

ANAMOSA COMMUNITY SCHOOL DISTRICT
ANAMOSA, IOWA

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

JUNE 30, 2015

TABLE OF CONTENTS

	Page
OFFICIALS	4
INDEPENDENT AUDITOR’S REPORT	5-6
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	7-22
BASIC FINANCIAL STATEMENTS:	
Exhibit	
Government-Wide Financial Statements:	
A Statement of Net Position	24-25
B Statement of Activities	26-29
Governmental Fund Financial Statements:	
C Balance Sheet	30-31
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	32
E Statement of Revenues, Expenditures and Changes in Fund Balances	33-34
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	35-36
Proprietary Fund Financial Statements:	
G Statement of Fund Net Position	37
H Statement of Revenues, Expenses and Changes in Fund Net Position	38
I Statement of Cash Flows	39-40
Fiduciary Fund Financial Statements:	
J Statement of Fiduciary Net Position	41
K Statement of Changes in Fiduciary Net Position	42
Notes to Financial Statements	43-67
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	70
Notes to Required Supplementary Information – Budgetary Reporting	71
Schedule of the District’s Proportionate Share of the Net Pension Liability	72
Schedule of District Contributions	74-75
Notes to Required Supplementary Information – Pension Liability	76-77
Schedule of Funding Progress for the Retiree Health Plan	78
SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Combining Balance Sheet	80
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	81
Capital Projects Accounts:	
3 Combining Balance Sheet	82
4 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	83
Nonmajor Enterprise Funds:	
5 Combining Schedule of Fund Net Position	84
6 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	85
7 Combining Schedule of Cash Flows	86-87
8 Schedule of Changes in Special Revenue Fund, Student Activity Accounts	88-89
9 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	90

TABLE OF CONTENTS
(continued)

	Page
SUPPLEMENTARY INFORMATION (continued):	
Schedule (continued)	
10 Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	92-93
11 Schedule of Expenditures of Federal Awards	94
 INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	95-96
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	97-98
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS	99-104

ANAMOSA COMMUNITY SCHOOL DISTRICT

OFFICIALS

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

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

HUNT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST
OSKALOOSA, IA 52577
641/672-2541
FAX 641/672-2461
317 EAST ROBINSON
KNOXVILLE, IA 50138
641/842-3184
FAX 641/828-7404

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Anamosa Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Anamosa Community School District as of June 30, 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 14 to the financial statements, Anamosa 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*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 7 through 22 and 70 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anamosa Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2015 on our consideration of Anamosa Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Anamosa Community School District's internal control over financial reporting and compliance.

*Hunt & Associates, P.C.*Oskaloosa, Iowa
December 4, 2015

Management's Discussion and Analysis

Anamosa Community School District provides this discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please consider this information in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- General Fund revenues increased from \$12,986,736 in fiscal year 2014 to \$13,212,384 in fiscal year 2015, an increase of 1.7%. General Fund expenditures increased from \$13,226,463 in fiscal year 2014 to \$13,644,669 in fiscal year 2015, an increase of 3.2%. This resulted in the District using \$432,285 of General Fund carryover balance before other funding sources were applied.
- The District issued \$7.1 million in General Obligation School Bonds which is the final issuance from a \$16.95 million bond issue approved by voters in April 2013.
- Construction continued on a Performing Arts Center at the high school along with additional classroom space and renovations. This is being funded from the \$16.95 million bond issue. Other projects funded from the bond issue underway during the year include a heating and cooling upgrade at the High School, a security upgrade at the High School, new playground equipment at the Elementary as well as work on a new varsity baseball and softball complex at the Middle School.
- A lease agreement was entered with Apple Financial for approximately 227 devices, most of which are for student use. The lease is a four year lease with lease payments of approximately \$66,000 per year.
- The District closed its daycare program for children younger than school age. This was the result of the program not being financially self-sufficient. The District continues to offer before and after school and summer programming for school age children up through age 12.

Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.

- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

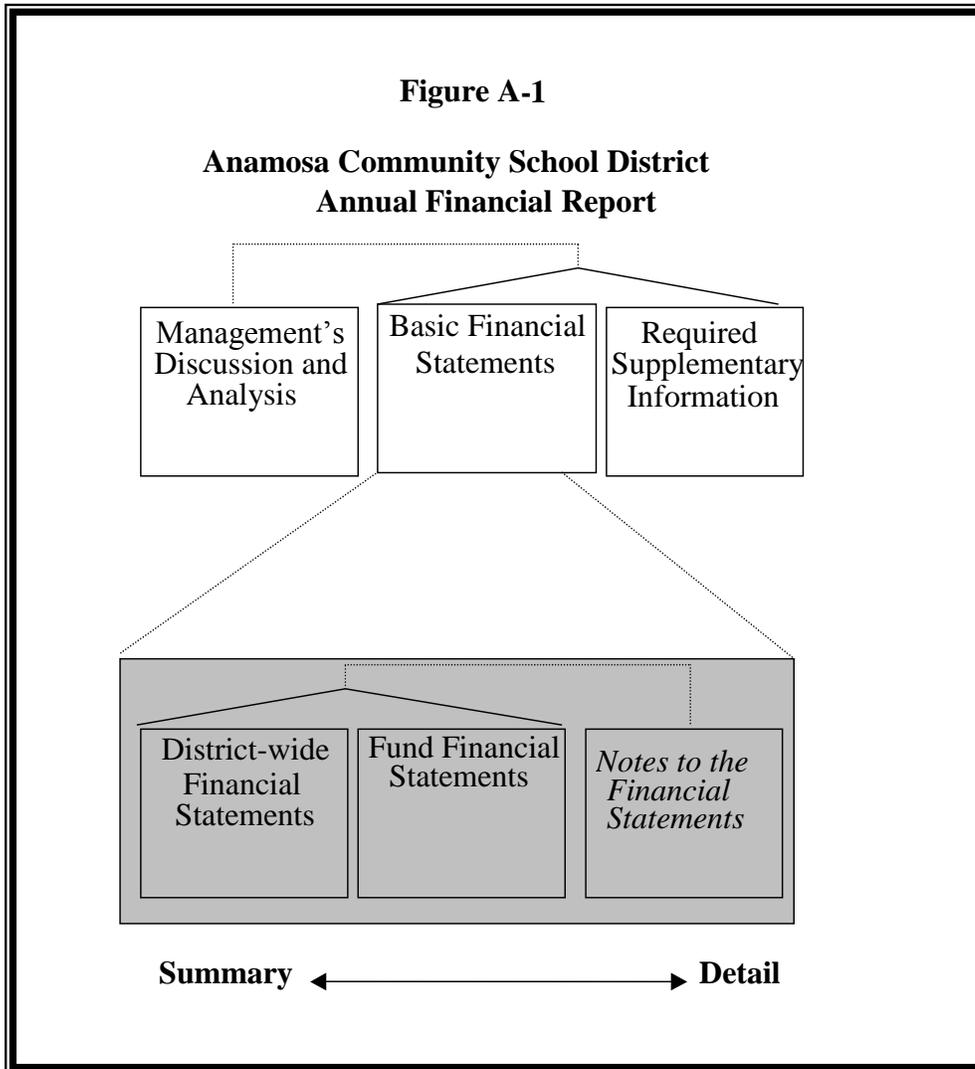


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

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

Figure A-2: Major Features of the District Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: nutrition services, day care and 3 year old preschool are included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and agency fund monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of 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 and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

Financial Analysis of the District as a Whole

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

Figure A-3						
Condensed Statement of Net Position						
	Governmental	Activities	Business	Activities	Total	
					2014	2015
	<u>(Not</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>(Not</u>	<u>2015</u>
	<u>restated)</u>		<u>(Not</u>		<u>restated)</u>	
Current and other assets	\$24,258,334	\$21,338,943	\$ 115,914	\$ 111,460	\$24,374,248	\$21,450,403
Capital assets	<u>25,059,209</u>	<u>35,849,784</u>	<u>254,744</u>	<u>286,663</u>	<u>25,313,953</u>	<u>36,136,447</u>
Total assets	<u>\$49,317,543</u>	<u>\$57,188,727</u>	<u>\$ 370,658</u>	<u>\$ 398,123</u>	<u>\$49,688,201</u>	<u>\$57,586,850</u>
Deferred Outflows of Resources		\$ 981,659		\$ 60,582		\$ 1,042,241
Long-term obligations	\$24,136,695	\$35,655,979	\$ 34,709	\$357,917	\$24,171,404	\$36,013,896
Other liabilities	<u>2,530,719</u>	<u>2,560,496</u>	<u>44,812</u>	<u>29,266</u>	<u>2,575,531</u>	<u>2,589,762</u>
Total liabilities	<u>\$26,667,414</u>	<u>\$38,216,475</u>	<u>\$ 79,521</u>	<u>\$ 387,183</u>	<u>\$26,746,935</u>	<u>\$38,603,658</u>
Deferred Inflow of Resources	<u>\$4,978,109</u>	<u>\$ 6,995,204</u>	<u>\$ 0</u>	<u>\$ 116,729</u>	<u>\$ 4,978,109</u>	<u>\$ 7,111,933</u>
Net position						
Net investment in capital assets	\$ 7,821,555	\$ 7,866,238	\$254,744	\$ 286,663	\$8,076,299	\$ 8,152,901
Restricted	5,912,350	7,165,988	-	-	5,912,350	\$ 7,165,988
Unrestricted	<u>3,938,115</u>	<u>(2,073,519)</u>	<u>36,393</u>	<u>\$(331,870)</u>	<u>3,974,508</u>	<u>\$(2,405,389)</u>
Total net position	<u>\$ 17,672,020</u>	<u>\$12,958,707</u>	<u>\$291,137</u>	<u>(\$45,207)</u>	<u>\$17,963,157</u>	<u>\$12,913,500</u>

The District's total net position decreased approximately \$5,050,000 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt.

Restricted net position represents resources subject to external restrictions such as legislation on how the resources can be used. The District's restricted net position increased by approximately \$1,254,000. The increase was primarily due to the required increase in the Debt Service Fund and Capital Projects Fund to pay Qualified School Construction Bonds at maturity.

Unrestricted net position – the part of net position that can be used to finance day-to day operations without constraints established by debt covenants or other legal requirements – decreased by approximately \$6,380,000. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. Fiscal year 2013 and 2014 financial 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 from Operating Results

	Governmental Activities		Business-type Activities		Total School District	
	<u>2014</u> <u>(Not</u> <u>restated)</u>	<u>2015</u>	<u>2014</u> <u>(Not restated)</u>	<u>2015</u>	<u>2014</u> <u>(Not</u> <u>restated)</u>	<u>2015</u>
Revenues						
Program revenues						
Charges for services	\$ 1,727,846	\$1,453,230	\$ 940,941	\$ 733,026	\$2,668,787	\$ 2,186,256
Operating Grants & Contributions	2,011,129	2,326,194	347,005	404,700	2,358,134	2,730,894
Capital Grants & Contributions	2,753	467,743	-	62,811	2,753	530,554
General revenues						
Property taxes	4,800,412	5,052,260	-	-	4,800,412	5,052,260
Other taxes	1,657,056	1,750,215	-	-	1,657,056	1,750,215
Unrestricted Grants/Entitlements & Interest	6,032,574	6,143,079	117	106	6,032,691	6,143,185
Total revenues	\$ 16,231,770	\$17,192,721	\$1,288,063	\$1,200,643	\$17,519,833	\$18,393,364
Expenses						
Instruction	\$ 9,544,725	\$9,417,308	\$ 21,219	23,152	\$ 9,565,944	\$ 9,440,460
Support Services	4,167,098	4,736,222	110,093	20,644	4,277,191	4,756,866
Non-instructional Programs	-	-	1,207,146	1,116,121	1,207,146	1,116,121
Other	1,647,820	1,770,493	-	-	1,647,820	1,770,493
Total expenses	\$ 15,359,643	\$15,924,023	\$1,338,458	\$1,159,917	\$16,698,101	\$17,083,940
Change in net position	\$ <u>872,127</u>	\$ <u>1,268,698</u>	\$ <u>(50,395)</u>	\$ <u>40,726</u>	\$ <u>821,732</u>	\$ <u>1,309,424</u>

Figure A-5 shows the sources of revenues of governmental activities for fiscal year 2015. State Aid made up 34.4% of total revenues, down from 36.2% in fiscal year 2014. Property Taxes made up 29.4% of revenues, down slightly from 29.6% last year. Federal & State categorical grants & Contributions made up 16.2% of the revenues, up from 12.4% last year. This is primarily due to the premium on the sale of the G.O. Bond and capital campaign contributions for the High School addition and Middle School Athletic Complex projects. Charges for services as a percentage of total revenues decreased from 10.6% to 8.5%. Other taxes, which consist of SAVE and Income Surtax, made up 10.2% of governmental revenues, which was the same percentage as last year. Investment earnings made up 1.3% of total revenues up from .9% in fiscal year 2014.

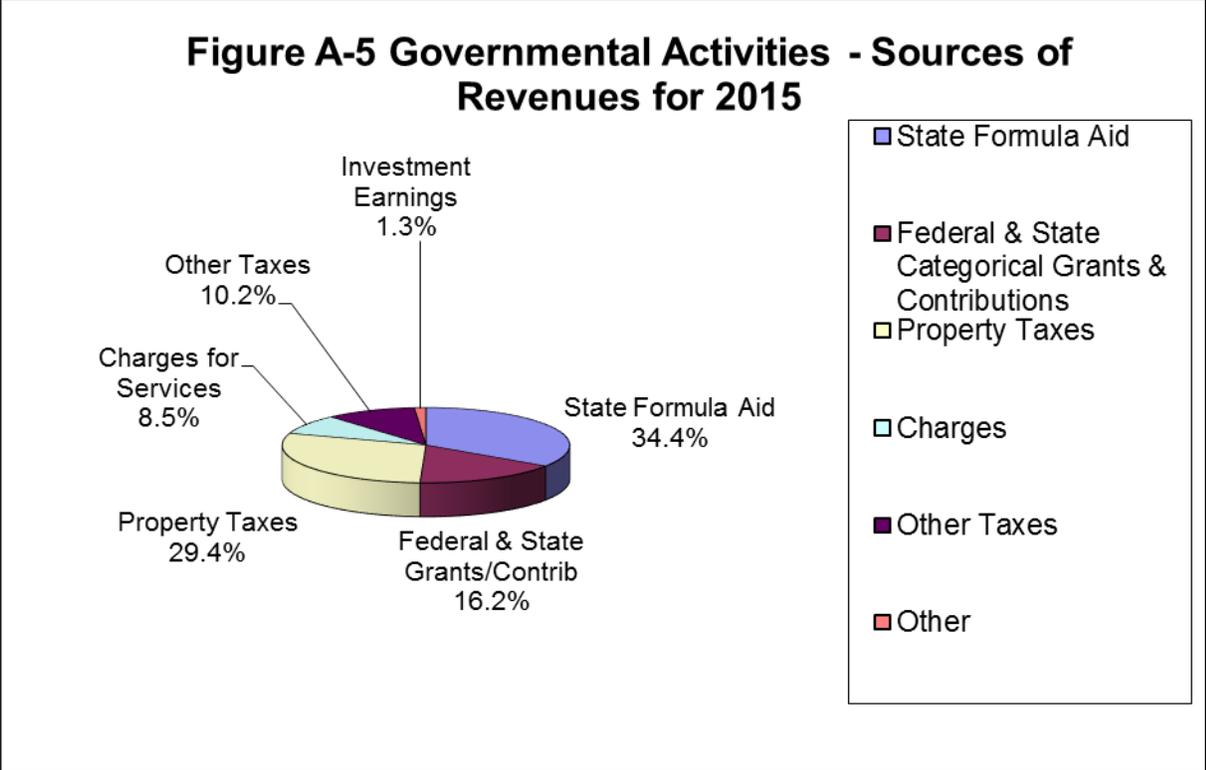


Figure A-6 illustrates the expenses of the District’s governmental activities divided into seven categories and presents them as a percent of all governmental activities expenses. Instructional expenses made up 59.1% of all governmental activities expenses. This is down from 62.1% in 2014. Pupil and Instructional Support, which includes media, guidance, and technology support, made up 9.3% of all expenses, up from 7.1% in 2014. Administration represented 9.2% of all expenses, up from 9.0%. Maintenance and Transportation accounted for 7.1% and 4.1% respectively of all expenses. This compares to 6.8% for Maintenance in 2014 and 4.2% for Transportation last year. All Other was 11.1% of total expenses. All Other includes Facilities Acquisition, Debt & Interest Charges, AEA Flowthrough and Unallocated Depreciation.

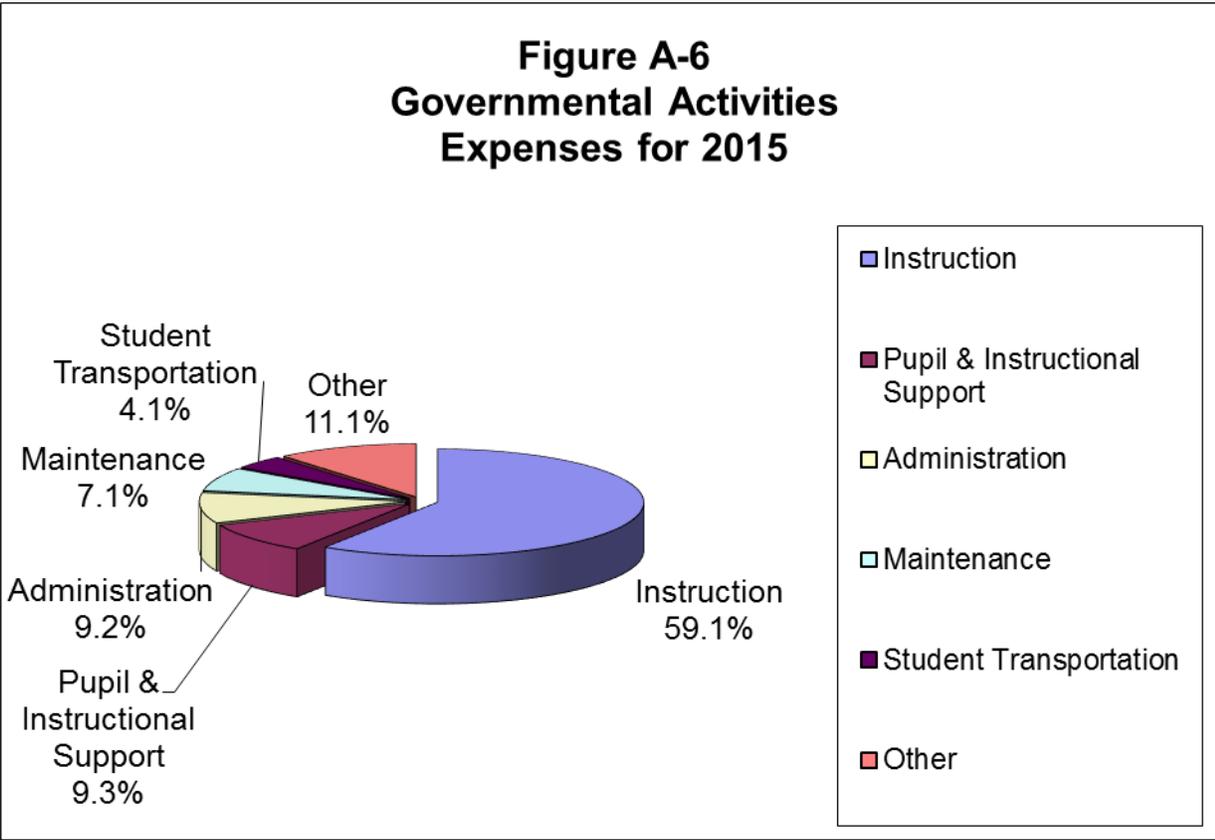


Figure A-7 presents the cost of four major district activities: instruction, support services including maintenance and transportation, non-instructional programs, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided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

Figure A-7

Total and Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Instruction	\$ 9,544,725	\$ 9,417,308	\$ 6,487,726	\$ 6,217,087
Support Services	4,167,098	4,736,222	3,980,461	4,671,643
Non-instructional programs	-	-	-	-
Other	<u>1,647,820</u>	<u>1,770,493</u>	<u>1,149,728</u>	<u>788,126</u>
Total	\$15,359,643	\$15,924,023	\$11,617,915	\$11,676,856

- The cost of all governmental activities for FY '15 was \$15,924,023, an increase of 3.7% from FY '14.
- Some of the cost was financed by the users of the District's programs (see Figure A-4)
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$2,326,194 and charges for district services financed \$1,453,230.
- Most of the District's costs (\$11,676,856), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$5,052,260 in property taxes, \$574,905 in income surtax, \$6,143,079 of unrestricted state aid based on the statewide finance formula, and investment earnings. The state aid portion remained relatively stable at \$5,917,012, compared with \$5,885,200 in FY '14.

Business-Type Activities

Program revenues of the District's business-type activities decreased from \$1,288,063 to \$1,200,643, a decrease of \$87,420, or 6.8%. This was primarily due to the closure of the infant to school age day care program which was closed mid-year. This was also due to the discontinuation of the building trades program which previously had sold a student built home. An increase within business-type activities program revenues was the capital contribution from the Physical Plant and Equipment Levy to the Nutrition Fund for various pieces of equipment. This capital contribution amounted to \$62,811 in FY '15. Expenses for business-type activities decreased by \$178,541 to \$1,159,917. This is primarily due to the recognition of expenses associated with the sale of the student-built home in FY '14. (Refer to Figure A-4.)

Financial Analysis of the District's Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$13,140,115. This is down from a combined governmental fund balance of \$16,294,096 at June 30, 2014. This decrease is primarily due to the spend-down of bond proceeds for the high school construction project.

Governmental Fund Highlights

- The General Fund balance decreased by \$409,582 or 9.9% from \$4,157,947 to \$3,748,365. This decrease can be attributed to the spending down of General Fund unassigned fund balance. Of this decrease in fund balance, approximately \$261,000 can be attributed to the purchase of Ipads at the elementary and Chromebooks and leased hardware at all three buildings.
- The Capital Projects Fund balance decreased from \$9,560,733 to \$6,040,442 due to the spending of bond proceeds for the high school and elementary building projects and middle school athletic complex.

Proprietary Fund Highlights

Including the restatement due to GASB Statement No. 68, the School Nutrition Fund net position decreased by \$113,679 from last year to \$126,264 at June 30, 2015. Of this decrease, \$159,219 can be attributed to providing for the net pension liability as required by GASB Statement No. 68. Also reflected in the Nutrition fund is an increase in the Other Post-Employment Benefit (OPEB) Liability in the amount of \$12,628. The Nutrition Fund balance was affected positively by the capital contribution of equipment purchased from the PPEL account during the year in the amount of \$62,811.

The Construction Trades net position of (\$46,314) from FY '14 was zeroed out with the approval of the School Budget Review Committee (SBRC). This occurred with a transfer from the General Fund.

Including the restatement due to GASB Statement No. 68, the Preschool Fund net position decreased by \$27,093 from June 30, 2014 to (\$26,904). All of the program costs were absorbed within this fund this year.

Including the restatement due to GASB Statement No. 68, the Daycare Fund net position decreased by \$241,886 from \$97,319 at June 20, 2014 to (\$144,567) at June 30, 2015. The required reporting of the net pension liability accounted for \$182,233 of this decrease. The fund also absorbed the recording of additional OPEB liability of \$15,563.

Budgetary Highlights

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

Over the course of the year, the District amended its annual operating budget one time in the areas of Total Support Services, Noninstructional Programs and Total Other Expenditures. Total Support Services was amended to allow for the purchases of Nutrition equipment, technology upgrades as well as architectural expenditures greater than that anticipated at the time of the certified budget in April 2014. The Noninstructional Programs was amended to allow for an increase in Nutritional Services Costs. Total Other Expenditures was amended to accommodate greater facilities construction costs than anticipated at the time the budget was certified in April 2014.

With the amendment of the budget, none of the function areas exceeded the certified budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total revenues were \$302,961 more than budgeted, a variance of 1.7%. Local revenues and state revenues show a variance from budget, with local revenues below budget by 9.9% while state sources are over budget by 11%. This is primarily due to local option sales tax dollars budgeted within local sources, however collections now are recorded as a state source. Federal revenue sources were over budget primarily due to higher than anticipated federal revenues in the Nutrition program.

Total expenditures were significantly less than the budgeted amount. This is primarily due to two factors: 1) the District's practice to budget expenditures near the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should exceed the actual expenditures during the year; and 2) Total expenditures for the high school and middle school athletic complex projects as of June 30, 2015 were lower than that allowed in the certified budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the District had invested approximately \$36.1 million in a broad range of assets including school buildings, athletic facilities, transportation, and technology equipment. (See Figure A-8) This is a net increase of approximately \$10.8 million from last year. The increase is mainly attributed to construction and architectural services underway for the high school addition and renovations and middle school athletic complex. Net Buildings increased by \$1,255,965. This is attributed to the construction and mechanical and security upgrades completed at the elementary building during the year. **(More detailed information about capital assets can be found in Note 5 to the financial statements.)** Depreciation expense for the year was \$769,463 for governmental activities. Business-Type activities net assets increased by \$31,919. This increase is due to asset additions in the Nutrition Services department totaling \$65,209 while depreciation expense totaled \$33,290. The additions include the purchase of two convection ovens, a convection steamer and a titling kettle at the elementary as well as hot and cold serving counters at the high school.

Figure A-8
Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change <u>2014-2015</u>
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	
Land	\$ 793,565	\$ 793,565	\$ -	\$ -	\$ 793,565	\$ 793,565	0%
Land Improvements	290,142	257,384			290,142	257,384	-11.3%
Construction In Progress	2,471,377	12,061,553			2,471,377	12,061,553	388.0%
Buildings	20,888,472	22,144,437	-	-	20,888,472	22,144,437	6.0%
Equipment & Furniture	<u>615,653</u>	<u>592,845</u>	<u>254,744</u>	<u>286,663</u>	<u>870,397</u>	<u>879,508</u>	1.0%
	\$25,059,209	\$35,849,784	\$254,744	\$286,663	\$25,313,953	\$36,136,447	42.8%

Long-Term Debt

At June 30, 2015 the District had total governmental activities long-term liabilities of \$35,655,979. This is an increase of \$11,519,284 from the previous fiscal year as can be seen in Figure A-9 below.

More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

General obligation bonds in the amount of \$7,100,000 were issued during the fiscal year ended June 30, 2015. This is the final issuance of the \$16.95 million bond issue approved by voters in April 2013. This issuance is for renovations and additions to the high school and

Figure A-9
Outstanding Long-Term Liabilities – Governmental Activities

	Total School District		Total
	<u>2014</u> (Not restated)	<u>2015</u>	Percentage Change <u>2014-2015</u>
Early retirement	\$ 0	\$ 115,980	100.0%
Net OPEB Liability	198,751	232,560	17.0%
Net Pension Liability	0	4,733,603	100.0%
Capital Lease Purchase Agreement	0	189,893	100.0%
Compensated Absences	32,944	33,943	3.0%
General Obligation Bonds	9,030,000	15,495,000	71.6%
Revenue Bonds	2,275,000	2,255,000	-0.9%
Qualified School Construction Bonds	<u>12,600,000</u>	<u>12,600,000</u>	0.0%
Total	\$24,136,695	\$35,655,979	47.7%

athletic facilities at the middle school. The District is reporting Net Pension Liability for the first time as it has adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pensions.

Factors Bearing on the District's Future

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

- Jones County has advised the School District that taxable valuations have increased more than typical due to the City of Anamosa requesting significantly less revenue from their primary TIF area for FY 17. The result is an increase in taxable value for the District's general fund and management fund of \$19,214,118. This results in an increased taxable valuation for these funds of 11.3%.
- Due to the cash reserve levy limit, funding for Modified Supplemental Amount – Drop Out Prevention and Special Education Deficit Balance will be from the unassigned General Fund balance. These programs along with other expenditures are expected to continue to spend down this fund balance.
- Certified teaching staff, represented by the Anamosa Education Association, make up approximately \$6,700,000 in wages and benefits or 49.1% of all General Fund expenditures. Salary and benefit settlements with any employee group in excess of “new money” or supplemental state aid has an adverse effect on the District's General Fund budget and related fund balance.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Von Behren, Business Manager, Anamosa Community School District, 200 S Garnavillo Street, Anamosa, Iowa, 52205.

Basic Financial Statements

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 15,059,967	\$ 93,311	\$ 15,153,278
Receivables:			
Property tax:			
Current year	46,561	-	46,561
Succeeding year	5,143,516	-	5,143,516
Income surtax	543,585	-	543,585
Accounts	16,971	7,434	24,405
Due from other governments	459,600	-	459,600
Interfund balances (note 4)	459	(459)	-
Inventories	-	11,174	11,174
Prepaid expenses	68,284	-	68,284
Capital assets, net of accumulated depreciation (note 5)	35,849,784	286,663	36,136,447
Total assets	57,188,727	398,123	57,586,850
Deferred Outflows of Resources			
Pension related deferred outflows	981,659	60,582	1,042,241
Liabilities			
Accounts payable	936,491	2,562	939,053
Due to other governments	272,812	-	272,812
Salaries and benefits payable	1,301,937	20,028	1,321,965
Advances from grantors	487	-	487
Unearned revenue	-	6,676	6,676
Accrued interest payable	48,769	-	48,769
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	28,995	-	28,995
Bonds payable	650,000	-	650,000
Capital lease purchase agreement	62,110	-	62,110
Compensated absences	33,943	2,080	36,023
Portion due after one year:			
Early retirement	86,985	-	86,985
Bonds payable	29,700,000	-	29,700,000
Capital lease purchase agreement	127,783	-	127,783
Net pension liability	4,733,603	298,397	5,032,000
Net OPEB liability	232,560	57,440	290,000
Total liabilities	38,216,475	387,183	38,603,658

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 5,143,516	\$ -	\$ 5,143,516
Pension related deferred inflows	1,851,688	116,729	1,968,417
Total deferred inflows of resources	<u>6,995,204</u>	<u>116,729</u>	<u>7,111,933</u>
Net Position			
Net investment in capital assets	7,866,238	286,663	8,152,901
Restricted for:			
Categorical funding	495,334	-	495,334
Debt service	3,145,288	-	3,145,288
Capital projects	2,579,178	-	2,579,178
Physical plant and equipment levy purposes	672,113	-	672,113
Management levy purposes	62,319	-	62,319
Student activities	211,756	-	211,756
Unrestricted	<u>(2,073,519)</u>	<u>(331,870)</u>	<u>(2,405,389)</u>
Total net position	<u>\$ 12,958,707</u>	<u>\$ (45,207)</u>	<u>\$ 12,913,500</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 9,417,308	\$ 1,451,510	\$ 1,748,711	\$ -
Support services:				
Student	536,992	-	31,145	-
Instructional staff	945,671	-	-	-
Administration	1,464,261	-	-	-
Operation and maintenance of plant	1,137,101	-	5,986	-
Transportation	652,197	1,720	25,728	-
	<u>4,736,222</u>	<u>1,720</u>	<u>62,859</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	121,023	-	3,750	467,743
Long-term debt interest and fiscal charges	569,491	-	-	-
AEA flowthrough	510,874	-	510,874	-
Depreciation (unallocated) *	569,105	-	-	-
	<u>1,770,493</u>	<u>-</u>	<u>514,624</u>	<u>467,743</u>
Total governmental activities	<u>15,924,023</u>	<u>1,453,230</u>	<u>2,326,194</u>	<u>467,743</u>
Business-Type Activities:				
Instruction	<u>23,152</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:				
Instructional staff	1,624	-	-	-
Administration	12,226	-	-	-
Operation and maintenance of plant	6,794	-	-	-
	<u>20,644</u>	<u>-</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (6,217,087)	\$ -	\$ (6,217,087)
(505,847)	-	(505,847)
(945,671)	-	(945,671)
(1,464,261)	-	(1,464,261)
(1,131,115)	-	(1,131,115)
(624,749)	-	(624,749)
<u>(4,671,643)</u>	<u>-</u>	<u>(4,671,643)</u>
350,470	-	350,470
(569,491)	-	(569,491)
-	-	-
<u>(569,105)</u>	<u>-</u>	<u>(569,105)</u>
<u>(788,126)</u>	<u>-</u>	<u>(788,126)</u>
<u>(11,676,856)</u>	<u>-</u>	<u>(11,676,856)</u>
<u>-</u>	<u>(23,152)</u>	<u>(23,152)</u>
-	(1,624)	(1,624)
-	(12,226)	(12,226)
-	(6,794)	(6,794)
<u>-</u>	<u>(20,644)</u>	<u>(20,644)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities (continued):				
Non-instructional programs:				
Food service operations	\$ 724,790	\$ 376,049	\$ 356,431	\$ 62,811
Construction trades operations	-	-	46,314	-
Preschool operations	11,972	16,340	1,955	-
Daycare operations	379,359	340,637	-	-
	<u>1,116,121</u>	<u>733,026</u>	<u>404,700</u>	<u>62,811</u>
Total business-type activities	<u>1,159,917</u>	<u>733,026</u>	<u>404,700</u>	<u>62,811</u>
Total	<u>\$ 17,083,940</u>	<u>\$ 2,186,256</u>	<u>\$ 2,730,894</u>	<u>\$ 530,554</u>

General revenues:

- Property tax levied for:
 - General purposes
 - Debt service
 - Capital outlay
- Income surtax
- Statewide sales, services and use tax
- Unrestricted state grants
- Unrestricted investment earnings
- Other

Total general revenues

Change in net position

Net position beginning of year, as restated

Net position end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ -	\$ 70,501	\$ 70,501
-	46,314	46,314
-	6,323	6,323
-	(38,722)	(38,722)
-	84,416	84,416
-	40,620	40,620
(11,676,856)	40,620	(11,636,236)
\$ 3,586,253	\$ -	\$ 3,586,253
1,120,761	-	1,120,761
345,246	-	345,246
574,905	-	574,905
1,175,310	-	1,175,310
5,917,012	-	5,917,012
65,658	106	65,764
160,409	-	160,409
12,945,554	106	12,945,660
1,268,698	40,726	1,309,424
11,690,009	(85,933)	11,604,076
<u>\$ 12,958,707</u>	<u>\$ (45,207)</u>	<u>\$ 12,913,500</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 4,995,678	\$ 2,951,029	\$ 6,710,165	\$ 394,964	\$ 15,051,836
Receivables:					
Property tax:					
Current year	30,654	10,224	3,149	2,534	46,561
Succeeding year	3,339,714	1,180,940	357,861	265,001	5,143,516
Income surtax	543,585	-	-	-	543,585
Interfund (note 4)	9,499	-	-	-	9,499
Accounts	8,017	-	-	8,954	16,971
Due from other governments	276,172	-	183,428	-	459,600
Prepaid expenses	68,284	-	-	-	68,284
	<hr/>				
Total assets	<u>\$ 9,271,603</u>	<u>\$ 4,142,193</u>	<u>\$ 7,254,603</u>	<u>\$ 671,453</u>	<u>\$ 21,339,852</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 64,925	\$ -	\$ 856,300	\$ 15,266	\$ 936,491
Due to other governments	272,812	-	-	-	272,812
Salaries and benefits payable	1,301,310	-	-	627	1,301,937
Interfund payable (note 4)	405	-	-	504	909
Advances from grantors	487	-	-	-	487
Total liabilities	<u>1,639,939</u>	<u>-</u>	<u>856,300</u>	<u>16,397</u>	<u>2,512,636</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,339,714	1,180,940	357,861	265,001	5,143,516
Other	543,585	-	-	-	543,585
Total deferred inflows of resources	<u>3,883,299</u>	<u>1,180,940</u>	<u>357,861</u>	<u>265,001</u>	<u>5,687,101</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	68,284	-	-	-	68,284
Restricted for:					
Categorical funding (note 11)	495,334	-	-	-	495,334
Revenue bonds	-	-	229,000	-	229,000
Revenue bonds sinking fund	-	2,939,189	-	-	2,939,189
Debt service	-	22,064	-	-	22,064
School infrastructure	-	-	4,946,129	-	4,946,129
Physical plant and equipment	-	-	865,313	-	865,313
Management levy purposes	-	-	-	178,299	178,299
Student activities	-	-	-	211,756	211,756
Assigned for wellness	18,416	-	-	-	18,416
Unassigned	3,166,331	-	-	-	3,166,331
Total fund balances	<u>3,748,365</u>	<u>2,961,253</u>	<u>6,040,442</u>	<u>390,055</u>	<u>13,140,115</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,271,603</u>	<u>\$ 4,142,193</u>	<u>\$ 7,254,603</u>	<u>\$ 671,453</u>	<u>\$ 21,339,852</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2015

Total fund balances of governmental funds		\$ 13,140,115
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.		35,849,784
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		543,585
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.		(48,769)
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	\$ 981,659
	Deferred inflows of resources	<u>(1,851,688)</u> (870,029)
Long-term liabilities, including compensated absences, early retirement, bonds payable, capital lease purchase agreements, net pension liability and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(35,655,979)</u>
Net position of governmental activities		<u>\$ 12,958,707</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,828,495	\$ 1,119,822	\$ 344,957	\$ 270,356	\$ 5,563,630
Tuition	998,678	-	-	-	998,678
Other	233,169	23,921	245,811	395,004	897,905
State sources	7,675,573	939	1,175,599	230	8,852,341
Federal sources	476,469	-	3,750	-	480,219
Total revenues	<u>13,212,384</u>	<u>1,144,682</u>	<u>1,770,117</u>	<u>665,590</u>	<u>16,792,773</u>
Expenditures:					
Current:					
Instruction	9,045,135	-	121,829	513,374	9,680,338
Support services:					
Student	557,080	-	-	-	557,080
Instructional staff	735,381	-	253,699	-	989,080
Administration	1,210,087	-	353,871	10,002	1,573,960
Operation and maintenance of plant	1,003,111	-	4,500	98,025	1,105,636
Transportation	583,001	-	12,316	22,812	618,129
	<u>4,088,660</u>	<u>-</u>	<u>624,386</u>	<u>130,839</u>	<u>4,843,885</u>
Other expenditures:					
Facilities acquisition	-	-	11,337,601	-	11,337,601
Long term debt:					
Principal	-	655,000	-	-	655,000
Interest and fiscal charges	-	549,638	-	-	549,638
AEA flowthrough	510,874	-	-	-	510,874
	<u>510,874</u>	<u>1,204,638</u>	<u>11,337,601</u>	<u>-</u>	<u>13,053,113</u>
Total expenditures	<u>13,644,669</u>	<u>1,204,638</u>	<u>12,083,816</u>	<u>644,213</u>	<u>27,577,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(432,285)</u>	<u>(59,956)</u>	<u>(10,313,699)</u>	<u>21,377</u>	<u>(10,784,563)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 7,624	\$ -	\$ -	\$ -	\$ 7,624
Compensation for loss of capital assets	15,079	-	74,806	-	89,885
General obligation bonds issued	-	-	7,100,000	-	7,100,000
Premium on bonds issued	-	-	243,180	-	243,180
Execution of capital lease	-	-	189,893	-	189,893
Interfund transfers in (note 3)	-	814,471	-	-	814,471
Interfund transfers out (note 3)	-	-	(814,471)	-	(814,471)
Total other financing sources (uses)	<u>22,703</u>	<u>814,471</u>	<u>6,793,408</u>	<u>-</u>	<u>7,630,582</u>
Net change in fund balances	(409,582)	754,515	(3,520,291)	21,377	(3,153,981)
Fund balances beginning of year	<u>4,157,947</u>	<u>2,206,738</u>	<u>9,560,733</u>	<u>368,678</u>	<u>16,294,096</u>
Fund balances end of year	<u>\$ 3,748,365</u>	<u>\$ 2,961,253</u>	<u>\$ 6,040,442</u>	<u>\$ 390,055</u>	<u>\$ 13,140,115</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ (3,153,981)

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

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

Capital outlays	\$ 11,560,038	
Depreciation expense	<u>(769,463)</u>	10,790,575

Income surtax revenue not received until several months after the District's
fiscal year end is not considered available revenue and is recognized as
deferred inflows of resources in the governmental funds. 59,259

Proceeds from issuing long-term liabilities provide current financial resources
to governmental funds but issuing debt increases long-term liabilities in the
Statement of Net Position and does not affect the Statement of Activities. (7,289,893)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but it reduces long-term liabilities in the Statement of Net Position. 655,000

Interest on long-term debt in the Statement of Activities differs from the
amount reported in the governmental funds because interest is recorded as
an expenditure in the governmental funds when due. In the Statement of
Activities, however, interest expense is recognized as the interest accrues,
regardless of when it is due. (19,853)

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. 24,375

ANAMOSA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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	\$	(115,980)	
	Compensated absences		(999)	
	Pension expense		354,004	
	Net OPEB liability		<u>(33,809)</u>	\$ <u>203,216</u>
Change in net position of governmental activities				\$ <u><u>1,268,698</u></u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

June 30, 2015

	School Nutrition	Nonmajor Enterprise Funds	Total
Assets			
Cash and cash equivalents	\$ 33,052	\$ 68,390	\$ 101,442
Accounts receivable	-	7,434	7,434
Interfund receivable (note 4)	405	-	405
Inventories	11,174	-	11,174
Capital assets, net of accumulated depreciation (note 5)	286,663	-	286,663
Total assets	<u>331,294</u>	<u>75,824</u>	<u>407,118</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>28,392</u>	<u>32,190</u>	<u>60,582</u>
Liabilities			
Accounts payable	335	2,227	2,562
Salaries and benefits payable	8,036	11,992	20,028
Interfund payable (note 4)	864	8,131	8,995
Unearned revenue	6,221	455	6,676
Compensated absences	-	2,080	2,080
Net pension liability	134,857	163,540	298,397
Net OPEB liability	30,355	27,085	57,440
Total liabilities	<u>180,668</u>	<u>215,510</u>	<u>396,178</u>
Deferred Inflows of Resources			
Pension related deferred inflows	<u>52,754</u>	<u>63,975</u>	<u>116,729</u>
Fund Net Position			
Net investment in capital assets	286,663	-	286,663
Unrestricted	<u>(160,399)</u>	<u>(171,471)</u>	<u>(331,870)</u>
Total fund net position	<u>\$ 126,264</u>	<u>\$ (171,471)</u>	<u>\$ (45,207)</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

	School Nutrition	Nonmajor Enterprise Funds	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 376,049	\$ 356,977	\$ 733,026
Operating expenses:			
Instruction	-	23,152	23,152
Support services:			
Instructional staff	-	1,624	1,624
Administration	7,040	5,186	12,226
Operation and maintenance of plant	6,729	65	6,794
Non-instructional programs	724,790	391,331	1,116,121
Total operating expenses	<u>738,559</u>	<u>421,358</u>	<u>1,159,917</u>
Operating loss	(362,510)	(64,381)	(426,891)
Non-operating revenues:			
Interest on investments	28	78	106
Capital contributions	62,811	-	62,811
Contributions	-	46,314	46,314
State sources	6,425	1,955	8,380
Federal sources	350,006	-	350,006
Total non-operating revenues	<u>419,270</u>	<u>48,347</u>	<u>467,617</u>
Change in fund net position	56,760	(16,034)	40,726
Fund net position beginning of year, as restated	<u>69,504</u>	<u>(155,437)</u>	<u>(85,933)</u>
Fund net position end of year	<u>\$ 126,264</u>	<u>\$ (171,471)</u>	<u>\$ (45,207)</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	School Nutrition	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 350,328	\$ -	\$ 350,328
Cash received from miscellaneous operating activities	28,545	391,419	419,964
Cash paid to employees for services	(349,286)	(377,784)	(727,070)
Cash paid to suppliers for goods or services	(335,001)	(57,491)	(392,492)
Net cash used by operating activities	<u>(305,414)</u>	<u>(43,856)</u>	<u>(349,270)</u>
Cash flows from non-capital financing activities:			
Contributions received	-	46,314	46,314
State grants received	6,425	1,955	8,380
Federal grants received	309,146	-	309,146
Net cash provided by non-capital financing activities	<u>315,571</u>	<u>48,269</u>	<u>363,840</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(2,398)</u>	-	<u>(2,398)</u>
Cash flows from investing activities:			
Interest on investments	<u>28</u>	<u>78</u>	<u>106</u>
Net increase in cash and cash equivalents	7,787	4,491	12,278
Cash and cash equivalents beginning of year	<u>25,265</u>	<u>55,768</u>	<u>81,033</u>
Cash and cash equivalents end of year	<u>\$ 33,052</u>	<u>\$ 60,259</u>	<u>\$ 93,311</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

	School Nutrition	Nonmajor Enterprise Funds	Total
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (362,510)	\$ (64,381)	\$ (426,891)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	33,290	-	33,290
Commodities used	40,860	-	40,860
Decrease in accounts receivable	5,775	29,044	34,819
Decrease in interfund receivable	-	5,538	5,538
Decrease in inventories	3,642	-	3,642
(Decrease) in accounts payable	(1,546)	(2,542)	(4,088)
(Decrease) in salaries and benefits payable	(243)	(8,124)	(8,367)
(Decrease) in interfund payable	(23,139)	(4,128)	(27,267)
(Decrease) in unearned revenue	(2,951)	(140)	(3,091)
(Decrease) in compensated absences	-	(3,380)	(3,380)
(Decrease) in net pension liability	(55,422)	(67,209)	(122,631)
(Increase) in deferred outflows of resources	(8,552)	(8,072)	(16,624)
Increase in deferred inflows of resources	52,754	63,975	116,729
Increase in net OPEB liability	12,628	15,563	28,191
Net cash used by operating activities	<u>\$ (305,414)</u>	<u>\$ (43,856)</u>	<u>\$ (349,270)</u>

Non-cash financing activities:

During the year ended June 30, 2015, the District received \$40,860 of federal commodities and \$62,811 of contributed equipment.

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2015

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Cash and pooled investments	\$ 64,342	\$ 67,863
Liabilities:		
Accounts payable	-	42,600
Other payables	-	25,263
Total liabilities	-	67,863
Fiduciary Net Position:		
Restricted for scholarships	\$ 64,342	\$ -

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 Year Ended June 30, 2015

		<u>Private Purpose Trust</u>
		<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$	2,000
Interest		<u>424</u>
Total additions		<u>2,424</u>
Deductions:		
Non-instructional programs:		
Scholarships awarded		<u>4,212</u>
Change in fiduciary net position		(1,788)
Fiduciary net position beginning of year		<u>66,130</u>
Fiduciary net position end of year	\$	<u><u>64,342</u></u>
See notes to financial statements.		

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Anamosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Anamosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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 three categories:

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2015 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflows of resources on the modified accrual basis for the governmental funds. For the government-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements on the consumption method.

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

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

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

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to 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 unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (continued)

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

During the year ended June 30, 2015, expenditures/expenses did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure 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 as follows:

	<u>Amortized Cost/ Fair Value</u>
Iowa Schools Joint Investment Trust, Diversified Portfolio	\$ 19,346
Money Market Mutual Fund	326,501
U.S. Treasury Note	<u>50,000</u>
	<u>\$ 395,847</u>

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

Credit Risk – The investments in the Iowa Schools Joint Investment Trust and the money market mutual fund were rated AAAm by Standard & Poor's Financial Services. The investment in the U.S. Treasury Note is not subject to credit rating.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>814,471</u>

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

Note 4. Interfund Receivables and Payables

At June 30, 2015, interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund balances between governmental funds:		
Other receivables:		
General	Special Revenue - Student Activity	\$ <u>504</u>
Interfund balances between governmental and proprietary funds:		
Pooled cash balances:		
General	Enterprise - Preschool	<u>8,131</u>
Other receivables:		
General	Enterprise - School Nutrition	864
Enterprise - School Nutrition	General	<u>405</u>
		<u>1,269</u>
		\$ <u>9,904</u>

Other receivables balances are due to timing differences involved in various reimbursements at year end.

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

The balances between governmental funds are not included on the government-wide Statement of Net Position. The balances between governmental and proprietary funds have been eliminated on the face of the government-wide Statement of Net Position.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 793,565	\$ -	\$ -	\$ 793,565
Construction in progress	2,471,377	10,223,545	633,369	12,061,553
Total capital assets not being depreciated	<u>3,264,942</u>	<u>10,223,545</u>	<u>633,369</u>	<u>12,855,118</u>
Capital assets being depreciated:				
Buildings	24,776,893	1,795,754	18,792	26,553,855
Improvements other than buildings	710,568	-	-	710,568
Furniture and equipment	2,611,990	174,108	22,052	2,764,046
Total capital assets being depreciated	<u>28,099,451</u>	<u>1,969,862</u>	<u>40,844</u>	<u>30,028,469</u>
Less accumulated depreciation for:				
Buildings	3,888,421	539,789	18,792	4,409,418
Improvements other than buildings	420,426	32,758	-	453,184
Furniture and equipment	1,996,337	196,916	22,052	2,171,201
Total accumulated depreciation	<u>6,305,184</u>	<u>769,463</u>	<u>40,844</u>	<u>7,033,803</u>
Total capital assets being depreciated, net	<u>21,794,267</u>	<u>1,200,399</u>	<u>-</u>	<u>22,994,666</u>
Governmental activities capital assets, net	<u>\$ 25,059,209</u>	<u>\$ 11,423,944</u>	<u>\$ 633,369</u>	<u>\$ 35,849,784</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 511,870	\$ 65,209	\$ 35,984	\$ 541,095
Less accumulated depreciation	257,126	33,290	35,984	254,432
Business-type activities capital assets, net	<u>\$ 254,744</u>	<u>\$ 31,919</u>	<u>\$ -</u>	<u>\$ 286,663</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction \$ 87,651

Support services:

Instructional staff 28,674

Administration 14,141

Operation and maintenance of plant 15,027

Transportation 54,865

200,358

Unallocated depreciation 569,105

Total depreciation expense - governmental activities \$ 769,463

Business-type activities:

Food service operations \$ 33,290

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Compensated absences	\$ 32,944	\$ 33,943	\$ 32,944	\$ 33,943	\$ 33,943
Early retirement	-	115,980	-	115,980	28,995
General obligation bonds	9,030,000	7,100,000	635,000	15,495,000	630,000
Qualified school construction revenue bonds	12,600,000	-	-	12,600,000	-
Revenue bonds	2,275,000	-	20,000	2,255,000	20,000
Capital lease purchase agreement	-	189,893	-	189,893	62,110
Net pension liability	6,678,947	-	1,945,344	4,733,603	-
Net OPEB liability	198,751	33,809	-	232,560	-
Total	<u>\$ 30,815,642</u>	<u>\$ 7,473,625</u>	<u>\$ 2,633,288</u>	<u>\$ 35,655,979</u>	<u>\$ 775,048</u>
	Balance Beginning of Year, as Restated	Additions	Reductions	Balance End of Year	Due Within One Year
Business-type activities:					
Compensated absences	\$ 5,460	\$ 2,080	\$ 5,460	\$ 2,080	\$ 2,080
Net pension liability	421,028	-	122,631	298,397	-
Net OPEB liability	29,249	28,191	-	57,440	-
Total	<u>\$ 455,737</u>	<u>\$ 30,271</u>	<u>\$ 128,091</u>	<u>\$ 357,917</u>	<u>\$ 2,080</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Long-Term Liabilities (continued)

Early Retirement

The District offered a voluntary early retirement plan to its employees for fiscal year 2015 only. Eligible employees had to be at least age fifty-five on or before June 30, 2015 and had to have completed fifteen years of full-time contracted service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

The early retirement incentive for each eligible classified employee is equal to 45% of the employee's 2014-15 annualized wage excluding extra pay and overtime and subject to a maximum of \$20,000 per individual. The early retirement incentive for each eligible certified employee is equal to 45% of the employee's 2014-15 salary schedule pay, excluding extra-curricular, Phase II, or other payments not included in the salary schedule and subject to a maximum of \$20,000 per individual. Early retirement benefits will be paid in four equal annual payments into a 403(b) retirement plan or health reimbursement arrangement (HRA).

At June 30, 2015, the District has obligations to six participants with a total liability of \$115,980. There were no actual early retirement expenditures for the year ended June 30, 2015. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

General Obligation Bonds

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Issue dated July 15, 2013				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.00 %	\$ 195,000	\$ 267,063	\$ 462,063
2017	2.00	200,000	263,162	463,162
2018	2.00	205,000	259,163	464,163
2019	2.00	210,000	255,062	465,062
2020	2.00	210,000	250,862	460,862
2021-2025	2.00-3.00	1,555,000	1,182,513	2,737,513
2026-2030	3.00-3.30	3,700,000	806,165	4,506,165
2031-2033	3.40-3.60	2,565,000	183,850	2,748,850
		<u>\$ 8,840,000</u>	<u>\$ 3,467,840</u>	<u>\$ 12,307,840</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds (continued)

Issue dated July 1, 2014

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	3.00 %	\$ 435,000	\$ 202,662	\$ 637,662
2017	3.00	450,000	189,613	639,613
2018	3.00	460,000	176,112	636,112
2019	3.00	475,000	162,313	637,313
2020	3.00	485,000	148,062	633,062
2021-2025	2.50-3.00	2,215,000	521,213	2,736,213
2026-2030	3.00-3.25	665,000	321,600	986,600
2031-2034	3.50	1,470,000	177,450	1,647,450
		<u>\$ 6,655,000</u>	<u>\$ 1,899,025</u>	<u>\$ 8,554,025</u>

Total

Year Ending June 30,	Principal	Interest	Total	
2016	\$ 630,000	\$ 469,725	\$ 1,099,725	
2017	650,000	452,775	1,102,775	
2018	665,000	435,275	1,100,275	
2019	685,000	417,375	1,102,375	
2020	695,000	398,924	1,093,924	
2021-2025	3,770,000	1,703,726	5,473,726	
2026-2030	4,365,000	1,127,765	5,492,765	
2031-2034	4,035,000	361,300	4,396,300	
		<u>\$ 15,495,000</u>	<u>\$ 5,366,865</u>	<u>\$ 20,861,865</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Long-Term Liabilities (continued)

Qualified School Construction Revenue Bonds

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ -	\$ 5,961	\$ 5,961
2017	-	5,961	5,961
2018	-	5,961	5,961
2019	-	5,961	5,961
2020	-	5,961	5,961
2021-2025	1,000,000	5,961	1,005,961
2026-2029	11,600,000	-	11,600,000
	<u>\$ 12,600,000</u>	<u>\$ 35,766</u>	<u>\$ 12,635,766</u>

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Long-Term Liabilities (continued)

Revenue Bonds

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	2.00 %	\$ 20,000	\$ 69,853	\$ 89,853
2017	2.00	20,000	69,452	89,452
2018	2.50	20,000	69,053	89,053
2019	2.50	20,000	68,552	88,552
2020	2.50	20,000	68,052	88,052
2021-2025	2.50-2.80	100,000	332,583	432,583
2026-2030	2.80-3.20	2,055,000	236,005	2,291,005
		<u>\$ 2,255,000</u>	<u>\$ 913,550</u>	<u>\$ 3,168,550</u>

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

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

The District pledged future statewide sales, services and use tax revenues to repay the \$12,600,000 qualified school construction revenue bonds issued in December 2010, March 2011, April 2011, July 2011, and May 2012, and the \$2,290,000 revenue bonds issued in May 2012. The bonds were issued for the purpose of financing a portion of the costs of a new middle school and safe room. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual required transfers to the bond sinking fund and principal and interest payments are expected to require approximately 50 to 75 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$15,804,316. For the current year, principal of \$20,000 and interest of \$76,214 was paid on the bonds, \$714,625 was transferred to the qualified school construction sinking funds, and total statewide sales, services and use tax revenues were \$1,175,310.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 6. Long-Term Liabilities (continued)

Capital Lease Purchase Agreement

During the year ended June 30, 2015, the District entered into a capital lease purchase agreement totaling \$189,893 for the purchase of computers and related accessories. The agreement is payable in three annual payments of \$65,717.91 including interest at 1.9%.

Details of the District's June 30, 2015 capital lease purchase agreement indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 62,110	\$ 3,608	\$ 65,718
2017	63,290	2,428	65,718
2018	64,493	1,225	65,718
	\$ 189,893	\$ 7,261	\$ 197,154

Note 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.

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.)

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Pension Plan (continued)

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

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

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

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$765,479.

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 \$5,032,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.126882 percent, which was an increase of 0.003225 from its proportion measured as of June 30, 2013.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Pension Plan (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$365,100. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 54,688	\$ -
Changes of assumptions	222,074	-
Net difference between projected and actual earnings on pension plan investments	-	1,919,060
Changes in proportion and differences between District contributions and proportionate share of contributions	-	49,357
District contributions subsequent to the measurement date	765,479	-
Total	\$ 1,042,241	\$ 1,968,417

\$765,479 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 ending 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 Ending June 30,	
2016	\$ (426,633)
2017	(426,633)
2018	(426,633)
2019	(426,633)
2020	14,877
Total	\$ (1,691,655)

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Pension Plan (continued)

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
Salary increases (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 7. Pension Plan (continued)

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 9,507,823	\$ 5,032,000	\$ 1,253,942

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.

Note 8. Other Postemployment Benefits (OPEB)

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 8. Other Postemployment Benefits (OPEB) (continued)

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

Annual required contribution	\$	93,000
Interest on net OPEB obligation		6,000
Adjustment to annual required contribution		<u>(16,000)</u>
Annual OPEB cost		83,000
Contributions made		<u>(21,000)</u>
Increase in net OPEB obligation		62,000
Net OPEB obligation beginning of year		<u>228,000</u>
 Net OPEB obligation end of year	 \$	 <u><u>290,000</u></u>

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

For the year ended June 30, 2015, the District contributed \$21,000 to the medical plan.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2013	\$ 67,000	25.4%	\$ 170,000
2014	76,000	23.7%	228,000
2015	83,000	25.3%	290,000

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 \$463,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$463,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,852,000, and the ratio of the UAAL to covered payroll was 5.2%. 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, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 8. Other Postemployment Benefits (OPEB) (continued)

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

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

Note 9. Risk Management

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$510,874 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.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 11. Categorical Funding

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

Program	Amount
Limited English proficient	\$ 3,633
Home school assistance program	22,063
Gifted and talented programs	41,944
Returning dropouts and dropout prevention programs	33,091
Four year old preschool state aid	249,874
Teacher salary supplement	92,049
Market factor	5,409
Textbook aid for nonpublic students	3,363
Math and science education improvement	2,200
Successful progression for early readers	19,005
Professional development for model core curriculum	10,401
Market factor incentives	7,259
Teacher leadership grants	5,043
Total	\$ 495,334

Note 12. Deficit Balances

The Preschool Fund and the Daycare Fund within the Nonmajor Enterprise Funds had deficit net positions of \$26,904 and \$144,567, respectively, at June 30, 2015.

Note 13. Construction Commitments

The District has entered into various contracts totaling \$12,033,139 for a high school renovation project and a middle school ball field complex. As of June 30, 2015, costs of \$9,803,700 had been incurred against the contracts. The balance of \$2,229,439 remaining at June 30, 2015 will be paid as work on the projects progresses.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 14. Accounting Change/Restatement

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 revised requirements establish new financial reporting requirements for state and local government which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business-type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Enterprise, School Nutrition Fund</u>	<u>Nonmajor Enterprise, Preschool Fund</u>	<u>Nonmajor Enterprise, Daycare Fund</u>
Net position June 30, 2014, as previously reported	\$ 17,672,020	\$ 291,137	\$ 239,943	\$ 189	\$ 97,319
Net pension liability at June 30, 2014	(6,678,947)	(421,028)	(190,279)	(16,330)	(214,419)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>696,936</u>	<u>43,958</u>	<u>19,840</u>	<u>1,708</u>	<u>22,410</u>
Net position July 1, 2014, as restated	<u>\$ 11,690,009</u>	<u>\$ (85,933)</u>	<u>\$ 69,504</u>	<u>\$ (14,433)</u>	<u>\$ (94,690)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Note 15. Early Childhood Iowa Board

The District is the fiscal agent for the Cedar/Jones Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the District's financial statements as an Agency Fund because of the District's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2015 is as follows:

	<u>Early Childhood</u>	<u>School Ready</u>	<u>Total</u>
Revenues:			
State grants:			
Early childhood	\$ 37,390	\$ -	\$ 37,390
Family support and parent education	-	165,283	165,283
Preschool support for low income families	-	72,571	72,571
Quality improvement	-	46,983	46,983
Allocation for administration	1,968	9,338	11,306
Other program services	-	17,426	17,426
Total state grants	<u>39,358</u>	<u>311,601</u>	<u>350,959</u>
Interest	9	95	104
Total revenues	<u>39,367</u>	<u>311,696</u>	<u>351,063</u>
Expenditures:			
Program services:			
Early childhood	35,899	-	35,899
Family support and parent education	-	165,283	165,283
Preschool support for low income families	-	70,931	70,931
Quality improvement	-	53,145	53,145
Other program services	-	12,282	12,282
Total program services	<u>35,899</u>	<u>301,641</u>	<u>337,540</u>
Administration	1,968	9,338	11,306
Total expenditures	<u>37,867</u>	<u>310,979</u>	<u>348,846</u>
Net change in fund balances	1,500	717	2,217
Balance beginning of year	<u>238</u>	<u>22,808</u>	<u>23,046</u>
Balance end of year	<u>\$ 1,738</u>	<u>\$ 23,525</u>	<u>\$ 25,263</u>

Findings related to the operations of the Early Childhood Iowa Area Board are included as item IV-M-15 in the Schedule of Findings and Questioned Costs.

This page intentionally left blank

Required Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2015

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 7,460,213	\$ 842,257	\$ 8,302,470	\$ 9,122,886	\$ 9,122,886	\$ (820,416)
State sources	8,852,341	8,380	8,860,721	7,888,026	7,888,026	972,695
Federal sources	480,219	350,006	830,225	679,543	679,543	150,682
Total revenues	16,792,773	1,200,643	17,993,416	17,690,455	17,690,455	302,961
EXPENDITURES/EXPENSES:						
Instruction	9,680,338	23,152	9,703,490	10,237,033	10,237,033	533,543
Support services	4,843,885	20,644	4,864,529	4,776,407	5,116,154	251,625
Non-instructional programs	-	1,116,121	1,116,121	1,151,336	1,160,230	44,109
Other expenditures	13,053,113	-	13,053,113	12,000,814	15,960,026	2,906,913
Total expenditures/ expenses	27,577,336	1,159,917	28,737,253	28,165,590	32,473,443	3,736,190
Excess (deficiency) of revenues over (under) expenditures/ expenses	(10,784,563)	40,726	(10,743,837)	(10,475,135)	(14,782,988)	4,039,151
Other financing sources, net	7,630,582	-	7,630,582	7,004,114	7,004,114	626,468
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(3,153,981)	40,726	(3,113,255)	(3,471,021)	(7,778,874)	4,665,619
Balance beginning of year, as restated	16,294,096	(85,933)	16,208,163	14,226,315	14,226,315	1,981,848
Balance end of year	\$ <u>13,140,115</u>	\$ <u>(45,207)</u>	\$ <u>13,094,908</u>	\$ <u>10,755,294</u>	\$ <u>6,447,441</u>	\$ <u>6,647,467</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by \$4,307,853.

During the year ended June 30, 2015, expenditures/expenses did not exceed the amounts budgeted.

ANAMOSA COMMUNITY SCHOOL DISTRICT

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	0.126882
District's proportionate share of the net pension liability	\$ 5,032
District's covered-employee payroll	\$ 8,560
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.79%
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.

This page intentionally left blank

ANAMOSA COMMUNITY SCHOOL DISTRICT

Schedule of the District's Contributions

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

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 765	\$ 743	\$ 703	\$ 669
Contributions in relation to the statutorily required contribution	<u>(765)</u>	<u>(743)</u>	<u>(703)</u>	<u>(669)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,560	\$ 8,315	\$ 8,104	\$ 8,285
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 559	\$ 554	\$ 536	\$ 495	\$ 420	\$ 398
<u>(559)</u>	<u>(554)</u>	<u>(536)</u>	<u>(495)</u>	<u>(420)</u>	<u>(398)</u>
<u>\$ -</u>					
\$ 8,039	\$ 8,330	\$ 8,447	\$ 8,183	\$ 7,307	\$ 6,914
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
Year Ended June 30, 2015

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.

ANAMOSA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information
Year Ended June 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 481	\$ 481	0.0%	\$ 8,466	5.7%
2011	July 1, 2009	-	464	464	0.0%	8,279	5.6%
2012	July 1, 2009	-	459	459	0.0%	8,492	5.4%
2013	July 1, 2012	-	500	500	0.0%	8,321	6.0%
2014	July 1, 2012	-	463	463	0.0%	8,575	5.4%
2015	July 1, 2012	-	463	463	0.0%	8,852	5.2%

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

See accompanying independent auditor's report.

Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue		Total
	Management Levy	Student Activity	
Assets			
Cash and pooled investments	\$ 183,803	\$ 211,161	\$ 394,964
Receivables:			
Property tax:			
Current year	2,534	-	2,534
Succeeding year	265,001	-	265,001
Accounts	-	8,954	8,954
Total assets	\$ 451,338	\$ 220,115	\$ 671,453
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 8,038	\$ 7,228	\$ 15,266
Salaries and benefits payable	-	627	627
Interfund payable	-	504	504
Total liabilities	8,038	8,359	16,397
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	265,001	-	265,001
Fund balances:			
Restricted for:			
Management levy purposes	178,299	-	178,299
Student activities	-	211,756	211,756
Total fund balances	178,299	211,756	390,055
Total liabilities, deferred inflows of resources and fund balances	\$ 451,338	\$ 220,115	\$ 671,453

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	Special Revenue		Total
	Management Levy	Student Activity	
Revenues:			
Local sources:			
Local tax	\$ 270,356	\$ -	\$ 270,356
Other	8,047	386,957	395,004
State sources	230	-	230
Total revenues	278,633	386,957	665,590
Expenditures:			
Current:			
Instruction	109,810	403,564	513,374
Support services:			
Administration	10,002	-	10,002
Operation and maintenance of plant	98,025	-	98,025
Transportation	22,812	-	22,812
Total expenditures	240,649	403,564	644,213
Excess (deficiency) of revenues over (under) expenditures	37,984	(16,607)	21,377
Fund balances beginning of year	140,315	228,363	368,678
Fund balances end of year	\$ 178,299	\$ 211,756	\$ 390,055

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 2,084,699	\$ 869,464	\$ 3,756,002	\$ 6,710,165
Receivables:				
Property tax:				
Current year	-	3,149	-	3,149
Succeeding year	-	357,861	-	357,861
Due from other governments	183,428	-	-	183,428
Total assets	\$ 2,268,127	\$ 1,230,474	\$ 3,756,002	\$ 7,254,603
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 43,851	\$ 7,300	\$ 805,149	\$ 856,300
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	357,861	-	357,861
Fund balances:				
Restricted for:				
Revenue bonds	229,000	-	-	229,000
School infrastructure	1,995,276	-	2,950,853	4,946,129
Physical plant and equipment	-	865,313	-	865,313
Total fund balances	2,224,276	865,313	2,950,853	6,040,442
Total liabilities, deferred inflows of resources and fund balances	\$ 2,268,127	\$ 1,230,474	\$ 3,756,002	\$ 7,254,603

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS
Year Ended June 30, 2015

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 344,957	\$ -	\$ 344,957
Other	1,229	320	244,262	245,811
State sources	1,175,310	289	-	1,175,599
Federal sources	-	3,750	-	3,750
Total revenues	<u>1,176,539</u>	<u>349,316</u>	<u>244,262</u>	<u>1,770,117</u>
Expenditures:				
Current:				
Instruction	-	121,829	-	121,829
Support services:				
Instructional staff	43,851	209,848	-	253,699
Administration	1,000	64,892	287,979	353,871
Operation and maintenance of plant	-	4,500	-	4,500
Transportation	-	12,316	-	12,316
Other expenditures:				
Facilities acquisition	2,196	222,493	11,112,912	11,337,601
Total expenditures	<u>47,047</u>	<u>635,878</u>	<u>11,400,891</u>	<u>12,083,816</u>
Excess (deficiency) of revenues over (under) expenditures	1,129,492	(286,562)	(11,156,629)	(10,313,699)
Other financing sources (uses):				
Compensation for loss of capital assets	-	74,806	-	74,806
General obligation bonds issued	-	-	7,100,000	7,100,000
Premium on bonds issued	-	-	243,180	243,180
Execution of capital lease	-	189,893	-	189,893
Interfund transfers out	(814,471)	-	-	(814,471)
Total other financing sources (uses)	<u>(814,471)</u>	<u>264,699</u>	<u>7,343,180</u>	<u>6,793,408</u>
Net change in fund balances	315,021	(21,863)	(3,813,449)	(3,520,291)
Fund balances beginning of year	<u>1,909,255</u>	<u>887,176</u>	<u>6,764,302</u>	<u>9,560,733</u>
Fund balances end of year	<u>\$ 2,224,276</u>	<u>\$ 865,313</u>	<u>\$ 2,950,853</u>	<u>\$ 6,040,442</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2015

	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ -	\$ 68,390	\$ 68,390
Accounts receivable	-	7,434	7,434
Total assets	<u>-</u>	<u>75,824</u>	<u>75,824</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>3,010</u>	<u>29,180</u>	<u>32,190</u>
Liabilities			
Accounts payable	-	2,227	2,227
Salaries and benefits payable	5,226	6,766	11,992
Interfund payable	8,131	-	8,131
Unearned revenue	455	-	455
Compensated absences	-	2,080	2,080
Net pension liability	11,574	151,966	163,540
Net OPEB liability	-	27,085	27,085
Total liabilities	<u>25,386</u>	<u>190,124</u>	<u>215,510</u>
Deferred Inflows of Resources			
Pension related deferred inflows	<u>4,528</u>	<u>59,447</u>	<u>63,975</u>
Fund Net Position			
Unrestricted	<u>\$ (26,904)</u>	<u>\$ (144,567)</u>	<u>\$ (171,471)</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2015

	Construction Trades	Preschool	Daycare	Total
Operating revenues:				
Local sources:				
Charges for services	\$ -	\$ 16,340	\$ 340,637	\$ 356,977
Operating expenses:				
Instruction	-	18,794	4,358	23,152
Support services:				
Instructional staff	-	-	1,624	1,624
Administration	-	-	5,186	5,186
Operation and maintenance of plant	-	-	65	65
Non-instructional programs	-	11,972	379,359	391,331
Total operating expenses	-	30,766	390,592	421,358
Operating loss	-	(14,426)	(49,955)	(64,381)
Non-operating revenues:				
Interest on investments	-	-	78	78
Contributions	46,314	-	-	46,314
State sources	-	1,955	-	1,955
Total non-operating revenues	46,314	1,955	78	48,347
Change in fund net position	46,314	(12,471)	(49,877)	(16,034)
Fund net position beginning of year, as restated	(46,314)	(14,433)	(94,690)	(155,437)
Fund net position end of year	\$ -	\$ (26,904)	\$ (144,567)	\$ (171,471)

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2015

	Construction Trades	Preschool	Daycare	Total
Cash flows from operating activities:				
Cash received from miscellaneous operating activities	\$ -	\$ 16,200	\$ 375,219	\$ 391,419
Cash payments to employees for services	-	(28,680)	(349,104)	(377,784)
Cash paid to suppliers for goods or services	(4,128)	(461)	(52,902)	(57,491)
Net cash used by operating activities	<u>(4,128)</u>	<u>(12,941)</u>	<u>(26,787)</u>	<u>(43,856)</u>
Cash flows from non-capital financing activities:				
contributions received	46,314	-	-	46,314
State grants received	-	1,955	-	1,955
Net cash provided by non-capital financing activities	<u>46,314</u>	<u>1,955</u>	<u>-</u>	<u>48,269</u>
Cash flows from investing activities:				
Interest on investments	-	-	78	78
Net increase (decrease) in cash and cash equivalents	42,186	(10,986)	(26,709)	4,491
Cash and cash equivalents beginning of year	<u>(42,186)</u>	<u>2,855</u>	<u>95,099</u>	<u>55,768</u>
Cash and cash equivalents end of year	<u>\$ -</u>	<u>\$ (8,131)</u>	<u>\$ 68,390</u>	<u>\$ 60,259</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2015

	Construction Trades	Preschool	Daycare	Total
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ -	\$ (14,426)	\$ (49,955)	\$ (64,381)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Decrease in accounts receivable	-	-	29,044	29,044
Decrease in interfund receivable	-	-	5,538	5,538
(Decrease) in accounts payable	-	-	(2,542)	(2,542)
Increase (decrease) in salaries and benefits payable	-	3,155	(11,279)	(8,124)
(Decrease) in interfund payable	(4,128)	-	-	(4,128)
(Decrease) in unearned revenue	-	(140)	-	(140)
(Decrease) in compensated absences	-	-	(3,380)	(3,380)
(Decrease) in net pension liability	-	(4,756)	(62,453)	(67,209)
(Increase) in deferred outflows of resources	-	(1,302)	(6,770)	(8,072)
Increase in deferred inflows of resources	-	4,528	59,447	63,975
Increase in net OPEB liability	-	-	15,563	15,563
Net cash used by operating activities	<u>\$ (4,128)</u>	<u>\$ (12,941)</u>	<u>\$ (26,787)</u>	<u>\$ (43,856)</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Annual	\$ 4,650	\$ 10,500	10,943	\$ 4,207
Student Council	1,329	466	196	1,599
Middle School Activity	2	20,096	16,365	3,733
Class of:				
2014	807	-	-	807
2015	2,191	3,576	5,476	291
2016	1,000	6,283	3,704	3,579
2017	510	-	105	405
Drama	1,870	286	597	1,559
Speech	(39)	-	-	(39)
Vocal Music	301	12,901	12,464	738
Musicals	2,349	-	-	2,349
Instrumental Music	4,544	3,897	3,557	4,884
High School Music Trip Fund	102	-	-	102
French Club	223	-	-	223
Interact Club	2,487	780	821	2,446
High School Art Club	1,646	3,051	3,123	1,574
Cheerleaders	1,092	40	318	814
Archery Club	8,686	-	8,686	-
Future Farmers of America	91,921	35,269	38,662	88,528
MS Instrumental Music	9,068	20,120	23,284	5,904
General Athletics	6,506	32,083	38,096	493
Dance Squad	10,499	16,268	22,087	4,680
Football	2,699	46,296	43,589	5,406
Boys Soccer	2,816	3,005	2,698	3,123
Girls Soccer	1,602	5,416	6,260	758
Baseball	2,776	6,555	7,659	1,672
Softball	3,960	4,391	5,625	2,726
Girls Track	605	5,608	4,828	1,385
Boys Track	625	15,721	12,096	4,250
Boys Golf	1,543	5,579	5,132	1,990
Wrestling	2,779	9,846	7,660	4,965
Cross Country	2,680	3,754	5,251	1,183
Girls Golf	3,083	1,557	1,908	2,732
Volleyball	5,111	6,899	7,887	4,123
Girls Basketball	2,163	10,927	12,291	799
Boys Basketball	2,074	16,596	18,216	454

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2015

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Middle School Concessions	\$ 884	\$ 4,577	\$ 4,173	\$ 1,288
Strawberry Hill - Miscellaneous	9,820	13,996	15,529	8,287
Strawberry Hill Service Project	27	-	-	27
Science Club	771	-	-	771
Weight Room	2,744	1,876	2,778	1,842
ELP/SCI Store	457	-	-	457
Trapshoot Club	847	-	847	-
Running Raider Marathon Club	587	1,514	1,414	687
Parent Partner	25	-	-	25
Student Success Store	126	-	-	126
Vending Machine	5,691	5,025	2,782	7,934
Wellness - Raiders Race	6,583	-	2,561	4,022
Fit 4 Life	211	-	-	211
PTO Activities	1,121	25,648	23,154	3,615
Veterans Day	2,044	1,833	1,437	2,440
NHS Fundraiser	653	-	-	653
FCS Club	111	-	-	111
Raiders Around the World R.A.W.	8,361	24,287	18,344	14,304
Strawberry Hill - Watch Dogs	603	390	802	191
Middle School - Watch Dogs	437	45	159	323
Total	\$ <u>228,363</u>	\$ <u>386,957</u>	\$ <u>403,564</u>	\$ <u>211,756</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 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>
Assets				
Cash	\$ 75,848	\$ 352,472	\$ 360,457	\$ 67,863
Liabilities				
Accounts payable	\$ 50,069	\$ 42,600	\$ 50,069	\$ 42,600
Other payables	25,779	309,872	310,388	25,263
Total liabilities	\$ 75,848	\$ 352,472	\$ 360,457	\$ 67,863

See accompanying independent auditor's report.

This page intentionally left blank

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2015	2014	2013	2012
Revenues:				
Local sources:				
Local tax	\$ 5,563,630	\$ 5,340,739	\$ 5,513,760	\$ 5,516,163
Tuition	998,678	1,033,128	914,302	817,867
Other	897,905	661,090	1,044,730	828,139
Intermediate sources	-	-	-	1,858
State sources	8,852,341	8,589,767	7,295,398	7,777,681
Federal sources	480,219	568,443	857,106	880,915
Total revenues	\$ 16,792,773	\$ 16,193,167	\$ 15,625,296	\$ 15,822,623
Expenditures:				
Instruction	\$ 9,680,338	\$ 9,525,988	\$ 9,161,723	\$ 9,133,441
Support services:				
Student	557,080	573,689	518,988	476,324
Instructional staff	989,080	610,440	415,879	341,435
Administration	1,573,960	1,626,628	1,206,104	1,399,725
Operation and maintenance of plant	1,105,636	1,022,335	979,235	983,812
Transportation	618,129	758,698	773,165	716,840
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	11,337,601	2,965,901	3,475,990	10,695,002
Long-term debt:				
Principal	655,000	835,000	-	-
Interest and fiscal charges	549,638	344,889	95,196	123,117
AEA flowthrough	510,874	495,339	478,941	483,603
Total expenditures	\$ 27,577,336	\$ 18,758,907	\$ 17,105,221	\$ 24,353,299

See accompanying independent auditor's report.

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	5,321,932	\$ 5,004,626	\$ 5,039,189	\$ 4,749,517	\$ 4,512,425	\$ 4,335,162
	754,048	720,134	779,802	735,736	651,467	537,216
	908,735	618,388	675,294	697,412	732,767	630,334
	11,506	12,927	8,569	200	-	-
	7,124,354	6,449,066	7,465,867	7,592,452	6,625,602	6,324,145
	663,530	1,378,869	736,779	778,013	867,161	927,975
\$	<u>14,784,105</u>	<u>14,184,010</u>	<u>14,705,500</u>	<u>14,553,330</u>	<u>13,389,422</u>	<u>12,754,832</u>
\$	8,852,480	\$ 8,748,111	\$ 9,009,836	\$ 8,763,429	\$ 7,960,603	\$ 7,359,279
	439,047	465,885	479,442	705,492	757,234	830,925
	483,010	484,960	521,540	611,574	559,333	398,139
	1,755,379	1,265,152	1,106,262	1,118,882	1,025,053	920,025
	969,777	957,346	967,248	936,804	869,900	883,972
	598,511	617,689	592,731	683,384	697,788	596,839
	-	-	-	32,000	-	-
	1,506,504	186,973	74,688	108,081	668,331	197,203
	-	18,800	1,028,800	1,198,800	1,037,600	1,000,000
	39,766	12,408	41,394	102,846	158,507	216,741
	530,928	526,833	490,841	484,508	432,227	403,084
\$	<u>15,175,402</u>	<u>13,284,157</u>	<u>14,312,782</u>	<u>14,745,800</u>	<u>14,166,576</u>	<u>12,806,207</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2015

Grantor / Program	CFDA Number	Pass-through Grantor Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	0234-15	\$ 56,933
National School Lunch Program	10.555	0234-15	298,308 *
			<u>355,241</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0234GC-15	1,544
Title I Grants to Local Educational Agencies	84.010	0234G-15	153,652
Title I Grants to Local Educational Agencies	84.010	SINA-0234-15	11,339
			<u>166,535</u>
Safe and Drug-Free Schools and Communities - National Programs	84.184	0234-15	44,550
Improving Teacher Quality State Grants	84.367	0234-15	39,289
Grants for State Assessments and Related Activities	84.369	0234-15	6,075
Grant Wood Area Education Agency:			
Special Education - Grants to States	84.027	0234-15	61,158
Career and Technical Education - Basic Grants to States	84.048	0234-15	6,650
U. S. Department of Homeland Security:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	DR4187	9,736
Total			<u>\$ 689,234</u>

* = Includes \$40,860 of non-cash awards.

Basis of Presentation –

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

See accompanying independent auditor's report.

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

HUNT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST
OSKALOOSA, IA 52577
641/672-2541
FAX 641/672-2461

317 EAST ROBINSON
KNOXVILLE, IA 50138
641/842-3184
FAX 641/828-7404

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

To the Board of Education of
Anamosa Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Anamosa Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Anamosa Community School District's Responses to the Findings

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

Purpose of this Report

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

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

Hunt & Associates, P.C.

Oskaloosa, Iowa
December 4, 2015

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

HUNT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1201 HIGH AVENUE WEST
OSKALOOSA, IA 52577
641/672-2541
FAX 641/672-2461
317 EAST ROBINSON
KNOXVILLE, IA 50138
641/842-3184
FAX 641/828-7404

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

To the Board of Education of
Anamosa Community School District:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Hunt + Associates, P.C.

Oskaloosa, Iowa
December 4, 2015

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-15 Certified Budget – Expenditures/expenses for the year ended June 30, 2015, did not exceed the amounts budgeted.
- IV-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.
- IV-C-15 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-15 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Connie McKean, Board President	Substitute Teacher	\$2,316
Wes Wilson, Teacher Owner of Wilson’s Graphics	Banners	\$210

In accordance with Chapter 279.7A of the Code of Iowa, the transactions do not appear to represent a conflict of interest.

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

ANAMOSA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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

IV-L-15 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance	\$	1,909,255
Revenues:		
Interest	\$	1,229
Statewide sales, services and use tax		<u>1,175,310</u>
		1,176,539
Expenditures/transfers out:		
Equipment		46,047
Other		1,000
Transfers to other funds:		
Debt Service Fund		<u>814,471</u>
		<u>861,518</u>
Ending balance	\$	<u><u>2,224,276</u></u>

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

IV-M-15 Early Childhood Iowa Area Board – Anamosa Community School District is the fiscal agent for the Cedar/Jones Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the District’s financial statements as an Agency Fund because of the District’s fiduciary relationship with the organization.

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

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

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

IV-N-15 Financial Condition – At June 30, 2015, the governmental activities and business-type activities had deficit unrestricted net positions of \$2,073,519 and \$331,870, respectively. In addition, the Enterprise, School Nutrition Fund, Preschool Fund, and Daycare Fund had deficit unrestricted net positions of \$160,399, \$26,904, and \$144,567, respectively, at June 30, 2015. These deficit balances were primarily caused by the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, which requires the inclusion of the District’s proportionate share of the IPERS pension liability and the related deferred outflows of resources and deferred inflows of resources in the District’s financial statements.

Recommendation – Even though the deficits arose due to the net pension liability and deferred outflows and inflows of resources, the District should investigate ways to return the governmental activities, business-type activities, School Nutrition Fund, Preschool Fund, and Daycare Fund to sound financial conditions.

Response – We are unsure of what steps can be taken at this time to alleviate the strain of the District’s proportionate share of the IPERS pension liability and the related deferred outflows and inflows of resources. However, we will look into this situation and investigate ways to return the governmental activities, business-type activities, School Nutrition Fund, Preschool Fund, and Daycare Fund to sound financial conditions.

Conclusion – Response accepted.