

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

JUNE 30, 2015

Table of Contents

			<u>Page</u>
Officials			3
Independent Auditor's Report			4-6
Management's Discussion and Analysis			7-16
Basic Financial Statements:		<u>Exhibit</u>	
Government-wide Financial Statements:			
Statement of Net Position	A		18
Statement of Activities	B		19
Governmental Fund Financial Statements:			
Balance Sheet	C		20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D		21
Statement of Revenues, Expenditures and Changes in Fund Balances	E		22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F		23
Proprietary Fund Financial Statements:			
Statement of Net Position	G		24
Statement of Revenues, Expenses and Changes in Fund Net Position	H		25
Statement of Cash Flows	I		26
Notes to Financial Statements			27-42
Required Supplementary Information:			
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds			44
Notes to Required Supplementary Information - Budgetary Reporting			45
Schedule of the District's Proportionate Share of the Net Pension Liability			46
Schedule of District Contributions			47
Notes to Required Supplementary Information - Pension Liability			48
Schedule of Funding Progress for the Retiree Health Plan			49
Supplementary Information:		<u>Schedule</u>	
Nonmajor Governmental Funds:			
Combining Balance Sheet	1		52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2		53
Capital Projects Accounts:			
Combining Balance Sheet	3		54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4		55
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5		56
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6		57
Schedule of Expenditures of Federal Awards	7		58
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 <u>Government Auditing Standards</u>			59-60
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133			61-62
Schedule of Findings and Questioned Costs			63-68

Allamakee Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Allan Rissman	President	2017
Patty Nordheim	Vice President	2015
Scott Melcher	Board Member	2017
Thomas Baxter	Board Member	2015
Tim Waters	Board Member	2015
School Officials		
David Herold	Superintendent	2015
Janice Rea	District Secretary/Treasurer	2015
Gruhn Law Firm	Attorney	2015

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report

To the Board of Education
Allamakee Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Allamakee Community School District, Waukon, Iowa, as of and for the year ended June 30, 2015, and the related notes to the 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, business type activities, each major fund, and the aggregate remaining fund information of the Allamakee Community School District at 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 16 to the financial statements, Allamakee Community School District adopted new accounting guidance related to Government 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, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Allamakee 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. Another auditor previously audited, in accordance with 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, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 February 24, 2016, on our consideration of the Allamakee Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Allamakee Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

February 24, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Allamakee 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 decreased from \$12,442,303 in fiscal year 2014 to \$12,298,142 in fiscal year 2015, while General Fund expenditures increased from \$12,242,366 in fiscal year 2014 to \$12,288,963 in fiscal year 2015. The District's General Fund balance increased from \$6,025,143 at June 30, 2014 to \$6,034,322 at June 30, 2015.
- The decrease in General Fund revenues was attributable to the District receiving proceeds to compensate the District for the loss of capital assets in the prior year. The increase in expenditures was due to the increase in support services expenditures associated with increased salaries and benefits paid to employees during the year.

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 Allamakee 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 Allamakee Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Allamakee Community School District acts solely as an agent or custodian for the benefit of those outside of the School 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

Figure A-1
Allamakee Community School District Annual Financial Report

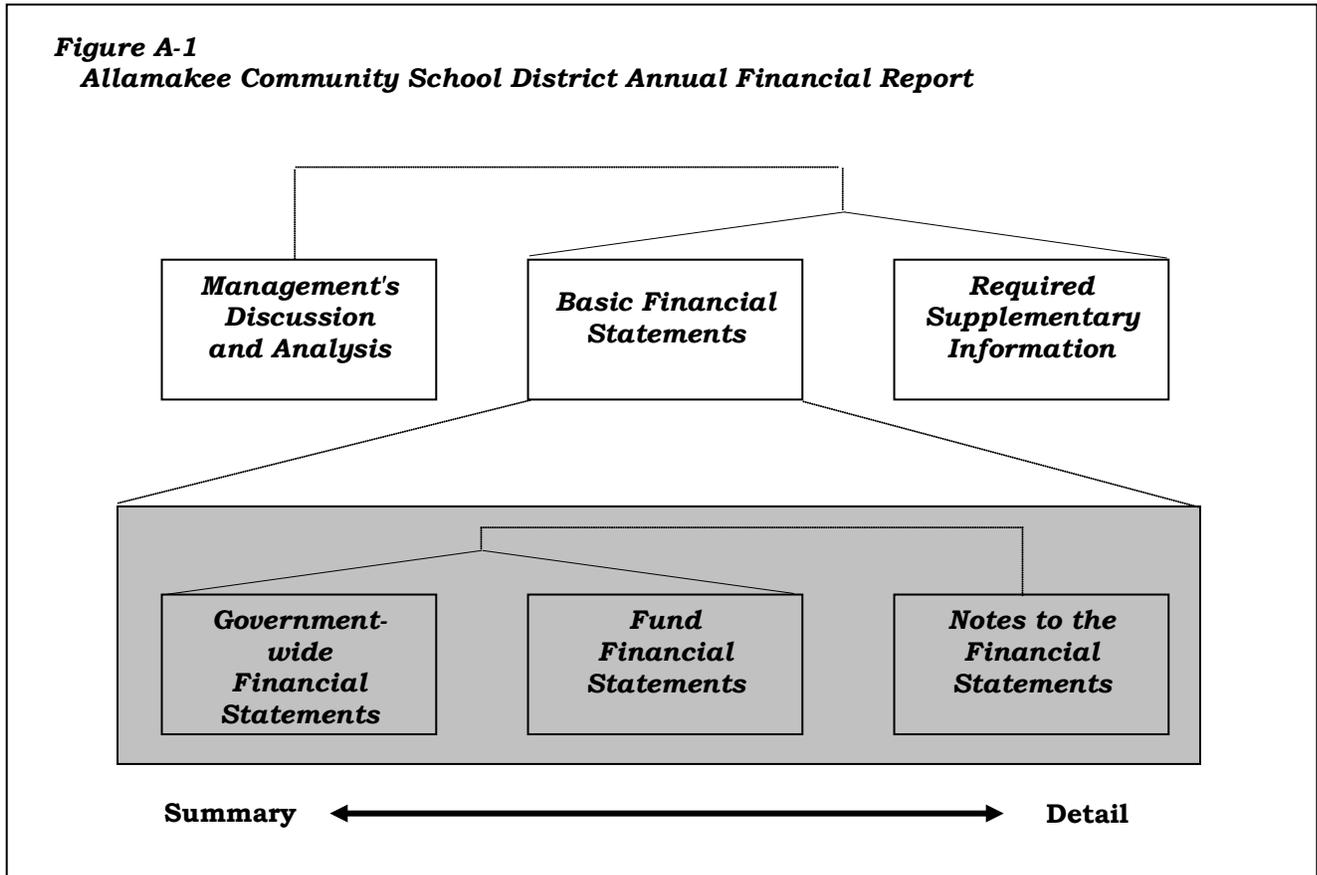


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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 service
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide 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 as well as the District's Sports Camps Fund which accounts for the revenues and expenses associated with different camps the District runs.

Fund Financial Statements

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

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

The District has two kinds of funds:

- 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, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for the 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 Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund, and the Sports Camp Fund.

The required financial statements for the 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.

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.

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Current and other assets	\$ 22,661,326	22,407,404	748,331	733,782	23,409,657	23,141,186	1.16%
Capital assets	14,813,416	14,379,287	177,484	212,215	14,990,900	14,591,502	2.74%
Total assets	37,474,742	36,786,691	925,815	945,997	38,400,557	37,732,688	1.77%
Deferred outflows of resources	944,916	-	33,956	-	978,872	-	100.00%
Long-term obligations	17,123,040	13,540,788	169,679	20,436	17,292,719	13,561,224	27.52%
Other liabilities	1,567,201	1,352,764	27,274	23,958	1,594,475	1,376,722	15.82%
Total liabilities	18,690,241	14,893,552	196,953	44,394	18,887,194	14,937,946	26.44%
Deferred inflows of resources	6,214,006	4,635,571	55,099	-	6,269,105	4,635,571	35.24%
Net position							
Net investment in capital assets	8,243,416	7,529,983	177,484	212,215	8,420,900	7,742,198	8.77%
Restricted	4,504,729	4,156,446	-	-	4,504,729	4,156,446	8.38%
Unrestricted	767,266	5,571,139	530,235	689,388	1,297,501	6,260,527	-79.27%
Total net position	\$ 13,515,411	17,257,568	707,719	901,603	14,223,130	18,159,171	-21.68%

The District's combined net position decreased by 21.68%, or \$3,936,041, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$348,283, or 8.38% from the prior year. This was primarily the result of an increase in the net position restricted for management levy purpose and school infrastructure.

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 \$4,963,026 or 79.27%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net 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 \$4,956,914 and \$176,061, 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 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						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014 (Not restated)		2014 (Not restated)		2014 (Not restated)		2014-15
	2015		2015		2015		
Revenues:							
Program revenues:							
Charges for service	\$ 784,725	740,230	373,738	377,975	1,158,463	1,118,205	3.60%
Operating grants, contributions and restricted interest	2,060,567	2,188,804	455,419	472,908	2,515,986	2,661,712	-5.47%
Capital grants, contributions and restricted interest	10,095	21,759	-	-	10,095	21,759	-53.61%
General revenues:							
Property tax	4,658,086	4,486,835	-	-	4,658,086	4,486,835	3.82%
Income surtax	476,627	579,720	-	-	476,627	579,720	-17.78%
Statewide sales, services and use tax	1,117,824	1,058,728	-	-	1,117,824	1,058,728	5.58%
Unrestricted state grants	5,815,304	5,925,433	-	-	5,815,304	5,925,433	-1.86%
Unrestricted interest income	60,437	63,120	2,824	3,045	63,261	66,165	-4.39%
Other	171,324	96,540	10,706	12,939	182,030	109,479	66.27%
Total revenues	15,154,989	15,161,169	842,687	866,867	15,997,676	16,028,036	-0.19%
Program expenses:							
Instruction	7,251,824	7,671,536	57,721	45,893	7,309,545	7,717,429	-5.29%
Support services	5,203,897	4,832,340	52,186	46,699	5,256,083	4,879,039	7.73%
Non-instructional programs	2,796	3,036	750,603	751,271	753,399	754,307	-0.12%
Other expenses	1,481,715	1,543,322	-	-	1,481,715	1,543,322	-3.99%
Total expenses	13,940,232	14,050,234	860,510	843,863	14,800,742	14,894,097	-0.63%
Excess(Deficiency) of revenues over(under) expenditures before extraordinary item	1,214,757	1,110,935	(17,823)	23,004	1,196,934	1,133,939	5.56%
Extraordinary item:							
Compensation for loss of capital assets	-	138,066	-	-	-	138,066	-100.00%
Change in net position	1,214,757	1,249,001	(17,823)	23,004	1,196,934	1,272,005	-5.90%
Net position beginning of year, as restated	12,300,654	16,008,567	725,542	878,599	13,026,196	16,887,166	-22.86%
Net position end of year	\$ 13,515,411	17,257,568	707,719	901,603	14,223,130	18,159,171	-21.68%

In fiscal 2015, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants accounted for 79.63% of the revenue from governmental activities while charges for services and operating grants and contributions and accounted for 98.39% of the revenue from business type activities.

The District's total revenues were approximately \$15.99 million of which approximately \$15.15 million was for governmental activities and approximately \$0.84 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.19% decrease in revenues and a 0.63% decrease in expenses. The decrease in revenues is primarily a result of a decrease in operating grants, contributions and restricted interest revenue received while the decrease in expenses is primarily related to decreases in instruction expenditures.

Governmental Activities

Revenues for governmental activities were \$15,154,989 and expenses were \$13,940,232 for the year ended June 30, 2015.

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.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 7,251,824	7,671,536	-5.47%	5,479,871	5,407,890	1.33%
Support services	5,203,897	4,832,340	7.69%	4,624,951	4,647,311	-0.48%
Non-instructional programs	2,796	3,036	-7.91%	2,796	3,036	-7.91%
Other expenses	1,481,715	1,543,322	-3.99%	977,227	1,041,204	-6.14%
Totals	\$ 13,940,232	14,050,234	-0.78%	11,084,845	11,099,441	-0.13%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$784,725.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,070,662.
- The net cost of governmental activities was financed with \$4,658,086 in property tax, \$476,627 in income surtax, \$1,117,824 in statewide sales, services and use tax, \$5,815,304 in unrestricted state grants, \$60,437 in interest income and \$171,324 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$842,687 and expenses were \$860,510. The District's business type activities include the School Nutrition Fund and the Sports Camps Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$16,024,431, which is more than last year's ending fund balances of \$16,016,172. This increase is primarily a result of the increase in the fund balance of the Management Levy Fund.

Governmental Fund Highlights

- The General Fund balance increased from \$6,025,143 at June 30, 2014 to \$6,034,322 at June 30, 2015. While General Fund revenues decreased compared to the prior year they still outpaced expenditures leading to the increase in fund balance.
- The Capital Projects Fund balance decreased from \$3,349,081 at June 30, 2014 to \$3,219,923 at June 30, 2015. The Capital Projects: Statewide Sales, Services and Use Tax account balance increased from \$2,129,135 at June 30, 2014 to \$2,317,080 at June 30, 2015, expenditures did increase from the prior year but the account balance increased by \$187,945. The Capital Projects: Physical Plant and Equipment Levy account balance decreased from \$1,219,946 at June 30, 2014 to \$902,843 at June 30, 2015 due to an increase in capital outlay expenditures compared to the prior year.
- The District's Debt Service Fund balance decreased from \$6,028,373 at June 30, 2014 to \$5,948,437 at June 30, 2015. This was a result of payments on the District's general obligation debt.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from a restated \$676,629 at July 1, 2014 to \$665,461 at June 30, 2015, representing a decrease of 1.65%. This decrease in net position is primarily a result of a decrease in federal source revenues received during fiscal year 2015.

The Sports Camps Fund net position increased from \$48,913 at June 30, 2014 to \$42,258 at June 30, 2015, representing a decrease of 13.61%. This decrease in net position is primarily a result of operating expenses outpacing charges for service during the year.

BUDGETARY HIGHLIGHTS

Over the course of the year the Allamakee Community School District amended its budget one time to reflect additional expenditures in the instruction, support services and other expenditures functional areas

The District's revenues were \$2,164 less than budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$14.99 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 amount represents a net increase of 2.66% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$1,051,844.

The original cost of the District's capital assets was approximately \$25.09 million. Governmental funds accounted for approximately \$24.55 million with the remainder of approximately \$0.54 million in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$124,843 at June 30, 2015, compared to \$0 reported at June 30, 2014. This increase was the result of work on HVAC systems around the District.

	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 451,885	415,141	-	-	451,885	415,141	8.13%
Construction in progress	124,843	-	-	-	124,843	-	100.00%
Buildings	11,603,178	12,059,197	-	-	11,603,178	12,059,197	-3.93%
Land improvements	488,302	514,381	-	-	488,302	514,381	-5.34%
Machinery and equipment	2,145,208	1,390,568	177,484	212,215	2,322,692	1,602,783	30.99%
Total	\$ 14,813,416	14,379,287	177,484	212,215	14,990,900	14,591,502	2.66%

Long-Term Debt

At June 30, 2015, the District had \$17,292,719 in general obligation and other long-term debt outstanding. This represents an increase of 27.52% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding general obligation bond indebtedness at June 30, 2015 of \$12,420,000 payable from the Debt Service Fund.

The District had total outstanding termination benefits payable from the Special Revenue - Management Levy Fund of \$99,000 at June 30, 2015.

The District had total outstanding compensated absences payable of \$23,069 at June 30, 2015, payable from the General Fund.

The District had total net pension liability at June 30, 2015 of \$4,212,100. The governmental activities accounted for \$4,067,625 of this total while business type activities accounted for \$144,475.

The District had total net OPEB liability at June 30, 2015 of \$538,550. The governmental activities accounted for \$513,346 of this total while business type activities accounted for \$25,204.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District	Total Change	
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014-15	
					2014 (Not restated)		
General obligation bonds	\$ 12,420,000	12,865,000	-	-	12,420,000	12,865,000	-3.46%
Termination benefits	99,000	198,000	-	-	99,000	198,000	-50.00%
Compensated absences	23,069	20,298	-	130	23,069	20,428	12.93%
Net pension liability	4,067,625	-	144,475	-	4,212,100	-	100.00%
Net OPEB liability	513,346	457,490	25,204	20,306	538,550	477,796	12.72%
Totals	\$ 17,123,040	13,540,788	169,679	20,436	17,292,719	13,561,224	27.52%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District continues to be in good financial health. A solid foundation of cash balances and unspent balance, allow the District to provide the resources needed for excellent student achievement while still keeping the tax burden reasonable. However, costs outside the Board's control such as increase in health insurance and utility costs are worrisome and employee contract settlement will also have an effect on the District's financial viability.
- Secure an Advanced Vision for Education (SAVE) / Local Option / Statewide Sales and Services Tax Fund funds continue to be utilized to offset the District's tax levy with \$500,000 per year pledged to be utilized for District debt.

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 Janice Rea, District Secretary/Treasurer, Allamakee Community School District, 1059 Third Avenue N.W., Waukon, Iowa, 52172.

Basic Financial Statements

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments:			
U.S Treasury Securities on deposit			
with escrow agent	\$ 5,932,953	-	5,932,953
Other	10,845,000	700,133	11,545,133
Receivables:			
Property tax:			
Delinquent	60,840	-	60,840
Succeeding year	4,662,731	-	4,662,731
Income surtax	468,017	-	468,017
Accounts	5,976	216	6,192
Due from other governments	685,809	23,773	709,582
Inventories	-	24,209	24,209
Capital assets, net of accumulated depreciation	14,813,416	177,484	14,990,900
TOTAL ASSETS	37,474,742	925,815	38,400,557
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	944,916	33,956	978,872
LIABILITIES			
Accounts payable	438,357	1,489	439,846
Salaries and benefits payable	1,067,790	12,829	1,080,619
Accrued interest payable	61,054	-	61,054
Unearned revenue	-	12,956	12,956
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	465,000	-	465,000
Termination benefits payable	99,000	-	99,000
Compensated absences payable	23,069	-	23,069
Portion due after one year:			
General obligation bonds payable	11,955,000	-	11,955,000
Net pension liability	4,067,625	144,475	4,212,100
Net OPEB liability	513,346	25,204	538,550
TOTAL LIABILITIES	18,690,241	196,953	18,887,194
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	4,662,731	-	4,662,731
Pension related deferred inflows	1,551,275	55,099	1,606,374
TOTAL DEFERRED INFLOWS OF RESOURCES	6,214,006	55,099	6,269,105
NET POSITION			
Net investment in capital assets	8,243,416	177,484	8,420,900
Restricted for:			
Categorical funding	524,674	-	524,674
School infrastructure	2,317,080	-	2,317,080
Physical plant and equipment	902,843	-	902,843
Management levy purposes	599,325	-	599,325
Student activities	123,424	-	123,424
Debt service	37,383	-	37,383
Unrestricted	767,266	530,235	1,297,501
TOTAL NET POSITION	\$ 13,515,411	707,719	14,223,130

SEE NOTES TO FINANCIAL STATEMENTS.

**ALLAMAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 4,535,409	330,222	327,992	-	(3,877,195)	-	(3,877,195)
Special	1,375,307	65,841	286,873	-	(1,022,593)	-	(1,022,593)
Other	1,341,108	263,572	497,453	-	(580,083)	-	(580,083)
	<u>7,251,824</u>	<u>659,635</u>	<u>1,112,318</u>	<u>-</u>	<u>(5,479,871)</u>	<u>-</u>	<u>(5,479,871)</u>
Support services:							
Student	633,524	16,901	248,924	-	(367,699)	-	(367,699)
Instructional staff	1,277,256	48,716	6,257	-	(1,222,283)	-	(1,222,283)
Administration	1,115,948	-	124,398	-	(991,550)	-	(991,550)
Operation and maintenance of plant	1,086,746	15,000	-	10,095	(1,061,651)	-	(1,061,651)
Transportation	1,090,423	44,473	64,182	-	(981,768)	-	(981,768)
	<u>5,203,897</u>	<u>125,090</u>	<u>443,761</u>	<u>10,095</u>	<u>(4,624,951)</u>	<u>-</u>	<u>(4,624,951)</u>
Non-instructional programs:							
Food service operations	2,796	-	-	-	(2,796)	-	(2,796)
Long-term debt interest	385,613	-	-	-	(385,613)	-	(385,613)
Other expenditures:							
AEA flowthrough	504,488	-	504,488	-	-	-	-
Depreciation(unallocated)*	591,614	-	-	-	(591,614)	-	(591,614)
	<u>1,096,102</u>	<u>-</u>	<u>504,488</u>	<u>-</u>	<u>(591,614)</u>	<u>-</u>	<u>(591,614)</u>
Total governmental activities	<u>13,940,232</u>	<u>784,725</u>	<u>2,060,567</u>	<u>10,095</u>	<u>(11,084,845)</u>	<u>-</u>	<u>(11,084,845)</u>
Business type activities:							
Instruction:							
Other	57,721	50,964	-	-	-	(6,757)	(6,757)
Support services:							
Instructional staff	2,184	-	-	-	-	(2,184)	(2,184)
Administration	49,938	-	-	-	-	(49,938)	(49,938)
Operation and maintenance of plant	64	-	-	-	-	(64)	(64)
	<u>52,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,186)</u>	<u>(52,186)</u>
Non-instructional programs:							
Food service operations	750,603	322,774	455,419	-	-	27,590	27,590
Total business type activities	<u>860,510</u>	<u>373,738</u>	<u>455,419</u>	<u>-</u>	<u>-</u>	<u>(31,353)</u>	<u>(31,353)</u>
Total	<u>\$ 14,800,742</u>	<u>1,158,463</u>	<u>2,515,986</u>	<u>10,095</u>	<u>(11,084,845)</u>	<u>(31,353)</u>	<u>(11,116,198)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 4,235,093	-	4,235,093
Debt service					228,729	-	228,729
Capital outlay					194,264	-	194,264
Income surtax					476,627	-	476,627
Statewide sales, services and use tax					1,117,824	-	1,117,824
Unrestricted state grants					5,815,304	-	5,815,304
Unrestricted investment earnings					60,437	2,824	63,261
Other general revenues					171,324	10,706	182,030
Total general revenues					<u>12,299,602</u>	<u>13,530</u>	<u>12,313,132</u>
Change in net position					1,214,757	(17,823)	1,196,934
Net position beginning of year, as restated					<u>12,300,654</u>	<u>725,542</u>	<u>13,026,196</u>
Net position end of year					<u>\$ 13,515,411</u>	<u>707,719</u>	<u>14,223,130</u>

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments:					
U.S. Treasury Securities on deposit with escrow agent	\$ -	-	5,932,953	-	5,932,953
Other	6,784,188	3,177,188	12,476	871,148	10,845,000
Receivables:					
Property tax					
Delinquent	48,746	2,541	2,992	6,561	60,840
Succeeding year	3,985,549	201,852	225,329	250,001	4,662,731
Income surtax	-	468,017	-	-	468,017
Accounts	5,976	-	-	-	5,976
Due from other governments	512,627	173,129	16	37	685,809
TOTAL ASSETS	\$ 11,337,086	4,022,727	6,173,766	1,127,747	22,661,326
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 249,425	132,935	-	55,997	438,357
Salaries and benefits payable	1,067,790	-	-	-	1,067,790
Total liabilities	1,317,215	132,935	-	55,997	1,506,147
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,985,549	201,852	225,329	250,001	4,662,731
Income surtax	-	468,017	-	-	468,017
Total deferred inflows of resources	3,985,549	669,869	225,329	250,001	5,130,748
Fund balances:					
Restricted for:					
Categorical funding	524,674	-	-	-	524,674
School infrastructure	-	2,317,080	-	-	2,317,080
Physical plant and equipment	-	902,843	-	-	902,843
Management levy purposes	-	-	-	698,325	698,325
Student activities	-	-	-	123,424	123,424
Debt service	-	-	5,948,437	-	5,948,437
Unassigned	5,509,648	-	-	-	5,509,648
Total fund balances	6,034,322	3,219,923	5,948,437	821,749	16,024,431
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,337,086	4,022,727	6,173,766	1,127,747	22,661,326

SEE NOTES TO FINANCIAL STATEMENTS.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 20)	\$	16,024,431
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		14,813,416
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(61,054)
Accounts receivable income surtax, are not yet available to finance current year expenditures and therefore, is recognized as deferred inflows of resources in the governmental funds.		468,017
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 944,916	
Deferred inflows of resources	<u>(1,551,275)</u>	(606,359)
Long-term liabilities, including general obligation bonds payable, termination benefits payable, compensated absences payable, net pension liability and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(17,123,040)</u>
Net position of governmental activities(page 18)	\$	<u>13,515,411</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,732,674	670,533	228,729	502,419	5,134,355
Tuition	297,046	-	-	-	297,046
Other	442,614	40,647	23,785	270,601	777,647
State sources	6,602,860	1,119,413	1,871	4,288	7,728,432
Federal sources	1,216,916	235	-	-	1,217,151
TOTAL REVENUES	12,292,110	1,830,828	254,385	777,308	15,154,631
EXPENDITURES:					
Current:					
Instruction:					
Regular	4,948,598	-	-	158,240	5,106,838
Special	1,371,799	-	-	-	1,371,799
Other	1,097,573	-	-	246,815	1,344,388
	<u>7,417,970</u>	<u>-</u>	<u>-</u>	<u>405,055</u>	<u>7,823,025</u>
Support services:					
Student	619,710	-	-	4,438	624,148
Instructional staff	532,297	710,880	-	2,302	1,245,479
Administration	1,312,741	-	-	8,466	1,321,207
Operation and maintenance of plant	1,019,791	24,037	-	113,781	1,157,609
Transportation	881,966	177,752	-	32,296	1,092,014
	<u>4,366,505</u>	<u>912,669</u>	<u>-</u>	<u>161,283</u>	<u>5,440,457</u>
Non-instructional programs:					
Food service operations	-	-	-	2,796	2,796
Capital outlay	-	590,955	-	-	590,955
Long-term debt:					
Principal	-	-	445,000	-	445,000
Interest and fiscal charges	-	-	389,321	-	389,321
	<u>-</u>	<u>-</u>	<u>834,321</u>	<u>-</u>	<u>834,321</u>
Other expenditures:					
AEA flowthrough	504,488	-	-	-	504,488
TOTAL EXPENDITURES	12,288,963	1,503,624	834,321	569,134	15,196,042
Excess(Deficiency) of revenues over(under) expenditures	3,147	327,204	(579,936)	208,174	(41,411)
OTHER FINANCING SOURCES(USES):					
Sale of equipment	6,032	-	-	-	6,032
Transfer in	-	-	500,000	-	500,000
Transfer out	-	(500,000)	-	-	(500,000)
Compensation for loss of capital assets	-	43,638	-	-	43,638
TOTAL OTHER FINANCING SOURCES(USES)	6,032	(456,362)	500,000	-	49,670
Change in fund balances	9,179	(129,158)	(79,936)	208,174	8,259
Fund balances beginning of year	6,025,143	3,349,081	6,028,373	613,575	16,016,172
Fund balances end of year	<u>\$ 6,034,322</u>	<u>3,219,923</u>	<u>5,948,437</u>	<u>821,749</u>	<u>16,024,431</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Change in fund balances - total governmental funds(page 22) \$ 8,259

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/amortization expense in the current year, as follows:

Capital outlay	\$ 1,443,839	
Depreciation expense	<u>(1,009,710)</u>	434,129

Income surtax accounts receivable is not available revenue and is recognized as deferred inflows of resources in the governmental funds. 358

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 445,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,708

The current year District employer share of IPERS contributions are reported as expenditures in the governmental fund, but are reported as a deferred outflow of resources in the Statement of Net Position. 612,725

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.

Termination benefits	\$ 99,000	
Compensated absences	(2,771)	
Pension expense	(329,795)	
Other postemployment benefits	<u>(55,856)</u>	<u>(289,422)</u>

Change in net position of governmental activities(page 19) \$ 1,214,757

SEE NOTES TO FINANCIAL STATEMENTS.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business Type Activities		
	Enterprise Funds		
	School Nutrition	Sports Camps	Total
ASSETS			
Current assets:			
Cash and pooled investments	\$ 657,076	43,057	700,133
Accounts receivable	216	-	216
Due from other governments	23,773	-	23,773
Inventories	24,209	-	24,209
Total current assets	<u>705,274</u>	<u>43,057</u>	<u>748,331</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment, net of accumulated depreciation	177,484	-	177,484
TOTAL ASSETS	<u>882,758</u>	<u>43,057</u>	<u>925,815</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	33,956	-	33,956
LIABILITIES			
Current liabilities:			
Accounts payable	690	799	1,489
Salaries and benefits payable	12,829	-	12,829
Unearned revenue	12,956	-	12,956
Total current liabilities	<u>26,475</u>	<u>799</u>	<u>27,274</u>
Noncurrent liabilities:			
Net pension liability	144,475	-	144,475
Net OPEB liability	25,204	-	25,204
Total noncurrent liabilities	<u>169,679</u>	<u>-</u>	<u>169,679</u>
TOTAL LIABILITIES	<u>196,154</u>	<u>799</u>	<u>196,953</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	55,099	-	55,099
NET POSITION			
Net investment in capital assets	177,484	-	177,484
Unrestricted	487,977	42,258	530,235
TOTAL NET POSITION	<u>\$ 665,461</u>	<u>42,258</u>	<u>707,719</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities		
	Enterprise Funds		
	School Nutrition	Sports Camps	Total
OPERATING REVENUES:			
Local sources:			
Charges for service	\$ 322,774	50,964	373,738
Miscellaneous	10,706	-	10,706
TOTAL OPERATING REVENUES	333,480	50,964	384,444
OPERATING EXPENSES:			
Instruction:			
Other:			
Supplies	-	57,721	57,721
Support services:			
Instructional staff:			
Supplies	2,184	-	2,184
Administration:			
Salaries	31,011	-	31,011
Benefits	13,222	-	13,222
Services	5,570	-	5,570
Other	135	-	135
	49,938	-	49,938
Operation and maintenance of plant:			
Supplies	64	-	64
Total support services	52,186	-	52,186
Non-instructional programs:			
Food service operations:			
Salaries	220,259	-	220,259
Benefits	70,252	-	70,252
Services	7,427	-	7,427
Supplies	405,871	-	405,871
Depreciation	42,134	-	42,134
Other	4,660	-	4,660
	750,603	-	750,603
TOTAL OPERATING EXPENSES	802,789	57,721	860,510
OPERATING LOSS	(469,309)	(6,757)	(476,066)
NON-OPERATING REVENUES:			
State sources	5,827	-	5,827
Federal sources	449,592	-	449,592
Interest on investments	2,722	102	2,824
TOTAL NON-OPERATING REVENUES	458,141	102	458,243
Change in net position	(11,168)	(6,655)	(17,823)
Net position beginning of year, as restated	676,629	48,913	725,542
Net position end of year	\$ 665,461	42,258	707,719

SEE NOTES TO FINANCIAL STATEMENTS.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities		
	Enterprise Funds		
	School Nutrition	Sports Camps	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 324,114	-	324,114
Cash received from sports camp activities	-	52,049	52,049
Cash received from miscellaneous	10,706	-	10,706
Cash payments to employees for services	(339,122)	-	(339,122)
Cash payments to suppliers for goods or services	(362,007)	(57,832)	(419,839)
Net cash used in operating activities	(366,309)	(5,783)	(372,092)
Cash flows from non-capital financing activities:			
State grants received	5,827	-	5,827
Federal grants received	382,346	-	382,346
Net cash provided by non-capital financing activities	388,173	-	388,173
Cash flows from capital and related financing activities:			
Purchase of capital assets	(7,403)	-	(7,403)
Cash flows from investing activities:			
Interest on investments	2,722	102	2,824
Net increase(decrease) in cash pooled investments	17,183	(5,681)	11,502
Cash and pooled investments at beginning of year	639,893	48,738	688,631
Cash and pooled investments at end of year	\$ 657,076	43,057	700,133
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (469,309)	(6,757)	(476,066)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	60,912	-	60,912
Depreciation	42,134	-	42,134
Decrease in inventories	2,418	-	2,418
Decrease(Increase) in accounts receivable	(216)	1,085	869
Increase(Decrease) in accounts payable	574	(111)	463
Increase in salary and benefits payable	1,297	-	1,297
Increase in other postemployment benefits	4,898	-	4,898
Decrease in net pension liability	(52,873)	-	(52,873)
Increase in deferred outflows of resources	(12,669)	-	(12,669)
Increase in deferred inflows of resources	55,099	-	55,099
Decrease in compensated absences	(130)	-	(130)
Increase in unearned revenue	1,556	-	1,556
Net cash used in operating activities	\$ (366,309)	(5,783)	(372,092)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2015, the District received Federal commodities valued at \$60,912.

SEE NOTES TO FINANCIAL STATEMENTS.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

The Allamakee Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Waukon, Iowa, and the predominate agricultural territory of Allamakee and Winneshiek 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Allamakee 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 do 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 Allamakee and Winneshiek County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the activities of the District, with omission of the fiduciary funds. 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/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are 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 expenses, 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 Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District also reports the following non-major proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District. The Enterprise, Sports Camps Fund and is used to account the District-sponsored athletic camps.

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 measureable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as

expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less restrictive classifications - 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 and Pooled Investments - The cash balance of most District funds are pooled and invested. Investments are stated at fair value.

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, they have a maturity date no longer than three months.

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

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes 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 the 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 governmental commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ -
Buildings	25,000
Land improvements	25,000
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25-50 years
Land improvements	20-25 years
Intangibles	3-10 years
Machinery and equipment	5-20 years

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.

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

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015.

The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund and Enterprise, School Nutrition Fund.

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

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to 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 collectible within the current period or soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

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

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

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

Unassigned - All amounts not included in preceding classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash 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.

At June 30, 2015, the District had investments in U.S. Treasury Securities which are stated at the fair value of \$5,932,953. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 500,000</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District's general obligation bond indebtedness.

Note 4. 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	\$ 415,141	36,744	-	451,885
Construction in progress	-	124,843	-	124,843
Total capital assets not being depreciated	<u>415,141</u>	<u>161,587</u>	<u>-</u>	<u>576,728</u>
Capital assets being depreciated:				
Buildings	17,345,757	83,473	-	17,429,230
Land improvements	1,447,506	26,043	-	1,473,549
Machinery and equipment	3,982,604	1,172,736	87,384	5,067,956
Total capital assets being depreciated	<u>22,775,867</u>	<u>1,282,252</u>	<u>87,384</u>	<u>23,970,735</u>
Less accumulated depreciation for:				
Buildings	5,286,560	539,492	-	5,826,052
Land improvements	933,125	52,122	-	985,247
Machinery and equipment	2,592,036	418,096	87,384	2,922,748
Total accumulated depreciation	<u>8,811,721</u>	<u>1,009,710</u>	<u>87,384</u>	<u>9,734,047</u>
Total capital assets being depreciated, net	<u>13,964,146</u>	<u>272,542</u>	<u>-</u>	<u>14,236,688</u>
Governmental activities capital assets, net	<u>\$ 14,379,287</u>	<u>434,129</u>	<u>-</u>	<u>14,813,416</u>
Business type activities:				
Machinery and equipment	\$ 529,750	7,403	-	537,153
Less accumulated depreciation	317,535	42,134	-	359,669
Business type activities capital assets, net	<u>\$ 212,215</u>	<u>(34,731)</u>	<u>-</u>	<u>177,484</u>

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular \$ 196,673

Support services:

Administration 35,820

Operation and maintenance of plant 11,335

Transportation 174,268

418,096

Unallocated depreciation 591,614

Total governmental activities depreciation expense \$ 1,009,710

Business type activities:

Food service operations \$ 42,134

Note 5. Long-Term Debt

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

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 12,865,000	-	445,000	12,420,000	465,000
Termination benefits	198,000	-	99,000	99,000	99,000
Compensated absences	20,298	23,069	20,298	23,069	23,069
Net pension liability	5,556,242	-	1,488,617	4,067,625	-
Net OPEB liability	457,490	55,856	-	513,346	-
Total	\$ 19,097,030	78,925	2,052,915	17,123,040	587,069
Business type activities:					
Compensated absences	\$ 130	-	130	-	-
Net pension liability	197,348	-	52,873	144,475	-
Net OPEB liability	20,306	4,898	-	25,204	-
Total	\$ 217,784	4,898	53,003	169,679	-

General Obligation

On March 12, 2013 the District issued \$6,105,000 of general obligation crossover refunding bonds, with interest rates ranging from 1.375% to 2.00%, for a crossover refunding of a portion of the general obligation bonds issued May 1, 2006. The District entered in an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Treasury Securities. These securities along with additional cash were placed in an escrow account for the express purpose of paying the \$5,850,000 principal of the refunded general obligation bonds when they become callable on May 1, 2016, and the interest from November 1, 2013 to and including May 1, 2016 on the refunding bonds. After principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished.

Details of the Districts June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2006			Crossover Refunding Bond Issue March 12, 2013			Total		
	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total
2016	5.00 %	\$ 465,000	260,328	2.00 %	\$ -	105,994	465,000	366,322	831,322
2017	3.85	485,000	237,078	2.00	550,000	105,994	1,035,000	343,072	1,378,072
2018	3.90	505,000	218,405	2.00	575,000	94,994	1,080,000	313,399	1,393,399
2019	4.00	525,000	198,710	2.00	580,000	83,494	1,105,000	282,204	1,387,204
2020	4.00	545,000	177,710	1.25	595,000	71,894	1,140,000	249,604	1,389,604
2021-2025	4.00-4.15	3,090,000	539,790	1.38-1.88	3,140,000	229,545	6,230,000	769,335	6,999,335
2026	4.25	700,000	29,750	2.00	665,000	13,300	1,365,000	43,050	1,408,050
Total		\$ 6,315,000	1,661,771		\$ 6,105,000	705,215	12,420,000	2,366,986	14,786,986

Termination Benefits

The District did not offer an early retirement incentive for the year ended June 30, 2015. However, the District offered a voluntary early retirement plan to its employees during fiscal year 2011. The plan was only offered to employees for only one year. Employees must have completed at least fifteen years of service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. Applications were subject to approval by the board of education.

The early retirement benefit for each eligible employee was equal to \$45,000 paid in ten equal installments over five years.

At June 30, 2015, the District has obligations to eleven participants with a total liability of \$99,000. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$99,000. The cost of early retirement payments expected to be paid are recorded as a long-term liability of the Governmental Activities in the Government-wide financial statements.

Note 6. 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 information purposes only. Refer to the plan documents for more information.

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

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that 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 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 \$634,882.

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 \$4,212,100 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 0.104077 percent, which was an increase of 0.002460 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$341,509. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,777	\$ -
Changes of assumptions	185,890	-
Net difference between projected and actual earnings on pension plan investments	-	1,606,374
Changes in proportion and differences between District contributions and proportionate share of contributions	112,323	-
District contributions subsequent to the measurement date	634,882	-
Total	\$ 978,872	\$ 1,606,374

\$634,882 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	\$ (321,222)
2017	(321,222)
2018	(321,222)
2019	(321,222)
2020	22,504
	<u>\$ (1,262,384)</u>

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
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 Allocation</u>	<u>Long-Term Expected Real Rate of 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	(0.69)
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 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 (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 7,958,645	\$ 4,212,100	\$ 1,049,628

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 payables to the defined benefit pension plan of \$54,733 for legally required employer contributions and \$36,468 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Other Postemployment Benefits(OPEB)

Plan Description - As explained in Note 8, the District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust which provides medical and prescription drug benefits for employees, retirees and their spouses. Allamakee Community School District has 114 active and 8 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 93,506
Interest on net OPEB obligation	11,945
Adjustment to annual required contribution	<u>(31,863)</u>
Annual OPEB cost	73,588
Contributions made	<u>(12,834)</u>
Increase in net OPEB obligation	60,754
Net OPEB obligation beginning of year	<u>477,796</u>
Net OPEB obligation end of year	<u><u>\$ 538,550</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$12,834 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 85,726	20.57	% \$ 409,940
2014	87,706	22.63	477,796
2015	73,588	17.44	538,550

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$661,614 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$661,614. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,011,785 and the ratio of the UAAL to covered payroll was 11.01%. 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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Risk Management

Allamakee Community School District is a member in the Northeast Iowa Conference Schools 28E Retention Pool Trust, an Iowa Code Chapter 28E organization. The Northeast Iowa Conference School 28E Retention Pool Trust (Trust) is a local government risk-sharing pool whose members include various schools throughout northeast Iowa. The primary purpose of the Trust is to provide medical and dental benefits to the School employees and retirees, and their dependents, through a partially self-funded plan.

Each member's contributions to the Trust fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Trust's general and administrative expenses, claims, claims expenses and insurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the Trust. District contributions to the Trust for the year ended June 30, 2015 were \$1,208,789.

Payments from participating schools are the sole source for paying claims and establishing reserves for the Trust's partially self-funded programs. As of June 30, 2015, settled claims have not exceeded the risk pool or insurance company coverage.

Allamakee Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Note 9. 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 \$504,488 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.

Note 10. Categorical Funding

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

Program	Amount
Weighted at-risk programs	\$ 4,681
Gifted and talented programs	167,346
Returning dropouts and dropout prevention programs	13,664
Teacher salary supplement	85,934
Four-year-old preschool state aid	73,985
Successful progression for early readers	29,871
Professional development for model core curriculum	88,383
Professional development	37,018
Market factor incentives	5,957
Teacher leadership grants	835
Community college equipment and training fund	17,000
Total	<u>\$ 524,674</u>

Note 11. Operating Leases Commitment

The District entered into a four-year contract to lease copy machines during fiscal 2012. The lease agreement runs through May of 2016 with minimum monthly payments of \$1,511.11.

Note 12. 28E Agreement and Ground Lease with Northeast Iowa Community Action Corporation.

In January 2000, the District entered into a 28E agreement with the Northeast Iowa Community Action Corporation to construct a Family Service Center on the real property owned by the District, financed, constructed and operated by the Northeast Iowa Community Action Corporation for the purpose of jointly providing the facility for use by citizens within county. This agreement shall remain in effect for fifty years. The lease term may be extended at the rental rate set every ten successive year periods.

The Northeast Iowa Community Action Corporation agrees to use the leased property of the District only as a Family Service Center and to provide, preschool education, daycare for children, family and individual counseling, special education, and head-start programs. The corporation pays the District \$10 per year for rent of District grounds.

The District agrees to pay the Northeast Iowa Community Action Corporation rent of \$1,003.94 per month for subleasing of 2,514 square feet of the Family Service Center. The total rental payment over 40 years was calculated at \$85.70 per square foot for an overall cost of \$215,475 at an interest rate of 4.75 percent as amended in July 2001.

These lease expenditures are currently paid by the District out of the Capital Projects: Physical Plant and Equipment Levy Fund.

Note 13. Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is the following:

	Net Investment in Capital Assets	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	698,325	5,948,437	5,509,648
Net investment in capital assets	14,813,416	-	-	-
General obligation bond capitalized indebtedness	(6,570,000)	-	-	-
Escrow balance for refunded principal	-	-	(5,850,000)	-
Termination benefits	-	(99,000)	-	-
Accrued interest payable	-	-	(61,054)	-
Income surtax	-	-	-	468,017
Compensated absences	-	-	-	(23,069)
Pension related deferred outflows	-	-	-	944,916
Net pension liability	-	-	-	(4,067,625)
Pension related deferred inflows	-	-	-	(1,551,275)
Net OPEB liability	-	-	-	(513,346)
Net position (Exhibit A)	\$ 8,243,416	599,325	37,383	767,266

Note 14. Construction Commitment

The District has entered into various contracts for building improvements. As of June 30, 2015, costs of \$124,843 have been incurred against these contracts. The balance will be paid as work on each project progresses.

Note 15. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2015, expenditures in the other expenditures functional area exceeded the amounts budgeted.

Note 16. Accounting Change/Restatement Note

Governmental Accounting Standards Board 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 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>		
		<u>School Nutrition</u>	<u>Sports Camps</u>	<u>Total</u>
Net position June 30, 2014, as previously reported	\$ 17,257,568	\$ 852,690	48,913	901,603
Net pension liability at June 30, 2014	(5,556,242)	(197,348)	-	(197,348)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	599,328	21,287	-	21,287
Net position July 1, 2014, as restated	<u>\$ 12,300,654</u>	<u>\$ 676,629</u>	<u>48,913</u>	<u>725,542</u>

Required Supplementary Information

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 6,209,048	387,268	6,596,316	7,678,595	7,678,595	(1,082,279)
Intermediate sources	-	-	-	5,000	5,000	(5,000)
State sources	7,728,432	5,827	7,734,259	6,830,887	6,830,887	903,372
Federal sources	1,217,151	449,592	1,666,743	1,485,000	1,485,000	181,743
Total revenues	15,154,631	842,687	15,997,318	15,999,482	15,999,482	(2,164)
Expenditures/Expenses:						
Instruction	7,823,025	57,721	7,880,746	8,047,100	8,500,000	619,254
Support services	5,440,457	52,186	5,492,643	4,884,700	6,200,000	707,357
Non-instructional programs	2,796	750,603	753,399	783,300	1,000,000	246,601
Other expenditures	1,929,764	-	1,929,764	1,781,902	1,781,902	(147,862)
Total expenditures/expenses	15,196,042	860,510	16,056,552	15,497,002	17,481,902	1,425,350
Excess(Deficiency) of revenues over(under) expenditures/expenses	(41,411)	(17,823)	(59,234)	502,480	(1,482,420)	1,423,186
Other financing sources, net	49,670	-	49,670	-	-	49,670
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	8,259	(17,823)	(9,564)	502,480	(1,482,420)	1,472,856
Balances beginning of year, as restated	16,016,172	725,542	16,741,714	16,899,475	16,899,475	(157,761)
Balances end of year	\$ 16,024,431	707,719	16,732,150	17,401,955	15,417,055	1,315,095

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$1,984,900.

During the year ended June 30, 2015, expenditures in the other expenditures function exceeded the amounts budgeted.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
 LAST FISCAL YEAR*
 (IN THOUSANDS)
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.104077%
District's proportionate share of the net pension liability	\$ 4,212
District's covered-employee payroll	\$ 7,110
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.24%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 635	621	570	528	481	463	448	424	408	398
Contributions in relation to the statutorily required contribution	(635)	(621)	(570)	(528)	(481)	(463)	(448)	(424)	(408)	(398)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 7,110	6,954	6,574	6,543	6,921	6,662	7,055	7,008	7,096	6,922
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
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.

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.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 909,845	\$ 909,845	0.0 %	\$ 6,085,000	14.95%
2010	July 1, 2008	-	889,333	889,333	0.0	5,775,000	15.40%
2011	July 1, 2010	-	767,054	767,054	0.0	6,160,000	12.45%
2012	July 1, 2010	-	726,460	726,460	0.0	5,370,000	13.53%
2013	July 1, 2012	-	704,620	704,620	0.0	5,472,000	12.88%
2014	July 1, 2012	-	683,473	683,473	0.0	5,600,000	12.20%
2015	July 1, 2014	-	661,614	661,614	0.0	6,011,785	11.01%

See Note 7 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Allamakee Community School District

Supplementary Information

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 741,227	129,921	871,148
Receivables:			
Property tax:			
Delinquent	6,561	-	6,561
Succeeding year	250,001	-	250,001
Due from other governments	37	-	37
TOTAL ASSETS	\$ 997,826	129,921	1,127,747
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 49,500	6,497	55,997
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	250,001	-	250,001
Fund balances:			
Restricted for:			
Management levy purposes	698,325	-	698,325
Student activities	-	123,424	123,424
Total fund balances	698,325	123,424	821,749
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 997,826	129,921	1,127,747

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2015

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 502,419	-	502,419
Other	16,807	253,794	270,601
State sources	4,288	-	4,288
TOTAL REVENUES	523,514	253,794	777,308
EXPENDITURES:			
Current:			
Instruction:			
Regular	158,240	-	158,240
Other	-	246,815	246,815
Support services:			
Student	4,438	-	4,438
Instructional staff	2,302	-	2,302
Administration	8,466	-	8,466
Operation and maintenance of plant	113,781	-	113,781
Transportation	32,296	-	32,296
Non-instructional programs:			
Food service operations	2,796	-	2,796
TOTAL EXPENDITURES	322,319	246,815	569,134
Change in fund balances	201,195	6,979	208,174
Fund balances beginning of year	497,130	116,445	613,575
Fund balances end of year	\$ 698,325	123,424	821,749

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
 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 and pooled investments	\$ 2,143,965	1,033,223	3,177,188
Receivables:			
Property tax:			
Delinquent	-	2,541	2,541
Succeeding year	-	201,852	201,852
Income surtax	-	468,017	468,017
Due from other governments	173,115	14	173,129
TOTAL ASSETS	\$ 2,317,080	1,705,647	4,022,727
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	132,935	132,935
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year	-	201,852	201,852
Income surtax	-	468,017	468,017
Total deferred inflows of resources	-	669,869	669,869
Fund balances:			
Restricted for:			
School infrastructure	2,317,080	-	2,317,080
Physical plant and equipment	-	902,843	902,843
Total fund balances	2,317,080	902,843	3,219,923
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,317,080	1,705,647	4,022,727

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
 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	Total
REVENUES:			
Local sources:			
Local tax	\$ -	670,533	670,533
Other	21,812	18,835	40,647
State sources	1,117,824	1,589	1,119,413
Federal sources	-	235	235
TOTAL REVENUES	1,139,636	691,192	1,830,828
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	355,440	355,440	710,880
Operation and maintenance of plant	-	24,037	24,037
Transportation	-	177,752	177,752
Capital outlay	96,251	494,704	590,955
TOTAL EXPENDITURES	451,691	1,051,933	1,503,624
Excesss(Deficiency) of revenues over(under) expenditures	687,945	(360,741)	327,204
OTHER FINANCING SOURCES(USES):			
Transfer out	(500,000)	-	(500,000)
Compensation for loss of capital assets	-	43,638	43,638
TOTAL OTHER FINANCING SOURCES(USES)	(500,000)	43,638	(456,362)
Change in fund balances	187,945	(317,103)	(129,158)
Fund balances beginning of year	2,129,135	1,219,946	3,349,081
Fund balances end of year	\$ 2,317,080	902,843	3,219,923

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
JUNIOR HIGH:				
DRAMA	\$ 1,130	390	22	1,498
BOYS ATHLETICS	1,021	1,115	1,636	500
BOYS BASKETBALL	-	2,340	2,340	-
BOYS FOOTBALL	-	2,332	2,332	-
BOYS TRACK	-	1,196	1,196	-
BOYS WRESTLING	-	981	981	-
GIRLS ATHLETICS	2,006	-	1,439	567
GIRLS BASKETBALL	-	3,660	3,281	379
GIRLS VOLLEYBALL	-	2,004	2,004	-
GIRLS TRACK	-	1,690	1,690	-
ANNUAL	-	1,924	1,924	-
CHEERLEADERS	199	-	43	156
STUDENT COUNCIL	1,073	14,079	13,633	1,519
HIGH SCHOOL:				
REWARDS CLUB	320	-	-	320
DRAMA	6,079	1,625	625	7,079
MUSICAL	7,765	4,255	3,647	8,373
BOYS ATHLETICS	21,743	19,711	13,317	28,137
BOYS BASKETBALL	4,335	6,484	6,561	4,258
BOYS FOOTBALL	8,420	17,616	19,592	6,444
BOYS BASEBALL	2,392	6,985	8,253	1,124
BOYS TRACK	1,133	9,720	7,617	3,236
BOYS CROSS COUNTRY	370	4,518	3,981	907
BOYS GOLF	646	2,152	2,267	531
BOYS WRESTLING	1,528	3,024	3,362	1,190
GIRLS ATHLETICS	19,045	17,140	8,563	27,622
GIRLS BASKETBALL	6,346	7,673	10,067	3,952
GIRLS VOLLEYBALL	5,494	9,466	13,465	1,495
GIRLS SOFTBALL	1,132	5,530	6,662	-
GIRLS TRACK	1,302	8,686	6,985	3,003
GIRLS CROSS COUNTRY	562	488	845	205
GIRLS GOLF	402	1,882	1,723	561
ANNUAL	1,075	695	-	1,770
CHEERLEADERS	1,582	6,458	6,605	1,435
CLASS OF 2015	977	-	789	188
CLASS OF 2016	-	2,000	927	1,073
FBLA	1,222	23,370	24,592	-
FFA	146	59,264	59,410	-
SODA	702	-	-	702
NHS	123	-	-	123
STUDENT COUNCIL	7,442	3,341	4,439	6,344
SPANISH CLUB	8,733	-	-	8,733
TOTALS	\$ 116,445	253,794	246,815	123,424

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 5,134,355	5,021,715	6,558,599	6,312,578	5,869,330	6,022,180	5,583,011	5,385,131	5,411,110	5,010,212
Tuition	297,046	252,115	277,834	240,420	222,535	202,615	137,722	164,566	155,825	145,314
Other	777,647	702,652	862,436	1,029,122	875,011	755,862	895,076	915,649	1,269,568	884,658
State sources	7,728,432	7,762,288	6,673,542	6,832,524	6,392,328	5,638,118	6,519,253	6,584,505	6,403,794	6,202,183
Federal sources	1,217,151	1,377,559	1,130,228	1,468,677	2,002,751	1,888,971	1,412,940	1,351,558	1,679,652	1,389,472
Total	\$ 15,154,631	15,116,329	15,502,639	15,883,321	15,361,955	14,507,746	14,548,002	14,401,409	14,919,949	13,631,839
Expenditures:										
Instruction:										
Regular	\$ 5,106,838	4,985,507	4,691,837	4,427,278	4,761,936	4,707,555	5,062,049	5,560,725	5,215,421	5,131,305
Special	1,371,799	1,428,609	1,391,743	1,442,513	1,408,304	1,299,932	1,330,191	1,287,541	1,401,050	1,418,881
Other	1,344,388	1,406,792	1,535,359	1,654,929	1,640,046	1,681,795	1,460,516	1,205,521	1,222,688	1,239,289
Support services:										
Student	624,148	557,820	530,718	697,025	877,678	993,378	899,927	481,852	515,240	441,909
Instructional staff	1,245,479	563,299	391,473	369,471	995,567	396,466	363,287	410,966	504,002	430,164
Administration	1,321,207	1,332,579	1,168,754	1,025,815	962,961	952,085	1,072,810	1,252,387	1,212,009	1,314,717
Operation and maintenance of plant	1,157,609	1,168,161	1,076,956	957,549	990,839	983,518	1,014,977	1,049,080	956,074	944,881
Transportation	1,092,014	1,052,662	1,026,896	1,027,050	934,513	1,024,324	938,186	1,049,910	930,079	905,148
Non-instructional programs	2,796	3,036	2,353	1,995	1,785	1,645	-	-	-	-
Capital outlay	590,955	239,396	516,285	646,343	281,710	970,593	1,182,695	5,561,622	6,293,811	1,015,233
Long-term debt:										
Principal	445,000	425,000	1,410,000	398,045	382,878	367,508	347,131	336,938	310,000	-
Interest and fiscal charges	389,321	448,317	316,015	331,428	345,848	359,668	372,795	385,163	394,952	-
Other expenditures:										
AEA flow-through	504,488	502,118	481,831	483,260	544,592	541,103	497,033	487,015	473,417	455,445
Total	\$ 15,196,042	14,113,296	14,540,220	13,462,701	14,128,657	14,279,570	14,541,597	19,068,720	19,428,743	13,296,972

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 15	62,368
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 15	358,051 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 15	29,173
			<u>449,592</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	0135-G	221,303
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	0135-GC	38,969
			<u>260,272</u>
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215	FY 15	<u>235</u>
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 15	<u>589,092</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 15	<u>55,332</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 15	<u>5,700</u>
KEYSTONE AEA:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 15	<u>61,758</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 15	<u>19,647</u>
TOTAL			<u>\$ 1,441,628</u>

* Includes \$60,912 of non-cash awards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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 the Allamakee 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 Allamakee Community School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allamakee 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 Allamakee Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Allamakee 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 and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allamakee 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 IV of the accompanying Schedule of Findings and Questioned Costs.

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

Allamakee Community School District's Responses to Findings

Allamakee Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Allamakee 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 controls 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 Allamakee 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.



NOLTE, CORNMAN & JOHNSON, P.C.

February 24, 2016
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance
for Each Major Federal Program, and on Internal Control over Compliance
Required by OMB Circular A-133

**To the Board of Education of
Allamakee Community School District:**

Report on Compliance for Each Major Federal Program

We have audited Allamakee Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Allamakee Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Allamakee Community School District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Allamakee Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Allamakee Community School District's internal control over compliance with requirements with the type of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of Allamakee Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-15 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Allamakee Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Allamakee Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 24, 2016
Newton, Iowa

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Program:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
 - Individual Program:
 - CFDA Number 84.287 - Twenty-First Century Community Learning Centers
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Allamakee Community School District did not qualify as a low-risk auditee.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

II-A-15 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash in the Nutrition Fund.
- 2) Receipts - collecting, recording, journalizing, posting and reconciling.
- 3) School lunch program - journalizing, posting, reconciling, check preparation, mailing and recording.

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 utilizing current personnel, including elected officials.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program for Children
Federal Award Year: 2015
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.287: Twenty-First Century Community Learning Centers
Federal Award Year: 2015
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-15 Segregation of Duties - One important aspect of internal accounting control is the (2015-001) segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash in the Nutrition Fund.
- 2) Receipts - collecting, recording, journalizing, posting and reconciling.
- 3) School lunch program - journalizing, posting, reconciling, check preparation, mailing and recording.

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 utilizing current personnel, including elected officials.

Response and Corrective Action Plan - We have change the responsibilities within our office so one person is not responsible for all aspects of the accounting and we continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District disbursements for the year ended June 30, 2015 exceeded the amended certified budget in the other expenditures function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa.

Response - The budget was amended but due to some unforeseen expenditures the amended budget was not increased high enough to cover those unforeseen expenditures. The District will monitor expenditures to make sure the amended amount will cover any unforeseen expenditures.

Conclusion - Response accepted.

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

IV-C-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.

IV-D-15 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tim Waters, Board Member Athletic Official	Purchased Services	\$70
Lana Troendle, Associate Son is Athletic Official	Purchased Services	\$450
Vickie Wolfe, Associate Son is Athletic Official	Purchased Services	\$550
Barbara Winters-Kelly, Grant Director Sisters own BE Catered LLC	Purchased Services	\$790
Roger Peterson, Sub bus driver Owns Peterson Electric	Purchased Services	\$59
Kathy Wood, Nurse Father-in-law is self employed	Purchased Services	\$1,205

In accordance with the Chapter 279.7A of the Code of Iowa, the above transaction with the Board Member does not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the substitute bus driver do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with relatives of District employees do not appear to represent a conflict of interest.

- IV-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-15 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Iowa Department of Education.
- IV-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-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 was noted.
- IV-J-15 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	2,129,135
Revenues:			
Sales tax revenues	\$	1,117,824	
Other local revenues		21,812	1,139,636
Total revenues			<u>3,268,771</u>
Expenditures:			
Equipment		451,691	
Transfer to another fund:			
Debt service fund		500,000	951,691
Ending balance			<u>\$ 2,317,080</u>

As a result of the statewide sales, services and use tax revenue received during the year ended June 30, 2015, the District reduced the following levies:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	<u>\$ 1.08120</u>	<u>\$ 500,000</u>