	1,203	-76.7%
Total net position	\$ 2,565	3,348	(32)	25	2,533	3,373	-24.9%

The District's total net position decreased 24.9% or approximately \$840,000, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased approximately \$106,000 or 19% from the prior year. The decrease was primarily a result of a decrease in the amount restricted in the Management Fund and Capital Projects Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately 923,000 or 77%. This reduction in unrestricted net position was primarily a result of the District's net pension liability and pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$959,587 and \$40,116, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4							
Changes in Net Position							
(Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014		2014		2014		
	2015 (Not restated)	2015 (Not restated)	2015 (Not restated)	2015 (Not restated)	2015 (Not restated)	2015 (Not restated)	2014-2015
Revenues:							
Program revenues:							
Charges for service	\$ 649	710	69	65	718	775	-7.4%
Operating grants, contributions and restricted interest	508	476	63	83	571	559	2.1%
Capital grants, contributions and restricted interest	---	---	---	---	---	---	0.0%
General revenues:							
Property tax	1,182	1,197	---	---	1,182	1,197	-1.3%
Income surtax	142	145	---	---	142	145	-2.1%
Statewide sales, services and use tax	248	232	---	---	248	232	6.9%
Unrestricted state grants	1,054	956	---	---	1,054	956	10.3%
Unrestricted investment earnings	2	2	---	---	2	2	0.0%
Other	6	7	---	---	6	7	-14.3%
Total revenues	<u>3,791</u>	<u>3,725</u>	<u>132</u>	<u>148</u>	<u>3,923</u>	<u>3,873</u>	<u>1.3%</u>
Program expenses:							
Instruction	2,397	2,267	---	---	2,397	2,267	5.7%
Support services	964	980	1	2	965	982	-1.7%
Non-instructional programs	---	---	148	157	148	157	-5.7%
Other expenses	254	225	---	---	254	225	12.9%
Total expenses	<u>3,615</u>	<u>3,472</u>	<u>149</u>	<u>159</u>	<u>3,764</u>	<u>3,631</u>	<u>3.7%</u>
Change in net position	176	253	(17)	(11)	159	242	-34.3%
Net position beginning of year, as restated	<u>2,389</u>	<u>3,095</u>	<u>(15)</u>	<u>36</u>	<u>2,374</u>	<u>3,131</u>	<u>-24.2%</u>
Net position end of year	<u>\$ 2,565</u>	<u>3,348</u>	<u>(32)</u>	<u>25</u>	<u>2,533</u>	<u>3,373</u>	<u>-24.9%</u>

In fiscal year 2015, property tax and unrestricted state grants accounted for 59.0% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue. The District's total revenues were approximately \$3.9 million, of which approximately \$3.8 million was for governmental activities and less than \$0.2 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.3% increase in revenues and a 3.7% increase in expenses. The increase in expenses is related to an increase in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$3,790,765 and expenses were \$3,614,566 for the year ended June 30, 2015. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

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

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	2014			2014		
	2015	Not Restated	Change 2014-2015	2015	Not Restated	Change 2014-2015
Instruction	\$ 2,397	2,267	5.7%	1,417	1,246	13.7%
Support services	964	980	-1.6%	894	921	-2.9%
Non-instructional programs	---	---	0.0%	---	---	0.0%
Other expenses	254	225	12.9%	147	120	22.5%
Total	\$ 3,615	3,472	4.1%	2,458	2,287	7.5%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$648,667.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$508,262.
- The net cost of governmental activities was financed with \$1,572,064 in property and other taxes and \$1,053,841 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$131,804 representing an 11.2% decrease from the prior year, while expenses totaled \$148,430, a 6.7% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Alden 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 \$1,621,099, below last year's ending fund balances of \$1,646,050.

Governmental Fund Highlights

- The General Fund balance increased from \$1,232,303 to \$1,258,968.
- The Capital Projects Fund balance decreased from \$277,421 in fiscal 2014 to \$209,647 in fiscal 2015.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from a deficit of \$14,939 at June 30, 2014 to a deficit of \$31,565 at June 30, 2015, representing a decrease of approximately 111%. However, the District also reflected the related expenses for the net pension liability, which caused the overall reduction of net position.

BUDGETARY HIGHLIGHTS

Over the course of the year, Alden Community School District did not amend its budget.

The District's total revenues were \$76,764 more than total budgeted revenues, a variance of 2.0%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services and other expenditures functional areas due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$1.8 million net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 11.8% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$215,117.

The original cost of the District's capital assets was approximately \$5.5 million. Governmental funds account for the majority of this \$5.5 million.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 1	1	---	---	1	1	0.0%
Construction in progress	154	---	---	---	154	---	100.0%
Buildings	1,278	1,254	---	---	1,278	1,254	1.9%
Improvements other than buildings	99	56	---	---	99	56	76.8%
Furniture and equipment	253	284	1	2	254	286	11.2%
Total	\$ 1,785	1,595	1	2	1,786	1,597	11.8%

Long-Term Debt

At June 30, 2015, the District had \$53,835 of total long-term outstanding. This represents an increase of 100% from last year. (See figure A-7) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

	Total District		Total Change
	June 30,		June 30,
	2015	2014	2014-2015
Termination benefits payable	\$ 54	---	100.0%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- School financing is highly dependent upon student enrollment. The District's October 2014 enrollment decreased by 2 students. The slight drop in enrollment will decrease the District's funding for fiscal year 2016.
- The District has a continuing whole grade sharing agreement with the Iowa Falls Community School District for Grades 6-12. This should allow the District to maintain its own K-5 program into the foreseeable future.
- The District will continue to be required to comply with unfunded and underfunded mandates from the federal and state governments such as the Federal No Child Left Behind Act and the State Student Achievement and Teacher Quality Initiative. This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.
- Education reform legislation will impact the District and all small school districts not only with budgets, but also with meeting the needs of staffing requirements.

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 Dr. John Robbins, Superintendent, Alden Community School District, 209 Center Street, Alden, Iowa 50006.

Basic Financial Statements

Alden Community School District
Alden, Iowa
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$ 1,634,068	2,100	1,636,168
Receivables:			
Property tax:			
Delinquent	9,019	-	9,019
Succeeding year	1,209,730	-	1,209,730
Accounts	1,159	-	1,159
Due from other governments	268,691	-	268,691
Inventories	-	2,446	2,446
Capital assets, net of accumulated depreciation	<u>1,785,027</u>	<u>1,458</u>	<u>1,786,485</u>
Total assets	<u>4,907,694</u>	<u>6,004</u>	<u>4,913,698</u>
 Deferred Outflows of Resources			
Pension related deferred outflows	<u>161,339</u>	<u>6,746</u>	<u>168,085</u>
 Liabilities			
Accounts payable	161,592	-	161,592
Security deposits	2,232	-	2,232
Long-term liabilities:			
Portion due within one year:			
Termination benefits	20,275	-	20,275
Portion due after one year:			
Termination benefits	33,560	-	33,560
Net pension liability	767,358	32,080	799,438
Net OPEB liability	<u>17,010</u>	<u>-</u>	<u>17,010</u>
Total liabilities	<u>1,002,027</u>	<u>32,080</u>	<u>1,034,107</u>
 Deferred Inflows of Resources			
Unavailable property tax revenue	1,209,730	-	1,209,730
Pension related deferred inflows	<u>292,648</u>	<u>12,235</u>	<u>304,883</u>
Total deferred inflows of resources	<u>1,502,378</u>	<u>12,235</u>	<u>1,514,613</u>
 Net Position			
Net investment in capital assets	1,785,027	1,458	1,786,485
Restricted for:			
Categorical funding	158,819	-	158,819
Management levy purposes	88,477	-	88,477
School infrastructure	103,081	-	103,081
Physical plant and equipment	106,566	-	106,566
Student activities	10,172	-	10,172
Unrestricted	<u>312,486</u>	<u>(33,023)</u>	<u>279,463</u>
Total net position	<u>\$ 2,564,628</u>	<u>(31,565)</u>	<u>2,533,063</u>

See notes to financial statements.

Alden Community School District
Alden, Iowa
Statement of Activities
Year ended June 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Functions/Programs:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,800,343	518,956	257,627	-
Special instruction	355,600	62,378	29,454	-
Other instruction	240,878	31,751	79,600	-
	<u>2,396,821</u>	<u>613,085</u>	<u>366,681</u>	<u>-</u>
Support services:				
Student	76,104	-	5,947	-
Instructional staff	144,810	21,427	27,207	-
Administration	318,606	-	464	-
Operation and maintenance of plant	274,474	14,155	-	-
Transportation	149,467	-	-	-
	<u>963,461</u>	<u>35,582</u>	<u>33,618</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	20,087	-	-	-
AEA flowthrough	107,963	-	107,963	-
Depreciation (unallocated)*	126,234	-	-	-
	<u>254,284</u>	<u>-</u>	<u>107,963</u>	<u>-</u>
Total governmental activities	<u>3,614,566</u>	<u>648,667</u>	<u>508,262</u>	<u>-</u>
Business type activities:				
Support services:				
Operation and maintenance of plant	902	-	-	-
Non-instructional programs:				
Food service operations	147,528	68,428	63,305	-
Total business type activities	<u>148,430</u>	<u>68,428</u>	<u>63,305</u>	<u>-</u>
Total	<u>\$ 3,762,996</u>	<u>717,095</u>	<u>571,567</u>	<u>-</u>

General Revenues:

Property tax levied for:
General purposes
Capital outlay
Income surtax
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other
Total general revenues
Change in net position
Net position beginning of year, as restated
Net position end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business Type Activities	Total
(1,023,760)	-	(1,023,760)
(263,768)	-	(263,768)
(129,527)	-	(129,527)
<u>(1,417,055)</u>	<u>-</u>	<u>(1,417,055)</u>
(70,157)	-	(70,157)
(96,176)	-	(96,176)
(318,142)	-	(318,142)
(260,319)	-	(260,319)
(149,467)	-	(149,467)
<u>(894,261)</u>	<u>-</u>	<u>(894,261)</u>
(20,087)	-	(20,087)
-	-	-
(126,234)	-	(126,234)
(146,321)	-	(146,321)
<u>(2,457,637)</u>	<u>-</u>	<u>(2,457,637)</u>
-	(902)	(902)
-	(15,795)	(15,795)
-	(16,697)	(16,697)
<u>(2,457,637)</u>	<u>(16,697)</u>	<u>(2,474,334)</u>
\$ 1,066,439	-	1,066,439
115,456	-	115,456
142,427	-	142,427
247,742	-	247,742
1,053,841	-	1,053,841
2,457	16	2,473
5,474	55	5,529
<u>2,633,836</u>	<u>71</u>	<u>2,633,907</u>
176,199	(16,626)	159,573
<u>2,388,429</u>	<u>(14,939)</u>	<u>2,373,490</u>
<u>\$ 2,564,628</u>	<u>(31,565)</u>	<u>2,533,063</u>

Alden Community School District
Alden, Iowa

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Assets				
Cash, cash equivalents and pooled investments	\$ 1,239,453	242,704	151,911	1,634,068
Receivables:				
Property tax:				
Delinquent	7,565	881	573	9,019
Succeeding year	1,015,663	119,067	75,000	1,209,730
Accounts	1,159	-	-	1,159
Due from other governments	230,344	38,347	-	268,691
Total assets	<u>\$ 2,494,184</u>	<u>400,999</u>	<u>227,484</u>	<u>3,122,667</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 89,307	72,285	-	161,592
Security deposits	2,232	-	-	2,232
Total liabilities	<u>91,539</u>	<u>72,285</u>	<u>-</u>	<u>163,824</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,015,663	119,067	75,000	1,209,730
Income surtax	128,014	-	-	128,014
Total deferred inflows of resources	<u>1,143,677</u>	<u>119,067</u>	<u>75,000</u>	<u>1,337,744</u>
Fund balances:				
Restricted for:				
Categorical funding	158,819	-	-	158,819
Management levy purposes	-	-	142,312	142,312
Student activities	-	-	10,172	10,172
School infrastructure	-	103,081	-	103,081
Physical plant and equipment	-	106,566	-	106,566
Unassigned	1,100,149	-	-	1,100,149
Total fund balances	<u>1,258,968</u>	<u>209,647</u>	<u>152,484</u>	<u>1,621,099</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,494,184</u>	<u>400,999</u>	<u>227,484</u>	<u>3,122,667</u>

See notes to financial statements.

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

June 30, 2015

Total fund balances of governmental funds (page 19) \$ 1,621,099

*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. 1,785,027

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 128,014

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

Deferred outflows of resources	\$ 161,339	
Deferred inflows of resources	<u>(292,648)</u>	(131,309)

Long-term liabilities, including compensated absences and other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (838,203)

Net position of governmental activities (page 16) \$ 2,564,628

See notes to financial statements.

Alden Community School District
Alden, Iowa

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Revenues:				
Local sources:				
Local tax	\$ 1,123,696	115,456	75,022	1,314,174
Tuition	565,563	-	-	565,563
Other	56,391	237	34,408	91,036
State sources	1,458,198	248,567	536	1,707,301
Federal sources	102,543	-	-	102,543
Total revenues	3,306,391	364,260	109,966	3,780,617
Expenditures:				
Current:				
Instruction:				
Regular	1,729,387	-	6,989	1,736,376
Special	361,656	-	-	361,656
Other	214,441	-	32,206	246,647
	2,305,484	-	39,195	2,344,679
Support services:				
Student	67,732	-	-	67,732
Instructional staff	131,875	37,378	-	169,253
Administration	318,834	-	3,993	322,827
Operation and maintenance of plant	225,779	11,918	46,365	284,062
Transportation	122,059	-	4,255	126,314
	866,279	49,296	54,613	970,188
Other expenditures:				
Facilities acquisition	-	382,738	-	382,738
AEA flowthrough	107,963	-	-	107,963
	107,963	382,738	-	490,701
Total expenditures	3,279,726	432,034	93,808	3,805,568
Change in fund balances	26,665	(67,774)	16,158	(24,951)
Fund balances beginning of year	1,232,303	277,421	136,326	1,646,050
Fund balances end of year	\$ 1,258,968	209,647	152,484	1,621,099

See notes to financial statements.

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

Year ended June 30, 2015

Change in fund balances - total governmental funds (page 21) \$ (24,951)

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. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 404,896	
Depreciation expense	<u>(215,073)</u>	189,823

Certain delinquent property tax, unspent grant proceeds, and income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 10,148

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 118,520

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:

Termination benefits	(53,835)	
Pension expense	(57,600)	
Other postemployment benefits	<u>(5,906)</u>	<u>(117,341)</u>

Change in net position of governmental activities (page 18) \$ 176,199

See notes to financial statements.

Alden Community School District
Alden, Iowa

Exhibit G

Statement of Net Position
Proprietary Fund

June 30, 2015

	<u>Enterprise, School Nutrition</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,100
Inventories	2,446
Total current assets	<u>4,546</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,458</u>
Total assets	<u>6,004</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>6,746</u>
Liabilities	
Current liabilities:	
	<u>-</u>
Noncurrent liabilities:	
Net pension liability	<u>32,080</u>
Total liabilities	<u>32,080</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>12,235</u>
Net Position	
Net investment in capital assets	1,458
Unrestricted	<u>(33,023)</u>
Total net position	<u>\$ (31,565)</u>

See notes to financial statements.

Alden Community School District
Alden, Iowa

Exhibit H

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

Year ended June 30, 2015

	Enterprise, School <u>Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 68,428
Miscellaneous	1,000
Total operating revenues	<u>69,428</u>
 Operating expenses:	
Support services:	
Operation and maintenance of plant	<u>902</u>
 Non-instructional programs:	
Food service operations:	
Salaries	56,243
Benefits	6,746
Supplies	84,495
Depreciation	44
	<u>147,528</u>
Total operating expenses	<u>148,430</u>
 Operating loss	<u>(79,002)</u>
 Non-operating revenues:	
Interest income	16
Donations	55
State sources	1,195
Federal sources	61,110
Total non-operating revenues	<u>62,376</u>
 Decrease in net position	(16,626)
Net position beginning of year, as restated	<u>(14,939)</u>
Net position end of year	<u>\$ (31,565)</u>
See notes to financial statements.	

Alden Community School District
Alden, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2015

Enterprise,
School
Nutrition

Cash flows from operating activities:

Cash received from sale of lunches and breakfasts	\$ 68,428
Cash received from miscellaneous operating activities	1,000
Cash paid to employees for services	(65,536)
Cash paid to suppliers for goods or services	<u>(79,084)</u>
Net cash used by operating activities	<u>(75,192)</u>

Cash flows from non-capital financing activities:

Donations received	55
State grants received	1,195
Federal grants received	<u>53,143</u>
Net cash provided by non-capital financing activities	<u>54,393</u>

Cash flows from investing activities:

Interest on investments	<u>16</u>
-------------------------	-----------

Net decrease in cash and cash equivalents (20,783)

Cash and cash equivalents beginning of year 22,883

Cash and cash equivalents end of year \$ 2,100

See notes to financial statements.

(continued)

Alden Community School District
Alden, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2015

Enterprise,
School
Nutrition

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

Operating loss	\$ (79,002)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	7,967
Depreciation	44
(Increase) in inventories	(1,654)
(Decrease) in net pension liability	(12,763)
(Increase) in deferred outflows of resources	(2,019)
Increase in deferred inflows of resources	<u>12,235</u>
Net cash used by operating activities	<u>\$ (75,192)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$7,967 of federal commodities.

See notes to financial statements.

Alden Community School District
Alden, Iowa

Exhibit J

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2015

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
Assets		
Cash, cash equivalents and pooled investments	\$ 47,821	9,429
Total assets	<u>47,821</u>	<u>9,429</u>
Liabilities		
Other payables	<u>-</u>	9,429
Total liabilities	<u>-</u>	<u>9,429</u>
Net position		
Reserved for scholarships	<u>\$ 47,821</u>	<u>-</u>

See notes to financial statements.

Alden Community School District
Alden, Iowa

Exhibit K

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 922
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u> 1,000</u>
Change in net position	(78)
Net position beginning of year	<u> 47,899</u>
Net position end of year	<u><u> \$ 47,821</u></u>

See notes to financial statements.

Alden Community School District
Alden, Iowa

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

Alden Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades prekindergarten through twelve. An academic sharing agreement exists with Iowa Falls Community School District whereby grades seven through twelve attend the Iowa Falls Community School District. The geographic area served includes the City of Alden, Iowa and the predominate agricultural territory in Hardin and Franklin counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Alden 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. The 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 Franklin and Hardin County Assessor's Conference boards.

Alden Community School District
Alden, Iowa

Notes to Financial Statements

June 30, 2015

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the 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.

Alden Community School District
Alden, Iowa

Notes to Financial Statements

June 30, 2015

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

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

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

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

Alden Community School District
Alden, Iowa

Notes to Financial Statements

June 30, 2015

C. Measurement Focus and Basis of Accounting

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

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

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

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.

Alden Community School District
Alden, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

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

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

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

Alden Community School District
Alden, Iowa

Notes to Financial Statements

June 30, 2015

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

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.

Alden Community School District
Alden, Iowa

Notes to Financial Statements

June 30, 2015

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	10-50 years
Intangibles	5-10 years
Furniture and equipment	5-12 years

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

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

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

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

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Deferred inflows or resources in the Statement of Net Position consists of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

Unassigned – All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the support services and other expenditures functions.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Diversified Fund which are valued at an amortized cost of \$1,488 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,000	---	---	1,000
Construction in progress	---	153,425	---	153,425
Total capital assets not being depreciated	<u>1,000</u>	<u>153,425</u>	<u>---</u>	<u>154,425</u>
Capital assets being depreciated:				
Buildings	3,303,069	130,419	---	3,433,488
Improvements other than buildings	160,148	49,550	---	209,698
Furniture and equipment	1,562,604	71,502	---	1,634,106
Total capital assets being depreciated	<u>5,025,821</u>	<u>251,471</u>	<u>---</u>	<u>5,277,292</u>
Less accumulated depreciation for:				
Buildings	2,048,554	106,225	---	2,154,779
Improvements other than buildings	104,108	6,821	---	110,929
Furniture and equipment	1,278,955	102,027	---	1,380,982
Total accumulated depreciation	<u>3,431,617</u>	<u>215,073</u>	<u>---</u>	<u>3,646,690</u>
Total capital assets being depreciated, net	<u>1,594,204</u>	<u>36,398</u>	<u>---</u>	<u>1,630,602</u>
Governmental activities capital assets, net	<u>\$ 1,595,204</u>	<u>189,823</u>	<u>---</u>	<u>1,785,027</u>
Business type activities:				
Furniture and equipment	\$ 28,951	---	---	28,951
Less accumulated depreciation	27,449	44	---	27,493
Business type activities capital assets, net	<u>\$ 1,502</u>	<u>(44)</u>	<u>---</u>	<u>1,458</u>

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Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:	
Regular	\$ 49,973
Support services:	
Instructional staff	11,822
Operation and maintenance of plant	1,680
Transportation	<u>25,364</u>
	88,839
Unallocated	<u>126,234</u>
Total depreciation expense – governmental activities	\$ <u>215,073</u>

Business type activities:

Food service operations	\$ <u>44</u>
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(4) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Termination benefits	\$ ---	60,824	6,989	53,835	20,275
Net pension liability	1,072,650	---	305,292	767,358	---
Net OPEB liability	11,104	5,906	---	17,010	---
Total	<u>\$ 1,083,754</u>	<u>66,730</u>	<u>312,281</u>	<u>838,203</u>	<u>20,275</u>
	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net pension liability	\$ 44,843	---	12,763	32,080	---

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Termination Benefits

The District offered a voluntary early retirement plan to its employees. Eligible licensed employees must have completed twenty years of full-time service to the District and must have reached the age of fifty-five on or before June 30 of the year in which they retire. The employee must fill out an application and submit a resignation to be effective at the end of the current school year which must be approved by the Board.

For employees retiring at the end of fiscal year 2014, the benefit consists of 33% of the employee's salary to be paid in annual payments over three years.

For employees retiring at the end of fiscal year 2015, the benefit consists of 45% of the employee's salary to be paid in annual payments over three years.

At June 30, 2015 the District has obligations to three participants with a total liability of \$53,835. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$6,989.

(5) Pension Plan

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

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

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years

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of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

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

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution

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Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District’s contributions to IPERS for the year ended June 30, 2015 were \$123,475.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District reported a liability of \$799,438 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s collective proportion was 0.020158 percent, which was an increase of 0.000695 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$60,008. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,688	\$ -
Changes of assumptions	35,281	-
Net difference between projected and actual earnings on pension plan investments	-	304,883
Changes in proportion and differences between District contributions and proportionate share of contributions	641	-
District contributions subsequent to the measurement date	123,475	-
Total	\$ 168,085	\$ 304,883

\$123,475 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	
2016	\$ (65,798)
2017	(65,798)
2018	(65,798)
2019	(65,798)
2020	2,919
Total	\$ (260,273)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
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Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

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

<u>Asset Class</u>	<u>Asset Allocations</u>	<u>Long-Term Expected Real Rate Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(.069)
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the

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long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
District’s proportionate share of the net pension liability	\$ 1,510,515	\$ 799,438	\$ 199,215

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the District reported no payables to the defined benefit pension plan.

(6) 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 14 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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June 30, 2015

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 6,187
Interest on net OPEB obligation	278
Adjustment to annual required contribution	<u>(559)</u>
Annual OPEB cost	5,906
Contributions made	<u>---</u>
Increase in net OPEB obligation	5,906
Net OPEB obligation beginning of year	<u>11,104</u>
Net OPEB obligation end of year	\$ <u>17,010</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, 2015.

For the year ended June 30, 2015, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended	Annual	Percentage of	Net
June 30,	OPEB Cost	Annual OPEB	OPEB
		Cost Contributed	Obligation
2013	7,053	20.7%	\$ 5,573
2014	5,531	0.0%	11,104
2015	5,906	0.0%	17,010

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June 30, 2015

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$49,528, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$49,528. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$584,000 and the ratio of the UAAL to covered payroll was 8.5%. As of June 30, 2015, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the alternative measurement method was used. The actuarial assumptions include a 2.50% 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 gender-specific basis. Annual retirement and termination probabilities were developed based on IPERS normal retirement age for each employee and information provided by the District.

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Projected claim costs of the insurance plan are \$0, as there are no retirees in the plan. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(7) 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.

(8) 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 \$107,963 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Operating Lease

The District entered into an operating lease with Hecht & Jimenez Office Machines, Inc. for the rental of two copiers on December 29, 2009 for a period of five years. The amount paid for the fiscal year ended June 30, 2015 was \$1,165. There are no future rentals.

(10) Construction Commitment

The District entered into a contract totaling \$284,287 for temperature control upgrades. As of June 30, 2015, costs of \$153,425 had been incurred against the contract. The balance of \$130,862 remaining at June 30, 2015 will be paid as work on the project progresses.

Alden Community School District
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June 30, 2015

(11) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Dropout prevention	\$ 40,894
Four-year-old preschool state aid	32,620
Teacher salary supplement	42,827
Successful progression for early readers	22,364
Professional development – core curriculum	12,538
Professional development	3,328
Teacher leadership grants	<u>4,248</u>
Total	<u>\$ 158,819</u>

(12) Deficit Fund Balance

The Enterprise, School Nutrition Fund had a deficit net position of \$31,565 at June 30, 2015. The reason for the deficit net position was due to the implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 during the fiscal year, which requires all school districts and other governmental entities in the state of Iowa who contribute to IPERS to show their proportionate share of the IPERS funding deficit as a liability on each entity's financials beginning in fiscal year 2015. (See Note 13, Accounting Change/Restatement).

(13) Accounting Change/Restatement

Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition

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June 30, 2015

year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 3,348,016	25,177
Net pension liability at June 30, 2014	(1,072,650)	(44,843)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>113,063</u>	<u>4,727</u>
Net position July 1, 2014, as restated	\$ <u>2,388,429</u>	<u>(14,939)</u>

(14) New Governmental Accounting Standards Board (GASB) Statements

As of June 30, 2015, GASB had issued several statements not yet required to be implemented by the District. The Statement which might impact the District is as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, will be effective for the District beginning with its year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Management has not yet determined the effect this GASB Statement will have on the District's financial statements.

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June 30, 2015

(15) Subsequent Events

Subsequent events have been evaluated through March 22, 2016, which is the date the financial statements were available to be issued.

On November 10, 2015 the Board approved a payment of \$76,081 to Iowa Falls Community School District for laptops that are to be used by Alden students that are attending high school in Iowa Falls.

On February 15, 2016 the Board agreed to proceed with the elevator project with an estimated cost of \$250,000.

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 1,970,773	69,499
State sources	1,707,301	1,195
Federal sources	<u>102,543</u>	<u>61,110</u>
Total revenues	<u>3,780,617</u>	<u>131,804</u>
Expenditures/Expenses:		
Instruction	2,344,679	-
Support services	970,188	902
Non-instructional programs	-	147,528
Other expenditures	<u>490,701</u>	<u>-</u>
Total expenditures/expenses	<u>3,805,568</u>	<u>148,430</u>
Deficiency of revenues under expenditures/expenses	(24,951)	(16,626)
Balances beginning of year	<u>1,646,050</u>	<u>(14,939)</u>
Balances end of year	<u>\$ 1,621,099</u>	<u>(31,565)</u>

See accompanying independent auditor's report.

Total <u>Actual</u>	Budgeted Amounts		Final to Actual <u>Variance</u>
	<u>Original</u>	<u>Final</u>	
2,040,272	2,197,923	2,197,923	(157,651)
1,708,496	1,472,734	1,472,734	235,762
163,653	165,000	165,000	(1,347)
<u>3,912,421</u>	<u>3,835,657</u>	<u>3,835,657</u>	<u>76,764</u>
2,344,679	2,495,000	2,495,000	150,321
971,090	940,050	940,050	(31,040)
147,528	167,000	167,000	19,472
490,701	392,760	392,760	(97,941)
<u>3,953,998</u>	<u>3,994,810</u>	<u>3,994,810</u>	<u>40,812</u>
(41,577)	(159,153)	(159,153)	117,576
<u>1,631,111</u>	<u>1,355,813</u>	<u>1,355,813</u>	<u>275,298</u>
<u>1,589,534</u>	<u>1,196,660</u>	<u>1,196,660</u>	<u>392,874</u>

Alden Community School District
Alden, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2015

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

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

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

During the year ended June 30, 2015, expenditures in the support services and other expenditures functions exceeded the amounts budgeted.

Alden Community School District
Alden, Iowa

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

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.020158%
District's proportionate share of the net pension liability	\$ 799
District's covered-employee payroll	\$ 1,337
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.76%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

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

Alden Community School District
Alden, Iowa

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 123	119	111
Contributions in relation to the statutorily required contribution	<u>(123)</u>	<u>(119)</u>	<u>(111)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,414	1,337	1,318
Contributions as a percentage of covered-employee payroll	8.70%	8.90%	8.42%

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
105	95	90	85	75	62	57
<u>(105)</u>	<u>(95)</u>	<u>(90)</u>	<u>(85)</u>	<u>(75)</u>	<u>(62)</u>	<u>(57)</u>
-	-	-	-	-	-	-
1,316	1,366	1,354	1,358	1,245	1,092	973
7.98%	6.95%	6.65%	6.26%	6.02%	5.68%	5.86%

Alden Community School District
Alden, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

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

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

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

Alden Community School District
Alden, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

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

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

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

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Alden Community School District
Alden, Iowa

Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 158,000	158,000	0.0%	\$ 1,373,000	11.5%
2011	Jul 1, 2009	-	158,000	158,000	0.0%	1,399,000	11.3%
2012	Jul 1, 2009	-	158,000	158,000	0.0%	763,000	20.7%
2013	Jul 1, 2012	-	60,339	60,339	0.0%	617,000	9.8%
2014	Jul 1, 2012	-	54,979	54,979	0.0%	832,000	6.6%
2015	Jul 1, 2012	-	49,528	49,528	0.0%	584,147	8.5%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Alden Community School District
Alden, Iowa

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	Special Revenue		
	Student	Management	
	Activity	Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 10,172	141,739	151,911
Receivables:			
Property tax:			
Delinquent	-	573	573
Succeeding year	-	75,000	75,000
Total assets	\$ 10,172	217,312	227,484
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Total liabilities	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	75,000	75,000
Total deferred inflows of resources	-	75,000	75,000
Fund balances:			
Restricted for:			
Management levy purposes	-	142,312	142,312
Student activities	10,172	-	10,172
Total fund balances	10,172	142,312	152,484
Total liabilities, deferred inflows of resources and fund balances	\$ 10,172	217,312	227,484

See accompanying independent auditor's report.

Alden Community School District
Alden, Iowa

Schedule 2

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue		
	<u>Student</u>	<u>Management</u>	<u>Total</u>
	<u>Activity</u>	<u>Levy</u>	
Revenues:			
Local sources:			
Local tax	\$ -	75,022	75,022
Other	31,774	2,634	34,408
State sources	-	536	536
Total revenues	31,774	78,192	109,966
Expenditures:			
Current:			
Instruction:			
Regular	-	6,989	6,989
Other	32,206	-	32,206
Support services:			
Administration	-	3,993	3,993
Operation and maintenance of plant	-	46,365	46,365
Transportation	-	4,255	4,255
Total expenditures	32,206	61,602	93,808
Excess (deficiency) of revenues over (under) expenditures	(432)	16,590	16,158
Fund balances beginning of year	10,604	125,722	136,326
Fund balances end of year	\$ 10,172	142,312	152,484

See accompanying independent auditor's report.

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intrafund Transfers</u>	<u>Balance End of Year</u>
Now account interest	\$ 172	21	-	-	193
6th Student Council	138	-	-	-	138
Elementary Student Council	358	-	-	-	358
Instrumental	620	400	-	-	1,020
Vocal	1,701	400	93	-	2,008
Elementary activity	6,239	30,553	31,982	-	4,810
Fifth grade Dare program	476	-	131	-	345
Greenhouse	400	-	-	(400)	-
Art	-	400	-	400	800
Fundraiser	500	-	-	-	500
Total	<u>\$ 10,604</u>	<u>31,774</u>	<u>32,206</u>	<u>-</u>	<u>10,172</u>

See accompanying independent auditor's report.

Alden Community School District
Alden, Iowa

Schedule 4

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 137,019	105,685	242,704
Receivables:			
Property tax:			
Delinquent	-	881	881
Succeeding year	-	119,067	119,067
Due from other governments	<u>38,347</u>	-	<u>38,347</u>
Total assets	<u><u>\$ 175,366</u></u>	<u><u>225,633</u></u>	<u><u>400,999</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	<u>\$ 72,285</u>	-	<u>72,285</u>
Total liabilities	<u>72,285</u>	-	<u>72,285</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	<u>119,067</u>	<u>119,067</u>
Total deferred inflows of resources	<u>-</u>	<u>119,067</u>	<u>119,067</u>
Fund balances:			
Restricted for:			
School infrastructure	103,081	-	103,081
Physical plant and equipment	<u>-</u>	<u>106,566</u>	<u>106,566</u>
Total fund balances	<u>103,081</u>	<u>106,566</u>	<u>209,647</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>175,366</u></u>	<u><u>225,633</u></u>	<u><u>400,999</u></u>

See accompanying independent auditor's report.

Alden Community School District
Alden, Iowa

Schedule 5

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ -	115,456	115,456
Other	62	175	237
State sources	<u>247,742</u>	<u>825</u>	<u>248,567</u>
Total revenues	<u>247,804</u>	<u>116,456</u>	<u>364,260</u>
Expenditures:			
Support services:			
Instructional staff	37,378	-	37,378
Operation and maintenance of plant	11,918	-	11,918
Other expenditures:			
Facilities acquisition	<u>285,169</u>	<u>97,569</u>	<u>382,738</u>
Total expenditures	<u>334,465</u>	<u>97,569</u>	<u>432,034</u>
Excess (deficiency) of revenues over (under) expenditures	(86,661)	18,887	(67,774)
Fund balances beginning of year	<u>189,742</u>	<u>87,679</u>	<u>277,421</u>
Fund balances end of year	<u>\$ 103,081</u>	<u>106,566</u>	<u>209,647</u>

See accompanying independent auditor's report.

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund

June 30, 2015

	Balance Beginning of Year	<u>Additions</u>	<u>Deductions</u>	Balance End of Year
Assets				
Cash	\$ 5,653	5,307	1,531	9,429
Total assets	<u>\$ 5,653</u>	<u>5,307</u>	<u>1,531</u>	<u>9,429</u>
Liabilities				
Other payables	\$ 5,653	5,307	1,531	9,429
Total liabilities	<u>\$ 5,653</u>	<u>5,307</u>	<u>1,531</u>	<u>9,429</u>

See accompanying independent auditor's report.

Alden Community School District
Alden, Iowa

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

For the Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Local sources:				
Local tax	\$ 1,314,174	1,339,416	1,631,708	1,627,302
Tuition	565,563	659,480	574,983	702,687
Other	91,036	61,103	62,893	93,372
State sources	1,707,301	1,562,116	1,243,591	1,326,537
Federal sources	102,543	99,353	87,782	87,079
Total	<u>\$ 3,780,617</u>	<u>3,721,468</u>	<u>3,600,957</u>	<u>3,836,977</u>
Expenditures:				
Instruction	\$ 2,344,679	2,253,608	2,243,856	2,221,330
Support services:				
Student	67,732	64,665	62,288	67,455
Instructional staff	169,253	169,640	106,669	146,652
Administration	322,827	305,091	296,651	295,232
Operation and maintenance of plant	284,062	293,866	250,786	262,917
Transportation	126,314	142,001	200,370	171,033
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	382,738	144,508	158,836	277,994
AEA flowthrough	107,963	105,441	99,350	102,371
Total	<u>\$ 3,805,568</u>	<u>3,478,820</u>	<u>3,418,806</u>	<u>3,544,984</u>

See accompanying independent auditor's report.

Schedule 7

Modified Accrual Basis					
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
1,525,856	1,493,081	1,397,228	1,376,466	1,573,026	1,497,734
575,124	569,931	509,818	619,961	441,897	373,019
88,576	178,615	156,095	85,973	108,612	205,764
1,248,163	1,013,057	1,196,175	1,143,334	932,536	977,376
213,681	245,139	90,457	111,773	112,802	142,230
<u>3,651,400</u>	<u>3,499,823</u>	<u>3,349,773</u>	<u>3,337,507</u>	<u>3,168,873</u>	<u>3,196,123</u>
2,315,869	2,445,606	2,281,157	2,472,380	2,065,539	1,673,511
72,075	64,178	62,958	41,144	26,845	30,810
99,147	116,628	79,003	72,972	85,673	69,239
305,725	313,121	311,426	296,468	270,298	262,360
262,463	298,171	282,428	271,268	215,799	213,961
148,438	107,904	101,948	173,347	169,467	99,311
-	-	-	-	-	5,000
219,278	125,557	156,999	247,058	261,527	182,679
112,049	109,558	96,850	94,518	89,683	87,394
<u>3,535,044</u>	<u>3,580,723</u>	<u>3,372,769</u>	<u>3,669,155</u>	<u>3,184,831</u>	<u>2,624,265</u>

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

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

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

To the Board of Education of
Alden Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Alden Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or

a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-15 and I-B-15 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 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.

Alden Community School District's Responses to the Findings

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

Purpose of this Report

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

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

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

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

March 22, 2016

Alden Community School District
Alden, Iowa

Schedule of Findings

Year ended June 30, 2015

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-15 Segregation of Duties - The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District has taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

Response - We are continuing to review our procedures and implement additional controls where possible.

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

I-B-15 Preparation of Financial Statements – The District does not have an internal control system designed to provide for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Therefore, as auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for an entity similar in size to Alden Community School District. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Alden Community School District
Alden, Iowa

Schedule of Findings

Year ended June 30, 2015

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

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

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Alden Community School District
Alden, Iowa

Schedule of Findings

Year ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget – Expenditures for the year ended June 30, 2015 exceeded the certified budget amounts in the support services and other expenditures functions.

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 – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

II-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

II-C-15 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-15 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kim Sharar, Board Secretary, Husband owns King Construction & Sharar’s Floorcoverings	Repairs and flooring	\$ 67,020

In accordance with an Attorney General’s opinion dated November 9, 1976, the above transactions with the spouse of the Board Secretary does not appear to represent a conflict of interest.

Alden Community School District
Alden, Iowa

Schedule of Findings

Year ended June 30, 2015

- II-E-15 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure the coverage is adequate for current operations.
- II-F-15 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-15 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-15 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-15 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-15 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-15 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, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Alden Community School District
Alden, Iowa

Schedule of Findings

Year ended June 30, 2015

Beginning balance		\$ 189,742
Revenues/transfer in:		
Sales tax revenues	\$ 247,742	
Other local revenues	<u> 62</u>	<u>247,804</u>
		437,546
Expenditures/transfer out:		
Equipment	80,190	
Other	<u>254,275</u>	<u>334,465</u>
Ending balance		\$ <u>103,081</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-15 Deficit Net Position - The Enterprise, School Nutrition Fund had a deficit net position at June 30, 2015. The primary reason for this deficit net position is due to the implementation of GASB Statement No. 68 during the year.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statement 68 will affect the District's financials moving forward.

Response – The District's business-type activities went into a deficit in fiscal year 2015 due to the implementation of GASB Statement No. 68 which required the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position.

Conclusion - Response accepted.