

**ALTA COMMUNITY SCHOOL DISTRICT
ALTA, IOWA**

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

YEAR ENDED JUNE 30, 2009

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Alta Community School District
Alta, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2008 Election)

Valerie Rosenthal	President	2008
Ila Galvin	Vice President	2010
Dave Turnquist	Board Member	2008
Bruce Glienke	Board Member	2009
Dale Wetherell	Board Member	2009

Board of Education

(After September 2008 Election)

Ila Galvin	President	2011*
Dave Turnquist	Vice President	2011
Dale Wetherell	Board Member	2009
Bruce Glienke	Board Member	2009
Dr. Greg Kueny	Board Member	2011

School Officials

Dr. Fred Maharry	Superintendent	2009
Connie Jensen	District Secretary/Treasurer and Business Manager	2009
Gruhn Law Firm	Attorney	Indefinite

* Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

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, 2009, 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's 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, 2009.

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, 2009, 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 February 22, 2010 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 six years ended June 30, 2008 (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

February 22, 2010

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, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,964,737 in fiscal 2008 to \$5,240,043 in fiscal 2009, while General Fund expenditures decreased from \$5,231,615 in fiscal 2008 to \$5,045,962 in fiscal 2009. The District's General Fund balance increased from a deficit of \$452,663 in fiscal 2008 to a deficit of \$258,371 in fiscal 2009, a 43% increase.

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

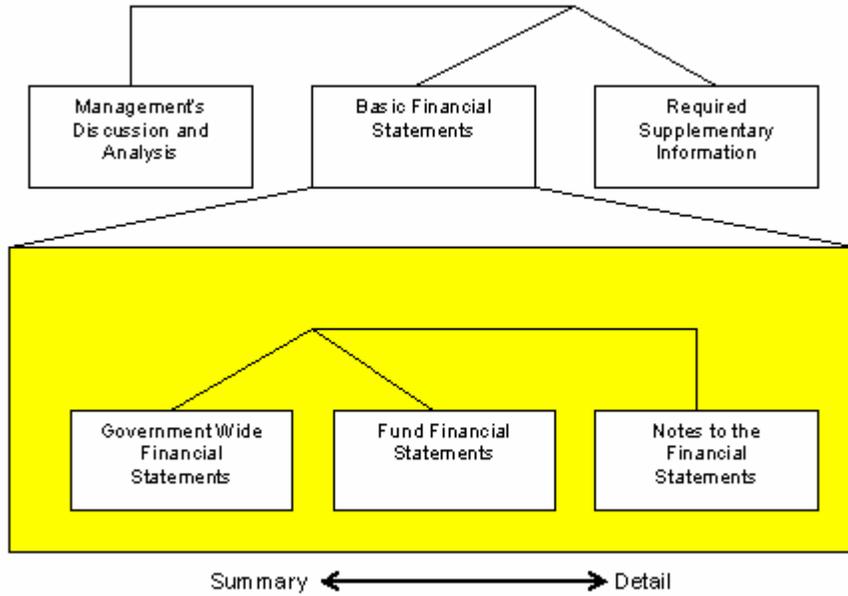


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide	Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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 include 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, 2009 compared to June 30, 2008.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$ 3,823	3,175	4	9	3,827	3,184	20.2%
Capital assets	<u>4,021</u>	<u>4,151</u>	<u>11</u>	<u>13</u>	<u>4,032</u>	<u>4,164</u>	<u>-3.2%</u>
Total assets	<u>7,844</u>	<u>7,326</u>	<u>15</u>	<u>22</u>	<u>7,859</u>	<u>7,348</u>	<u>7.0%</u>
Long-term liabilities	2,599	2,784	---	---	2,599	2,784	-6.6%
Other liabilities	<u>3,123</u>	<u>2,935</u>	<u>---</u>	<u>---</u>	<u>3,123</u>	<u>2,935</u>	<u>6.4%</u>
Total liabilities	<u>5,722</u>	<u>5,719</u>	<u>---</u>	<u>---</u>	<u>5,722</u>	<u>5,719</u>	<u>0.1%</u>
Net assets:							
Invested in capital assets, net of related debt	1,442	1,397	11	13	1,453	1,410	3.0%
Restricted	229	159	---	---	229	159	44.0%
Unrestricted	<u>451</u>	<u>51</u>	<u>4</u>	<u>9</u>	<u>455</u>	<u>60</u>	<u>658.3%</u>
Total net assets	\$ 2,122	1,607	15	22	2,137	1,629	31.2%
	=====	=====	====	====	=====	=====	=====

The District's combined net assets increased \$508,000 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 \$70,000 or 44% over the prior year. The increase was primarily a result of decreased expenditures in the Management Fund and an increase in net assets restricted for categorical funding.

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 – increased approximately \$395,000. This increase in unrestricted net assets was a result of the District implementing a plan to reduce spending.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

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

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>		<u>Total</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
							<u>2008-2009</u>
Revenues:							
Program revenues:							
Charges for service	\$ 594	537	124	123	718	660	8.8%
Operating grants, contributions and restricted interest	871	736	153	141	1,024	877	16.8%
Capital grants, contributions and restricted interest	16	---	---	---	16	---	100.0%
General revenues:							
Property tax	2,214	1,913	---	---	2,214	1,913	15.7%
Statewide sales and services tax	347	337	---	---	347	337	3.0%
Income surtax	202	188	---	---	202	188	7.4%
Unrestricted state grants	1,887	2,106	---	---	1,887	2,106	-10.4%
Unrestricted investment earnings	2	4	---	---	2	4	-50.0%
Other	<u>36</u>	<u>27</u>	<u>---</u>	<u>---</u>	<u>36</u>	<u>27</u>	<u>33.3%</u>
Total revenues	<u>6,169</u>	<u>5,848</u>	<u>277</u>	<u>264</u>	<u>6,446</u>	<u>6,112</u>	<u>5.5%</u>
Program expenses:							
Governmental activities:							
Instruction	3,789	3,794	---	---	3,789	3,794	-0.1%
Support services	1,423	1,570	---	---	1,423	1,570	-9.4%
Non-instructional programs	---	---	283	272	283	272	4.0%
Other expenses	<u>443</u>	<u>460</u>	<u>---</u>	<u>---</u>	<u>443</u>	<u>460</u>	<u>-3.7%</u>
Total expenses	<u>5,655</u>	<u>5,824</u>	<u>283</u>	<u>272</u>	<u>5,938</u>	<u>6,096</u>	<u>-2.6%</u>
Increase (decrease) in net assets	\$ 514	24	(6)	(8)	508	16	3,075.0%
	=====	=====	=====	=====	=====	=====	=====

In fiscal 2009, property tax and unrestricted state grants account for 66% of the revenue from governmental activities while charges for service 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 88% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$6,168,529 and expenses were \$5,653,812 for the year ended June 30, 2009.

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, 2009 compared to the year ended June 30, 2008.

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>2009</u>	<u>2008</u>	<u>Change</u> <u>2008-2009</u>	<u>2009</u>	<u>2008</u>	<u>Change</u> <u>2008-2009</u>
Instruction	3,789	3,794	-0.1%	2,534	2,743	-7.6%
Support services	1,423	1,570	-9.4%	1,395	1,544	-9.7%
Non-instructional programs	---	---	0.0%	---	---	0.0%
Other expenses	<u>443</u>	<u>460</u>	<u>-3.7%</u>	<u>244</u>	<u>265</u>	<u>-7.9%</u>
Total	<u>5,655</u>	<u>5,824</u>	<u>-2.9%</u>	<u>4,173</u>	<u>4,552</u>	<u>-8.3%</u>
	=====	=====	=====	=====	=====	=====

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$593,359.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$887,307.
- The net cost of governmental activities was financed with \$2,762,100 in property and other taxes and \$1,887,324 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$276,462, representing a 4.8% increase over the prior year, while expenses totaled \$282,783, a 4.0% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$481,308 above last year's ending fund balances of \$103,227.

Governmental Fund Highlights

- The General Fund balance increased from a deficit of \$452,663 to a deficit of \$258,371.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$76,861 in fiscal 2008 to \$85,421 in fiscal 2009.
- The Capital Projects Fund balance increased from \$264,445 in fiscal 2008 to \$388,700 in fiscal 2009.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$21,600 at June 30, 2008 to \$15,279 at June 30, 2009, representing a decrease of approximately 29%. 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 \$294,766 more than budgeted revenues, a variance of 4.9%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were less than budgeted by \$1,377,616, a variance of 18.7%.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested approximately \$4.0 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 \$183,999.

The original cost of the District's capital assets was approximately \$6.8 million. Governmental funds account for approximately \$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		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 154	154	-	-	154	154	-
Buildings	3,467	3,545	-	-	3,467	3,545	-2.2%
Improvements other than buildings	95	105	-	-	95	105	-9.5%
Furniture and equipment	<u>305</u>	<u>347</u>	<u>11</u>	<u>13</u>	<u>316</u>	<u>360</u>	<u>12.2%</u>
Total	\$ 4,021	4,151	11	13	4,032	4,164	-3.2%
	=====	=====	====	====	=====	=====	=====

Long-Term Debt

At June 30, 2009, the District had \$2,599,488 in general obligation, and other long-term debt outstanding. This represents a decrease of approximately 6.6% 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		Total
	District		Change
	June 30,		June 30,
	2009	2008	2008-2009
General obligation bonds	\$ 2,560	2,715	-5.7%
Real estate contract payable	19	39	-51.3%
Early retirement payable	<u>20</u>	<u>30</u>	<u>-33.3%</u>
Total	\$ 2,599	2,784	-6.6%
	=====	=====	=====

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, although staffing and other expenses were addressed and reductions made. Increased health insurance and energy cost, as well as an across the board reduction from the state, make this situation very challenging.
- Fiscal 2009 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 2010. 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 is currently working on a sharing agreement with a neighboring school. The schools will start with athletic sharing in 2010-2011 and whole-grade sharing in 2011-2012.
- The District is in the process of refinancing the Middle School bonds at a lower interest rate. This will save the District some money and continue to keep property taxes down.

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. 5th Street, Alta, Iowa, 51002.

Basic Financial Statements

Alta Community School District
Alta, Iowa

Exhibit A

Statement of Net Assets

June 30, 2009

	Primary Government			Component
	Governmental	Business Type	Total	Unit
	<u>Activities</u>	<u>Activities</u>		<u>Educational</u> <u>Foundation</u>
Assets				
Cash and cash equivalents and pooled investments	\$ 840,535	8,849	849,384	134,389
Receivables:				
Property tax:				
Delinquent	19,663	-	19,663	-
Succeeding year	2,531,000	-	2,531,000	-
Accounts	175	-	175	-
Due from other governments	409,000	9,204	418,204	-
Due from other funds	22,184	(22,184)	-	-
Inventories	-	8,662	8,662	-
Capital assets, net of accumulated depreciation	<u>4,021,268</u>	<u>10,748</u>	<u>4,032,016</u>	<u>-</u>
Total assets	<u>7,843,825</u>	<u>15,279</u>	<u>7,859,104</u>	<u>134,389</u>
Liabilities				
Accounts payable	91,790	-	91,790	-
Salaries and benefits payable	479,946	-	479,946	-
Accrued interest payable	19,831	-	19,831	-
Deferred revenue - succeeding year property tax	2,531,000	-	2,531,000	-
Long-term liabilities:				
Portion due within one year:				
General obligation bonds	160,000	-	160,000	-
Early retirement	10,000	-	10,000	-
Real estate contract	19,488	-	19,488	-
Portion due after one year:				
General obligation bonds	2,400,000	-	2,400,000	-
Early retirement	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total liabilities	<u>5,722,055</u>	<u>-</u>	<u>5,722,055</u>	<u>-</u>

(continued)

Alta Community School District
Alta, Iowa

Exhibit A

Statement of Net Assets

June 30, 2009

	Primary Government			Component
	Governmental	Business Type	Total	Unit
	<u>Activities</u>	<u>Activities</u>		<u>Educational Foundation</u>
Net assets				
Invested in capital assets, net of related debt	1,441,780	10,748	1,452,528	-
Restricted for:				
Categorical funding	41,182	-	41,182	-
Management levy	65,407	-	65,407	-
Physical plant and equipment levy	85,421	-	85,421	-
Other special revenue purposes	37,398	-	37,398	-
Foundation purposes	-	-	-	134,389
Unrestricted	<u>450,582</u>	<u>4,531</u>	<u>455,113</u>	<u>-</u>
Total net assets	<u><u>\$ 2,121,770</u></u>	<u><u>15,279</u></u>	<u><u>2,137,049</u></u>	<u><u>134,389</u></u>

See notes to financial statements.

Alta Community School District
Alta, Iowa
Statement of Activities
Year ended June 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
<u>Functions/Programs:</u>				
Primary Government:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,643,555	377,314	554,683	5,082
Special instruction	485,415	20,100	15,389	1,992
Other instruction	658,738	191,264	79,892	7,926
	<u>3,787,708</u>	<u>588,678</u>	<u>649,964</u>	<u>15,000</u>
Support services:				
Student	97,022	-	9,929	-
Instructional staff	111,097	-	-	-
Administration	597,439	-	-	-
Operation and maintenance of plant	439,687	4,681	-	-
Transportation	177,907	-	13,649	-
	<u>1,423,152</u>	<u>4,681</u>	<u>23,578</u>	<u>-</u>
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	26,188	-	-	1,075
Long-term debt interest	126,360	-	-	-
AEA flowthrough	197,690	-	197,690	-
Depreciation (unallocated)*	92,714	-	-	-
	<u>442,952</u>	<u>-</u>	<u>197,690</u>	<u>1,075</u>
Total governmental activities	<u>5,653,812</u>	<u>593,359</u>	<u>871,232</u>	<u>16,075</u>
Business type activities:				
Non-instructional programs:				
Food service operations	282,783	123,634	153,017	-
Total primary government	<u>\$ 5,936,595</u>	<u>716,993</u>	<u>1,024,249</u>	<u>16,075</u>
Component Unit:				
Educational Foundation	<u>\$ 10,527</u>	<u>-</u>	<u>11,518</u>	<u>-</u>
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Transfers				
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.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Educational Foundation
(1,706,476)	-	(1,706,476)	-
(447,934)	-	(447,934)	-
(379,656)	-	(379,656)	-
<u>(2,534,066)</u>	<u>-</u>	<u>(2,534,066)</u>	<u>-</u>
(87,093)	-	(87,093)	-
(111,097)	-	(111,097)	-
(597,439)	-	(597,439)	-
(435,006)	-	(435,006)	-
(164,258)	-	(164,258)	-
<u>(1,394,893)</u>	<u>-</u>	<u>(1,394,893)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(25,113)	-	(25,113)	-
(126,360)	-	(126,360)	-
-	-	-	-
<u>(92,714)</u>	<u>-</u>	<u>(92,714)</u>	<u>-</u>
<u>(244,187)</u>	<u>-</u>	<u>(244,187)</u>	<u>-</u>
<u>(4,173,146)</u>	<u>-</u>	<u>(4,173,146)</u>	<u>-</u>
<u>-</u>	<u>(6,132)</u>	<u>(6,132)</u>	<u>-</u>
<u>(4,173,146)</u>	<u>(6,132)</u>	<u>(4,179,278)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>991</u>
2,016,850	-	2,016,850	-
141,842	-	141,842	-
54,883	-	54,883	-
201,746	-	201,746	-
346,779	-	346,779	-
1,887,324	-	1,887,324	-
1,788	22	1,810	5,121
36,440	-	36,440	-
211	(211)	-	-
<u>4,687,863</u>	<u>(189)</u>	<u>4,687,674</u>	<u>5,121</u>
514,717	(6,321)	508,396	6,112
<u>1,607,053</u>	<u>21,600</u>	<u>1,628,653</u>	<u>128,277</u>
<u>\$ 2,121,770</u>	<u>15,279</u>	<u>2,137,049</u>	<u>134,389</u>

Alta Community School District
Alta, Iowa

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 156,644	161,504	330,080	192,307	840,535
Receivables:					
Property tax:					
Delinquent	17,041	1,249	-	1,373	19,663
Succeeding year	2,076,000	298,000	-	157,000	2,531,000
Accounts	-	-	-	175	175
Due from other funds	22,184	-	-	-	22,184
Due from other governments	350,380	-	58,620	-	409,000
Total assets	<u>\$ 2,622,249</u>	<u>460,753</u>	<u>388,700</u>	<u>350,855</u>	<u>3,822,557</u>
 Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 86,161	-	-	5,629	91,790
Salaries and benefits payable	479,946	-	-	-	479,946
Deferred revenue:					
Succeeding year property tax	2,076,000	298,000	-	157,000	2,531,000
Other	238,513	-	-	-	238,513
Total liabilities	<u>2,880,620</u>	<u>298,000</u>	<u>-</u>	<u>162,629</u>	<u>3,341,249</u>
 Fund balances:					
Reserved for:					
Categorical funding	41,182	-	-	-	41,182
Debt service	-	162,753	-	-	162,753
Unreserved	(299,553)	-	388,700	188,226	277,373
Total fund balances	<u>(258,371)</u>	<u>162,753</u>	<u>388,700</u>	<u>188,226</u>	<u>481,308</u>
 Total liabilities and fund balances	 <u>\$ 2,622,249</u>	 <u>460,753</u>	 <u>388,700</u>	 <u>350,855</u>	 <u>3,822,557</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, 2009

Total fund balances of governmental funds (page 19) \$ 481,308

*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. 4,021,268

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 238,513

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. (19,831)

Long-term liabilities, including bonds, early retirement, and real estate contract payable are not due and payable in the current period and therefore, are not reported in the governmental funds. (2,599,488)

Net assets of governmental activities (page 16) \$ 2,121,770

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, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 2,104,817	141,842	346,778	154,945	2,748,382
Tuition	384,699	-	-	-	384,699
Other	43,922	1,188	1	202,852	247,963
Intermediate sources	15,000	-	-	-	15,000
State sources	2,490,541	74	-	82	2,490,697
Federal sources	201,064	-	-	-	201,064
Total revenues	<u>5,240,043</u>	<u>143,104</u>	<u>346,779</u>	<u>357,879</u>	<u>6,087,805</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,537,854	-	-	68,525	2,606,379
Special	487,407	-	-	-	487,407
Other	488,857	-	-	183,367	672,224
	<u>3,514,118</u>	<u>-</u>	<u>-</u>	<u>251,892</u>	<u>3,766,010</u>
Support services:					
Student	97,022	-	-	-	97,022
Instructional staff	108,962	-	22,730	-	131,692
Administration	573,063	-	-	20,757	593,820
Operation and maintenance of plant	403,438	-	-	25,874	429,312
Transportation	151,669	-	-	3,483	155,152
	<u>1,334,154</u>	<u>-</u>	<u>22,730</u>	<u>50,114</u>	<u>1,406,998</u>
Other expenditures:					
Facilities acquisition	-	-	10,036	26,670	36,706
Long-term debt:					
Principal	-	174,776	-	-	174,776
Interest and fiscal charges	-	127,755	-	-	127,755
AEA flowthrough	197,690	-	-	-	197,690
	<u>197,690</u>	<u>302,531</u>	<u>10,036</u>	<u>26,670</u>	<u>536,927</u>
Total expenditures	<u>5,045,962</u>	<u>302,531</u>	<u>32,766</u>	<u>328,676</u>	<u>5,709,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>194,081</u>	<u>(159,427)</u>	<u>314,013</u>	<u>29,203</u>	<u>377,870</u>
Other financing sources (uses):					
Operating transfers in	211	189,758	-	-	189,969
Operating transfers out	-	-	(189,758)	-	(189,758)
Total other financing sources (uses)	<u>211</u>	<u>189,758</u>	<u>(189,758)</u>	<u>-</u>	<u>211</u>
Net change in fund balances	194,292	30,331	124,255	29,203	378,081
Fund balances beginning of year	(452,663)	132,422	264,445	159,023	103,227
Fund balances end of year	<u>\$ (258,371)</u>	<u>162,753</u>	<u>388,700</u>	<u>188,226</u>	<u>481,308</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, 2009

Net change in fund balances - total governmental funds (page 21) \$ 378,081

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

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

Expenditures for capital assets	\$ 51,673	
Depreciation expense	<u>(181,721)</u>	(130,048)

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. 80,513

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		174,776
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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		10,000
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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.

		<u>1,395</u>
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Change in net assets of governmental activities (page 18) \$ 514,717

See notes to financial statements.

Alta Community School District
Alta, Iowa

Exhibit G

Statement of Net Assets
Proprietary Fund

June 30, 2009

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 8,849
Due from other governments	9,204
Inventories	8,662
Capital assets, net of accumulated depreciation	<u>10,748</u>
Total assets	<u>37,463</u>
Liabilities	
Due to other funds	<u>22,184</u>
Total liabilities	<u>22,184</u>
Net Assets	
Invested in capital assets	10,748
Unrestricted	<u>4,531</u>
Total net assets	<u>\$ 15,279</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, 2009

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 122,949
Miscellaneous	685
Total operating revenues	<u>123,634</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	95,662
Benefits	40,934
Purchased services	1,779
Supplies	142,130
Depreciation	<u>2,278</u>
Total operating expenses	<u>282,783</u>
Operating loss	<u>(159,149)</u>
Non-operating revenues:	
State sources	3,269
Federal sources	149,748
Interest income	<u>22</u>
Total non-operating revenues	<u>153,039</u>
Deficiency of revenues under expenses	(6,110)
Other financing sources:	
Transfers out	<u>(211)</u>
Net loss	(6,321)
Net assets beginning of year	<u>21,600</u>
Net assets end of year	<u>\$ 15,279</u>
See notes to financial statements.	

Alta Community School District
Alta, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

School
Nutrition

Cash flows from operating activities:

Cash received from sale of lunches and breakfasts	\$ 119,525
Cash received from miscellaneous operating activities	685
Cash paid to employees for services	(152,081)
Cash paid to suppliers for goods or services	<u>(124,418)</u>
Net cash used by operating activities	<u>(156,289)</u>

Cash flows from non-capital financing activities:

State grants received	3,269
Federal grants received	132,853
Transfer to General Fund	<u>(211)</u>
Net cash provided by non-capital financing activities	<u>135,911</u>

Cash flows from investing activities:

Interest on investments	<u>22</u>
-------------------------	-----------

Net decrease in cash and cash equivalents (20,356)

Cash and cash equivalents beginning of year 29,205

Cash and cash equivalents end of year \$ 8,849

(continued)

Alta Community School District
Alta, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

School
Nutrition

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

Operating loss	\$ (159,149)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	16,895
Depreciation	2,278
(Increase) in accounts receivable	(3,424)
Decrease in inventories	2,596
(Decrease) in due to other funds	<u>(15,485)</u>
Net cash used by operating activities	<u>\$ (156,289)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2009, the District received \$16,895 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, 2009

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 11,833
Total assets	<u>11,833</u>
Liabilities	
Other payables	<u>11,833</u>
Total liabilities	<u>11,833</u>
Net assets	<u><u>\$ -</u></u>

See notes to financial statements.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2009

(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, 2009

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net 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, 2009

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, 2009

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, 2009

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, 2009

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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2009

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
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Notes to Financial Statements

June 30, 2009

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 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, 2009

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, 2009, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 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, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ 115 ====

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2009

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, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise, School Nutrition	\$ 22,184
		=====

The School Nutrition Fund owes the General Fund for cooks' wages paid from the General Fund that were not reimbursed before June 30, 2009.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 189,758
General	Enterprise: School Nutrition	<div style="text-align: right;"> <u>211</u> \$ 189,969 ===== </div>

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
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Notes to Financial Statements

June 30, 2009

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
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	4,625,548	10,036	---	4,635,584
Improvements other than buildings	377,142	2,082	---	379,224
Furniture and equipment	<u>1,639,050</u>	<u>39,555</u>	<u>---</u>	<u>1,678,605</u>
Total capital assets being depreciated	<u>6,641,740</u>	<u>51,673</u>	<u>---</u>	<u>6,693,413</u>
Less accumulated depreciation for:				
Buildings	1,080,606	88,284	---	1,168,890
Improvements other than buildings	271,798	12,240	---	284,038
Furniture and equipment	<u>1,292,010</u>	<u>81,197</u>	<u>---</u>	<u>1,373,207</u>
Total accumulated depreciation	<u>2,644,414</u>	<u>181,721</u>	<u>---</u>	<u>2,826,135</u>
Total capital assets being depreciated, net	<u>3,997,326</u>	<u>(130,048)</u>	<u>---</u>	<u>3,867,278</u>
Governmental activities capital assets, net	<u>\$ 4,151,316</u>	<u>(130,048)</u>	<u>---</u>	<u>4,021,268</u>

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2009

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Furniture and equipment	\$ 27,336	---	---	27,336
Less accumulated depreciation	<u>14,310</u>	<u>2,278</u>	---	<u>16,588</u>
Business type activities capital assets, net	\$ 13,026	<u>(2,278)</u>	---	10,748
	=====	=====	=====	=====

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

 Regular \$ 52,258

Support services:

 Administration 3,619

 Operation and maintenance of plant 10,375

 Transportation 22,755

89,007

Unallocated

92,714

Total depreciation expense – governmental activities

\$ 181,721

=====

Business type activities:

 Food service operations \$ 2,278

=====

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Real estate contract	\$ 39,264	---	19,776	19,488	19,488
General obligation bonds	2,715,000	---	155,000	2,560,000	160,000
Early retirement	<u>30,000</u>	<u>11,000</u>	<u>21,000</u>	<u>20,000</u>	<u>10,000</u>
Total	\$ 2,784,264	11,000	195,776	2,599,488	189,488
	=====	=====	=====	=====	=====

Alta, Iowa

Notes to Financial Statements

June 30, 2009

Termination Benefits

The District offers a voluntary early retirement plan to its certified and non-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 certified participating employee shall receive as early retirement pay \$27,000 and each non-certified participating employee shall receive as early retirement pay \$11,000. 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 in the early retirement plan shall limit the District's ability to change the terms of its Existing health insurance plan. The plan in no way guarantees that an employee will be provided any certain level of benefits or premiums during the time of the employee's participation in the plan.

At June 30, 2009, the District has obligations to one participant with a total liability of \$20,000. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$21,000.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2009

General Obligation Bonds

Details of the District's June 30, 2009 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>
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	4.55	195,000	89,058	284,058
2015-2019	4.65-4.85	1,135,000	299,585	1,434,585
2020-2021	4.90	<u>535,000</u>	<u>39,690</u>	<u>574,690</u>
Total		\$ 2,560,000	\$ 862,073	\$ 3,422,073
		=====	=====	=====

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, 2009 is as follows:

Year Ending <u>June 30,</u>	<u>Real Estate Contract</u>
	<u>Principal</u>
2010	\$ 19,488
	=====

During the year ended June 30, 2009, the District made principal payments totaling \$19,776 under the real estate contract.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2009

(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 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$200,790, \$194,853 and \$175,980, 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.

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, 2009 were \$384,995.

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.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2009

(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 \$197,690 for the year ended June 30, 2009 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 \$258,371 at June 30, 2009. 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.

(11) Operating Leases

The District entered into an operating lease with Star Leasing Inc. for the rental of two copiers on October 18, 2007 for a period of 60 months. The amount paid for the fiscal year ended June 30, 2009 was \$9,457. Future rentals are scheduled as follows:

Year Ending <u>June 30,</u>	
2010	\$ 10,317
2011	10,317
2012	10,317
2013	<u>3,439</u>
Total	\$ 34,390
	=====

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2009

The District entered into an operating lease with Star Leasing, Inc. for the rental of a copier on October 31, 2007 for a period of 60 months. The amount paid for the fiscal year ended June 30, 2009 was \$4,059. Future rental are scheduled as follows:

Year Ending <u>June 30,</u>	
2010	\$ 4,428
2011	4,428
2012	4,428
2013	<u>1,476</u>
Total	\$ 14,760 =====

(12) Subsequent Events

Subsequent events have been evaluated through February 22, 2010 which is the date the financial statements were available to be issued.

On October 8, 2009, Governor Chet Culver announced a 10 percent across-the-board cut to state general fund appropriations effective immediately. The cut is a reduction of approximately \$238.5 million to Iowa schools and approximately \$800,000 to the Iowa Department of Education. What this will mean to Iowa school districts is still unfolding.

On January 12, 2010 the District approved the sale of \$2,430,000 general obligation school refunding bonds to be used to pay off the current general obligation bonds outstanding.

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, 2009

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 3,381,044	123,656
Intermediate sources	15,000	-
State sources	2,490,697	3,269
Federal sources	<u>201,064</u>	<u>149,748</u>
Total revenues	<u>6,087,805</u>	<u>276,673</u>
Expenditures/Expenses:		
Instruction	3,766,010	-
Support services	1,406,998	-
Non-instructional programs	-	282,783
Other expenditures	<u>536,927</u>	<u>-</u>
Total expenditures/expenses	<u>5,709,935</u>	<u>282,783</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	377,870	(6,110)
Other financing sources (uses), net	<u>211</u>	<u>(211)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	378,081	(6,321)
Balances beginning of year	<u>103,227</u>	<u>21,600</u>
Balances end of year	<u>\$ 481,308</u>	<u>15,279</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>	
3,504,700	3,267,420	3,267,420	237,280
15,000	-	-	15,000
2,493,966	2,502,292	2,502,292	(8,326)
<u>350,812</u>	<u>300,000</u>	<u>300,000</u>	<u>50,812</u>
<u>6,364,478</u>	<u>6,069,712</u>	<u>6,069,712</u>	<u>294,766</u>
3,766,010	4,069,496	4,069,496	303,486
1,406,998	2,132,508	2,132,508	725,510
282,783	261,788	261,788	(20,995)
<u>536,927</u>	<u>906,542</u>	<u>906,542</u>	<u>369,615</u>
<u>5,992,718</u>	<u>7,370,334</u>	<u>7,370,334</u>	<u>1,377,616</u>
371,760	(1,300,622)	(1,300,622)	1,672,382
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
371,760	(1,300,622)	(1,300,622)	1,672,382
<u>124,827</u>	<u>49,418</u>	<u>49,418</u>	<u>75,409</u>
<u>496,587</u>	<u>(1,251,204)</u>	<u>(1,251,204)</u>	<u>1,747,791</u>

Alta Community School District
Alta, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2009

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, 2009, expenditures in the non-instructional programs exceeded the amounts budgeted.

Other Supplementary Information

Alta Community School District
Alta, Iowa

Schedule 1

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2009

		<u>Manage- ment Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$	64,517	41,397	86,393	192,307
Receivables:					
Property tax:					
Delinquent		890	-	483	1,373
Succeeding year		100,000	-	57,000	157,000
Accounts		-	175	-	175
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$	<u>165,407</u>	<u>41,572</u>	<u>143,876</u>	<u>350,855</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$	-	4,174	1,455	5,629
Deferred revenue:					
Succeeding year property tax		<u>100,000</u>	<u> </u>	<u>57,000</u>	<u>157,000</u>
Total liabilities		100,000	4,174	58,455	162,629
Unreserved fund balances		<u>65,407</u>	<u>37,398</u>	<u>85,421</u>	<u>188,226</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$	<u>165,407</u>	<u>41,572</u>	<u>143,876</u>	<u>350,855</u>

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, 2009

	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	\$ 100,062	-	54,883	154,945
Other	10,451	191,326	1,075	202,852
State sources	<u>53</u>	<u>-</u>	<u>29</u>	<u>82</u>
Total revenues	<u>110,566</u>	<u>191,326</u>	<u>55,987</u>	<u>357,879</u>
Expenditures:				
Current:				
Instruction:				
Regular	68,525	-	-	68,525
Other	-	183,367	-	183,367
Support services:				
Administration	-	-	20,757	20,757
Operation and maintenance of plant	25,874	-	-	25,874
Transportation	3,483	-	-	3,483
Other expenditures:				
Facilities acquisition	<u>-</u>	<u>-</u>	<u>26,670</u>	<u>26,670</u>
Total expenditures	<u>97,882</u>	<u>183,367</u>	<u>47,427</u>	<u>328,676</u>
Excess of revenues over expenditures	12,684	7,959	8,560	29,203
Fund balances beginning of year	<u>52,723</u>	<u>29,439</u>	<u>76,861</u>	<u>159,023</u>
Fund balances end of year	<u>\$ 65,407</u>	<u>37,398</u>	<u>85,421</u>	<u>188,226</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, 2009

<u>Account</u>	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 6,625	71,033	70,185	-	7,473
Ball Field	5,845	5,746	2,666	-	8,925
Baseball	(1,335)	6,886	7,094	-	(1,543)
Book Fair	511	397	674	-	234
Boys Basketball	604	3,611	3,239	-	976
Boys Basketball Tournament	3,628	-	-	-	3,628
Cheerleaders	811	7,157	5,782	-	2,186
Class of 2006	217	-	-	(217)	-
Class of 2007	108	-	-	(108)	-
Class of 2008	472	-	226	-	246
Class of 2009	260	5,552	5,878	-	(66)
Class of 2010	274	6,068	6,581	-	(239)
Class of 2011	15	181	104	-	92
Class of 2012	-	425	37	233	621
Class of 2013	-	431	111	201	521
Class of 2014	-	354	190	24	188
Class of 2015	-	362	377	25	10
Class of 2016	-	422	445	-	(23)
Class of 2017	-	402	350	-	52
Class of 2018	-	389	389	-	-
Class of 2019	-	609	342	-	267
Class of 2020	-	480	459	-	21
Class of 2021	-	461	440	-	21
Class of 2022	-	144	147	-	(3)
Grades 5 and 6	53	-	-	(49)	4
Cross Country	112	4,271	4,356	-	27
Danceline	2,393	9,955	9,197	-	3,151
Drama	3,198	3,179	2,464	-	3,913
Elem Computer	373	-	-	-	373
Elem Memory Book	688	-	407	-	281
FCA	-	25	-	-	25
FFA	(85)	6,177	5,851	-	241
FHA	50	301	79	-	272
Football	466	6,299	5,724	-	1,041
Interest	5,516	2,514	2,827	-	5,203
Girls Basketball	(1,738)	2,781	-	-	1,043
Middle School	937	-	503	(434)	-
Middle School Band	2,154	673	1,291	-	1,536
High School Band	(123)	291	232	-	(64)

Alta Community School District
Alta, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intra- Fund Transfers</u>	<u>Balance End of Year</u>
MS & HS Instrument Fees	-	490	232	-	258
P.I.E.	62	-	-	-	62
MS Fundraiser	1,422	1,544	1,022	-	1,944
Softball	313	1,063	2,903	-	(1,527)
Speech Club	1,823	15,937	15,622	-	2,138
Student Council	7,266	1,885	1,745	-	7,406
Vocal	50	28	-	-	78
Volleyball	1,639	6,268	9,669	-	(1,762)
Wrestling	(858)	5,904	5,045	-	1
Scholarship Fund	407	1,045	450	-	1,002
Yearbook	(14,846)	9,554	8,000	325	(12,967)
Elem Activity	132	32	32	-	132
Total	<u>\$ 29,439</u>	<u>191,326</u>	<u>183,367</u>	<u>-</u>	<u>37,398</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, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ 7,210	30,795	26,172	11,833
Other receivables	<u>25,143</u>	<u>-</u>	<u>25,143</u>	<u>-</u>
Total assets	<u>\$ 32,353</u>	<u>30,795</u>	<u>51,315</u>	<u>11,833</u>
Liabilities				
Other payables	<u>\$ 32,353</u>	<u>30,795</u>	<u>51,315</u>	<u>11,833</u>
Total liabilities	<u>\$ 32,353</u>	<u>30,795</u>	<u>51,315</u>	<u>11,833</u>

See accompanying independent auditor's report.

Alta Community School District
Alta, Iowa

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

For the Last Seven Years

	Modified Accrual Basis			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:				
Local sources:				
Local tax	\$ 2,748,382	2,422,200	2,311,668	2,150,959
Tuition	384,699	344,217	255,376	181,006
Other	247,963	225,955	189,982	219,584
Intermediate sources	15,000	-	-	-
State sources	2,490,697	2,657,753	2,630,174	2,498,680
Federal sources	201,064	183,554	462,325	296,587
Total	<u>\$ 6,087,805</u>	<u>5,833,679</u>	<u>5,849,525</u>	<u>5,346,816</u>
Expenditures:				
Instruction:				
Regular	\$ 2,606,379	2,554,355	2,336,303	2,252,085
Special	487,407	514,589	466,659	473,974
Other	672,224	725,167	750,755	716,696
Support services:				
Student	97,022	113,388	108,106	112,523
Instructional staff	131,692	200,114	153,261	169,792
Administration	593,820	566,525	781,932	608,481
Operation and maintenance of plant	429,312	474,858	509,552	576,926
Transportation	155,152	233,223	219,051	165,396
Other support	-	-	-	-
Non-instructional programs	-	-	1,500	1,500
Other expenditures:				
Facilities acquisition	36,706	82,480	187,578	96,516
Long-term debt:				
Principal	174,776	165,064	171,039	140,687
Interest and other charges	127,755	135,730	143,430	150,255
AEA flowthrough	197,690	195,483	192,123	183,465
Total	<u>\$ 5,709,935</u>	<u>5,960,976</u>	<u>6,021,289</u>	<u>5,648,296</u>

See accompanying independent auditor's report.

Schedule 5

<u>2005</u>	<u>2004</u>	<u>2003</u>
2,100,249	1,973,554	1,857,856
156,758	159,890	197,376
358,629	248,432	225,875
-	-	-
2,463,499	2,173,608	2,202,054
280,447	170,912	175,036
<u>5,359,582</u>	<u>4,726,396</u>	<u>4,658,197</u>
2,277,882	2,160,264	2,010,212
463,435	481,659	405,782
518,180	467,522	419,428
112,240	98,313	81,407
129,356	144,390	126,844
492,119	507,814	437,464
443,472	530,698	406,149
140,414	136,791	125,634
23,399	-	-
4,010	25,168	38,996
64,404	1,116,305	2,446,180
150,530	120,000	25,000
155,255	159,956	187,584
178,475	171,338	182,198
<u>5,153,171</u>	<u>6,120,218</u>	<u>6,892,878</u>

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, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 22, 2010. 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-09 and I-B-09 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, 2009 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

February 22, 2010

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2009

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

I-A-09 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-09 Preparation of Financial Statements – The District does not have an internal control system designed to provide for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Therefore, as auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for an entity similar in size to Alta Community School District. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

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

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2009

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

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-09 Certified Budget - Expenditures for the year ended June 30, 2009, exceed the certified budget amounts in the non-instructional programs function.

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

Response – Future budgets will be amended in sufficient amounts and in proper functional areas to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

II-B-09 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-09 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-09 Business Transactions - No business transactions between the District and District officials or employees were noted.

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2009

- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to ensure the coverage is adequate for current operations.
- II-F-09 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-09 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-09 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather supplement other funds.
- II-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and service tax are as follows:

Beginning balance	\$	---
Statewide sales and service tax revenue		<u>346,778</u>
Ending balance		<u>\$ 346,778</u>

- II-L-09 Deficit Balances - The District had a General Fund deficit of \$258,371 at June 30, 2009 and a few student activities accounts had deficit balances at June 30, 2009.

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2009

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.

II-M-09 Authorized Check Signatures – It was noted checks were not always signed in accordance with Chapter 291.1 of the Code. For a period of time after her term had expired, the former Board president’s signature was on all warrants. It was also noted that the signature card at the bank had not been updated to remove the former Board president and to include the new president.

Recommendation – Per Chapter 291.1, the president or the president’s designee shall sign, using an original or facsimile signature, all school district warrants. The board of directors, by resolution, may designate an individual, who shall not be the secretary, to sign warrants on his/her behalf. Also, the signature cards should be updated for changes in the authorized signers.

Response – We are now properly signing the warrants and will get the signature card updated.

Conclusion – Response accepted.