

**ALTA COMMUNITY SCHOOL DISTRICT  
ALTA, IOWA**

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

**YEAR ENDED JUNE 30, 2008**

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Alta Community School District  
Alta, Iowa

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2007 Election)</b>		
Valerie Rosenthal	President	2008
Ila Galvin	Vice President	2007
Dave Turnquist	Board Member	2008
Bruce Glienke	Board Member	2009
Dale Wetherell	Board Member	2009
<b>Board of Education</b>		
<b>(After September 2007 Election)</b>		
Valerie Rosenthal	President	2008
Ila Galvin	Vice President	2011
Dale Wetherell	Board Member	2009
Bruce Glienke	Board Member	2009
Dave Turnquist	Board Member	2011
<b>School Officials</b>		
Dr. Fred Maharry	Superintendent	2008
Connie Jensen	District Secretary/Treasurer and Business Manager	2008
Gruhn Law Firm	Attorney	Indefinite

## Independent Auditor's Report

To the Board of Education of  
Alta Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Alta Community School District, Alta, Iowa, as of and for the year ended June 30, 2008, which along with the discretely presented component unit, collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements of Alta Community Educational Foundation have not been audited, and we were not engaged to audit the Foundation's financial statements as part of our audit of the District's basic financial statements. Alta Community Educational Foundation's financial activities are included in the District's basic financial statements as a discretely presented component unit and represent 100 percent of the assets, net assets, revenues and expenses, of the District's aggregate discretely presented component units.

Because Alta Community Educational Foundation financial statements have not been audited, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the aggregate discretely presented component unit of the Alta Community School District, as of and for the year ended June 30, 2008.

In addition, 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 Alta Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2009 on our consideration of Alta Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and 45 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alta Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements except for the discretely presented component unit which was not audited. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

March 11, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Alta Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2008 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$4,987,688 in fiscal 2007 to \$4,964,737 in fiscal 2008, while General Fund expenditures increased from \$5,193,979 in fiscal 2007 to \$5,231,615 in fiscal 2008. The District's General Fund balance decreased from a deficit of \$175,699 in fiscal 2007 to a deficit of \$452,663 in fiscal 2008, a 158% decrease.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

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

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

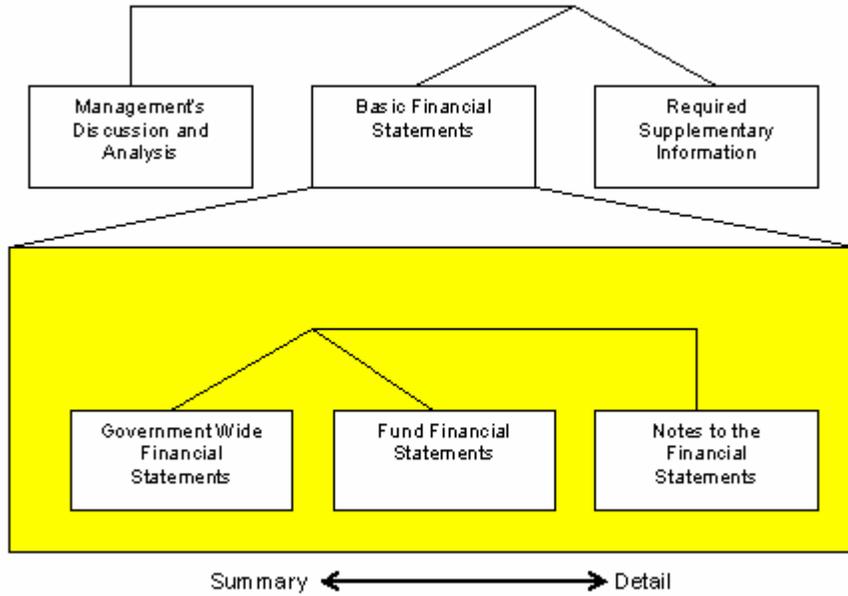


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

## **REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets 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 government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

### *Fund Financial Statements*

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

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

The District has three kinds of funds:

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

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statements for proprietary funds include a statement net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

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

The required financial statements for fiduciary funds includes a statement of fiduciary net assets.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

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

	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	\$ 3,175	3,040	9	15	3,184	3,055	4.2%
Capital assets	<u>4,151</u>	<u>4,153</u>	<u>13</u>	<u>15</u>	<u>4,164</u>	<u>4,168</u>	<u>-0.1%</u>
Total assets	<u>7,326</u>	<u>7,193</u>	<u>22</u>	<u>30</u>	<u>7,348</u>	<u>7,223</u>	<u>1.7%</u>
Long-term liabilities	2,784	2,919	---	---	2,784	2,919	-4.6%
Other liabilities	<u>2,935</u>	<u>2,691</u>	---	---	<u>2,935</u>	<u>2,691</u>	<u>9.1%</u>
Total liabilities	<u>5,719</u>	<u>5,610</u>	---	---	<u>5,719</u>	<u>5,610</u>	<u>1.9%</u>
Net assets:							
Invested in capital assets, net of related debt	1,397	1,234	13	15	1,410	1,249	12.9%
Restricted	159	90	---	---	159	90	76.7%
Unrestricted	<u>51</u>	<u>259</u>	<u>9</u>	<u>15</u>	<u>60</u>	<u>274</u>	<u>-78.1%</u>
Total net assets	\$ <u>1,607</u>	<u>1,583</u>	<u>22</u>	<u>30</u>	<u>1,629</u>	<u>1,613</u>	<u>1.0%</u>
	=====	=====	====	====	=====	=====	=====

The District's combined net assets increased \$16,000 over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets, increased approximately \$69,000 or 77% over the prior year. The increase was primarily a result of decreased expenditures in the Physical Plant and Equipment Levy Fund and increased revenue in the Management Fund.

Unrestricted net assets – The part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$214,000. This reduction in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

Figure A-4 shows the change in net assets for the year ended June 30, 2008 compared to the year ended June 30, 2007.

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

	<u>Governmental</u>		<u>Business type</u>		<u>Total</u>		<u>Total</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>School District</u>	<u>2007-2008</u>	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 537	426	123	102	660	528	25.0%
Operating grants, contributions and restricted interest	736	890	141	137	877	1,027	-14.6%
Capital grants, contributions and restricted interest	---	9	---	---	---	9	-100.0%
General revenues:							
Property tax	1,913	1,779	---	---	1,913	1,779	7.5%
Local option sales and service tax	337	375	---	---	337	375	-10.1%
Income surtax	188	161	---	---	188	161	16.8%
Unrestricted state grants	2,106	2,183	---	---	2,106	2,183	-3.5%
Unrestricted investment earnings	4	5	---	---	4	5	-20.0%
Other	<u>27</u>	<u>15</u>	<u>---</u>	<u>---</u>	<u>27</u>	<u>15</u>	<u>80.0%</u>
Total revenues	<u>5,848</u>	<u>5,843</u>	<u>264</u>	<u>239</u>	<u>6,112</u>	<u>6,082</u>	<u>0.5%</u>
Program expenses:							
Governmental activities:							
Instruction	3,794	3,589	---	---	3,794	3,589	5.7%
Support services	1,570	1,687	---	---	1,570	1,687	-6.9%
Non-instructional programs	---	1	272	279	272	280	-2.9%
Other expenses	<u>460</u>	<u>526</u>	<u>---</u>	<u>---</u>	<u>460</u>	<u>526</u>	<u>-12.5%</u>
Total expenses	<u>5,824</u>	<u>5,803</u>	<u>272</u>	<u>279</u>	<u>6,096</u>	<u>6,082</u>	<u>0.2%</u>
Increase (decrease) in net assets	\$ 24	40	(8)	(40)	16	---	100.0%
	=====	=====	=====	=====	=====	=====	=====

In fiscal 2008, property tax and unrestricted state grants account for 69% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for all of the revenue from business type activities. The District's expenses primarily relate to instruction and support services, which account for 92% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$5,848,319 and expenses were \$5,824,484 for the year ended June 30, 2008.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2008 compared to the year ended June 30, 2007.

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

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	<u>2008</u>	<u>2007</u>	<u>Change</u> <u>2007-2008</u>	<u>2008</u>	<u>2007</u>	<u>Change</u> <u>2007-2008</u>
Instruction	3,794	3,589	5.7%	2,743	2,732	0.4%
Support services	1,570	1,687	-6.9%	1,544	1,419	8.8%
Non-instructional programs	---	1	-100.0%	---	1	-100.0%
Other expenses	<u>460</u>	<u>526</u>	<u>-12.5%</u>	<u>265</u>	<u>324</u>	<u>-18.2%</u>
Total	<u>5,824</u>	<u>5,803</u>	<u>0.3%</u>	<u>4,552</u>	<u>4,476</u>	<u>1.7%</u>
	=====	=====	=====	=====	=====	=====

For the year ended June 30, 2008:

- The cost financed by users of the District's programs was \$537,392.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$735,884.
- The net cost of governmental activities was financed with \$2,438,200 in property and other taxes and \$2,105,423 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities during the year ended June 30, 2008 were \$263,832 and expenses were \$271,930. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$77,661 below last year's ending fund balances of \$229,924.

### **Governmental Fund Highlights**

- The General Fund balance decreased from a deficit of \$175,699 to a deficit of \$452,663.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$55,183 in fiscal 2007 to \$76,861 in fiscal 2008.
- The Capital Projects Fund balance increased from \$221,504 in fiscal 2007 to \$264,445 in fiscal 2008.

### **Proprietary Fund Highlights**

School Nutrition Fund net assets decreased from \$29,698 at June 30, 2007 to \$21,600 at June 30, 2008, representing a decrease of approximately 27%. The decrease was largely due to the increase in food/supplies paid by the nutrition fund.

## **BUDGETARY HIGHLIGHTS**

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

The District's total revenues were \$142,303 more than budgeted revenues, a variance of 2.4%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

Total expenditures were less than budgeted.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2008, the District had invested \$4.2 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment (See Figure A-6). More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$198,440.

The original cost of the District's capital assets was \$6.8 million. Governmental funds account for \$6.8 million, with less than \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

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

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Land	\$ 154	154	-	-	154	154	-
Buildings	3,545	3,624	-	-	3,545	3,624	-2.2%
Improvements other than buildings	105	96	-	-	105	96	9.4%
Furniture and equipment	<u>347</u>	<u>279</u>	<u>13</u>	<u>15</u>	<u>360</u>	<u>294</u>	<u>22.4%</u>
Total	\$ 4,151	4,153	13	15	4,164	4,168	-0.1%
	=====	=====	=====	=====	=====	=====	=====

### Long-Term Debt

At June 30, 2008, the District had \$2,784,264 in general obligation, and other long-term debt outstanding. This represents a decrease of approximately 4.6% from last year (See Figure A-7). Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

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

	Total District		Total Change
	June 30,		June 30,
	2008	2007	2007-2008
General obligation bonds	\$ 2,715	2,860	-5.1%
Real estate contract payable	39	59	-33.9%
Early retirement payable	<u>30</u>	<u>---</u>	<u>100.0%</u>
Total	\$ 2,784	2,919	-4.6%
	=====	=====	=====

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Buena Vista County has advised the District that the District's total taxable valuation will be very similar to property taxes collected in fiscal 2008. The wind towers in the District have added significantly to property values and helped reduce property taxes.
- The District experienced a marked decline in enrollment again, and staffing expenditures should be addressed due to less revenue. Increased health insurance and energy costs, and no "new money" from the State make this situation very challenging.
- Fiscal 2008 was another year in which a one-year agreement was reached with the Alta Education Association. The District will negotiate a new agreement during fiscal 2009. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- The district should look for opportunities to become more efficient, perhaps through sharing programming cost with neighboring districts and whole grade sharing should be explored.

## **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 Connie Jensen, District Secretary/Treasurer and Business Manager, Alta Community School District, 101 W. 5<sup>th</sup> Street, Alta, Iowa, 51002.

## **Basic Financial Statements**

Alta Community School District  
Alta, Iowa

Exhibit A

Statement of Net Assets

June 30, 2008

	Primary Government			Component
	Governmental	Business Type	Total	Unit
	<u>Activities</u>	<u>Activities</u>		<u>Educational</u> <u>Foundation</u>
<b>Assets</b>				
Cash and cash equivalents and pooled investments	\$ 505,843	29,205	535,048	128,277
Receivables:				
Property tax:				
Delinquent	14,261	-	14,261	-
Succeeding year	2,233,000	-	2,233,000	-
Accounts	8,113	-	8,113	-
Due from other governments	375,929	5,780	381,709	-
Due from other funds	37,669	(37,669)	-	-
Inventories	-	11,258	11,258	-
Capital assets, net of accumulated depreciation	<u>4,151,316</u>	<u>13,026</u>	<u>4,164,342</u>	<u>-</u>
<b>Total assets</b>	<u>7,326,131</u>	<u>21,600</u>	<u>7,347,731</u>	<u>128,277</u>
<b>Liabilities</b>				
Excess of warrants issued over bank balance	73,765	-	73,765	-
Accounts payable	113,298	-	113,298	-
Salaries and benefits payable	493,525	-	493,525	-
Accrued interest payable	21,226	-	21,226	-
Deferred revenue - succeeding year property tax	2,233,000	-	2,233,000	-
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	155,000	-	155,000	-
Early retirement payable	30,000	-	30,000	-
Real estate contract payable	19,776	-	19,776	-
Portion due after one year:				
General obligation bonds payable	2,560,000	-	2,560,000	-
Real estate contract payable	<u>19,488</u>	<u>-</u>	<u>19,488</u>	<u>-</u>
<b>Total liabilities</b>	<u>5,719,078</u>	<u>-</u>	<u>5,719,078</u>	<u>-</u>

(continued)

Alta Community School District  
Alta, Iowa

Exhibit A

Statement of Net Assets

June 30, 2008

	Primary Government			Component Unit
	Governmental	Business Type	Total	Educational
	<u>Activities</u>	<u>Activities</u>		<u>Foundation</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,397,052	13,026	1,410,078	-
Restricted for:				
Management levy	52,723	-	52,723	-
Physical plant and equipment levy	76,861	-	76,861	-
Other special revenue purposes	29,439	-	29,439	-
Foundation purposes	-	-	-	128,277
Unrestricted	<u>50,978</u>	<u>8,574</u>	<u>59,552</u>	<u>-</u>
<b>Total net assets</b>	<u>\$ 1,607,053</u>	<u>21,600</u>	<u>1,628,653</u>	<u>128,277</u>

See notes to financial statements.

Alta Community School District  
Alta, Iowa  
Statement of Activities  
Year ended June 30, 2008

		Program Revenues		
<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	
<b><u>Functions/Programs</u></b>				
<b>Primary Government:</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,643,392	343,342	400,701	-
Special instruction	440,425	12,782	31,431	-
Other instruction	710,578	177,152	86,460	-
	3,794,395	533,276	518,592	-
Support services:				
Student	113,388	-	8,439	-
Instructional staff	144,917	-	-	-
Administration	562,645	-	-	-
Operation and maintenance of plant	485,369	4,116	5,082	-
Transportation	263,538	-	8,288	-
	1,569,857	4,116	21,809	-
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	38,380	-	-	-
Long-term debt interest	134,401	-	-	-
AEA flowthrough	195,483	-	195,483	-
Depreciation (unallocated)*	91,968	-	-	-
	460,232	-	195,483	-
Total governmental activities	5,824,484	537,392	735,884	-
Business type activities:				
Non-instructional programs:				
Food service operations	271,930	122,595	141,131	-
<b>Total primary government</b>	<b>\$ 6,096,414</b>	<b>659,987</b>	<b>877,015</b>	<b>-</b>
<b>Component Unit:</b>				
Educational Foundation	\$ 22,839	-	13,067	-
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets 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 Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Educational Foundation
(1,899,349)	-	(1,899,349)	-
(396,212)	-	(396,212)	-
(446,966)	-	(446,966)	-
<u>(2,742,527)</u>	<u>-</u>	<u>(2,742,527)</u>	<u>-</u>
(104,949)	-	(104,949)	-
(144,917)	-	(144,917)	-
(562,645)	-	(562,645)	-
(476,171)	-	(476,171)	-
(255,250)	-	(255,250)	-
<u>(1,543,932)</u>	<u>-</u>	<u>(1,543,932)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(38,380)	-	(38,380)	-
(134,401)	-	(134,401)	-
-	-	-	-
(91,968)	-	(91,968)	-
(264,749)	-	(264,749)	-
<u>(4,551,208)</u>	<u>-</u>	<u>(4,551,208)</u>	<u>-</u>
<u>-</u>	<u>(8,204)</u>	<u>(8,204)</u>	<u>-</u>
<u>(4,551,208)</u>	<u>(8,204)</u>	<u>(4,559,412)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,772)</u>
1,772,922	-	1,772,922	-
139,937	-	139,937	-
188,064	-	188,064	-
337,277	-	337,277	-
2,105,423	-	2,105,423	-
4,264	106	4,370	3,398
27,156	-	27,156	-
<u>4,575,043</u>	<u>106</u>	<u>4,575,149</u>	<u>3,398</u>
23,835	(8,098)	15,737	(6,374)
1,583,218	29,698	1,612,916	134,651
<u>\$ 1,607,053</u>	<u>21,600</u>	<u>1,628,653</u>	<u>128,277</u>

Alta Community School District  
Alta, Iowa

Exhibit C

Balance Sheet  
Governmental Funds

June 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ -	131,396	213,590	160,857	505,843
Receivables:					
Property tax:					
Delinquent	11,748	1,026	-	1,487	14,261
Succeeding year	1,936,000	142,000	-	155,000	2,233,000
Accounts	7,976	-	-	137	8,113
Due from other funds	37,669	-	-	-	37,669
Due from other governments	324,123	-	51,806	-	375,929
<b>Total assets</b>	<u>\$ 2,317,516</u>	<u>274,422</u>	<u>265,396</u>	<u>317,481</u>	<u>3,174,815</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Excess of warrants issued over bank balance	\$ 73,765	-	-	-	73,765
Accounts payable	108,889	-	951	3,458	113,298
Salaries and benefits payable	493,525	-	-	-	493,525
Deferred revenue:					
Succeeding year property tax	1,936,000	142,000	-	155,000	2,233,000
Other	158,000	-	-	-	158,000
<b>Total liabilities</b>	<u>2,770,179</u>	<u>142,000</u>	<u>951</u>	<u>158,458</u>	<u>3,071,588</u>
Fund balances:					
Reserved for debt service	-	132,422	-	-	132,422
Reserved for salary improvement	2,468	-	-	-	2,468
Reserved for Professional Development	13,023	-	-	-	13,023
Reserved for Teacher Market Factor	8,758	-	-	-	8,758
Unreserved	(476,912)	-	264,445	159,023	(53,444)
<b>Total fund balances</b>	<u>(452,663)</u>	<u>132,422</u>	<u>264,445</u>	<u>159,023</u>	<u>103,227</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,317,516</u>	<u>274,422</u>	<u>265,396</u>	<u>317,481</u>	<u>3,174,815</u>

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Exhibit D

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

June 30, 2008

**Total fund balances of governmental funds (page 19)** \$ 103,227

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 4,151,316

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 158,000

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (21,226)

Long-term liabilities, including bonds and real estate contract payable are not due and payable in the current period and, therefore, are not reported in the governmental funds. (2,784,264)

**Net assets of governmental activities (page 16)** \$ 1,607,053

See notes to financial statements.

## Alta Community School District

Exhibit E

Alta, Iowa

## Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

Year ended June 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 1,745,028	139,937	337,277	199,958	2,422,200
Tuition	344,217	-	-	-	344,217
Other	34,190	1,573	4	190,188	225,955
State sources	2,657,748	2	-	3	2,657,753
Federal sources	183,554	-	-	-	183,554
Total revenues	<u>4,964,737</u>	<u>141,512</u>	<u>337,281</u>	<u>390,149</u>	<u>5,833,679</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,481,730	-	-	72,625	2,554,355
Special	514,589	-	-	-	514,589
Other	545,623	-	-	179,544	725,167
	<u>3,541,942</u>	<u>-</u>	<u>-</u>	<u>252,169</u>	<u>3,794,111</u>
Support services:					
Student	113,388	-	-	-	113,388
Instructional staff	147,245	-	52,869	-	200,114
Administration	566,525	-	-	-	566,525
Operation and maintenance of plant	438,255	-	-	36,603	474,858
Transportation	228,777	-	-	4,446	233,223
	<u>1,494,190</u>	<u>-</u>	<u>52,869</u>	<u>41,049</u>	<u>1,588,108</u>
Other expenditures:					
Facilities acquisition	-	-	54,228	28,252	82,480
Long-term debt:					
Principal	-	165,064	-	-	165,064
Interest and fiscal charges	-	135,730	-	-	135,730
AEA flowthrough	195,483	-	-	-	195,483
	<u>195,483</u>	<u>300,794</u>	<u>54,228</u>	<u>28,252</u>	<u>578,757</u>
Total expenditures	<u>5,231,615</u>	<u>300,794</u>	<u>107,097</u>	<u>321,470</u>	<u>5,960,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(266,878)</u>	<u>(159,282)</u>	<u>230,184</u>	<u>68,679</u>	<u>(127,297)</u>
Other financing sources (uses):					
Operating transfers in	-	197,929	-	-	197,929
Operating transfers out	(10,686)	-	(187,243)	-	(197,929)
Sale of assets	600	-	-	-	600
Total other financing sources (uses)	<u>(10,086)</u>	<u>197,929</u>	<u>(187,243)</u>	<u>-</u>	<u>600</u>
Net change in fund balances	(276,964)	38,647	42,941	68,679	(126,697)
Fund balances beginning of year	(175,699)	93,775	221,504	90,344	229,924
Fund balances end of year	<u>\$ (452,663)</u>	<u>132,422</u>	<u>264,445</u>	<u>159,023</u>	<u>103,227</u>

See notes to financial statements.

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

Year ended June 30, 2008

**Net change in fund balances - total governmental funds (page 21)** \$ (126,697)

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

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

Expenditures for capital assets	\$ 196,261	
Depreciation expense	(196,162)	
Loss on sale of fixed assets	<u>(1,960)</u>	(1,861)

Certain unspent grant proceeds and income surtax not collected for several months after year end is not considered available revenue and is deferred in the governmental funds. 16,000

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 Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issuances, as follows:

Repaid	<u>165,064</u>	165,064
--------	----------------	---------

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		(30,000)
------------------	--	----------

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

1,329

**Change in net assets of governmental activities (page 18)** \$ 23,835

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Exhibit G

Statement of Net Assets  
Proprietary Fund

June 30, 2008

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 29,205
Due from other governments	5,780
Inventories	11,258
Capital assets, net of accumulated depreciation	<u>13,026</u>
<b>Total assets</b>	<u>59,269</u>
<b>Liabilities</b>	
Due to other funds	<u>37,669</u>
<b>Total liabilities</b>	<u>37,669</u>
<b>Net Assets</b>	
Invested in capital assets	13,026
Unrestricted	<u>8,574</u>
<b>Total net assets</b>	<u>\$ 21,600</u>

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Exhibit H

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

Year ended June 30, 2008

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 122,595
Total operating revenues	<u>122,595</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	92,392
Benefits	37,603
Purchased services	2,146
Supplies	137,511
Depreciation	<u>2,278</u>
Total operating expenses	<u>271,930</u>
Operating loss	<u>(149,335)</u>
Non-operating revenues:	
State sources	3,364
Federal sources	137,767
Interest income	<u>106</u>
Total non-operating revenues	<u>141,237</u>
Net loss	(8,098)
Net assets beginning of year	<u>29,698</u>
Net assets end of year	<u>\$ 21,600</u>
See notes to financial statements.	

Alta Community School District  
Alta, Iowa

Exhibit I

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2008

School  
Nutrition

Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 119,090
Cash paid to employees for services	(119,207)
Cash paid to suppliers for goods or services	<u>(125,468)</u>
Net cash used by operating activities	<u>(125,585)</u>
Cash flows from non-capital financing activities:	
State grants received	3,364
Federal grants received	<u>121,870</u>
Net cash provided by non-capital financing activities	<u>125,234</u>
Cash flows from investing activities:	
Interest on investments	<u>106</u>
Net decrease in cash and cash equivalents	(245)
Cash and cash equivalents beginning of year	<u>29,450</u>
Cash and cash equivalents end of year	<u>\$ 29,205</u>

(continued)

Alta Community School District  
Alta, Iowa

Exhibit I

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2008

School  
Nutrition

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

Operating loss	\$ (149,335)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	15,897
Depreciation	2,278
(Increase) in accounts receivable	(3,505)
(Increase) in inventories	(1,708)
Increase in due to other funds	10,788
Net cash used by operating activities	<u>\$ (125,585)</u>

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

During the year ended June 30, 2008, the District received \$15,897  
of federal commodities.

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Exhibit J

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2008

	<u>Agency</u>
<b>Assets</b>	
Cash and pooled investments	\$ 7,210
Other receivables	<u>25,143</u>
<b>Total assets</b>	<u>32,353</u>
<b>Liabilities</b>	
Other payables	<u>32,353</u>
<b>Total liabilities</b>	<u>32,353</u>
<b>Net assets</b>	<u><u>\$ -</u></u>

See notes to financial statements.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

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

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

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

A. Reporting Entity

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets 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 Assets presents the District’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* 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 assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources 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 general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account 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.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

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 assets 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.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

D. Assets, Liabilities 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.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

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

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

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

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

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

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

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.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

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

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures did not exceed the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ 114 ===

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

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

The detail of interfund receivables and payables at June 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise, School Nutrition	\$ 37,669
		=====

The School Nutrition Fund owes the General Fund for cooks' wages paid from the General Fund that were not reimbursed before June 30, 2008.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 187,243
	General	<u>10,686</u>
		\$ 197,929
		=====

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ <u>153,990</u>	<u>---</u>	<u>---</u>	<u>153,990</u>
Total capital assets not being depreciated	<u>153,990</u>	<u>---</u>	<u>---</u>	<u>153,990</u>
Capital assets being depreciated:				
Buildings	4,617,208	8,340	---	4,625,548
Improvements other than buildings	354,205	22,937	---	377,142
Furniture and equipment	<u>1,582,816</u>	<u>164,984</u>	<u>108,750</u>	<u>1,639,050</u>
Total capital assets being depreciated	<u>6,554,229</u>	<u>196,261</u>	<u>108,750</u>	<u>6,641,740</u>
Less accumulated depreciation for:				
Buildings	992,824	87,782	---	1,080,606
Improvements other than buildings	259,026	12,772	---	271,798
Furniture and equipment	<u>1,303,192</u>	<u>95,608</u>	<u>106,790</u>	<u>1,292,010</u>
Total accumulated depreciation	<u>2,555,042</u>	<u>196,162</u>	<u>106,790</u>	<u>2,644,414</u>
Total capital assets being depreciated, net	<u>3,999,187</u>	<u>99</u>	<u>(1,960)</u>	<u>3,997,326</u>
Governmental activities capital assets, net	<u>\$ 4,153,177</u>	<u>99</u>	<u>(1,960)</u>	<u>4,151,316</u>

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 31,739	---	4,403	27,336
Less accumulated depreciation	<u>16,435</u>	<u>2,278</u>	<u>4,403</u>	<u>14,310</u>
Business type activities capital assets, net	\$ 15,304	(2,278)	---	13,026
	=====	=====	=====	=====

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular \$ 59,749

Support services:

Administration 3,619

Operation and maintenance of plant 10,511

Transportation 30,315

104,194

Unallocated

91,968

Total depreciation expense – governmental activities

\$ 196,162

=====

Business type activities:

Food service operations \$ 2,278

=====

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

**(6) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Real estate contract	\$ 59,328	---	20,064	39,264	19,776
General obligation bonds	2,860,000	---	145,000	2,715,000	155,000
Early retirement	---	<u>60,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Total	<u>\$ 2,919,328</u>	<u>60,000</u>	<u>195,064</u>	<u>2,784,264</u>	<u>204,776</u>

Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must have completed fifteen years of continuous service to the District and must be at least age fifty-five on or before June 30 in the calendar year in which the early retirement commences. Employees must complete an application which is subject to approval by the Board of Education.

Each participating employee shall receive as early retirement pay \$30,000. Each participating employee may elect to continue their existing single or family coverage under the District's health insurance plan as long as they pay the monthly premiums and are permitted to continue coverage by the insurer. To continue their health insurance coverage, the employee shall pay the monthly premium amount to the District's business office on a date mutually agreed upon prior to the date the District's premium payment is made to the insurance carrier.

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

At June 30, 2008, the District has obligations to one participant with a total liability of \$30,000. Actual early retirement expenditures for the year ended June 30, 2008 totaled \$30,000.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

General Obligation Bonds

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending <u>June 30,</u>	Bond Issue of May 1, 2002			
	Interest <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	5.40%	\$ 155,000	\$ 127,355	\$ 282,355
2010	4.15	160,000	118,985	278,985
2011	4.25	170,000	112,345	282,345
2012	4.35	180,000	105,120	285,120
2013	4.15	185,000	97,290	282,290
2014-2018	4.55-4.80	1,080,000	350,303	1,430,303
2019-2021	4.85-4.90	<u>785,000</u>	<u>78,030</u>	<u>863,030</u>
Total		\$ 2,715,000	\$ 989,428	\$ 3,704,428
		=====	=====	=====

Real Estate Contract

During the year ended June 30, 2005, the District entered into a contract for the purchase of land. The note bears interest at 0% and is payable from the capital projects, local option sales tax revenues. Details of the District's indebtedness under the contract at June 30, 2008 is as follows:

Year Ending <u>June 30,</u>	<u>Real Estate Contract</u> <u>Principal</u>
2009	\$ 19,776
2010	<u>19,488</u>
Total	\$ 39,264
	=====

During the year ended June 30, 2008, the District made principal payments totaling \$20,064 under the real estate contract.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

Note

During the year ended June 30, 2006, the District entered into an agreement with the Alta Community Educational Foundation to finance the purchase of computers. The note bears interest at 0% and is payable from the Debt Service Fund. The final principal payment totaling \$10,686 was made during the year ended June 30, 2008.

**(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$194,853, \$175,980 and \$161,807, respectively, equal to the required contributions for each year.

**(8) Risk Management**

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

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2008 were \$367,582.

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

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

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$195,483 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Deficit Fund Balance**

The General Fund had a deficit fund balance of \$452,663 at June 30, 2008. The deficit will be eliminated by the receipt of property tax in future years. The deficit in the General Fund was due to expenditures being incurred before the receipts were available to pay for them.

Alta Community School District  
Alta, Iowa

Notes to Financial Statements

June 30, 2008

**(11) Operating Leases**

The District entered into an operating lease with Star Leasing Inc. for the rental of two copiers on June 26, 2003 for a period of 60 months. On October 18, 2007 the District entered into a new operating lease with Star Leasing Inc. for the rental of two new copiers. The amount paid for the fiscal year ended June 30, 2008 was \$11,514. Future rentals are scheduled as follows:

Year Ending <u>June 30,</u>	
2009	\$ 10,317
2010	10,317
2011	10,317
2012	10,317
2013	<u>3,439</u>
Total	\$ 44,707 =====

The District entered into an operating lease with Star Leasing, Inc. for the rental of a copier on June 25, 2004 for a period of 60 months. On October 31, 2008 the District entered into a new operating lease with Star Leasing Inc. for the rental of a new copier. The amount paid for the fiscal year ended June 30, 2008 was \$4,430. Future rental are scheduled as follows:

Year Ending <u>June 30,</u>	
2009	\$ 4,428
2010	4,428
2011	4,428
2012	4,428
2013	<u>1,476</u>
Total	\$ 19,188 =====

**Required Supplementary Information**

Alta Community School District  
Alta, Iowa

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

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 2,992,372	122,701
State sources	2,657,753	3,364
Federal sources	<u>183,554</u>	<u>137,767</u>
Total revenues	<u>5,833,679</u>	<u>263,832</u>
Expenditures/Expenses:		
Instruction	3,794,111	-
Support services	1,588,108	-
Non-instructional programs	-	271,930
Other expenditures	<u>578,757</u>	<u>-</u>
Total expenditures/expenses	<u>5,960,976</u>	<u>271,930</u>
Deficiency of revenues under expenditures/expenses	(127,297)	(8,098)
Other financing sources	<u>600</u>	<u>-</u>
Deficiency of revenues and other financing sources under expenditures/expenses	(126,697)	(8,098)
Balances beginning of year	<u>229,924</u>	<u>29,698</u>
Balances end of year	<u>\$ 103,227</u>	<u>21,600</u>

See accompanying independent auditor's report.

<u>Total Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
	<u>Original</u>	<u>Final</u>	
3,115,073	2,979,690	2,979,690	135,383
2,661,117	2,671,018	2,671,018	(9,901)
<u>321,321</u>	<u>304,500</u>	<u>304,500</u>	<u>16,821</u>
<u>6,097,511</u>	<u>5,955,208</u>	<u>5,955,208</u>	<u>142,303</u>
3,794,111	4,129,690	4,129,690	335,579
1,588,108	1,914,056	1,914,056	325,948
271,930	272,250	272,250	320
<u>578,757</u>	<u>785,356</u>	<u>785,356</u>	<u>206,599</u>
<u>6,232,906</u>	<u>7,101,352</u>	<u>7,101,352</u>	<u>868,446</u>
(135,395)	(1,146,144)	(1,146,144)	1,010,749
<u>600</u>	<u>22,500</u>	<u>22,500</u>	<u>(21,900)</u>
(134,795)	(1,123,644)	(1,123,644)	988,849
<u>259,622</u>	<u>(59,575)</u>	<u>(59,575)</u>	<u>319,197</u>
<u>124,827</u>	<u>(1,183,219)</u>	<u>(1,183,219)</u>	<u>1,308,046</u>

Alta Community School District  
Alta, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2008

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

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

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

During the year ended June 30, 2008, expenditures did not exceeded the amounts budgeted.

## **Other Supplementary Information**

Alta Community School District  
Alta, Iowa

Schedule 1

Combining Balance Sheet  
Nonmajor Special Revenue Funds

June 30, 2008

	Manage- ment <u>Levy</u>	Student Activity <u>Activity</u>	Physical Plant and Equipment <u>Levy</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 51,602	32,760	76,495	160,857
Receivables:				
Property tax:				
Delinquent	1,121	-	366	1,487
Succeeding year	100,000	-	55,000	155,000
Accounts	<u>-</u>	<u>137</u>	<u>-</u>	<u>137</u>
<b>Total assets</b>	<b><u>\$ 152,723</u></b>	<b><u>32,897</u></b>	<b><u>131,861</u></b>	<b><u>317,481</u></b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	3,458	-	3,458
Deferred revenue:				
Succeeding year property tax	<u>100,000</u>	<u>-</u>	<u>55,000</u>	<u>155,000</u>
Total liabilities	100,000	3,458	55,000	158,458
Unreserved fund balances	<u>52,723</u>	<u>29,439</u>	<u>76,861</u>	<u>159,023</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 152,723</u></b>	<b><u>32,897</u></b>	<b><u>131,861</u></b>	<b><u>317,481</u></b>

See accompanying independent auditor's report.

Alta Community School District  
Alta, Iowa

Schedule 2

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

Year ended June 30, 2008

	Manage- ment <u>Levy</u>	Student Activity <u>Activity</u>	Physical Plant and Equipment <u>Levy</u>	<u>Total</u>
Revenues:				
Local sources:				
Local tax	\$ 150,029	-	49,929	199,958
Other	11,987	178,201	-	190,188
State sources	<u>2</u>	<u>-</u>	<u>1</u>	<u>3</u>
Total revenues	<u>162,018</u>	<u>178,201</u>	<u>49,930</u>	<u>390,149</u>
Expenditures:				
Current:				
Instruction:				
Regular	72,625	-	-	72,625
Other	-	179,544	-	179,544
Support services:				
Operation and maintenance of plant	36,603	-	-	36,603
Transportation	4,446	-	-	4,446
Other expenditures:				
Facilities acquisition	<u>-</u>	<u>-</u>	<u>28,252</u>	<u>28,252</u>
Total expenditures	<u>113,674</u>	<u>179,544</u>	<u>28,252</u>	<u>321,470</u>
Excess (deficiency) of revenues over (under) expenditures	48,344	(1,343)	21,678	68,679
Fund balances beginning of year	<u>4,379</u>	<u>30,782</u>	<u>55,183</u>	<u>90,344</u>
Fund balances end of year	<u>\$ 52,723</u>	<u>29,439</u>	<u>76,861</u>	<u>159,023</u>

See accompanying independent auditor's report.

Alta Community School District  
Alta, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2008

<u>Account</u>	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 9,685	47,621	50,681	-	6,625
Ball Field	18,536	5,823	18,514	-	5,845
Baseball	(2,238)	3,620	2,717	-	(1,335)
Book Fair	445	7,190	7,124	-	511
Boys Basketball	(983)	6,004	4,417	-	604
Boys Basketball Tournament	3,628	-	-	-	3,628
Cheerleaders	663	9,787	9,639	-	811
Class of 2006	217	-	-	-	217
Class of 2007	197	-	89	-	108
Class of 2008	1,133	3,853	4,514	-	472
Class of 2009	257	5,867	5,864	-	260
Class of 2010	229	135	90	-	274
Class of 2011	-	149	134	-	15
Grades 5 and 6	(91)	156	12	-	53
Cross Country	(2,113)	6,748	4,523	-	112
Danceline	1,938	7,735	7,280	-	2,393
Drama	607	5,003	2,412	-	3,198
Elem Computer	373	-	-	-	373
Elem Memory Book	688	-	-	-	688
FCA	129	1,075	1,204	-	-
FFA	1,500	10,799	12,384	-	(85)
FHA	127	724	801	-	50
Football	(6)	2,910	2,438	-	466
Interest	5,870	1,049	1,403	-	5,516
Girls Basketball	(1,738)	-	-	-	(1,738)
Middle School	17	920	-	-	937
Middle School Band	1,075	1,382	303	-	2,154
High School Band	(6)	105	222	-	(123)
P.I.E.	62	-	-	-	62
MS Fundraiser	892	1,561	1,031	-	1,422
Softball	(2,951)	4,302	1,038	-	313
Speech Club	812	18,158	17,147	-	1,823
Student Council	7,478	2,665	2,877	-	7,266
Vocal	-	50	-	-	50
Volleyball	(642)	11,689	9,408	-	1,639
Wrestling	(975)	2,472	2,355	-	(858)
Scholarship Fund	367	240	200	-	407
Yearbook	(15,077)	8,409	8,178	-	(14,846)
Elem Activity	677	-	545	-	132
Total	<u>\$ 30,782</u>	<u>178,201</u>	<u>179,544</u>	<u>-</u>	<u>29,439</u>

See accompanying independent auditor's report.

Alta Community School District  
Alta, Iowa

Schedule 4

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund

Year ended June 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>Assets</b>				
Cash	\$ 10,688	73,293	76,771	7,210
Other receivables	<u>19,074</u>	<u>25,143</u>	<u>19,074</u>	<u>25,143</u>
<b>Total assets</b>	<u>\$ 29,762</u>	<u>98,436</u>	<u>95,845</u>	<u>32,353</u>
<b>Liabilities</b>				
Other payables	<u>\$ 29,762</u>	<u>98,436</u>	<u>95,845</u>	<u>32,353</u>
<b>Total liabilities</b>	<u>\$ 29,762</u>	<u>98,436</u>	<u>95,845</u>	<u>32,353</u>

See accompanying independent auditor's report.

Alta Community School District  
Alta, Iowa

Schedule 5

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

For the Last Four Years

	Modified Accrual Basis			
	2008	2007	2006	2005
Revenues:				
Local sources:				
Local tax	\$ 2,422,200	2,311,668	2,150,959	2,100,249
Tuition	344,217	255,376	181,006	156,758
Other	225,955	189,982	219,584	358,629
State sources	2,657,753	2,630,174	2,498,680	2,463,499
Federal sources	183,554	462,325	296,587	280,447
Total	\$ 5,833,679	5,849,525	5,346,816	5,359,582
Expenditures:				
Instruction:				
Regular	\$ 2,554,355	2,336,303	2,252,085	2,277,882
Special	514,589	466,659	473,974	463,435
Other	725,167	750,755	716,696	518,180
Support services:				
Student	113,388	108,106	112,523	112,240
Instructional staff	200,114	153,261	169,792	129,356
Administration	566,525	781,932	608,481	492,119
Operation and maintenance of plant	474,858	509,552	576,926	443,472
Transportation	233,223	219,051	165,396	140,414
Other support	-	-	-	23,399
Non-instructional programs	-	1,500	1,500	4,010
Other expenditures:				
Facilities acquisition	82,480	187,578	96,516	64,404
Long-term debt:				
Principal	165,064	171,039	140,687	150,530
Interest and other charges	135,730	143,430	150,255	155,255
AEA flowthrough	195,483	192,123	183,465	178,475
Total	\$ 5,960,976	6,021,289	5,648,296	5,153,171

See accompanying independent auditor's report.

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

To the Board of Education of  
Alta Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Alta Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 11, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Alta Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Alta Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alta Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Alta Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Alta Community School District's financial statements that is more than inconsequential will not be prevented or detected by Alta Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Alta Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-08 and I-B-08 are material weaknesses.

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Alta Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Alta Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Alta Community School District and other parties to whom Alta Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

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

March 11, 2009

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2008

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

**SIGNIFICANT DEFICIENCIES:**

I-A-08 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts journal were all done by the same person. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - We are doing everything we can within our situation and make improvements as the situation changes.

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

I-B-08 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital assets additions not recorded in the District’s financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements. Financial statement preparation is the responsibility of the District. District personnel do not have the skills necessary to be able to write the District’s financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation – The District should implement procedures to ensure all receivables, payables and capital assets additions are identified and included in the District’s financial statements. District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2008

Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions. As a school we certainly understand the need for continuing education classes for all of our staff. However, we have limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion – Response accepted.

I-C-08 Disbursement Approval – For one transaction tested, there was no evidence of Board Approval.

Recommendation – The District should ensure all expenditures are properly approved. The District should also review the list of bills presented to the Board at regular meetings to ensure all claims are included.

Response – We will ensure all expenditures are properly approved.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

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

II-A-08 Certified Budget - Expenditures for the year ended June 30, 2008, did not exceed the certified budget.

II-B-08 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.

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2008

II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-08 Business Transactions - No business transactions between the District and District officials or employees were noted.

II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure the coverage is adequate for current operations.

II-F-08 Board Minutes - As previously noted, one transaction requiring Board approval had not been approved by the Board.

Recommendation – All expenditures should be approved by the Board and sufficient documentation should be maintained to evidence proper approval.

Response – Procedures will be revised to ensure recommendations are followed.

Conclusion – Response accepted.

II-G-08 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-08 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-I-08 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

Alta Community School District  
Alta, Iowa

Schedule of Findings

Year ended June 30, 2008

II-J-08 Deficit Balances - The District had a General Fund deficit of \$452,663 at June 30, 2008 and a few student activities accounts had deficit balances at June 30, 2008.

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

Response – The District is continuing to investigate alternatives to eliminate these deficits.

Conclusion - Response accepted.