

**ALTA COMMUNITY SCHOOL DISTRICT
ALTA, IOWA**

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

YEAR ENDED JUNE 30, 2012

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Alta Community School District
Alta, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2011 Election)		
Bruce Glienke	President	2013
Gigi Nelson	Vice President	2013
Ila Galvin	Board Member	2011
Dr. Greg Kueny	Board Member	2011
Dave Turnquist	Board Member	2011
(After September 2011 Election)		
Dave Turnquist	President	2015
Gigi Nelson	Vice President	2013
Ila Galvin	Board Member	2015
Bruce Glienke	Board Member	2013
Mark Henningsen	Board Member	2015
School Officials		
Lynn Evans	Superintendent	2012
Vicki Kolpin	District Secretary/Treasurer and Business Manager	2012
Gruhn Law Firm	Attorney	Indefinite

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

Certified Public Accountants

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Independent Auditor's Report

To the Board of Education of
Alta Community School District:

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, 2012, which 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 Alta Community School District's basic financial statements. Alta Community Educational Foundation's financial statements are included in the District's financial statements as a discretely presented component unit.

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 discretely presented component unit of the Alta Community School District, as of and for the year ended June 30, 2012. 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, 2012 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2013 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 15 and 49 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

March 26, 2013

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, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,493,398 in fiscal year 2011 to \$5,954,385 in fiscal year 2012, while General Fund expenditures increased from \$5,041,599 in fiscal year 2011 to \$5,470,734 in fiscal year 2012. The District's General Fund balance increased from \$604,593 at the end of fiscal year 2011, to \$1,088,244 at the end of fiscal year 2012, a 80% increase.
- The fiscal year 2012 General Fund revenue increase was attributable to increases in local taxes, tuition and state revenue. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits and transportation. The increase in revenue was enough to cover the increase in expenditures resulting in the increase in the General Fund balance.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Alta Community School District Annual Financial Report

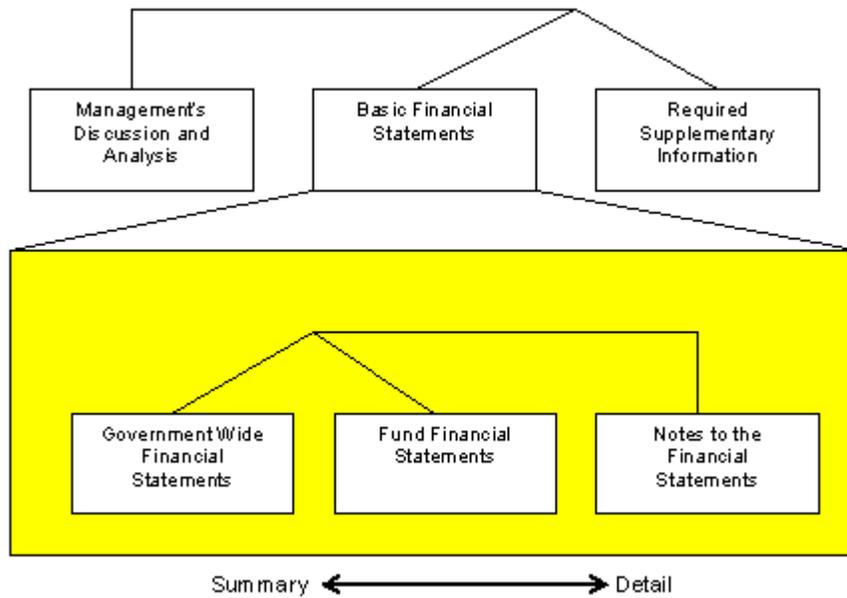


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • 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 Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net 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, 2012 compared to June 30, 2011.

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

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	\$ 7,119	6,712	89	65	7,208	6,777	6.4%
Capital assets	<u>6,954</u>	<u>6,387</u>	<u>48</u>	<u>52</u>	<u>7,002</u>	<u>6,439</u>	<u>8.7%</u>
Total assets	<u>14,073</u>	<u>13,099</u>	<u>137</u>	<u>117</u>	<u>14,210</u>	<u>13,216</u>	<u>7.5%</u>
Long-term liabilities	5,903	6,141	14	10	5,917	6,151	-3.8%
Other liabilities	<u>4,145</u>	<u>3,643</u>	<u>28</u>	<u>6</u>	<u>4,173</u>	<u>3,649</u>	<u>14.4%</u>
Total liabilities	<u>10,048</u>	<u>9,784</u>	<u>42</u>	<u>16</u>	<u>10,090</u>	<u>9,800</u>	<u>3.0%</u>
Net assets:							
Invested in capital assets, net of related debt	1,267	1,730	48	52	1,315	1,782	-26.2%
Restricted	771	715	---	---	771	715	7.8%
Unrestricted	<u>1,987</u>	<u>870</u>	<u>47</u>	<u>49</u>	<u>2,034</u>	<u>919</u>	<u>121.3%</u>
Total net assets	\$ 4,025	3,315	95	101	4,120	3,416	20.6%
	=====	=====	====	====	=====	=====	=====

The District's combined net assets increased 21%, or approximately \$704,000 from the prior year. A portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net 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 \$56,000 or 8% over the prior year. The increase was primarily a result of increased revenues in the Special Revenue, Management Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$1,115,000, or 121%. This increase in unrestricted net assets was a result of revenue bonds issued for the high school in excess of the cost incurred. This reduced unrestricted net assets in 2011 and was reclassified to invested in capital assets, net of related debt as the project was completed in 2012.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

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

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>		<u>Total</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>District</u>	<u>2011-2012</u>	
Revenues:							
Program revenues:							
Charges for service	\$ 997	668	117	117	1,114	785	41.9%
Operating grants, contributions and restricted interest	838	1,075	173	182	1,011	1,257	-19.6%
Capital grants, contributions and restricted interest	28	78	---	48	28	126	-77.8%
General revenues:							
Property tax	2,763	2,567	---	---	2,763	2,567	7.6%
Statewide sales, services and use tax	379	336	---	---	379	336	12.8%
Income surtax	205	239	---	---	205	239	-14.2%
Unrestricted state grants	1,779	1,565	---	---	1,779	1,565	13.7%
Unrestricted investment earnings	4	7	---	---	4	7	-42.9%
Other	<u>110</u>	<u>53</u>	<u>---</u>	<u>---</u>	<u>110</u>	<u>53</u>	<u>107.5%</u>
Total revenues	<u>7,103</u>	<u>6,588</u>	<u>290</u>	<u>347</u>	<u>7,393</u>	<u>6,935</u>	<u>6.6%</u>
Program expenses:							
Governmental activities:							
Instruction	4,257	3,854	---	---	4,257	3,854	10.5%
Support services	1,510	1,465	---	---	1,510	1,465	3.1%
Non-instructional programs	---	---	296	282	296	282	5.0%
Other expenses	<u>626</u>	<u>677</u>	<u>---</u>	<u>---</u>	<u>626</u>	<u>677</u>	<u>-7.5%</u>
Total expenses	<u>6,393</u>	<u>5,996</u>	<u>296</u>	<u>282</u>	<u>6,689</u>	<u>6,278</u>	<u>6.5%</u>
Increase (decrease) in net assets	710	592	(6)	65	704	657	7.2%
Net assets beginning of year	<u>3,315</u>	<u>2,723</u>	<u>101</u>	<u>36</u>	<u>3,416</u>	<u>2,759</u>	<u>23.8%</u>
Net assets end of year	\$ 4,025	3,315	95	101	4,120	3,416	20.6%
	=====	=====	====	====	=====	=====	=====

In fiscal year 2012, property tax and unrestricted state grants accounted for 63.9% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue. The District's total revenues were approximately \$7.4 million, of which approximately 7.1 million was for governmental activities and less than \$1 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.6% increase in revenues and a 6.5% increase in expenses. Property tax increased approximately \$196,000 to fund the increase in expenses. The increase in expenses is related to increases in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$7,103,778 and expenses were \$6,393,376 for the year ended June 30, 2012.

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, 2012 compared to the year ended June 30, 2011.

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>2012</u>	<u>2011</u>	<u>Change</u> <u>2011-2012</u>	<u>2012</u>	<u>2011</u>	<u>Change</u> <u>2011-2012</u>
Instruction	4,257	3,854	10.5%	2,696	2,315	16.5%
Support services	1,510	1,465	3.1%	1,400	1,455	-3.8%
Non-instructional programs	---	---	0.0%	---	---	0.0%
Other expenses	<u>626</u>	<u>677</u>	<u>-7.5%</u>	<u>434</u>	<u>405</u>	<u>7.2%</u>
Total	<u>6,393</u>	<u>5,996</u>	<u>6.6%</u>	<u>4,530</u>	<u>4,175</u>	<u>8.5%</u>
	=====	=====	=====	=====	=====	=====

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$996,969.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$837,824.
- The net cost of governmental activities was financed with \$3,347,654 in property and other taxes and \$1,778,583 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2012 were \$289,918, representing a 16.3% decrease over the prior year, while expenses totaled \$295,743, a 4.8% 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 \$2,814,062, below last year's ending fund balances of \$2,886,651. The primary reason for the decrease in combined fund balances at the end of fiscal 2012 is due to expenditures for construction of a school addition during 2012.

Governmental Fund Highlights

- The General Fund balance increased from \$604,593 to \$1,088,244.
- The Debt Service Fund balance increased from \$237,169 at the end of fiscal year 2011 to \$242,529 at the end of fiscal year 2012. Property tax revenue increased \$81,568 due to the District no longer using the statewide sales, services and use tax revenue to pay for part of its general obligation bonds as that revenue source is now being used to pay for revenue bonds.
- The Capital Projects Fund balance decreased due primarily to expenditures for the school addition. The District ended fiscal year 2011 with a balance of \$1,847,788. Fiscal year 2012 ended with a balance of \$1,231,604.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$100,685 at June 30, 2011 to \$94,860 at June 30, 2012, representing a decrease of approximately 6%.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$77,775 more than budgeted revenues, a variance of 1.1%.

Total expenditures were less than budgeted by \$2,182,487, a variance of 22.6%. This was mainly caused by the District budgeting other expenditures for the high school addition construction project that were not incurred during fiscal year 2012, but in the prior year. The District did not know for sure the timing of certain expenditures on the project at the time the budget was approved.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested approximately \$7.0 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) This represents a net increase of 8.7% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$279,162.

The original cost of the District's capital assets was approximately \$10.5 million. Governmental funds account for approximately \$10.4 million, with less than \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress and building category. The District's construction in progress totaled \$0 at June 30, 2012, compared to \$2,401,513 reported at June 30, 2011. The District's buildings totaled \$6,174,112 at June 30, 2012 compared to \$3,340,052 reported at June 30, 2011. The significant changes in these two categories were due to the completion of the high school addition project.

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,
	2012	2011	2012	2011	2012	2011	2011-2012
Land	\$ 154	154	-	-	154	154	-
Construction in progress	---	2,402	-	-	---	2,402	-100.0%
Buildings	6,174	3,340	-	-	6,174	3,340	84.9%
Improvements other than buildings	237	74	-	-	237	74	220.3%
Furniture and equipment	389	417	48	52	437	469	-6.8%
Total	\$ 6,954	6,387	48	52	7,002	6,439	8.7%
	=====	=====	=====	=====	=====	=====	=====

Long-Term Debt

At June 30, 2012, the District had \$5,713,957 in total long-term debt outstanding. This represents a decrease of approximately 5% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$14 million.

The District had total outstanding bonded indebtedness at June 30, 2012 of \$5,687,000.

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

	Total	Total	Total
	District	District	Change
	June 30,	June 30,	June 30,
	2012	2011	2011-2012
General obligation refunding bonds	\$ 2,057	2,256	-8.8%
Revenue bonds	3,630	3,726	-2.6%
Early retirement payable	<u>27</u>	<u>22</u>	<u>22.7%</u>
Total	\$ 5,714	6,004	-4.8%
	=====	=====	=====

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 2012.
- The District experienced a slight increase in enrollment and must continue to monitor expenses carefully.
- Fiscal 2012 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 2013. 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 started its first year of the whole grade sharing agreement with Aurelia in fiscal 2011-2012.
- The District has relocated in October 2011 to one educational facility which is more cost effective. This will have a positive impact on the District. The District is investigating possible uses for the old building.
- The continued insufficient allowable growth rate set the by the State of Iowa will have a significant negative impact on the District's budget.
- The budget guarantee has largely been phased out so this will have a big impact on the District as well.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Alta Community School District
Alta, Iowa

Exhibit A

Statement of Net Assets

June 30, 2012

	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	\$ 3,293,818	81,846	3,375,664	124,603
Receivables:				
Property tax:				
Delinquent	63,404	-	63,404	-
Succeeding year	2,808,894	-	2,808,894	-
Accounts	-	791	791	-
Due from other governments	901,428	10,305	911,733	-
Due from other funds	11,147	(11,147)	-	-
Inventories	-	7,438	7,438	-
Capital assets, net of accumulated depreciation	6,953,736	47,506	7,001,242	-
Bond issuance costs, net of accumulated amortization	<u>40,570</u>	<u>-</u>	<u>40,570</u>	<u>-</u>
Total assets	<u>14,072,997</u>	<u>136,739</u>	<u>14,209,736</u>	<u>124,603</u>
Liabilities				
Accounts payable	706,433	6,242	712,675	-
Salaries and benefits payable	489,099	17,936	507,035	-
Early retirement payable	48,803	-	48,803	-
Accrued interest payable	83,967	-	83,967	-
Deferred revenue:				
Succeeding year property tax	2,808,894	-	2,808,894	-
Other	7,657	4,218	11,875	-
Long-term liabilities:				
Portion due within one year:				
General obligation refunding bonds	200,000	-	200,000	-
Revenue bonds	100,000	-	100,000	-
Early retirement	26,827	-	26,827	-
Portion due after one year:				
General obligation refunding bonds (net of \$7,689 unamortized discount)	1,857,311	-	1,857,311	-
Revenue bonds (net of \$60,181 unamortized discount)	3,529,819	-	3,529,819	-
Net OPEB liability	<u>188,761</u>	<u>13,483</u>	<u>202,244</u>	<u>-</u>
Total liabilities	<u>10,047,571</u>	<u>41,879</u>	<u>10,089,450</u>	<u>-</u>

(continued)

Alta Community School District
Alta, Iowa

Exhibit A

Statement of Net Assets

June 30, 2012

	Primary Government			Component
	Governmental	Business Type	Unit	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Educational Foundation</u>
Net assets				
Invested in capital assets, net of related debt	1,266,606	47,506	1,314,112	-
Restricted for:				
Categorical funding	103,591	-	103,591	-
Management levy purposes	179,773	-	179,773	-
Physical plant and equipment	102,391	-	102,391	-
Student activities	71,912	-	71,912	-
Debt service	313,800	-	313,800	-
Foundation purposes	-	-	-	124,603
Unrestricted	1,987,353	47,354	2,034,707	-
Total net assets	\$ 4,025,426	94,860	4,120,286	124,603

See notes to financial statements.

Alta Community School District
Alta, Iowa
Statement of Activities
Year ended June 30, 2012

	<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	\$ 2,782,567	472,401	415,623	27,690
Special instruction	665,769	189,500	50,323	-
Other instruction	808,314	230,461	173,910	734
	<u>4,256,650</u>	<u>892,362</u>	<u>639,856</u>	<u>28,424</u>
Support services:				
Student	54,309	-	-	-
Instructional staff	116,193	10,142	-	-
Administration	553,540	67,477	-	-
Operation and maintenance of plant	502,429	225	-	-
Transportation	283,780	26,763	5,774	-
	<u>1,510,251</u>	<u>104,607</u>	<u>5,774</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	43,354	-	-	-
Long-term debt interest	220,576	-	-	-
AEA flowthrough	192,194	-	192,194	-
Depreciation (unallocated)*	170,351	-	-	-
	<u>626,475</u>	<u>-</u>	<u>192,194</u>	<u>-</u>
Total governmental activities	<u>6,393,376</u>	<u>996,969</u>	<u>837,824</u>	<u>28,424</u>
Business type activities:				
Non-instructional programs:				
Food service operations	295,743	116,943	172,905	-
Total primary government	\$ 6,689,119	1,113,912	1,010,729	28,424
Component Unit:				
Educational Foundation	\$ 8,775	-	3,650	-
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Gain on sale of fixed assets				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

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

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Educational Foundation
(1,866,853)	-	(1,866,853)	-
(425,946)	-	(425,946)	-
(403,209)	-	(403,209)	-
<u>(2,696,008)</u>	<u>-</u>	<u>(2,696,008)</u>	<u>-</u>
(54,309)	-	(54,309)	-
(106,051)	-	(106,051)	-
(486,063)	-	(486,063)	-
(502,204)	-	(502,204)	-
(251,243)	-	(251,243)	-
<u>(1,399,870)</u>	<u>-</u>	<u>(1,399,870)</u>	<u>-</u>
(43,354)	-	(43,354)	-
(220,576)	-	(220,576)	-
-	-	-	-
(170,351)	-	(170,351)	-
(434,281)	-	(434,281)	-
<u>(4,530,159)</u>	<u>-</u>	<u>(4,530,159)</u>	<u>-</u>
-	(5,895)	(5,895)	-
<u>(4,530,159)</u>	<u>(5,895)</u>	<u>(4,536,054)</u>	<u>-</u>
-	-	-	(5,125)
2,432,059	-	2,432,059	-
267,482	-	267,482	-
63,992	-	63,992	-
205,398	-	205,398	-
378,723	-	378,723	-
1,778,583	-	1,778,583	-
4,394	70	4,464	811
104,539	-	104,539	-
5,391	-	5,391	-
<u>5,240,561</u>	<u>70</u>	<u>5,240,631</u>	<u>811</u>
710,402	(5,825)	704,577	(4,314)
3,315,024	100,685	3,415,709	128,917
<u>\$ 4,025,426</u>	<u>94,860</u>	<u>4,120,286</u>	<u>124,603</u>

Alta Community School District
Alta, Iowa

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 1,445,049	236,563	1,312,078	300,128	3,293,818
Receivables:					
Property tax:					
Delinquent	52,246	5,966	1,481	3,711	63,404
Succeeding year	2,327,495	260,364	66,036	154,999	2,808,894
Due from other funds	11,147	-	-	-	11,147
Due from other governments	843,477	-	57,951	-	901,428
Total assets	<u>\$ 4,679,414</u>	<u>502,893</u>	<u>1,437,546</u>	<u>458,838</u>	<u>7,078,691</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 563,176	-	139,906	3,351	706,433
Salaries and benefits payable	489,099	-	-	-	489,099
Deferred revenue:					
Succeeding year property tax	2,327,495	260,364	66,036	154,999	2,808,894
Income surtax	203,743	-	-	-	203,743
Other	7,657	-	-	-	7,657
Early retirement payable	-	-	-	48,803	48,803
Total liabilities	<u>3,591,170</u>	<u>260,364</u>	<u>205,942</u>	<u>207,153</u>	<u>4,264,629</u>
Fund balances:					
Restricted for:					
Categorical funding	103,591	-	-	-	103,591
Debt service	-	242,529	313,800	-	556,329
Management levy purposes	-	-	-	179,773	179,773
Student activities	-	-	-	71,912	71,912
School infrastructure	-	-	815,413	-	815,413
Physical plant and equipment	-	-	102,391	-	102,391
Unassigned	984,653	-	-	-	984,653
Total fund balances	<u>1,088,244</u>	<u>242,529</u>	<u>1,231,604</u>	<u>251,685</u>	<u>2,814,062</u>
Total liabilities and fund balances	<u>\$ 4,679,414</u>	<u>502,893</u>	<u>1,437,546</u>	<u>458,838</u>	<u>7,078,691</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, 2012

Total fund balances of governmental funds (page 20) \$ 2,814,062

*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. 6,953,736

Other long-term assets are not available to pay current period expenditures and,
therefore, are deferred in the governmental funds. 203,743

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. (83,967)

Long-term liabilities, including bonds, early retirement and other
postemployment benefits payable, are not due and payable in the current year and,
therefore, are not reported in the governmental funds. (5,902,718)

Bond issuance costs are not available to pay current period debt and, therefore,
are not included in the governmental funds. 40,570

Net assets of governmental activities (page 17) \$ 4,025,426

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, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 2,479,390	267,483	442,715	177,562	3,367,150
Tuition	647,548	-	-	-	647,548
Other	205,125	1,930	63,361	215,628	486,044
State sources	2,425,302	110	26	73	2,425,511
Federal sources	191,629	-	-	-	191,629
Total revenues	<u>5,948,994</u>	<u>269,523</u>	<u>506,102</u>	<u>393,263</u>	<u>7,117,882</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,601,599	-	-	107,617	2,709,216
Special	660,475	-	-	-	660,475
Other	610,856	-	-	195,451	806,307
	<u>3,872,930</u>	<u>-</u>	<u>-</u>	<u>303,068</u>	<u>4,175,998</u>
Support services:					
Student	53,059	-	-	-	53,059
Instructional staff	119,788	-	-	-	119,788
Administration	528,697	-	14,744	-	543,441
Operation and maintenance of plant	454,528	-	1,283	31,719	487,530
Transportation	249,538	-	2,020	3,892	255,450
	<u>1,405,610</u>	<u>-</u>	<u>18,047</u>	<u>35,611</u>	<u>1,459,268</u>
Other expenditures:					
Facilities acquisition	-	-	853,759	-	853,759
Long-term debt:					
Principal	-	300,000	-	-	300,000
Interest and fiscal charges	-	214,643	-	-	214,643
AEA flowthrough	192,194	-	-	-	192,194
	<u>192,194</u>	<u>514,643</u>	<u>853,759</u>	<u>-</u>	<u>1,560,596</u>
Total expenditures	<u>5,470,734</u>	<u>514,643</u>	<u>871,806</u>	<u>338,679</u>	<u>7,195,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>478,260</u>	<u>(245,120)</u>	<u>(365,704)</u>	<u>54,584</u>	<u>(77,980)</u>
Other financing sources (uses):					
Operating transfers in	-	250,480	-	-	250,480
Operating transfers out	-	-	(250,480)	-	(250,480)
Sale of assets	5,391	-	-	-	5,391
Total other financing sources (uses)	<u>5,391</u>	<u>250,480</u>	<u>(250,480)</u>	<u>-</u>	<u>5,391</u>
Net change in fund balances	483,651	5,360	(616,184)	54,584	(72,589)
Fund balances beginning of year	604,593	237,169	1,847,788	197,101	2,886,651
Fund balances end of year	<u>\$ 1,088,244</u>	<u>242,529</u>	<u>1,231,604</u>	<u>251,685</u>	<u>2,814,062</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, 2012

Net change in fund balances - total governmental funds (page 22) \$ (72,589)

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

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

Expenditures for capital assets	\$ 839,684	
Depreciation expense	<u>(273,384)</u>	566,300

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. (19,495)

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.

Discount on bonds issued	(4,309)	
Bond issuance cost	(3,091)	
Repaid	<u>300,000</u>	292,600

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	(4,852)	
Other postemployment benefits	<u>(53,029)</u>	(57,881)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,467

Change in net assets of governmental activities (page 19) \$ 710,402

See notes to financial statements.

Alta Community School District
Alta, Iowa

Exhibit G

Statement of Net Assets
Proprietary Fund

June 30, 2012

School
Nutrition

Assets

Cash and cash equivalents	\$ 81,846
Accounts receivable	791
Due from other governments	10,305
Inventories	7,438
Capital assets, net of accumulated depreciation	<u>47,506</u>
Total assets	<u>147,886</u>

Liabilities

Accounts payable	6,242
Salaries and benefits payable	17,936
Due to other funds	11,147
Deferred revenue	4,218
Net OPEB liability	<u>13,483</u>
Total liabilities	<u>53,026</u>

Net Assets

Invested in capital assets	47,506
Unrestricted	<u>47,354</u>
Total net assets	<u>\$ 94,860</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, 2012

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ <u>116,943</u>
Operating expenses:	
Support services:	
Operation and maintenance of plant	<u>2,870</u>
Non-instructional programs:	
Food service operations:	
Salaries	88,590
Benefits	43,888
Supplies	154,617
Depreciation	<u>5,778</u>
	<u>292,873</u>
Total operating expenses	<u>295,743</u>
Operating loss	<u>(178,800)</u>
Non-operating revenues:	
State sources	2,922
Federal sources	169,983
Interest income	<u>70</u>
Total non-operating revenues	<u>172,975</u>
Decrease in net assets	(5,825)
Net assets beginning of year	<u>100,685</u>
Net assets end of year	<u>\$ 94,860</u>
See notes to financial statements.	

Alta Community School District
Alta, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2012

School
Nutrition

Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 118,065
Cash paid to employees for services	(129,573)
Cash paid to suppliers for goods or services	<u>(136,497)</u>
Net cash used by operating activities	<u>(148,005)</u>
Cash flows from non-capital financing activities:	
State grants received	2,922
Federal grants received	<u>156,031</u>
Net cash provided by non-capital financing activities	<u>158,953</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(1,591)</u>
Cash flows from investing activities:	
Interest on investments	<u>70</u>
Net increase in cash and cash equivalents	9,427
Cash and cash equivalents beginning of year	<u>72,419</u>
Cash and cash equivalents end of year	<u>\$ 81,846</u>

(continued)

Alta Community School District
Alta, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2012

School
Nutrition

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

Operating loss	\$ (178,800)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	13,952
Depreciation	5,778
Increase in accounts receivable	(212)
Decrease in inventories	4,607
Increase in accounts payable	2,431
Increase in salaries and benefits payable	17,936
Decrease in due to other funds	(18,819)
Increase in deferred revenue	1,334
Increase in other postemployment benefits	3,788
Net cash used by operating activities	<u>\$ (148,005)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2012, the District received \$13,952 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, 2012

Agency

Assets

Cash and pooled investments

\$ 8,862

Total assets

8,862

Liabilities

Other payables

8,862

Total liabilities

8,862

Net assets

\$ -

See notes to financial statements.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2012

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 the following 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, 2012

Unrestricted net assets consist of net assets not meeting the definition of the 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. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

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

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2012

The District reports the following major proprietary fund:

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

The District also reports fiduciary funds which focus on net 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
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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.

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

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, 2012

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 and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

Alta Community School District
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June 30, 2012

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

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June 30, 2012

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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year. 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 and unspent grant proceeds.

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, fund balances are classified as follows:

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

Unassigned – All amounts not included in other spendable classifications.

Alta Community School District
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Notes to Financial Statements

June 30, 2012

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 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, 2012, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$454,037 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

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

The detail of interfund receivables and payables at June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise, School Nutrition	\$ 11,147

The School Nutrition Fund owes the General Fund for cooks' wages paid from the General Fund that were not reimbursed before June 30, 2012.

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Notes to Financial Statements

June 30, 2012

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 250,480

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 153,990	---	---	153,990
Construction in progress	<u>2,401,513</u>	<u>731,357</u>	<u>(3,132,870)</u>	<u>---</u>
Total capital assets not being depreciated	<u>2,555,503</u>	<u>731,357</u>	<u>(3,132,870)</u>	<u>153,990</u>
Capital assets being depreciated:				
Buildings	4,688,770	2,985,381	---	7,674,151
Improvements other than buildings	379,224	182,000	---	561,224
Furniture and equipment	<u>1,937,997</u>	<u>73,816</u>	<u>---</u>	<u>2,011,813</u>
Total capital assets being depreciated	<u>7,005,991</u>	<u>3,241,197</u>	<u>---</u>	<u>10,247,188</u>
Less accumulated depreciation for:				
Buildings	1,348,718	151,321	---	1,500,039
Improvements other than buildings	304,980	19,571	---	324,551
Furniture and equipment	<u>1,520,360</u>	<u>102,492</u>	<u>---</u>	<u>1,622,852</u>
Total accumulated depreciation	<u>3,174,058</u>	<u>273,384</u>	<u>---</u>	<u>3,447,442</u>
Total capital assets being depreciated, net	<u>3,831,933</u>	<u>2,967,813</u>	<u>---</u>	<u>6,799,746</u>
Governmental activities capital assets, net	<u>\$ 6,387,436</u>	<u>3,699,170</u>	<u>(3,132,870)</u>	<u>6,953,736</u>
	=====	=====	=====	=====

Alta Community School District
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June 30, 2012

	Balance Beginning of Year	Increases	Decreases		Balance End of Year
Business type activities:					
Furniture and equipment	\$ 76,337	1,591	---		77,928
Less accumulated depreciation	<u>24,644</u>	<u>5,778</u>	<u>---</u>		<u>30,422</u>
Business type activities capital assets, net	\$ 51,693	(4,187)	---		47,506
	=====	=====	=====		=====

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 50,241
Special	4,614
Other	6,349

Support services:

Administration	1,671
Operation and maintenance of plant	9,808
Transportation	<u>30,350</u>

Unallocated	<u>170,351</u>
-------------	----------------

Total depreciation expense – governmental activities	\$ 273,384
	=====

Business type activities:

Food service operations	\$ 5,778
	=====

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2012

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation refunding bonds	\$ 2,256,441	---	199,130	2,057,311 (1)	200,000
Revenue bonds	3,726,380	---	96,561	3,629,819 (2)	100,000
Early retirement	21,975	53,655	48,803	26,827	26,827
Net OPEB liability	<u>135,732</u>	<u>53,029</u>	<u>---</u>	<u>188,761</u>	<u>---</u>
Total	<u>\$ 6,140,528</u>	<u>106,684</u>	<u>344,494</u>	<u>5,902,718</u>	<u>326,827</u>

(1) Bonds were sold at a discount; unamortized discount at June 30, 2012 totaled \$7,689.

(2) Bonds were sold at a discount; unamortized discount at June 30, 2012 totaled \$60,181.

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ 9,695	3,788	---	13,483	---

Termination Benefits

In December 2011, the District approved a voluntary early retirement plan for employees. The plan was offered to employees for one year. Eligible employees must have completed at least fifteen years of contracted service to the District and must have reached the age of fifty-five on or before June 30, 2012. The application for early retirement was subject to approval by the Board of Education.

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Notes to Financial Statements

June 30, 2012

Early retirement benefits equal sixty percent of the employees' total salary amount as stated in their individual contract for the 2011-2012 school year. Each participating employee may elect to continue their existing single or family coverage under the District's health insurance program as long as they pay the monthly premiums and are permitted to continue coverage by the insurer. To continue their health insurance coverage, the employee shall pay the monthly premium amount to the District's business office on a date mutually agreed upon prior to the date the District's premium payment is made to the insurance carrier.

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

The plan allows for three options as to how the retiree can receive their early retirement benefits. They can be a) paid in two equal installments beginning July, 2012 and the second payment being paid January, 2013, b) paid into a 403(b) Retirement Plan or c) kept on account with the school and applied toward payment of their individual health insurance premiums.

At June 30, 2012, the District has obligations to two participant with a total liability of \$26,827. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$48,803.

General Obligation Refunding Bonds

On March 1, 2010, the District issued \$2,430,000 of general obligation refunding bonds, with interest rates ranging from 1.00% to 3.75% for a current refunding of the general obligation bonds issued March 1, 2002. Details of the District's June 30, 2012, general obligation refunding bonded indebtedness are summarized as follows:

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Notes to Financial Statements

June 30, 2012

Year Ending June 30,	Bond Issue of March 1, 2010			
	Interest Rates	Principal	Interest	Total
2013	1.70%	\$ 200,000	59,862	259,862
2014	2.00	205,000	56,463	261,463
2015	2.30	215,000	52,362	267,362
2016	2.60	220,000	47,418	267,418
2017	3.00	225,000	41,698	266,698
2018-2021	3.20-3.75	<u>1,000,000</u>	<u>91,090</u>	<u>1,091,090</u>
Total		\$ 2,065,000	348,893	2,413,893
		=====	=====	=====

Revenue Bonds

Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April 27, 2010			
	Interest Rates	Principal	Interest	Total
2013	2.00%	\$ 100,000	147,980	247,980
2014	2.25	155,000	145,730	300,730
2015	2.50	160,000	141,855	301,855
2016	3.00	150,000	137,055	287,055
2017	3.25	160,000	132,555	292,555
2018-2022	3.50-4.10	955,000	566,605	1,521,605
2023-2027	4.20-4.60	1,155,000	356,600	1,511,600
2028-2030	4.60	<u>855,000</u>	<u>80,040</u>	<u>935,040</u>
Total		\$ 3,690,000	1,708,420	5,398,420
		=====	=====	=====

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,890,000 of bonds issued in April 2010. The bonds were issued for the purpose of financing the costs of a new school addition. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 66 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$5,398,420. For the current year, principal and interest paid and total statewide sales, services and use tax revenues were \$249,980 and \$378,723, respectively.

Alta Community School District
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Notes to Financial Statements

June 30, 2012

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

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

(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 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$247,144, \$209,224 and \$202,002, respectively, equal to the required contributions for each year.

Alta Community School District
Alta, Iowa

Notes to Financial Statements

June 30, 2012

(8) Other Postemployment Benefits (OPEB)

Plan Description – As explained in Note 9, the District is a member in the Iowa School Employees Benefits Association (ISEBA) which provides health insurance benefits for retirees and their spouses. There are 45 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 80,000
Interest on net OPEB obligation	6,544
Adjustment to annual required contribution	<u>(5,727)</u>
Annual OPEB cost	80,817
Contributions made	<u>(24,000)</u>
Increase in net OPEB obligation	56,817
Net OPEB obligation beginning of year	<u>145,427</u>
Net OPEB obligation end of year	\$ 202,244
	=====

Alta Community School District
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Notes to Financial Statements

June 30, 2012

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$24,000 to the medical plan. Plan members eligible for benefits contributed \$6,795, or 22% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 80,000	5.0%	\$ 76,000
2011	80,427	13.7	145,427
2012	80,817	29.7	202,244

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$584,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$584,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,734,000 and the ratio of the UAAL to covered payroll was 33.7%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Alta Community School District
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Notes to Financial Statements

June 30, 2012

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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

Projected claim costs of the health insurance plan are \$680 as there are no retirees in the plan. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2012 were \$411,739.

Alta Community School District
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Notes to Financial Statements

June 30, 2012

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.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$192,194 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(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, 2012 was \$10,317. Future rentals are scheduled as follows:

Year Ending <u>June 30,</u> 2013	\$ 3,439 =====
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Alta Community School District
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Notes to Financial Statements

June 30, 2012

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, 2012 was \$4,428. Future rental are scheduled as follows:

Year Ending <u>June 30,</u> 2013	\$ 1,476 =====
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(12) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 20,366
Gifted and talented program	2,894
Preschool	20,796
Teacher salary supplement	32,351
Professional development – core curriculum	13,376
Professional development	<u>13,808</u>
Total	\$ 103,591 =====

(13) Subsequent Events

Subsequent events have been evaluated through March 26, 2013, which is the date the financial statements were available to be issued.

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, 2012

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 4,500,742	117,013
State sources	2,425,511	2,922
Federal sources	<u>191,629</u>	<u>169,983</u>
Total revenues	<u>7,117,882</u>	<u>289,918</u>
Expenditures/Expenses:		
Instruction	4,175,998	-
Support services	1,459,268	2,870
Non-instructional programs	-	292,873
Other expenditures	<u>1,560,596</u>	<u>-</u>
Total expenditures/expenses	<u>7,195,862</u>	<u>295,743</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(77,980)	(5,825)
Other financing sources, net	<u>5,391</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(72,589)	(5,825)
Balances beginning of year	<u>2,886,651</u>	<u>100,685</u>
Balances end of year	<u>\$ 2,814,062</u>	<u>94,860</u>

See accompanying independent auditor's report.

<u>Total Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
	<u>Original</u>	<u>Final</u>	
4,617,755	4,527,707	4,527,707	90,048
2,428,433	2,520,318	2,520,318	(91,885)
<u>361,612</u>	<u>282,000</u>	<u>282,000</u>	<u>79,612</u>
<u>7,407,800</u>	<u>7,330,025</u>	<u>7,330,025</u>	<u>77,775</u>
4,175,998	4,692,500	4,692,500	516,502
1,462,138	1,924,542	1,924,542	462,404
292,873	295,000	295,000	2,127
<u>1,560,596</u>	<u>2,762,050</u>	<u>2,762,050</u>	<u>1,201,454</u>
<u>7,491,605</u>	<u>9,674,092</u>	<u>9,674,092</u>	<u>2,182,487</u>
(83,805)	(2,344,067)	(2,344,067)	2,260,262
<u>5,391</u>	<u>-</u>	<u>-</u>	<u>5,391</u>
(78,414)	(2,344,067)	(2,344,067)	2,265,653
<u>2,987,336</u>	<u>2,644,439</u>	<u>2,644,439</u>	<u>342,897</u>
<u>2,908,922</u>	<u>300,372</u>	<u>300,372</u>	<u>2,608,550</u>

Alta Community School District
Alta, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2012

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, 2012, expenditures did not exceed the amounts budgeted.

Alta Community School District
Alta, Iowa

Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information

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

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

See accompanying independent auditor's report.

Supplementary Information

Alta Community School District
Alta, Iowa

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

	Special Revenue		
	Manage- ment <u>Levy</u>	Student Activity <u>Activity</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 224,865	75,263	300,128
Receivables:			
Property tax:			
Delinquent	3,711	-	3,711
Succeeding year	154,999	-	154,999
Total assets	\$ 383,575	75,263	458,838
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	3,351	3,351
Deferred revenue:			
Succeeding year property tax	154,999	-	154,999
Early retirement payable	48,803	-	48,803
Total liabilities	203,802	3,351	207,153
Fund balances:			
Restricted for:			
Management levy purposes	179,773	-	179,773
Student activities	-	71,912	71,912
Total fund balances	179,773	71,912	251,685
Total liabilities and fund balances	\$ 383,575	75,263	458,838

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 Governmental Funds

Year ended June 30, 2012

	Special Revenue		
	Manage- ment <u>Levy</u>	Student Activity	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ 177,562	-	177,562
Other	8,192	207,436	215,628
State sources	<u>73</u>	<u>-</u>	<u>73</u>
Total revenues	<u>185,827</u>	<u>207,436</u>	<u>393,263</u>
Expenditures:			
Current:			
Instruction:			
Regular	107,617	-	107,617
Other	-	195,451	195,451
Support services:			
Operation and maintenance of plant	31,719	-	31,719
Transportation	<u>3,892</u>	<u>-</u>	<u>3,892</u>
Total expenditures	<u>143,228</u>	<u>195,451</u>	<u>338,679</u>
Excess of revenues over expenditures	42,599	11,985	54,584
Fund balances beginning of year	<u>137,174</u>	<u>59,927</u>	<u>197,101</u>
Fund balances end of year	<u>\$ 179,773</u>	<u>71,912</u>	<u>251,685</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, 2012

<u>Account</u>	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 11,659	67,715	65,566	(1,443)	12,365
Ball Field	(114)	6,800	1,536	(114)	5,036
Band	-	120	90	(30)	-
Band Resale	1,260	1,093	1,302	(90)	961
Baseball	4,274	6,820	5,543	1,234	6,785
Baseball Tournament	1,252	6,898	6,967	-	1,183
Book Fair	544	4,127	3,765	-	906
Boys Basketball	740	4,719	3,147	377	2,689
Boys Basketball Tournament	3,628	150	-	(150)	3,628
Cheerleaders	2,572	8,363	10,241	-	694
Class of 2011	861	-	179	-	682
Class of 2012	857	4,076	4,641	-	292
Class of 2013	672	11,789	8,417	-	4,044
Class of 2014	401	10	218	-	193
Class of 2015	233	-	-	-	233
Class of 2016	387	-	-	-	387
Class of 2017	242	-	-	-	242
Class of 2018	59	-	-	-	59
Class of 2019	187	-	-	-	187
Class of 2020	100	-	-	-	100
Class of 2021	1	-	-	-	1
Class of 2022	10	-	-	-	10
Class of 2023	12	-	-	-	12
Class of 2025	24	-	-	-	24
Cross Country	649	3,113	3,459	-	303
Danceline	6,222	8,994	12,313	-	2,903
Drama	3,921	3,859	3,077	302	5,005
Elem Computer	1,707	700	628	192	1,971
FCA	25	-	-	-	25
FFA	631	8,739	7,825	-	1,545
FHA	529	719	689	-	559
Football	1,457	5,730	4,529	(1,100)	1,558
Interest	4,263	999	1,162	-	4,100
Girls Basketball	-	3,296	2,128	(297)	871
Marketing	114	-	-	-	114
Milk Lid Fundraiser	82	-	65	-	17
MS & HS Instrument Fees	590	-	55	120	655
NASA	-	3,535	3,560	-	(25)
PE for Life	-	8,341	6,857	-	1,484
P.I.E.	62	-	-	-	62

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

<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 Fundraiser	2,847	-	-	-	2,847
Softball	25	1,358	1,005	600	978
Speech Club	1,762	19,831	19,330	(302)	1,961
Student Council	7,912	1,913	1,505	250	8,570
Vocal	-	150	-	-	150
Volleyball	5	-	3,048	3,043	-
Volleyball Tournament	2,510	-	-	(2,510)	-
Wrestling	264	1,103	4,758	110	(3,281)
Scholarship Fund	853	460	-	-	1,313
Warrior Youth Athletics	-	-	-	-	-
Yearbook	(6,496)	9,982	7,146	-	(3,660)
Elem Activity	132	1,934	700	(192)	1,174
Total	<u>\$ 59,927</u>	<u>207,436</u>	<u>195,451</u>	<u>-</u>	<u>71,912</u>

See accompanying independent auditor's report.

Alta Community School District
Alta, Iowa

Schedule 4

Combining Balance Sheet
Capital Projects Accounts

June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	<u>Total</u>
Assets			
Cash and pooled investments	\$ 1,209,597	102,481	1,312,078
Receivables:			
Property tax:			
Delinquent	-	1,481	1,481
Succeeding year	-	66,036	66,036
Due from other governments	<u>57,951</u>	<u>-</u>	<u>57,951</u>
Total assets	<u>\$ 1,267,548</u>	<u>169,998</u>	<u>1,437,546</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 138,335	1,571	139,906
Deferred revenue:			
Succeeding year property tax	<u>-</u>	<u>66,036</u>	<u>66,036</u>
Total liabilities	<u>138,335</u>	<u>67,607</u>	<u>205,942</u>
Fund balances:			
Restricted for :			
Debt service	313,800	-	313,800
School infrastructure	815,413	-	815,413
Physical plant and equipment	<u>-</u>	<u>102,391</u>	<u>102,391</u>
Total fund balances	<u>1,129,213</u>	<u>102,391</u>	<u>1,231,604</u>
Total liabilities and fund balances	<u>\$ 1,267,548</u>	<u>169,998</u>	<u>1,437,546</u>

See accompanying independent auditor's report.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Capital Projects Accounts

Year ended June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment <u>Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ 378,723	63,992	442,715
Other	905	62,456	63,361
State sources	-	26	26
Total revenues	379,628	126,474	506,102
Expenditures:			
Support services:			
Administration	-	14,744	14,744
Operation and maintenance of plant	1,283	-	1,283
Transportation	-	2,020	2,020
Other expenditures:			
Facilities acquisition	764,129	89,630	853,759
Total expenditures	765,412	106,394	871,806
Excess (deficiency) of revenues over (under) expenditures	(385,784)	20,080	(365,704)
Other financing uses:			
Operating transfers out	(250,480)	-	(250,480)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(636,264)	20,080	(616,184)
Fund balances beginning of year	1,765,477	82,311	1,847,788
Fund balances end of year	\$ 1,129,213	102,391	1,231,604

See accompanying independent auditor's report.

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund

Year ended June 30, 2012

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ 9,731	295	1,164	8,862
Total assets	<u>\$ 9,731</u>	<u>295</u>	<u>1,164</u>	<u>8,862</u>
Liabilities				
Other payables	\$ 9,731	295	1,164	8,862
Total liabilities	<u>\$ 9,731</u>	<u>295</u>	<u>1,164</u>	<u>8,862</u>

See accompanying independent auditor's report.

Alta Community School District
Alta, Iowa

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

For the Last Ten Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues:				
Local sources:				
Local tax	\$ 3,367,150	3,107,246	2,993,879	2,748,382
Tuition	647,548	415,850	359,158	384,699
Other	486,044	407,199	255,304	247,963
Intermediate sources	-	-	-	15,000
State sources	2,425,511	2,274,990	2,062,289	2,490,697
Federal sources	191,629	346,831	524,056	201,064
Total	<u>\$ 7,117,882</u>	<u>6,552,116</u>	<u>6,194,686</u>	<u>6,087,805</u>
Expenditures:				
Instruction:				
Regular	\$ 2,709,216	2,543,978	2,452,747	2,606,379
Special	660,475	515,908	512,730	487,407
Other	806,307	752,737	702,413	672,224
Support services:				
Student	53,059	85,567	82,244	97,022
Instructional staff	119,788	105,522	103,164	131,692
Administration	543,441	529,317	492,090	593,820
Operation and maintenance of plant	487,530	497,523	451,604	429,312
Transportation	255,450	315,493	154,569	155,152
Other support	-	-	-	-
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	853,759	2,530,666	137,976	36,706
Long-term debt:				
Principal	300,000	265,000	179,488	174,776
Interest and other charges	214,643	180,240	167,227	127,755
AEA flowthrough	192,194	213,575	213,577	197,690
Total	<u>\$ 7,195,862</u>	<u>8,535,526</u>	<u>5,649,829</u>	<u>5,709,935</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
2,422,200	2,311,668	2,150,959	2,100,249	1,973,554	1,857,856
344,217	255,376	181,006	156,758	159,890	197,376
225,955	189,982	219,584	358,629	248,432	225,875
-	-	-	-	-	-
2,657,753	2,630,174	2,498,680	2,463,499	2,173,608	2,202,054
183,554	462,325	296,587	280,447	170,912	175,036
<u>5,833,679</u>	<u>5,849,525</u>	<u>5,346,816</u>	<u>5,359,582</u>	<u>4,726,396</u>	<u>4,658,197</u>
2,554,355	2,336,303	2,252,085	2,277,882	2,160,264	2,010,212
514,589	466,659	473,974	463,435	481,659	405,782
725,167	750,755	716,696	518,180	467,522	419,428
113,388	108,106	112,523	112,240	98,313	81,407
200,114	153,261	169,792	129,356	144,390	126,844
566,525	781,932	608,481	492,119	507,814	437,464
474,858	509,552	576,926	443,472	530,698	406,149
233,223	219,051	165,396	140,414	136,791	125,634
-	-	-	23,399	-	-
-	1,500	1,500	4,010	25,168	38,996
82,480	187,578	96,516	64,404	1,116,305	2,446,180
165,064	171,039	140,687	150,530	120,000	25,000
135,730	143,430	150,255	155,255	159,956	187,584
195,483	192,123	183,465	178,475	171,338	182,198
<u>5,960,976</u>	<u>6,021,289</u>	<u>5,648,296</u>	<u>5,153,171</u>	<u>6,120,218</u>	<u>6,892,878</u>

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

To the Board of Education of
Alta Community School District:

We have audited 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, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 26, 2013. Our report expressed unqualified opinions on the financial statements except for the component unit, Alta Community Educational Foundation, which was not audited. 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

The management of Alta Community School District is responsible for establishing and maintaining effective 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 an 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-12 and I-B-12 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-C-12 to be a significant deficiency.

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, 2012 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, and 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.
Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 26, 2013

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2012

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-12 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 are 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-12 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, 2012

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.

- I-C-12 Disbursement Approval – For two transactions, there was insufficient documentation to determine the date the Superintendent approved the expenditure for advance payment in accordance with the District's policy.

Recommendation – For payments made in advance of Board meetings, the District should maintain documentation of the Superintendent's approval of claims for payment, such as the Superintendent's initials and date of approval.

Response – We will maintain documentation of approval of expenditures made in advance of Board meetings by having the Superintendent initial and date the claims.

Conclusion – Response accepted.

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 Certified Budget - Expenditures for the year ended June 30, 2012, did not exceed the certified budget.

II-B-12 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-12 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-12 Business Transactions - The follow business transactions between the District and District officials or employees were noted.

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

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

II-E-12 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.

IV-F-11 Board Minutes - As previously noted, two transactions had insufficient documentation they had been approved for payment by the Superintendent in advance of the Board meeting as allowed by Chapter 279.30 of the Code of Iowa.

Certain minutes were not published as required by Chapter 279.35 of the Code of Iowa.

Recommendation –Sufficient documentation should be maintained to evidence proper Superintendent approval of expenditures paid in advance of Board approval. The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2012

Response –We will maintain sufficient documentation of the Superintendent’s approval of expenditures prior to Board meetings. Procedures have been revised to ensure the minutes are published as required.

Conclusion – Response accepted.

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District’s CAR including adjustments identified during the fiscal year 2012 audit:

Alta Community School District
Alta, Iowa

Schedule of Findings

Year ended June 30, 2012

Beginning balance		\$ 1,765,477
Revenues:		
Sales tax revenues	\$ 378,723	
Other local revenues	<u>905</u>	<u>379,628</u>
		2,145,105
Expenditures/transfers out:		
School infrastructure construction	757,286	
Equipment	2,426	
Other	5,699	
Transfer to other funds:		
Debt service fund	<u>250,480</u>	<u>1,015,891</u>
Ending balance		\$ <u>1,129,214</u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-12 Deficit Balances - Three student activities accounts had deficit balances at June 30, 2012.

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

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

Conclusion - Response accepted.

II-N-12 Revenue Bonds – No instances of non-compliance with the revenue bond resolution were noted.