

**ALTA COMMUNITY SCHOOL DISTRICT  
ALTA, IOWA**

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

**YEAR ENDED JUNE 30, 2015**

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Alta Community School District  
Alta, Iowa

**Officials**

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

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

## Certified Public Accountants

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### Independent Auditor's Report

To the Board of Education of  
Alta Community School District:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Alta Community School District, Alta, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. Except as explained in the Basis for Disclaimer of opinion paragraph, 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the

overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

Basis for Disclaimer of Opinion on Discretely Presented Component Units

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

Disclaimer of Opinion on Discretely Presented Component Units

Because the Alta Community Educational Foundation's financial statements have not been audited, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit. Accordingly, we do not express an opinion on the financial statements of the discretely presented component unit of Alta Community School District, as of and for the year ended June 30, 2015.

Opinions

In our opinion, the financial statements referred to in the first paragraph of this report present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Alta Community School District as of June 30, 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 12 to the financial statements, Alta Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding

Progress for the Retiree Health Plan on pages 6 through 17 and 60 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alta Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2016, on our consideration of Alta Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Alta Community School District's internal control over financial reporting and compliance.

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

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

March 23, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,066,060 in fiscal year 2014 to \$6,088,868 in fiscal year 2015, while General Fund expenditures increased from \$5,930,451 in fiscal year 2014 to \$6,041,626 in fiscal year 2015. The District's General Fund balance increased from \$1,811,235 at the end of fiscal year 2014, to \$1,858,477 at the end of fiscal year 2015, a 2.6% increase.
- The fiscal year 2015 General Fund revenue increase was attributable to increases in tuition revenue. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits. The increase in revenues was enough to cover the increase in expenditures resulting in the increase in the General Fund balance.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

**Figure A-1**  
**Alta Community School District Annual Financial Report**

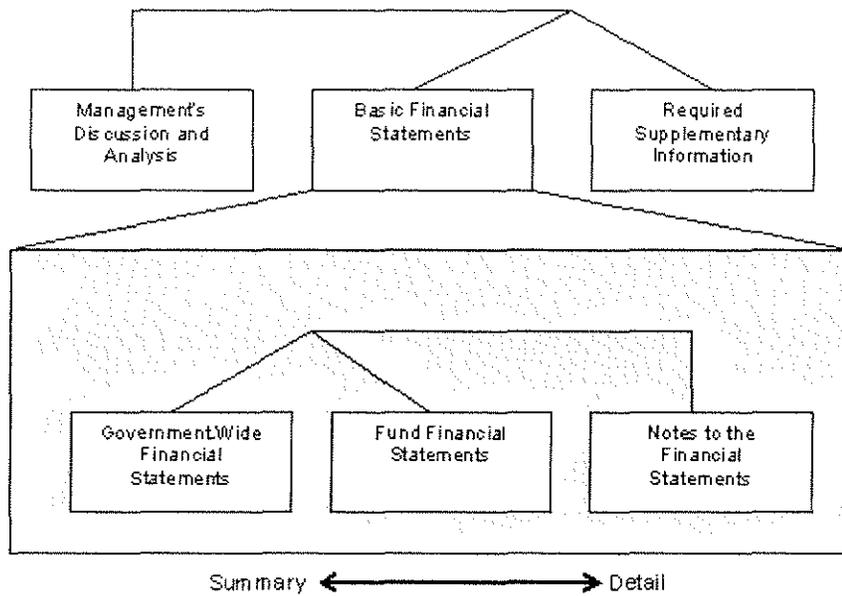


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

In the government-wide financial statements, the District's activities are divided into three 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.
- *Component unit*: This includes the activities of the Alta Educational Foundation. The District receives significant financial benefits from this component unit although it is a legally separate entity.

### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2014 (Not restated)		June 30, 2014 (Not restated)		June 30, 2014 (Not restated)		2014-2015
	2015	restated)	2015	restated)	2015	restated)	2014-2015
Current and other assets	\$ 8,078	7,943	107	101	8,185	8,044	1.8%
Capital assets	<u>6,631</u>	<u>6,704</u>	<u>31</u>	<u>36</u>	<u>6,662</u>	<u>6,740</u>	-1.2%
Total assets	<u>14,709</u>	<u>14,647</u>	<u>138</u>	<u>137</u>	<u>14,847</u>	<u>14,784</u>	0.4%
Deferred outflows of resources	<u>408</u>	<u>---</u>	<u>11</u>	<u>---</u>	<u>419</u>	<u>---</u>	100.0%
Long-term liabilities	6,871	5,325	66	14	6,937	5,339	29.9%
Other liabilities	<u>1,169</u>	<u>1,303</u>	<u>25</u>	<u>28</u>	<u>1,194</u>	<u>1,331</u>	-10.3%
Total liabilities	<u>8,040</u>	<u>6,628</u>	<u>91</u>	<u>42</u>	<u>8,131</u>	<u>6,670</u>	21.9%
Deferred inflows of resources	<u>3,255</u>	<u>2,552</u>	<u>19</u>	<u>---</u>	<u>3,274</u>	<u>2,552</u>	28.3%
Net position:							
Net investment in							
capital assets	1,952	1,649	31	36	1,983	1,685	17.7%
Restricted	2,420	2,115	---	---	2,420	2,115	14.4%
Unrestricted	<u>(550)</u>	<u>1,703</u>	<u>8</u>	<u>59</u>	<u>(542)</u>	<u>1,762</u>	-130.7%
Total net position	<u>\$ 3,822</u>	<u>5,467</u>	<u>39</u>	<u>95</u>	<u>3,861</u>	<u>5,562</u>	-30.6%

The District's total net position decreased 30.6%, or approximately \$1,701,000 from the prior year. A portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$305,000 or 14% over the prior year. The increase was primarily a result of an increased balance for management levy purposes.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$2,304,000, or 131%. This reduction in unrestricted net position was primarily a result of the District's net pension liability and pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$2,389,226 and \$63,179, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

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

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2014	2014	2014	2014	2014	2014-2015
	<u>2015 (Not restated)</u>	<u>2014-2015</u>					
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for service	\$ 1,118	1,000	116	110	1,234	1,110	11.2%
Operating grants, contribution and restricted interest	983	957	207	190	1,190	1,147	3.7%
Capital grants, contributions and restricted interest	47	54	---	---	47	54	-13.0%
<b>General revenues:</b>							
Property tax	2,557	2,619	---	---	2,557	2,619	-2.4%
Statewide sales, services and use tax	483	442	---	---	483	442	9.3%
Income surtax	256	292	---	---	256	292	-12.3%
Unrestricted state grants	2,048	2,038	---	---	2,048	2,038	0.5%
Unrestricted investment earnings	3	3	---	---	3	3	0.0%
Other	20	23	---	---	20	23	-13.0%
Total revenues	<u>7,515</u>	<u>7,428</u>	<u>323</u>	<u>300</u>	<u>7,838</u>	<u>7,728</u>	<u>1.4%</u>
<b>Program expenses:</b>							
Instruction	4,436	4,583	---	---	4,436	4,583	-3.2%
Support services	1,639	1,610	5	3	1,644	1,613	1.9%
Non-instructional programs	---	---	311	301	311	301	3.3%
Other expenses	695	606	---	---	695	606	14.7%
Total expenses	<u>6,770</u>	<u>6,799</u>	<u>316</u>	<u>304</u>	<u>7,086</u>	<u>7,103</u>	<u>-0.2%</u>
Change in net position	745	629	7	(4)	752	625	20.3%
Net position beginning of year, as restated	<u>3,077</u>	<u>4,838</u>	<u>32</u>	<u>99</u>	<u>3,109</u>	<u>4,937</u>	<u>-37.0%</u>
Net position end of year	<u>\$3,822</u>	<u>5,467</u>	<u>39</u>	<u>95</u>	<u>3,861</u>	<u>5,562</u>	<u>-30.6%</u>

In fiscal year 2015, property tax and unrestricted state grants accounted for 61.3% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue. The District's total revenues were approximately \$7.8 million, of which approximately 7.5 million was for governmental activities and less than \$1 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.4% increase in revenues and a 0.2% decrease in expenses. Charges for services increased approximately \$118,000 to account for the increase in revenues. The decrease in expenses is related to decreases in instructional expenses.

### Governmental Activities

Revenues for governmental activities were \$7,514,488 and expenses were \$6,769,456 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.

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

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-2015	2015	2014 (Not restated)	Change 2014-2015
Instruction	4,436	4,583	-3.2%	2,673	2,932	-8.8%
Support services	1,639	1,610	1.8%	1,511	1,481	2.0%
Non-instructional programs	---	---	0.0%	---	---	0.0%
Other expenses	695	607	14.5%	438	376	16.5%
Total	6,770	6,800	-0.4%	4,622	4,789	-3.5%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,118,251.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,029,131.
- The net cost of governmental activities was financed with \$3,295,774 in property and other taxes and \$2,048,384 in unrestricted state grants.

## **Business Type Activities**

Revenues for business type activities during the year ended June 30, 2015 were \$322,870, representing a 7.3% increase from the prior year, while expenses totaled \$316,428, a 3.9% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,219,802, above last year's ending fund balances of \$3,922,673. The primary reason for the increase in combined fund balances at the end of fiscal 2015 is due to the increase in the Management Fund balance.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$1,811,235 at the end of fiscal 2014 to \$1,858,477 at the end of fiscal year 2015.
- The Management Fund balance increased from \$437,586 at the end of fiscal year 2014 to \$676,799 at the end of fiscal year 2015.
- The Debt Service Fund balance decreased from \$266,024 at the end of fiscal year 2014 to \$262,143 at the end of fiscal year 2015. Revenues and expenditures did not vary significantly from the prior year.
- The Capital Projects Fund balance increased from \$1,334,898 at the end of fiscal year 2014 to \$1,343,105 at the end of fiscal year 2015.

### **Proprietary Fund Highlights**

School Nutrition Fund net position increased from \$32,294 at June 30, 2014 to \$38,736 at June 30, 2015, representing an increase of approximately 20%.

## BUDGETARY HIGHLIGHTS

The District's total revenues were \$41,103 more than budgeted revenues, a variance of 0.5%.

Total expenditures were less than budgeted by \$927,160, a variance of 11.0%. This was mainly due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2015, the District had invested approximately \$6.7 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 1.2% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$291,437.

The original cost of the District's capital assets was approximately \$10.9 million. Governmental funds account for approximately \$10.8 million, with less than \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 154	154	-	-	154	154	0.0%
Construction in progress	4	4	-	-	4	4	0.0%
Buildings	5,837	5,953	-	-	5,837	5,953	-1.9%
Improvements other than buildings	189	202	-	-	189	202	-6.4%
Furniture and equipment	447	390	31	36	478	426	12.2%
Total	\$ 6,631	6,703	31	36	6,662	6,739	-1.2%

## Long-Term Debt

At June 30, 2015, the District had \$4,706,261 in total long-term debt outstanding. This represents a decrease of approximately 7.6% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$19 million.

The District had total outstanding bonded indebtedness at June 30, 2015 of \$4,665,058.

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

	<u>Total</u>		<u>Total</u>
	<u>District</u>		<u>Change</u>
	<u>June 30,</u>		<u>June 30,</u>
	<u>2015</u>	<u>2014</u>	<u>2014-2015</u>
General obligation refunding bonds	\$ 1,440	1,654	-12.9%
Revenue bonds	3,225	3,382	-4.6%
Copier lease purchase	13	18	-27.8%
Early retirement payable	<u>28</u>	<u>37</u>	<u>-24.3%</u>
Total	<u>\$ 4,706</u>	<u>5,091</u>	<u>-7.6%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The district passed a voter approved property, plant and equipment levy effective starting the 2015-2016 fiscal year. This will allow the District to fund more equipment purchases and facility improvements.
- Buena Vista County has advised the District that the District's total taxable valuation will be very similar to property taxes collected in fiscal 2015.
- The District experienced an increase in enrollment but must continue to monitor expenses carefully.

- Fiscal 2015 was another year in which a one-year agreement was reached with the Alta Education Association. The District will negotiate a new agreement during fiscal 2016. Settlements in excess of “new money” or allowable growth in state funding will have an adverse effect on the District’s General Fund budget and related fund balance.
- The District has continued the whole grade sharing agreement with Aurelia which started in fiscal 2011-2012. The two boards have renewed the agreement for ten years.
- The District has relocated in October 2011 to one educational facility which is more cost effective. This has had a positive impact on the District. The District is investigating possible uses for the old building.
- The continued insufficient allowable growth rate set the by the State of Iowa will have a significant negative impact on the District’s budget.
- The budget guarantee has largely been phased out so this will have a big impact on the District as well.
- The District has operating sharing agreements with other Districts for which financial incentives are received from the State of Iowa. If this funding is discontinued the District will have to look at making changes to the budget.
- The District entered into an agreement with Aurelia to share fifth grade beginning with the 2016-2017 school year. While transportation expenses will increase, the District anticipates the sharing agreement will result in economic efficiencies in the future.

## **CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District’s citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Vicki Kolpin , District Secretary/Treasurer and Business Manager, Alta Community School District, 101 W. 5<sup>th</sup> Street, Alta, Iowa, 51002.

## **Basic Financial Statements**

Alta Community School District  
Alta, Iowa

Exhibit A

Statement of Net Position

June 30, 2015

	Primary Government			Component
	Governmental Activities	Business Type Activities	Total	Unit Educational Foundation
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 4,018,960	108,233	4,127,193	125,712
Restricted cash	457,339	-	457,339	-
Receivables:				
Property tax:				
Delinquent	17,491	-	17,491	-
Succeeding year	2,525,077	-	2,525,077	-
Accounts	15,060	1,094	16,154	-
Due from other governments	1,026,812	7,441	1,034,253	-
Due from other funds	18,010	(18,010)	-	-
Inventories	-	8,367	8,367	-
Capital assets, net of accumulated depreciation	6,630,615	30,672	6,661,287	-
<b>Total assets</b>	<b>14,709,364</b>	<b>137,797</b>	<b>14,847,161</b>	<b>125,712</b>
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	407,944	10,788	418,732	-
<b>Liabilities</b>				
Accounts payable	559,605	3,510	563,115	-
Salaries and benefits payable	531,199	15,438	546,637	-
Early retirement payable	1,510	-	1,510	-
Unearned revenue	-	5,935	5,935	-
Accrued interest payable	76,431	-	76,431	-
Long-term liabilities:				
Portion due within one year:				
General obligation refunding bonds	220,000	-	220,000	-
Revenue bonds	150,000	-	150,000	-
Early retirement	7,713	-	7,713	-
Copier lease purchase obligation	5,674	-	5,674	-
Portion due after one year:				
General obligation refunding bonds (net of \$5,078 unamortized discount)	1,219,922	-	1,219,922	-
Revenue bonds (net of \$49,864 unamortized discount)	3,075,136	-	3,075,136	-
Early retirement	20,246	-	20,246	-
Copier lease purchase obligation	7,570	-	7,570	-
Net pension liability	1,913,986	50,612	1,964,598	-
Net OPEB liability	250,859	15,052	265,911	-
<b>Total liabilities</b>	<b>8,039,851</b>	<b>90,547</b>	<b>8,130,398</b>	<b>-</b>

Alta Community School District  
Alta, Iowa

Exhibit A

Statement of Net Position

June 30, 2015

	Primary Government			Component
	Governmental Activities	Business Type Activities	Total	Unit Educational Foundation
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	2,525,077	-	2,525,077	-
Pension related deferred inflows	729,939	19,302	749,241	-
<b>Total deferred inflows of resources</b>	<u>3,255,016</u>	<u>19,302</u>	<u>3,274,318</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	1,952,313	30,672	1,982,985	-
Restricted for:				
Categorical funding	163,305	-	163,305	-
Management levy purposes	648,840	-	648,840	-
Physical plant and equipment	52,868	-	52,868	-
School infrastructure	976,437	-	976,437	-
Student activities	79,278	-	79,278	-
Debt service	499,512	-	499,512	-
Foundation purposes	-	-	-	125,712
Unrestricted	(550,112)	8,064	(542,048)	-
<b>Total net position</b>	<u>\$ 3,822,441</u>	<u>38,736</u>	<u>3,861,177</u>	<u>125,712</u>

See notes to financial statements.

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

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,669,770	664,296	396,190	-
Special instruction	601,244	109,411	48,581	-
Other instruction	1,164,592	227,526	316,848	-
	<u>4,435,606</u>	<u>1,001,233</u>	<u>761,619</u>	<u>-</u>
Support services:				
Student	57,745	-	3,028	-
Instructional staff	174,168	11,498	4,234	-
Administration	545,763	69,922	663	-
Operation and maintenance of plant	568,476	1,340	-	-
Transportation	293,045	34,258	3,576	-
	<u>1,639,197</u>	<u>117,018</u>	<u>11,501</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	105,483	-	-	46,704
Long-term debt interest	198,242	-	-	-
AEA flowthrough	209,307	-	209,307	-
Depreciation (unallocated)*	181,621	-	-	-
	<u>694,653</u>	<u>-</u>	<u>209,307</u>	<u>46,704</u>
Total governmental activities	<u>6,769,456</u>	<u>1,118,251</u>	<u>982,427</u>	<u>46,704</u>
Business type activities:				
Support services:				
Operation and maintenance of plant	5,170	-	-	-
Non-instructional programs:				
Food service operations	311,258	115,965	206,561	-
Total business type activities	<u>316,428</u>	<u>115,965</u>	<u>206,561</u>	<u>-</u>
<b>Total primary government</b>	<b>\$ 7,085,884</b>	<b>1,234,216</b>	<b>1,188,988</b>	<b>46,704</b>
<b>Component Unit:</b>				
Educational Foundation	\$ 2,000	-	1,150	-
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Gain on sale of fixed assets				
Total general revenues				
Change in net position				
Net position beginning of year, as restated				
Net position end of year				

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

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Educational Foundation
(1,609,284)	-	(1,609,284)	-
(443,252)	-	(443,252)	-
(620,218)	-	(620,218)	-
<u>(2,672,754)</u>	<u>-</u>	<u>(2,672,754)</u>	<u>-</u>
(54,717)	-	(54,717)	-
(158,436)	-	(158,436)	-
(475,178)	-	(475,178)	-
(567,136)	-	(567,136)	-
(255,211)	-	(255,211)	-
<u>(1,510,678)</u>	<u>-</u>	<u>(1,510,678)</u>	<u>-</u>
(58,779)	-	(58,779)	-
(198,242)	-	(198,242)	-
-	-	-	-
<u>(181,621)</u>	<u>-</u>	<u>(181,621)</u>	<u>-</u>
<u>(438,642)</u>	<u>-</u>	<u>(438,642)</u>	<u>-</u>
<u>(4,622,074)</u>	<u>-</u>	<u>(4,622,074)</u>	<u>-</u>
-	(5,170)	(5,170)	-
-	11,268	11,268	-
-	6,098	6,098	-
<u>(4,622,074)</u>	<u>6,098</u>	<u>(4,615,976)</u>	<u>-</u>
-	-	-	(850)
2,218,365	-	2,218,365	-
267,830	-	267,830	-
70,576	-	70,576	-
256,067	-	256,067	-
482,936	-	482,936	-
2,048,384	-	2,048,384	-
3,078	61	3,139	271
19,495	283	19,778	-
375	-	375	-
<u>5,367,106</u>	<u>344</u>	<u>5,367,450</u>	<u>271</u>
745,032	6,442	751,474	(579)
<u>3,077,409</u>	<u>32,294</u>	<u>3,109,703</u>	<u>126,291</u>
<u>\$ 3,822,441</u>	<u>38,736</u>	<u>3,861,177</u>	<u>125,712</u>

Alta Community School District  
Alta, Iowa

Balance Sheet  
Governmental Funds

June 30, 2015

	<u>General</u>	<u>Special Revenue Management</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 2,179,025	683,393	116,785	953,863
Restricted cash	-	-	143,529	313,810
Receivables:				
Property tax:				
Delinquent	12,712	2,468	1,829	482
Succeeding year	1,864,341	178,000	267,418	215,318
Accounts	15,060	-	-	-
Due from other funds	25,562	-	-	-
Due from other governments	951,794	-	-	75,018
<b>Total assets</b>	<u>\$ 5,048,494</u>	<u>863,861</u>	<u>529,561</u>	<u>1,558,491</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 552,921	-	-	68
Salaries and benefits payable	531,199	-	-	-
Due to other funds	-	7,552	-	-
Early retirement payable	-	1,510	-	-
<b>Total liabilities</b>	<u>1,084,120</u>	<u>9,062</u>	<u>-</u>	<u>68</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,864,341	178,000	267,418	215,318
Income surtax	241,556	-	-	-
<b>Total deferred inflows of resources</b>	<u>2,105,897</u>	<u>178,000</u>	<u>267,418</u>	<u>215,318</u>
Fund balances:				
Restricted for:				
Categorical funding	163,305	-	-	-
Debt service	-	-	262,143	313,800
Management levy purposes	-	676,799	-	-
Student activities	-	-	-	-
School infrastructure	-	-	-	976,437
Physical plant and equipment	-	-	-	52,868
Unassigned	1,695,172	-	-	-
<b>Total fund balances</b>	<u>1,858,477</u>	<u>676,799</u>	<u>262,143</u>	<u>1,343,105</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 5,048,494</u>	<u>863,861</u>	<u>529,561</u>	<u>1,558,491</u>

See notes to financial statements.

Exhibit C

Nonmajor Special Revenue Student Activities	Total
85,894	4,018,960
-	457,339
-	17,491
-	2,525,077
-	15,060
-	25,562
-	<u>1,026,812</u>
<u>85,894</u>	<u>8,086,301</u>
6,616	559,605
-	531,199
-	7,552
-	<u>1,510</u>
<u>6,616</u>	<u>1,099,866</u>
-	2,525,077
-	<u>241,556</u>
-	<u>2,766,633</u>
-	163,305
-	575,943
-	676,799
79,278	79,278
-	976,437
-	52,868
-	<u>1,695,172</u>
<u>79,278</u>	<u>4,219,802</u>
<u>85,894</u>	<u>8,086,301</u>

Alta Community School District  
Alta, Iowa

Exhibit D

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

June 30, 2015

**Total fund balances of governmental funds (page 23)** \$ 4,219,802

*Amounts reported for governmental activities in the Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 6,630,615

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 241,556

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (76,431)

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

Deferred outflows of resources	\$ 407,944	
Deferred inflows of resources	<u>(729,939)</u>	(321,995)

Long-term liabilities, including bonds, early retirement, other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (6,871,106)

**Net position of governmental activities (page 19)** \$ 3,822,441

See notes to financial statements.

Alta Community School District  
Alta, Iowa  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2015

	<u>General</u>	<u>Special Revenue Management</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:				
Local sources:				
Local tax	\$ 2,117,758	360,628	267,829	70,576
Tuition	739,088	-	-	-
Other	212,254	7,020	99	46,704
State sources	2,813,515	5,703	4,226	484,050
Federal sources	206,253	-	-	-
Total revenues	<u>6,088,868</u>	<u>373,351</u>	<u>272,154</u>	<u>601,330</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,619,606	85,025	-	-
Special	610,992	-	-	-
Other	1,042,657	-	-	-
	<u>4,273,255</u>	<u>85,025</u>	<u>-</u>	<u>-</u>
Support services:				
Student	58,783	-	-	-
Instructional staff	178,660	-	-	613
Administration	554,206	-	-	-
Operation and maintenance of plant	513,058	43,997	-	6,456
Transportation	254,357	5,116	-	122,519
	<u>1,559,064</u>	<u>49,113</u>	<u>-</u>	<u>129,588</u>
Other expenditures:				
Facilities acquisition	-	-	-	162,434
Long-term debt:				
Principal	-	-	380,355	-
Interest and fiscal charges	-	-	197,156	-
AEA flowthrough	209,307	-	-	-
	<u>209,307</u>	<u>-</u>	<u>577,511</u>	<u>162,434</u>
Total expenditures	<u>6,041,626</u>	<u>134,138</u>	<u>577,511</u>	<u>292,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,242</u>	<u>239,213</u>	<u>(305,357)</u>	<u>309,308</u>
Other financing sources (uses):				
Operating transfers in	-	-	301,476	-
Operating transfers out	-	-	-	(301,476)
Proceeds from sale of real and personal property	-	-	-	375
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>301,476</u>	<u>(301,101)</u>
Change in fund balances	47,242	239,213	(3,881)	8,207
Fund balances beginning of year	1,811,235	437,586	266,024	1,334,898
Fund balances end of year	<u>\$ 1,858,477</u>	<u>676,799</u>	<u>262,143</u>	<u>1,343,105</u>

See notes to financial statements.

Exhibit E

Nonmajor Special <u>Revenue</u> Student <u>Activities</u>	<u>Total</u>
-	2,816,791
-	739,088
182,365	448,442
-	3,307,494
-	206,253
<u>182,365</u>	<u>7,518,068</u>
-	2,704,631
-	610,992
<u>176,017</u>	<u>1,218,674</u>
<u>176,017</u>	<u>4,534,297</u>
-	58,783
-	179,273
-	554,206
-	563,511
-	381,992
-	<u>1,737,765</u>
-	162,434
-	380,355
-	197,156
-	209,307
-	949,252
<u>176,017</u>	<u>7,221,314</u>
<u>6,348</u>	<u>296,754</u>
-	301,476
-	(301,476)
-	375
-	<u>375</u>
6,348	297,129
<u>72,930</u>	<u>3,922,673</u>
<u>79,278</u>	<u>4,219,802</u>

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 26)** **\$ 297,129**

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 212,617	
Depreciation expense	<u>(285,425)</u>	(72,808)

Certain delinquent property tax and income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (3,955)

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

Discount on bonds issued	(4,310)	
Repaid	<u>380,355</u>	376,045

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,224

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 297,654

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

Early retirement	9,063	
Pension expense	(144,409)	
Other postemployment benefits	<u>(16,911)</u>	<u>(152,257)</u>

**Change in net position of governmental activities (page 21)** **\$ 745,032**

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Exhibit G

Statement of Net Position  
Proprietary Fund

June 30, 2015

	Enterprise, School <u>Nutrition</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 108,233
Accounts receivable	1,094
Due from other governments	7,441
Inventories	<u>8,367</u>
Total current assets	<u>125,135</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>30,672</u>
<b>Total assets</b>	<u>155,807</u>
 <b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>10,788</u>
 <b>Liabilities</b>	
Current liabilities:	
Accounts payable	3,510
Salaries and benefits payable	15,438
Due to other funds	18,010
Unearned revenue	<u>5,935</u>
Total current liabilities	<u>42,893</u>
Noncurrent liabilities:	
Net pension liability	50,612
Net OPEB liability	<u>15,052</u>
Total noncurrent liabilities	<u>65,664</u>
<b>Total liabilities</b>	<u>108,557</u>
 <b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	<u>19,302</u>
 <b>Net Position</b>	
Net investment in capital assets	30,672
Unrestricted	<u>8,064</u>
<b>Total net position</b>	<u>\$ 38,736</u>

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Exhibit H

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

Year ended June 30, 2015

	<u>Enterprise, School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 115,966
Miscellaneous	283
Total operating revenues	<u>116,249</u>
 Operating expenses:	
Support services:	
Operation and maintenance of plant	<u>5,170</u>
Non-instructional programs:	
Food service operations:	
Salaries	90,340
Benefits	38,971
Supplies	175,935
Depreciation	6,012
	<u>311,258</u>
Total operating expenses	<u>316,428</u>
 Operating loss	 <u>(200,179)</u>
 Non-operating revenues:	
State sources	2,857
Federal sources	203,703
Interest income	61
Total non-operating revenues	<u>206,621</u>
 Increase in net position	 6,442
 Net position beginning of year, as restated	 <u>32,294</u>
Net position end of year	<u>\$ 38,736</u>
See notes to financial statements.	

Alta Community School District  
Alta, Iowa

Exhibit I

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2015

	Enterprise, School <u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 115,433
Cash received from miscellaneous operating activities	283
Cash paid to employees for services	(126,710)
Cash paid to suppliers for goods or services	<u>(167,297)</u>
Net cash used by operating activities	<u>(178,291)</u>
Cash flows from non-capital financing activities:	
State grants received	2,857
Federal grants received	<u>186,220</u>
Net cash provided by non-capital financing activities	<u>189,077</u>
Cash flows from investing activities:	
Interest on investments	<u>61</u>
Net increase in cash and cash equivalents	10,847
Cash and cash equivalents beginning of year	<u>97,386</u>
Cash and cash equivalents end of year	<u><u>\$ 108,233</u></u>
See notes to financial statements.	(continued)

Alta Community School District  
Alta, Iowa

Exhibit I

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2015

Enterprise,  
School  
Nutrition

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

Operating loss	\$ (200,179)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	15,045
Depreciation	6,012
(Increase) in accounts receivable	(52)
(Increase) in inventories	(178)
(Decrease) in accounts payable	(1,059)
(Decrease) in salaries and benefits payable	(1,613)
Increase in due to other funds	7,252
(Decrease) in deferred revenue	(481)
(Decrease) in net pension liability	(20,024)
(Increase) in deferred outflows of resources	(3,331)
Increase in deferred inflows of resources	19,302
Increase in other postemployment benefits	<u>1,015</u>
Net cash used by operating activities	<u>\$ (178,291)</u>

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2015, the District received \$15,045 of federal commodities.

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Exhibit J

Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2015

Agency

**Assets**

Cash, cash equivalents and pooled investments

\$ 11,122

**Total assets**

11,122

**Liabilities**

Other payables

11,122

**Total liabilities**

11,122

**Net position**

\$ -

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

A. Reporting Entity

For financial reporting purposes, Alta Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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

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

B. Basis of Presentation

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

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

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

The District reports the following major governmental funds:

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

The Special Revenue, Management Levy Fund is used to account for the cost of unemployment benefits, liability insurance and agreements, costs of judgments, and certain early retirement benefits.

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

The District reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 Years
Improvements other than buildings	20 Years
Furniture and equipment	5-12 Years

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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 (expenses/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 expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

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

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

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.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the amortized 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 other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the non-instructional programs function.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

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

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

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$32,072 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue, Management	\$ 7,552
	Enterprise, School Nutrition	<u>18,010</u>
Total		\$ <u>25,562</u>

The Management Fund owes the General Fund for retiree's insurance that was not reimbursed before June 30, 2015. The School Nutrition Fund owes the General Fund for cooks' wages and insurance paid from the General Fund that was not reimbursed before June 30, 2015. The balance is to be repaid by June 30, 2016.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

**(4) 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	\$ <u>301,476</u>

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

**(5) 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
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 153,990	---	---	153,990
Construction in progress	<u>4,000</u>	---	---	<u>4,000</u>
Total capital assets not being depreciated	<u>157,990</u>	---	---	<u>157,990</u>
Capital assets being depreciated:				
Buildings	7,763,967	43,338	---	7,807,305
Improvements other than buildings	566,240	7,116	---	573,356
Furniture and equipment	<u>2,101,444</u>	<u>162,163</u>	<u>(13,000)</u>	<u>2,250,607</u>
Total capital assets being depreciated	<u>10,431,651</u>	<u>212,617</u>	<u>(13,000)</u>	<u>10,631,268</u>
Less accumulated depreciation for:				
Buildings	1,810,779	160,074	---	1,970,853
Improvements other than buildings	364,027	20,380	---	384,407
Furniture and equipment	<u>1,711,412</u>	<u>104,971</u>	<u>(13,000)</u>	<u>1,803,383</u>
Total accumulated depreciation	<u>3,886,218</u>	<u>285,425</u>	<u>(13,000)</u>	<u>4,158,643</u>
Total capital assets being depreciated, net	<u>6,545,433</u>	<u>(72,808)</u>	---	<u>6,472,625</u>
Governmental activities capital assets, net	<u>\$ 6,703,423</u>	<u>(72,808)</u>	---	<u>6,630,615</u>

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 79,161	---	---	79,161
Less accumulated depreciation	<u>42,477</u>	<u>6,012</u>	---	<u>48,489</u>
Business type activities capital assets, net	<u>\$ 36,684</u>	<u>(6,012)</u>	---	<u>30,672</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 39,480
Special	2,930
Other	1,279

Support services:

Administration	3,983
Operation and maintenance of plant	17,198
Transportation	<u>38,934</u>

Unallocated	<u>103,804</u>
	<u>181,621</u>

Total depreciation expense – governmental activities	<u>\$ 285,425</u>
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Business type activities:

Food service operations	<u>\$ 6,012</u>
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**(6) Long-Term Liabilities**

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation refunding bonds	\$ 1,654,051	---	214,129	1,439,922 (1)	220,000
Revenue bonds	3,381,697	---	156,561	3,225,136 (2)	150,000
Copier lease	18,599	---	5,355	13,244	5,674
Early retirement	37,022	---	9,063	27,959	7,713
Net pension liability	2,671,235	---	757,249	1,913,986	---
Net OPEB liability	<u>233,948</u>	<u>16,911</u>	<u>---</u>	<u>250,859</u>	<u>---</u>
Total	<u>\$ 7,996,552</u>	<u>16,911</u>	<u>1,142,357</u>	<u>6,871,106</u>	<u>383,387</u>

(1) Bonds were sold at a discount; unamortized discount at June 30, 2015 totaled \$5,078.

(2) Bonds were sold at a discount; unamortized discount at June 30, 2015 totaled \$49,864.

	Balance Beginning of Year Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net pension liability	70,636	---	20,024	50,612	---
Net OPEB liability	<u>\$ 14,307</u>	<u>745</u>	<u>---</u>	<u>15,052</u>	<u>---</u>
Total	<u>84,943</u>	<u>745</u>	<u>20,024</u>	<u>65,664</u>	<u>---</u>

Termination Benefits

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

Early retirement benefits equal sixty percent of the employees' total salary amount as stated in their individual contract for the year they retire. Each participating employee may elect to continue their existing single or family coverage under the District's health insurance program as long as they pay the monthly premiums and are permitted to continue coverage

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

by the insurer. To continue their health insurance coverage, the employee shall pay the monthly premium amount to the District's business office on a date mutually agreed upon prior to the date the District's premium payment is made to the insurance carrier.

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

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

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

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

At June 30, 2015, the District has obligations to one participant with a total liability of \$27,959. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$9,063.

General Obligation Refunding Bonds

On March 1, 2010, the District issued \$2,430,000 of general obligation refunding bonds, with interest rates ranging from 1.00% to 3.75% for a current refunding of the general obligation bonds issued March 1, 2002. Details of the District's June 30, 2015, general obligation refunding bonded indebtedness are summarized as follows:

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2015

Year Ending <u>June 30,</u>	<u>Bond Issue of March 1, 2010</u>			
	Interest <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.60	\$ 220,000	47,418	267,418
2017	3.00	225,000	41,698	266,698
2018	3.20	240,000	34,947	274,947
2019	3.40	245,000	27,268	272,268
2020	3.60	250,000	18,937	268,937
2021	3.75	<u>265,000</u>	<u>9,937</u>	<u>274,937</u>
Total		\$ 1,445,000	180,205	1,625,205

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending <u>June 30,</u>	<u>Bond Issue of April 27, 2010</u>			
	Interest <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.00	\$ 150,000	137,055	287,055
2017	3.00	160,000	132,555	292,555
2018	3.25	185,000	127,355	312,355
2019	3.50	190,000	120,880	310,880
2020	3.75	190,000	113,755	303,755
2021-2025	4.00-4.30	1,050,000	448,295	1,498,295
2026-2030	4.60	<u>1,350,000</u>	<u>192,960</u>	<u>1,542,960</u>
Total		\$ 3,275,000	1,272,855	4,547,855

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,890,000 of bonds issued in April 2010. The bonds were issued for the purpose of financing the costs of a new school addition. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 59 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$4,547,855. For the current year, principal and interest paid and total statewide sales, services and use tax revenues were \$301,855 and \$482,936, respectively.

Alta Community School District  
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Notes to Financial Statements

June 30, 2015

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

- a) \$313,800 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Copier Lease

During the year ended June 30, 2013, the District entered into a lease agreement with De Lage Landen Public Finance LLC for three copiers. Annual principal and interest payments are made from the Capital Projects, Physical Plant and Equipment Levy Fund. For the current year \$5,355 in principal and \$938 in interest was paid on the copier lease. Details of the District's June 30, 2015 copier lease indebtedness are as follows:

Year Ending <u>June 30,</u>	Lease dated of October 16, 2012			
	Interest <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	5.80%	\$ 5,674	619	6,293
2017	5.80	6,012	281	6,293
2018	5.80	<u>1,558</u>	<u>15</u>	<u>1,573</u>
Total		\$ <u>13,244</u>	<u>915</u>	<u>14,159</u>

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Alta, Iowa

Notes to Financial Statements

June 30, 2015

(7) **Pension Plan**

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

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

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

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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 \$305,525.

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 \$1,964,598 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

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Notes to Financial Statements

June 30, 2015

contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.049537 percent, which was an increase of 0.001783 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$148,227. 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 <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences between expected and actual experience	\$ 21,351	\$ -
Changes of assumptions	86,702	-
Net difference between projected and actual earnings on pension plan investments	-	749,241
Changes in proportion and differences between District contributions and proportionate share of contributions	5,154	-
District contributions subsequent to the measurement date	<u>305,525</u>	-
Total	<u>\$ 418,732</u>	<u>\$ 749,241</u>

\$305,525 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 <u>June 30,</u>	
2016	\$ (160,860)
2017	(160,860)
2018	(160,860)
2019	(160,860)
2020	<u>7,406</u>
Total	<u>\$ (636,034)</u>

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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 Allocations</u>	<u>Long-Term Expected Real Rate Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

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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 <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
District’s proportionate share of the net pension liability	\$ 3,712,053	\$ 1,964,598	\$ 489,565

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](http://www.ipers.org).

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

**(8) Other Postemployment Benefits (OPEB)**

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

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

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

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

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	\$ 26,000
Interest on net OPEB obligation	11,159
Adjustment to annual required contribution	<u>(9,233)</u>
Annual OPEB cost	27,926
Contributions made	<u>(10,000)</u>
Increase in net OPEB obligation	17,926
Net OPEB obligation beginning of year	<u>247,985</u>
Net OPEB obligation end of year	\$ 265,911
	=====

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$10,000 to the medical plan. Plan members eligible for benefits contributed \$8,394, or 46% of the premium costs.

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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	\$ 27,000	18.5	\$ 224,244
2014	27,741	14.4	247,985
2015	27,926	35.8	265,911

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$188,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$188,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,305,000 and the ratio of the UAAL to covered payroll was 8.2%. 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.

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

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

Projected claim costs of the health insurance plan are \$604 for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Risk Management**

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

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$533,191.

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

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

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Notes to Financial Statements

June 30, 2015

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$209,307 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.

**(11) Categorical Funding**

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

<u>Program</u>	<u>Amount</u>
Limited English proficient	\$ 43,707
Home school assistance program	26,871
Gifted and talented program	10,634
Dropout prevention program	133
Teacher salary supplement	30,575
Early literature	26,518
Professional development	18,196
Teacher leadership	<u>6,671</u>
Total	<u>\$ 163,305</u>

**(12) Accounting Change/Restatement**

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

Alta Community School District  
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Notes to Financial Statements

June 30, 2015

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 5,466,635	95,473
Net pension liability at June 30, 2014	(2,671,235)	(70,636)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>282,009</u>	<u>7,457</u>
Net position July 1, 2014, as restated	\$ <u>3,077,409</u>	<u>32,294</u>

**(13) New Governmental Accounting Standards Board (GASB) Statements**

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

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

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

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Notes to Financial Statements

June 30, 2015

**(14) Subsequent Events**

Subsequent events have been evaluated through March 23, 2016, which is the date the financial statements were available to be issued.

On November 9, 2015 the Board approved the purchase of a 65 passenger bus for \$86,328 less trade in value of \$1,200.

**Required Supplementary Information**

Alta Community School District  
Alta, Iowa

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

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 4,004,321	116,310
State sources	3,307,494	2,857
Federal sources	<u>206,253</u>	<u>203,703</u>
Total revenues	<u>7,518,068</u>	<u>322,870</u>
Expenditures/Expenses:		
Instruction	4,534,297	-
Support services	1,737,765	5,170
Non-instructional programs	-	311,258
Other expenditures	<u>949,252</u>	<u>-</u>
Total expenditures/expenses	<u>7,221,314</u>	<u>316,428</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	296,754	6,442
Other financing sources, net	<u>375</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	297,129	6,442
Balances beginning of year	<u>3,922,673</u>	<u>32,294</u>
Balances end of year	<u>\$ 4,219,802</u>	<u>38,736</u>

See accompanying independent auditor's report.

<u>Total Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
	<u>Original</u>	<u>Final</u>	
4,120,631	4,453,092	4,453,092	(332,461)
3,310,351	2,980,743	2,980,743	329,608
409,956	366,000	366,000	43,956
<u>7,840,938</u>	<u>7,799,835</u>	<u>7,799,835</u>	<u>41,103</u>
4,534,297	5,213,600	5,213,600	679,303
1,742,935	1,886,000	1,886,000	143,065
311,258	305,000	305,000	(6,258)
949,252	1,060,302	1,060,302	111,050
<u>7,537,742</u>	<u>8,464,902</u>	<u>8,464,902</u>	<u>927,160</u>
303,196	(665,067)	(665,067)	968,263
<u>375</u>	<u>-</u>	<u>-</u>	<u>375</u>
303,571	(665,067)	(665,067)	968,638
<u>3,954,967</u>	<u>2,990,345</u>	<u>2,990,345</u>	<u>964,622</u>
<u>4,258,538</u>	<u>2,325,278</u>	<u>2,325,278</u>	<u>1,933,260</u>

Alta Community School District  
Alta, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2015

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

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

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

During the year ended June 30, 2015, expenditures in the non-instructional programs exceeded the amounts budgeted.

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Alta, Iowa

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

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

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.049537%
District's proportionate share of the net pension liability	\$ 1,965
District's covered-employee payroll	\$ 3,320
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.19%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

See accompanying independent auditor's report.

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

Alta Community School District  
Alta, Iowa

Schedule of District Contributions

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

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 307	289	272
Contributions in relation to the statutorily required contribution	<u>(307)</u>	<u>(289)</u>	<u>(272)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 3,489	3,320	3,240
Contributions as a percentage of covered-employee payroll	8.80%	8.70%	8.40%

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
247	209	202	201	195	176	162
<u>(247)</u>	<u>(209)</u>	<u>(202)</u>	<u>(201)</u>	<u>(195)</u>	<u>(176)</u>	<u>(162)</u>
-	-	-	-	-	-	-
3,104	3,102	3,099	3,230	3,290	3,078	2,855
7.96%	6.74%	6.52%	6.22%	5.93%	5.72%	5.67%

Alta Community School District  
Alta, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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Alta, Iowa

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

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

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

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

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

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

Alta Community School District  
Alta, Iowa

Schedule of Funding Progress for the  
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 584,000	584,000	0.0%	\$1,979,000	29.5%
2011	Jul 1, 2009	-	584,000	584,000	0.0%	1,978,000	29.5%
2012	Jul 1, 2009	-	584,000	584,000	0.0%	1,734,000	33.7%
2013	Jul 1, 2012	-	188,000	188,000	0.0%	2,079,000	9.0%
2014	Jul 1, 2012	-	188,000	188,000	0.0%	2,194,000	8.6%
2015	Jul 1, 2012	-	188,000	188,000	0.0%	2,305,000	8.2%

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

See accompanying independent auditor's report.

## **Supplementary Information**

Alta Community School District  
Alta, Iowa

Schedule 1

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
Athletics	\$ 6,221	55,446	55,359	(1,796)	4,512
Ball Field	(5,295)	12,640	7,743	238	(160)
Band	-	536	612	76	-
Band Resale	81	653	257	(494)	(17)
Baseball	4,506	130	2,652	(120)	1,864
Book Fair	769	5,649	6,189	-	229
Boys Basketball	5,092	4,786	3,385	370	6,863
Boys Basketball Tournament	3,628	-	-	-	3,628
Cheerleaders	1,870	3,765	5,189	459	905
Class of 2013	1,126	-	-	(1,126)	-
Class of 2014	60	-	-	(60)	-
Class of 2015	1,900	2,615	4,008	38	545
Class of 2016	387	6,828	4,311	(38)	2,866
Class of 2017	267	40	-	-	307
Class of 2018	59	-	-	-	59
Class of 2019	187	-	-	-	187
Class of 2020	100	-	-	-	100
Class of 2021	1	-	-	-	1
Class of 2022	10	-	-	-	10
Class of 2023	12	-	-	-	12
Class of 2025	24	-	-	-	24
Cross Country	920	1,677	894	895	2,598
Danceline	1,615	8,797	8,138	(1,019)	1,255
Drama	1,641	3,980	2,493	37	3,165
Elem Activity	3,215	100	298	-	3,017
Elem Computer	990	1,060	171	-	1,879
FCA	25	-	-	-	25
FFA	3,282	8,878	9,585	-	2,575
FHA	687	-	-	-	687
Football	1,308	18,850	13,784	-	6,374
Football Moms	1,379	-	1,379	-	-
Interest	6,090	12,367	17,126	3,339	4,670
Girls Basketball	1,078	25	140	-	963
Marketing	114	-	-	-	114
Milk Lid Fundraiser	17	-	-	-	17
MS & HS Instrument Fees	1,537	200	376	417	1,778
MS Fundraiser	2,847	-	-	-	2,847
NASA	114	2,200	-	(2,200)	114

Alta Community School District  
Alta, Iowa

Schedule I

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
PE for Life	10,041	-	879	-	9,162
P.I.E.	259	-	-	-	259
Quiz Bowl	424	-	37	-	387
Softball	946	5,202	4,770	(789)	589
Speech Club	7,709	13,651	13,572	414	8,202
Student Council	5,816	877	1,566	89	5,216
Student Travel	102	-	-	-	102
Vocal	-	1,677	1,782	(829)	(934)
Volleyball	1,334	1,296	2,304	-	326
Wrestling	157	2,011	1,765	914	1,317
Scholarship Fund	1,653	275	600	-	1,328
Yearbook	(3,375)	6,154	4,653	1,185	(689)
Total	<u>\$ 72,930</u>	<u>182,365</u>	<u>176,017</u>	<u>-</u>	<u>79,278</u>

See accompanying independent auditor's report.

Alta Community School District  
Alta, Iowa

Schedule 2

Combining Balance Sheet  
Capital Project Accounts

June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 901,477	52,386	953,863
Restricted cash	313,810	-	313,810
Receivables:			
Property tax:			
Delinquent	-	482	482
Succeeding year	-	215,318	215,318
Due from other governments	75,018	-	75,018
<b>Total assets</b>	<b>\$ 1,290,305</b>	<b>268,186</b>	<b>1,558,491</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 68	-	68
Total liabilities	68	-	68
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	215,318	215,318
Fund balances:			
Restricted for :			
Debt service	313,800	-	313,800
School infrastructure	976,437	-	976,437
Physical plant and equipment	-	52,868	52,868
Total fund balances	1,290,237	52,868	1,343,105
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>1,290,305</b>	<b>268,186</b>	<b>1,558,491</b>

See accompanying independent auditor's report.

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	\$ -	70,576	70,576
Other	3,949	42,755	46,704
State sources	<u>482,936</u>	<u>1,114</u>	<u>484,050</u>
Total revenues	<u>486,885</u>	<u>114,445</u>	<u>601,330</u>
Expenditures:			
Support services:			
Instructional staff	613	-	613
Operation and maintenance of plant	6,456	-	6,456
Transportation	85,971	36,548	122,519
Other expenditures:			
Facilities acquisition	<u>81,183</u>	<u>81,251</u>	<u>162,434</u>
Total expenditures	<u>174,223</u>	<u>117,799</u>	<u>292,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>312,662</u>	<u>(3,354)</u>	<u>309,308</u>
Other financing sources (uses):			
Proceeds from sale of real and personal property	-	375	375
Operating transfers out	<u>(295,183)</u>	<u>(6,293)</u>	<u>(301,476)</u>
Total other financing sources (uses)	<u>(295,183)</u>	<u>(5,918)</u>	<u>(301,101)</u>
Change in fund balances	17,479	(9,272)	8,207
Fund balances beginning of year	<u>1,272,758</u>	<u>62,140</u>	<u>1,334,898</u>
Fund balances end of year	<u>\$ 1,290,237</u>	<u>52,868</u>	<u>1,343,105</u>

See accompanying independent auditor's report.

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund

Year ended June 30, 2015

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>Assets</b>				
Cash	\$ 10,122	46,456	45,456	11,122
<b>Total assets</b>	<u>\$ 10,122</u>	<u>46,456</u>	<u>45,456</u>	<u>11,122</u>
<b>Liabilities</b>				
Other payables	\$ 10,122	46,456	45,456	11,122
<b>Total liabilities</b>	<u>\$ 10,122</u>	<u>46,456</u>	<u>45,456</u>	<u>11,122</u>

See accompanying independent auditor's report.

Alta Community School District  
Alta, Iowa

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

For the Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Local sources:				
Local tax	\$ 2,816,791	2,895,391	3,432,384	3,367,150
Tuition	739,088	648,516	636,831	647,548
Other	448,442	420,540	448,488	486,044
Intermediate sources	-	-	-	-
State sources	3,307,494	3,241,347	2,675,777	2,425,511
Federal sources	206,253	201,889	232,623	191,629
Total	<u>\$ 7,518,068</u>	<u>7,407,683</u>	<u>7,426,103</u>	<u>7,117,882</u>
Expenditures:				
Instruction:				
Regular	\$ 2,704,631	2,641,523	2,610,159	2,709,216
Special	610,992	691,157	713,494	660,475
Other	1,218,674	1,146,118	1,108,200	806,307
Support services:				
Student	58,783	60,900	52,890	53,059
Instructional staff	179,273	146,610	120,866	119,788
Administration	554,206	566,225	584,156	543,441
Operation and maintenance of plant	563,511	552,365	557,120	487,530
Transportation	381,992	249,973	279,598	255,450
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	162,434	76,692	109,787	853,759
Long-term debt:				
Principal	380,355	365,054	303,603	300,000
Interest and other charges	197,156	207,432	210,960	214,643
AEA flowthrough	209,307	203,979	197,853	192,194
Total	<u>\$ 7,221,314</u>	<u>6,908,028</u>	<u>6,848,686</u>	<u>7,195,862</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
3,107,246	2,993,879	2,748,382	2,422,200	2,311,668	2,150,959
415,850	359,158	384,699	344,217	255,376	181,006
407,199	255,304	247,963	225,955	189,982	219,584
-	-	15,000	-	-	-
2,274,990	2,062,289	2,490,697	2,657,753	2,630,174	2,498,680
346,831	524,056	201,064	183,554	462,325	296,587
<u>6,552,116</u>	<u>6,194,686</u>	<u>6,087,805</u>	<u>5,833,679</u>	<u>5,849,525</u>	<u>5,346,816</u>
2,543,978	2,452,747	2,606,379	2,554,355	2,336,303	2,252,085
515,908	512,730	487,407	514,589	466,659	473,974
752,737	702,413	672,224	725,167	750,755	716,696
85,567	82,244	97,022	113,388	108,106	112,523
105,522	103,164	131,692	200,114	153,261	169,792
529,317	492,090	593,820	566,525	781,932	608,481
497,523	451,604	429,312	474,858	509,552	576,926
315,493	154,569	155,152	233,223	219,051	165,396
-	-	-	-	1,500	1,500
2,530,666	137,976	36,706	82,480	187,578	96,516
265,000	179,488	174,776	165,064	171,039	140,687
180,240	167,227	127,755	135,730	143,430	150,255
213,575	213,577	197,690	195,483	192,123	183,465
<u>8,535,526</u>	<u>5,649,829</u>	<u>5,709,935</u>	<u>5,960,976</u>	<u>6,021,289</u>	<u>5,648,296</u>

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

## Certified Public Accountants

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

To the Board of Education of  
Alta Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Alta Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 23, 2016. Our report expressed unmodified opinions on the financial statements except for a disclaimer of opinion on the component unit, Alta Community Educational Foundation, which was not audited.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alta Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alta Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alta Community School District's internal control.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-15 and I-B-15 to be material weaknesses.

#### Compliance and Other Matters

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

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

#### Alta Community School District's Responses to the Findings

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

#### Purpose of this Report

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

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

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

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

March 23, 2016

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2015

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

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

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

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

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

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

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2015

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

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

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Alta Community School District  
Alta, Iowa

Schedule of Findings  
Year ended June 30, 2015

**Part II: Other Findings Related to Required Statutory Reporting:**

II-A-15 Certified Budget - Expenditures for the year ended June 30, 2015, exceed the certified budget amounts in the non-instructional programs function.

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

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

Conclusion – Response accepted.

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

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

II-D-15 Business Transactions - The following business transactions between the District and District officials or employees were noted.

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

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

II-E-15 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure the coverage is adequate for current operations.

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2015

II-F-15 Board Minutes - Certain minutes were not published timely as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response – Procedures have been revised to ensure the minutes are published within two weeks as required.

Conclusion – Response accepted.

II-G-15 Certified Enrollment - The number of limited English students reported to the Iowa Department of Education on line 13 of the Certified Enrollment Certification Form for October 2014 was overstated. The District included five students that should not have been counted. The District also counted one regular student that should not have been counted and did not count a regular student that should have been counted. Also the enrollment was not properly certified to the Iowa Department of Education by October 15, 2014.

Recommendation – The District should contact the Iowa Department of Education and Department of Management to resolve this matter. The District should ensure the enrollment is certified timely to the Iowa Department of Education.

Response – We will contact the Iowa Department of Education and the Department of Management. Procedures will be reviewed to ensure we certify our enrollment by the due date.

Conclusion – Response accepted.

II-H-15 Supplementary Weighting – The number of students reported to the Iowa Department of Education for supplementary weighting was overstated.

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

Responses – We will contact the Iowa Department of Education and the Department of Management.

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2015

Conclusion – Response accepted.

- II-I-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-15 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-15 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-L-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$ 1,272,758
Revenues/transfer in:		
Sales tax revenues	\$ 482,936	
Other	<u>3,949</u>	486,885
		1,759,643
Expenditures/transfers out:		
Equipment	161,482	
Other	12,741	
Transfer to other funds:		
Debt service fund	<u>295,183</u>	<u>469,406</u>
Ending balance		\$ <u>1,290,237</u>

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2015

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

II-M-15 Deficit Balances - Four student activities accounts had deficit balances at June 30, 2015.

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

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

Conclusion - Response accepted.

II-N-15 Revenue Bonds – No instances of non-compliance with the revenue bond resolution were noted.