

A-H-S-T COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

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A-H-S-T Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2011 Election)		
Kelly Allen	President	2013
Bernadette Hatch	Vice President	2013
William Hardisty	Board Member	2013
Keith Holtz	Board Member	2013
Allen Cordes	Board Member	2011
Alan Sieh	Board Member	2011
Tony Denning	Board Member	2011
(After September 2011 Election)		
Kelly Allen	President (Resigned January 2012)	2013
Bernadette Hatch	President (Appointed January 2012)	2013
Bernadette Hatch	Vice President (Appointed President January 2012)	2013
Allen Cordes	Vice President (Appointed Vice President January 2012)	2015
William Hardisty	Board Member	2013
Keith Holtz	Board Member	2013
Russell Sturm	Board Member	2015
Kimberly Wise	Board Member	2015
Steve Kock	Board Member (Appointed January 2012)	2013
School Officials		
Mark Hopkins	Superintendent	2012
Nancy Collins	District Secretary/Treasurer and Business Manager	2012
Brian Gruhn	Attorney	2012

A-H-S-T Community School District



NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(A Professional Corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
A-H-S-T 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 the A-H-S-T Community School District, Avoca, 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.

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.

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 the A-H-S-T Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2013 on our consideration of the A-H-S-T 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, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 46 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to 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 an opinion on the financial statements that collectively comprise A-H-S-T 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 eight 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 8, 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.



NOLTE, CORNMAN & JOHNSON, P.C.

March 22, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

A-H-S-T 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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,405,098 in fiscal 2011 to \$6,170,722 in fiscal 2012, while General Fund expenditures decreased from \$5,840,902 in fiscal 2011 to \$5,538,391 in fiscal 2012. The District's General Fund balance increased from \$1,311,474 in fiscal 2011 to a balance of \$1,943,805 in fiscal 2012, a 48.22% increase from the prior year.
- The decrease in General Fund revenues was attributable primarily to a decrease in local and federal source revenues in fiscal 2012. The decrease in expenditures was due primarily to a decrease in negotiable salaries and benefits.

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 A-H-S-T 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 A-H-S-T 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 A-H-S-T Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the 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 funds.

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

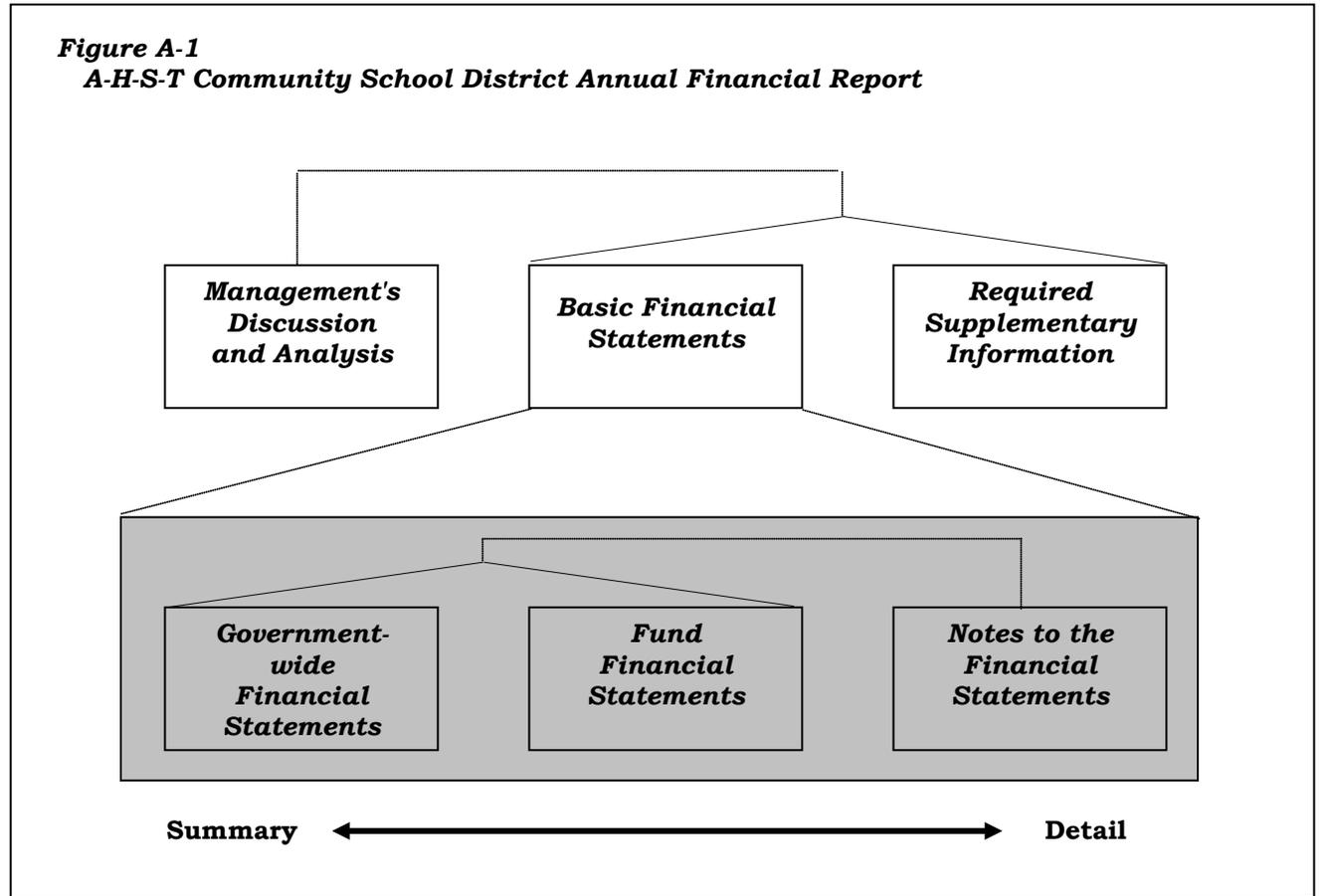


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 and student activities monies
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, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of 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 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, Capital Projects Fund and Special Revenue Funds.

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

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

The required financial statements for the proprietary funds include a statement of net assets, 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. This fund is the Private-Purpose Trust Fund.
- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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 and a statement of changes in fiduciary net assets.

Reconciliation's 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

	Governmental		Business type		Total		Total Change June 30, 2011-12
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2012	2011	2012	2011	2012	2011	
Current and other assets	\$ 7,046,270	7,032,008	60,482	52,606	7,106,752	7,084,614	0.31%
Capital assets	9,632,043	9,687,969	74,005	83,682	9,706,048	9,771,651	-0.67%
Total assets	16,678,313	16,719,977	134,487	136,288	16,812,800	16,856,265	-0.26%
Long-term obligations	5,711,410	6,425,366	0	0	5,711,410	6,425,366	-11.11%
Other liabilities	3,490,160	4,012,964	10,215	8,439	3,500,375	4,021,403	-12.96%
Total liabilities	9,201,570	10,438,330	10,215	8,439	9,211,785	10,446,769	-11.82%
Net assets:							
Invested in capital assets, net of related debt	4,104,607	3,497,528	74,005	83,682	4,178,612	3,581,210	16.68%
Restricted	1,645,755	1,620,518	0	0	1,645,755	1,620,518	1.56%
Unrestricted	1,726,381	1,163,601	50,267	44,167	1,776,648	1,207,768	47.10%
Total net assets	\$ 7,476,743	6,281,647	124,272	127,849	7,601,015	6,409,496	18.59%

The District's combined net assets increased by \$1,191,519, or 18.59% over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by \$25,237, or 1.56%. The increase in restricted net assets is a result of an increase in the fund balance of the Capital Projects: Statewide Sale, Services and Use Tax 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 by \$568,880, or 47.10%. This increase in unrestricted net assets is due primarily to the increase in the fund balance of the General Fund.

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 of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 507,393	428,808	142,525	133,247	649,918	562,055	15.63%
Operating grants, contributions and restricted interest	547,906	699,280	127,525	133,437	675,431	832,717	-18.89%
Capital grants, contributions and restricted interest	3,286	146,000	0	0	3,286	146,000	-97.75%
General revenues and transfers:							
Property tax	3,128,982	3,044,846	0	0	3,128,982	3,044,846	2.76%
Income surtax	95,953	199,217	0	0	95,953	199,217	-51.83%
Statewide sales, services and use tax	488,930	562,175	0	0	488,930	562,175	-13.03%
Unrestricted state grants	2,634,291	2,533,303	0	0	2,634,291	2,533,303	3.99%
Nonspecific program federal grants	77,800	90,086	0	0	77,800	90,086	-13.64%
Other general revenue	37,142	151,688	0	1,414	37,142	153,102	-75.74%
Transfers	363	0	(363)	0	0	0	0.00%
Total revenues	7,522,046	7,855,403	269,687	268,098	7,791,733	8,123,501	-4.08%
Program expenses:							
Governmental activities:							
Instruction	4,146,557	4,568,066	0	0	4,146,557	4,568,066	-9.23%
Support services	1,450,272	1,410,407	8,323	5,842	1,458,595	1,416,249	2.99%
Non-instructional programs	0	0	264,941	288,824	264,941	288,824	-8.27%
Other expenses	730,121	774,339	0	0	730,121	774,339	-5.71%
Total expenses	6,326,950	6,752,812	273,264	294,666	6,600,214	7,047,478	-6.35%
Change in net assets	1,195,096	1,102,591	(3,577)	(26,568)	1,191,519	1,076,023	-10.73%
Net assets beginning of year	6,281,647	5,179,056	127,849	154,417	6,409,496	5,333,473	20.17%
Net assets end of year	\$ 7,476,743	6,281,647	124,272	127,849	7,601,015	6,409,496	18.59%

In fiscal 2012, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 84.39% of the revenue from governmental activities while charges for service grants and sales and operating grants and contributions account for 100% of the revenue from business type activities.

The District's total revenues were approximately \$7.79 million, of which approximately \$7.52 million was for governmental activities and approximately \$0.27 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.08% decrease in revenues and a 6.35% decrease in expenses. The decrease in expenses related primarily to a decrease in negotiable salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$7,522,046 and expenses were \$6,326,950. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District’s major governmental activities: instruction, support services 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

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 4,146,557	4,568,066	-9.23%	3,324,786	3,702,238	-10.20%
Support services	1,450,272	1,410,407	2.83%	1,446,986	1,264,407	14.44%
Other expenses	730,121	774,339	-5.71%	496,593	512,079	-3.02%
Totals	\$ 6,326,950	6,752,812	-6.31%	5,268,365	5,478,724	-3.84%

For the year ended June 30, 2012:

- The cost financed by users of the District’s programs was \$507,393.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$551,192.
- The net cost of governmental activities was financed with \$3,128,982 in property tax, \$95,953 in income surtax, \$488,930 in statewide sales, services and use tax, \$2,634,291 in unrestricted state grants, \$77,800 in nonspecific program federal grants, \$3,322 in interest income and \$34,183 in other general revenues net of transfers.

Business type Activities

Revenues of the District’s business type activities were \$269,687 and expenses were \$273,324. The District’s business type activity is the School Nutrition Fund and the Child Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and a transfer out of the residual cash from closing the Child Care Fund.

INDIVIDUAL FUND ANALYSIS

As previously noted, the A-H-S-T 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 balance of \$3,306,100, compared to last year’s ending fund balances of a \$2,868,274.

Governmental Fund Highlights

- The District's increasing General Fund financial position is the product of many factors. Decreased revenues were offset with decreased expenditures for the year which caused the increase of the fund balance.
- The Debt Service Fund balance decreased from \$500,437 in fiscal 2011 to \$493,512 in fiscal 2012. The decrease was due to paying the District's indebtedness for the fiscal year.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$127,486 at June 30, 2011 to \$124,272 at June 30, 2012, representing a decrease of 2.52%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$924,843 less than budgeted revenues, a variance of 10.73%. The most significant variance resulted from the District receiving less from state sources than originally anticipated.

It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional and other expenditures functional areas.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$9,706,048, 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 amount represents a net decrease of 0.67% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$358,494.

The original cost of the District's capital assets was \$12,829,275. Governmental funds account for \$12,702,614 with the remainder of \$126,661 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$200,108 at June 30, 2012, compared to \$247,026 reported at June 30, 2010. This decrease resulted from the depreciation expensed during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 301,028	301,028	0	0	301,028	301,028	0.00%
Buildings	7,912,076	8,076,996	0	0	7,912,076	8,076,996	-2.04%
Land improvements	1,292,836	1,146,601	0	0	1,292,836	1,146,601	12.75%
Machinery and equipment	126,103	163,344	74,005	83,682	200,108	247,026	-18.99%
Total	\$ 9,632,043	9,687,969	74,005	83,682	9,706,048	9,771,651	-0.67%

Long-Term Debt

At June 30, 2012, the District had long-term debt outstanding of \$5,711,410 in other long-term debt outstanding. This represents a decrease of 11.11% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

- The District had outstanding general obligation bonds of \$4,705,000 at June 30, 2012.
- The District also had outstanding revenue bonds of \$690,000 at June 30, 2012.
- At June 30, 2012, the District had an outstanding lease obligation of \$132,436.
- The District had outstanding early retirement payable from the Special Revenue, Management Fund of \$106,539 at June 30, 2012.
- The District's net OPEB liability at June 30, 2012 was \$77,435 at June 30, 2012.

Figure A-7
Outstanding Long-Term Obligations

		Total		Total
		School District		Change
		June 30,		June 30,
		2012	2011	2011-12
General obligation bonds	\$	4,705,000	4,925,000	-4.47%
Revenue bonds		690,000	995,000	-30.65%
Computer lease		132,436	270,441	-51.03%
Early retirement		106,539	184,845	-42.36%
Net OPEB liability		77,435	50,080	54.62%
Total	\$	5,711,410	6,425,366	-11.11%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The national recession and state budget struggles have kept allowable growth rates to a minimum in recent years. With more uncertainty looming, it is hard to predict allowable growth rates for future funding. This situation paired with declining enrollment makes it a possibility for reduced state aid for fiscal year 2013.

-
- On July 1, 2012, the IPERS contribution increased to 8.67% which will increase the A-H-S-T Community Schools employer benefits costs during fiscal 2013. An additional increase to 8.93% is anticipated for FY14.

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 Kelly Allen, District Secretary/Treasurer and Business Manager, A-H-S-T Community School District, P.O. Box 158, Avoca, Iowa, 51521.

BASIC FINANCIAL STATEMENTS

A-H-S-T COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 3,655,524	58,240	3,713,764
Receivables:			
Property tax:			
Delinquent	50,867	-	50,867
Succeeding year	2,838,793	-	2,838,793
Income surtax	282,188	-	282,188
Accounts	608	-	608
Due from other governments	218,290	-	218,290
Inventories	-	2,242	2,242
Capital assets, net of accumulated depreciation	9,632,043	74,005	9,706,048
TOTAL ASSETS	16,678,313	134,487	16,812,800
LIABILITIES			
Accounts payable	158,235	17	158,252
Salaries and benefits payable	450,017	7,432	457,449
Interest payable	32,178	-	32,178
Deferred revenue:			
Succeeding year property tax	2,838,793	-	2,838,793
Other	10,937	-	10,937
Unearned revenue	-	2,766	2,766
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	230,000	-	230,000
Revenue bonds payable	320,000	-	320,000
Computer lease	132,436	-	132,436
Early retirement	56,539	-	56,539
Portion due after one year:			
General obligation bonds payable	4,475,000	-	4,475,000
Revenue bonds payable	370,000	-	370,000
Early retirement	50,000	-	50,000
Net OPEB liability	77,435	-	77,435
TOTAL LIABILITIES	9,201,570	10,215	9,211,785
NET ASSETS			
Invested in capital assets, net of related debt	4,104,607	74,005	4,178,612
Restricted for:			
Categorical funding	376,627	-	376,627
Debt service	493,512	-	493,512
Management levy purposes	225,664	-	225,664
Student activities	52,020	-	52,020
School infrastructure	345,574	-	345,574
Physical plant and equipment	152,358	-	152,358
Unrestricted	1,726,381	50,267	1,776,648
TOTAL NET ASSETS	\$ 7,476,743	124,272	7,601,015

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants, and Restricted Interest	Capital Grants, and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,842,296	292,915	68,376	-	(2,481,005)	- (2,481,005)
Special	613,746	61,248	46,725	-	(505,773)	- (505,773)
Other	690,515	153,230	199,277	-	(338,008)	- (338,008)
	<u>4,146,557</u>	<u>507,393</u>	<u>314,378</u>	<u>-</u>	<u>(3,324,786)</u>	<u>- (3,324,786)</u>
Support services:						
Student	56,015	-	-	-	(56,015)	- (56,015)
Instructional	93,818	-	-	-	(93,818)	- (93,818)
Administration	686,951	-	-	-	(686,951)	- (686,951)
Operation and maintenance of plant	384,719	-	-	3,286	(381,433)	- (381,433)
Transportation	228,769	-	-	-	(228,769)	- (228,769)
	<u>1,450,272</u>	<u>-</u>	<u>-</u>	<u>3,286</u>	<u>(1,446,986)</u>	<u>- (1,446,986)</u>
Long-term debt interest	225,468	-	-	-	(225,468)	- (225,468)
Other expenditures:						
AEA flowthrough	233,528	-	233,528	-	-	-
Depreciation(unallocated)*	271,125	-	-	-	(271,125)	- (271,125)
	<u>504,653</u>	<u>-</u>	<u>233,528</u>	<u>-</u>	<u>(271,125)</u>	<u>- (271,125)</u>
Total governmental activities	6,326,950	507,393	547,906	3,286	(5,268,365)	- (5,268,365)
Business type activities:						
Support services:						
Administration	750	-	-	-	(750)	(750)
Operation and maintenance of plant	7,573	-	-	-	(7,573)	(7,573)
	<u>8,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,323)</u>	<u>(8,323)</u>
Non-instructional programs:						
Nutrition services	264,941	142,525	127,525	-	5,109	5,109
Total business type activities	<u>273,264</u>	<u>142,525</u>	<u>127,525</u>	<u>-</u>	<u>(3,214)</u>	<u>(3,214)</u>
Total	\$ 6,600,214	649,918	675,431	3,286	(5,268,365)	(3,214) (5,271,579)
General Revenues and Transfers:						
General revenues:						
Property tax levied for:						
General purposes				\$ 2,618,726	-	2,618,726
Capital outlay				88,794	-	88,794
Debt service				421,462	-	421,462
Income surtax				95,953	-	95,953
Statewide sales, services and use tax				488,930	-	488,930
Unrestricted state grants				2,634,291	-	2,634,291
Nonspecific program federal grants				77,800	-	77,800
Unrestricted investment earnings				3,322	-	3,322
Other general revenues				33,820	-	33,820
Transfers				363	(363)	-
Total general revenues and transfers				<u>6,463,461</u>	<u>(363)</u>	<u>6,463,098</u>
Changes in net assets				1,195,096	(3,577)	1,191,519
Net assets beginning of year				6,281,647	127,849	6,409,496
Net assets end of year				<u>\$ 7,476,743</u>	<u>124,272</u>	<u>7,601,015</u>

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Debt Service	Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 2,411,954	487,223	756,347	3,655,524
Receivables:				
Property tax:				
Delinquent	40,490	6,289	4,088	50,867
Succeeding year	2,073,958	420,838	343,997	2,838,793
Income surtax	282,188	-	-	282,188
Accounts	-	-	608	608
Due from other governments	108,960	-	109,330	218,290
TOTAL ASSETS	\$ 4,917,550	914,350	1,214,370	7,046,270
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 157,158	-	1,077	158,235
Salaries and benefits payable	449,504	-	513	450,017
Deferred revenue:				
Succeeding year property tax	2,073,958	420,838	343,997	2,838,793
Income surtax	282,188	-	-	282,188
Other	10,937	-	-	10,937
Total liabilities	2,973,745	420,838	345,587	3,740,170
Fund balances:				
Restricted for:				
Categorical funding	376,627	-	-	376,627
Debt service	-	493,512	-	493,512
Management levy purposes	-	-	332,203	332,203
Student activities	-	-	52,020	52,020
School infrastructure	-	-	345,574	345,574
Physical plant and equipment	-	-	152,358	152,358
Unassigned:				
General	1,567,178	-	-	1,567,178
Student activities	-	-	(13,372)	(13,372)
Total fund balances	1,943,805	493,512	868,783	3,306,100
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,917,550	914,350	1,214,370	7,046,270

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances of governmental funds(page 20) \$ 3,306,100

**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. 9,632,043

Accrued interest payable in long-term liabilities is not
 due and payable in the current period and, therefore,
 is not reported as a liability in the governmental funds. (32,178)

Accounts receivable income surtax, are not yet available
 to finance expenditures of the current fiscal period. 282,188

Long-term liabilities, including general obligation bonds
 payable, revenue bonds payable, computer lease payable,
 early retirement payable and other postemployment benefits
 payable, are not due and payable in the current period and,
 therefore, are not reported as liabilities in the
 governmental funds. (5,711,410)

Net assets of governmental activities(page 18) \$ 7,476,743

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Debt Service	Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,517,348	421,462	679,102	3,617,912
Tuition	340,478	-	-	340,478
Other	54,911	110	154,697	209,718
Intermediate sources	43,028	-	-	43,028
State sources	2,997,835	-	-	2,997,835
Federal sources	216,759	-	-	216,759
TOTAL REVENUES	6,170,359	421,572	833,799	7,425,730
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,814,519	-	84,625	2,899,144
Special	611,927	-	-	611,927
Other	521,659	-	156,082	677,741
	3,948,105	-	240,707	4,188,812
Support services:				
Student	56,015	-	-	56,015
Instructional	93,306	-	-	93,306
Administration	642,043	1,000	37,398	680,441
Operation and maintenance of plant	331,962	-	26,482	358,444
Transportation	208,030	-	7,928	215,958
	1,331,356	1,000	71,808	1,404,164
Capital outlay	-	-	270,003	270,003
Long-term debt:				
Principal	-	663,005	-	663,005
Interest and fiscal charges	-	228,755	-	228,755
	-	891,760	-	891,760
Other expenditures:				
AEA flowthrough	233,528	-	-	233,528
TOTAL EXPENDITURES	5,512,989	892,760	582,518	6,988,267
Excess(Deficiency) of revenues over(under) expenditures	657,370	(471,188)	251,281	437,463
OTHER FINANCING SOURCES(USES):				
Transfers in	363	464,263	-	464,626
Transfers out	(25,402)	-	(438,861)	(464,263)
TOTAL OTHER FINANCING SOURCES(USES)	(25,039)	464,263	(438,861)	363
Net change in fund balances	632,331	(6,925)	(187,580)	437,826
Fund balances beginning of year	1,311,474	500,437	1,056,363	2,868,274
Fund balances end of year	\$ 1,943,805	493,512	868,783	3,306,100

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds(page 22) \$ 437,826

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

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

Capital outlays	\$ 292,891	
Depreciation expense	(348,817)	(55,926)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,287

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows: 663,005

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 95,953

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 fund.

Early retirement	78,306	
Other postemployment benefits	(27,355)	50,951

Changes in net assets of governmental activities(page 19) \$ 1,195,096

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	School Nutrition
ASSETS	
Current assets:	
Cash and pooled investments	\$ 58,240
Inventories	2,242
Total current assets	60,482
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	74,005
Total non-current assets	74,005
TOTAL ASSETS	134,487
LIABILITIES	
Current liabilities:	
Accounts payable	17
Salaries and benefits payable	7,432
Unearned revenue	2,766
Total current liabilities	10,215
TOTAL LIABILITIES	10,215
NET ASSETS	
Invested in capital assets	74,005
Unrestricted	50,267
TOTAL NET ASSETS	\$ 124,272

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	School Nutrition	Child Care	Total
OPERATING REVENUE:			
Local sources:			
Charges for services	\$ 142,525	-	142,525
OPERATING EXPENSES:			
Support services:			
Administration:			
Other	750	-	750
Operation and maintenance of plant:			
Services	7,573	-	7,573
Total support services	8,323	-	8,323
Non-instructional programs:			
Food service operations:			
Salaries	72,506	-	72,506
Benefits	11,435	-	11,435
Services	240	-	240
Supplies	167,696	-	167,696
Depreciation	9,677	-	9,677
Other	3,387	-	3,387
	264,941	-	264,941
TOTAL OPERATING EXPENSES	273,264	-	273,264
OPERATING LOSS	(130,739)	-	(130,739)
NON-OPERATING REVENUES:			
State sources	2,844	-	2,844
Federal sources	124,681	-	124,681
TOTAL NON-OPERATING REVENUES	127,525	-	127,525
Change in net assets before other financing uses	(3,214)	-	(3,214)
OTHER FINANCING USES:			
Transfer out	-	(363)	(363)
Change in net assets	(3,214)	(363)	(3,577)
Net assets beginning of year	127,486	363	127,849
Net assets end of year	\$ 124,272	-	124,272

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	School Nutrition	Child Care	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 142,085	-	142,085
Cash payments to employees for services	(81,742)	-	(81,742)
Cash payments to suppliers for goods or services	(166,149)	-	(166,149)
Net cash used in operating activities	<u>(105,806)</u>	-	<u>(105,806)</u>
Cash flows from non-capital financing activities:			
Transfer out to General Fund	-	(363)	(363)
State grants received	2,844	-	2,844
Federal grants received	109,918	-	109,918
Net cash provided by non-capital financing activities	<u>112,762</u>	<u>(363)</u>	<u>112,399</u>
Net increase(decrease) in cash and cash equivalents	6,956	(363)	6,593
Cash and cash equivalents at beginning of year	<u>51,284</u>	<u>363</u>	<u>51,647</u>
Cash and cash equivalents at end of year	<u>\$ 58,240</u>	<u>-</u>	<u>58,240</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (130,739)	-	(130,739)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	14,763	-	14,763
Depreciation	9,677	-	9,677
Increase in inventories	(1,283)	-	(1,283)
Increase in accounts payable	17	-	17
Increase in salaries and benefits payable	2,199	-	2,199
Decrease in unearned revenue	(440)	-	(440)
Net cash used in operating activities	<u>\$ (105,806)</u>	<u>-</u>	<u>(105,806)</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received \$14,763 in federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2012

	Private Purpose Trust Scholarships
ASSETS	
Cash and pooled investments	\$ 482,321
LIABILITIES	
	-
NET ASSETS	
Restricted for scholarships	\$ 482,321

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Scholarships
ADDITIONS:	
Local sources:	
Interest income	\$ 10,128
DEDUCTIONS:	
Non-instructional programs:	
Scholarships awarded	5,290
Change in net assets	4,838
Net assets beginning of year	477,483
Net assets end of year	\$ 482,321

SEE NOTES TO FINANCIAL STATEMENTS.

A-H-S-T COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(1) Summary of Significant Accounting Policies

The A-H-S-T Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. 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 Avoca, Iowa, and the predominate agricultural territory in Shelby, Harrison, and Pottawattmie 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, A-H-S-T 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. The A-H-S-T Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do 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 Shelby, Harrison, and Pottawattmie County Assessors' 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 support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. The amount of any unused bond proceeds for construction projects are added back to arrive at the final invested in capital assets number.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but 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 that 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 that are 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 other 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 receipts that are 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 expenses, including instructional, support and other costs.

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

The District reports the following nonmajor proprietary funds:

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

Fund is used to account for the day care 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 Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

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.

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 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 nonoperating 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 nonoperating 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.

D. Assets, Liabilities and Fund Balances

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.

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, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are 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 that 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.

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, machinery and equipment and intangibles, 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,200

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

Salaries and benefits payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

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

Deferred revenue on 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.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, District expenditures in the non-instructional programs and other expenditures functional areas exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits 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 Direct Government Obligations Portfolio which are valued at an amortized cost of \$470,507 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Transfers

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

Transfer to	Transfer from	Amount
	Capital Projects:	
Debt Service	Statewide Sales, Services and Use Tax	\$ 418,653
	Capital Projects:	
Debt Service	Physical Plant and Equipment Levy	20,208
Debt Service	General	25,402
General	Child Care	363
Total		<u>\$ 464,626</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for revenue bond and computer lease principal and interest payments.

The transfers from the Capital Projects: Physical Plant and Equipment Levy Fund and the General Fund to Debt Service Fund were needed for principal and interest payments on the District's computer lease.

The transfer from the Child Care Fund to the General Fund was to close the Child Care Fund.

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 301,028	-	-	301,028
Total capital assets not being depreciated	<u>301,028</u>	-	-	<u>301,028</u>
Capital assets being depreciated:				
Buildings	9,774,066	28,775	-	9,802,841
Land improvements	1,501,430	223,665	-	1,725,095
Machinery and equipment	833,199	40,451	-	873,650
Total capital assets being depreciated	<u>12,108,695</u>	<u>292,891</u>	-	<u>12,401,586</u>
Less accumulated depreciation for:				
Buildings	1,697,070	193,695	-	1,890,765
Land improvements	354,829	77,430	-	432,259
Machinery and equipment	669,855	77,692	-	747,547
Total accumulated depreciation	<u>2,721,754</u>	<u>348,817</u>	-	<u>3,070,571</u>
Total capital assets being depreciated, net	<u>9,386,941</u>	<u>(55,926)</u>	-	<u>9,331,015</u>
Governmental activities capital assets, net	<u>\$ 9,687,969</u>	<u>(55,926)</u>	-	<u>9,632,043</u>
Business type activities:				
Machinery and equipment	\$ 126,661	-	-	126,661
Less accumulated depreciation	42,979	9,677	-	52,656
Business type activities capital assets, net	<u>\$ 83,682</u>	<u>(9,677)</u>	-	<u>74,005</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 6,409
Other	7,940
Support services:	
Administration	4,352
Operation and maintenance of plant	11,180
Transportation	47,811
	<u>77,692</u>
Unallocated depreciation	<u>271,125</u>
Total governmental activities depreciation expense	<u>\$ 348,817</u>
Business type activities:	
Food services	<u>\$ 9,677</u>

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 4,925,000	-	220,000	4,705,000	230,000
Revenue bonds	995,000	-	305,000	690,000	320,000
Computer lease	270,441	-	138,005	132,436	132,436
Early retirement	184,845	-	78,306	106,539	56,539
Net OPEB liability	50,080	27,355	-	77,435	-
Total	\$ 6,425,366	27,355	741,311	5,711,410	738,975

General Obligation Bonds

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond issue December 3, 2007		
		Principal	Interest	Total
2013	4.00	% \$ 230,000	190,338	420,338
2014	4.00	240,000	181,137	421,137
2015	4.00	250,000	171,538	421,538
2016	4.00	260,000	161,537	421,537
2017	4.00	270,000	151,138	421,138
2018-2022	4.00	1,545,000	583,087	2,128,087
2023-2027	4.05-4.15	1,910,000	243,243	2,153,243
Total		\$ 4,705,000	1,682,018	6,387,018

Revenue Bonds

Details of the District's June 30, 2012 revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond issue June 27, 2008		
		Principal	Interest	Total
2013	3.70	% \$ 320,000	21,145	341,145
2014	3.90	110,000	13,080	123,080
2015	4.00	50,000	9,935	59,935
2016	4.10	50,000	7,910	57,910
2017	4.20	50,000	5,835	55,835
2018-2019	4.30-4.40	110,000	4,813	114,813
Total		\$ 690,000	62,718	752,718

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,575,000 of bonds issued in June 2008. The bonds were issued for the purpose of financing a portion of the costs of school infrastructure. 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 2019. 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 nearly 70% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$752,718. For the current year, \$305,000 of principal and \$32,402 of interest was paid on the bonds and statewide sales, services and use tax revenues were \$488,930.

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

- a) \$157,500 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. The balance of the proceeds shall be deposited to the project 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.

Computer Lease

At June 30, 2012, the District has one remaining principal and interest payment of \$132,436 and \$2,784 to be made on the District's computer lease indebtedness.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-seven and must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to a specified amount based on the age during the year of retirement. Early retirement benefits paid during the year ended June 30, 2012, totaled \$78,306.

(6) 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 contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$251,666, \$216,847, and \$213,480 respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 56 active and 4 retired members in the plan. Participants must be age 55 or older at age of retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical benefit 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	\$ 33,842
Interest on net OPEB obligation	1,252
Adjustment to annual required contribution	(3,016)
Annual OPEB cost	<u>32,078</u>
Contributions made	(4,723)
Increase in net OPEB obligation	<u>27,355</u>
Net OPEB obligation beginning of year	<u>50,080</u>
Net OPEB obligation end of year	<u>\$ 77,435</u>

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

For the year ended June 30, 2012, the District contributed \$4,723 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$30,303	15.09%	\$25,731
2011	30,578	20.37%	50,080
2012	32,078	14.72%	77,435

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 \$241,291, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$241,291. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,620,482 and the ratio of the UAAL to covered payroll was 9.21%. 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. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

Projected claim costs of the medical plan are \$682 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

A-H-S-T Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles

and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$233,528 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.

(10) Deficit Fund Balance

At June 30, 2012, the Student Activity Fund had an unassigned fund balance of \$13,372 consisting of eight deficit accounts.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2012, expenditures in the non-instructional programs and other expenditures functional areas exceeded the amounts budgeted.

(12) Categorical Funding

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

Project	Amount
Home School Assistance Program	\$ 1,748
Weighted At-Risk Programs	15,705
Gifted and Talented Program	64,165
Returning Dropouts and Dropout Prevention Programs	206,664
Teacher Salary Supplement	51,182
Beginning Administrator Mentoring and Induction Program	250
Professional Development for Model Core Curriculum	27,965
Statewide Voluntary Preschool	8,948
Total	<u>\$ 376,627</u>

A-H-S-T Community School District



REQUIRED SUPPLEMENTARY INFORMATION

A-H-S-T COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 4,168,108	142,525	4,310,633	4,448,647	4,448,647	(138,014)
Intermediate sources	43,028	-	43,028	48,000	48,000	(4,972)
State sources	2,997,835	2,844	3,000,679	3,563,476	3,563,476	(562,797)
Federal sources	216,759	124,681	341,440	560,500	560,500	(219,060)
Total revenues	7,425,730	270,050	7,695,780	8,620,623	8,620,623	(924,843)
Expenditures/Expenses:						
Instruction	4,188,812	-	4,188,812	4,788,710	4,788,710	599,898
Support services	1,404,164	8,323	1,412,487	2,233,000	2,233,000	820,513
Non-instructional programs	-	264,941	264,941	220,000	220,000	(44,941)
Other expenditures	1,395,291	-	1,395,291	1,020,670	1,020,670	(374,621)
Total expenditures/expenses	6,988,267	273,264	7,261,531	8,262,380	8,262,380	1,000,849
Excess(Deficiency) of revenues over(under) expenditures/expenses	437,463	(3,214)	434,249	358,243	358,243	76,006
Other financing sources, net	363	(363)	-	367,500	367,500	(367,500)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	437,826	(3,577)	434,249	725,743	725,743	(291,494)
Balance beginning of year	2,868,274	127,849	2,996,123	3,133,662	3,133,662	(137,539)
Balance end of year	\$ 3,306,100	124,272	3,430,372	3,859,405	3,859,405	(429,033)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

A-H-S-T COMMUNITY SCHOOL DISTRICT
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 private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the 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 or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2012, expenditures in the non-instructional programs and other expenditures functional areas exceeded the amounts budgeted.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 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 Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 288,251	288,251	0.00%	\$ 2,574,815	11.20%
2011	July 1, 2009	-	280,360	280,360	0.00%	2,358,015	11.89%
2012	July 1, 2009	-	241,291	241,291	0.00%	2,620,482	9.21%

See Note 7 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

A-H-S-T COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total		
ASSETS					
Cash and pooled investments	\$ 329,469	39,630	369,099	387,248	756,347
Receivables:					
Property tax:					
Delinquent	2,734	-	2,734	1,354	4,088
Succeeding year	250,000	-	250,000	93,997	343,997
Accounts	-	608	608	-	608
Due from other governments	-	-	-	109,330	109,330
TOTAL ASSETS	\$ 582,203	40,238	622,441	591,929	1,214,370
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	1,077	1,077	-	1,077
Salaries and benefits payable	-	513	513	-	513
Deferred revenue:					
Succeeding year property tax	250,000	-	250,000	93,997	343,997
Total liabilities	250,000	1,590	251,590	93,997	345,587
Fund balances:					
Restricted for:					
Management levy purposes	332,203	-	332,203	-	332,203
Student activities	-	52,020	52,020	-	52,020
School infrastructure	-	-	-	345,574	345,574
Physical plant and equipment	-	-	-	152,358	152,358
Unassigned	-	(13,372)	(13,372)	-	(13,372)
Total fund balances	332,203	38,648	370,851	497,932	868,783
TOTAL LIABILITIES AND FUND BALANCES	\$ 582,203	40,238	622,441	591,929	1,214,370

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total		
REVENUES:					
Local sources:					
Local tax	\$ 101,378	-	101,378	577,724	679,102
Other	5,515	145,386	150,901	3,796	154,697
TOTAL REVENUES	106,893	145,386	252,279	581,520	833,799
EXPENDITURES:					
Current:					
Instruction:					
Regular	72,345	-	72,345	12,280	84,625
Other	-	156,082	156,082	-	156,082
Support services:					
Administration	37,398	-	37,398	-	37,398
Operation and maintenance of plant	18,982	-	18,982	7,500	26,482
Transportation	7,928	-	7,928	-	7,928
Capital outlay	-	-	-	270,003	270,003
TOTAL EXPENDITURES	136,653	156,082	292,735	289,783	582,518
Excess(Deficiency) of revenues over(under) expenditures	(29,760)	(10,696)	(40,456)	291,737	251,281
Other financing uses:					
Transfer out	-	-	-	(438,861)	(438,861)
Net change in fund balances	(29,760)	(10,696)	(40,456)	(147,124)	(187,580)
Fund balances beginning of year	361,963	49,344	411,307	645,056	1,056,363
Fund balances end of year	\$ 332,203	38,648	370,851	497,932	868,783

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 236,244	151,004	387,248
Receivables:			
Property tax:			
Delinquent	-	1,354	1,354
Succeeding year	-	93,997	93,997
Due from other governments	109,330	-	109,330
TOTAL ASSETS	\$ 345,574	246,355	591,929
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	93,997	93,997
Fund balances:			
Restricted for:			
School infrastructure	345,574	-	345,574
Physical plant and equipment	-	152,358	152,358
Total fund balances	345,574	152,358	497,932
TOTAL LIABILITIES AND FUND BALANCES	\$ 345,574	246,355	591,929

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 488,930	88,794	577,724
Other	3,644	152	3,796
TOTAL REVENUES	492,574	88,946	581,520
EXPENDITURES:			
Current:			
Instruction:			
Regular	-	12,280	12,280
Support services:			
Operation and maintainance of plant	7,500	-	7,500
Capital outlay	154,238	115,765	270,003
TOTAL EXPENDITURES	161,738	128,045	289,783
Excess(Deficiency) of revenues over(under) expenditures	330,836	(39,099)	291,737
Other financing uses:			
Transfer out	(418,653)	(20,208)	(438,861)
Net change in fund balances	(87,817)	(59,307)	(147,124)
Fund balances beginning of year	433,391	211,665	645,056
Fund balances end of year	\$ 345,574	152,358	497,932

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Drama	\$ 1,447	1,402	1,963	886
Show choir	3,432	1,965	4,798	599
General athletics	4,897	1,601	2,410	4,088
Golf	-	-	1,398	(1,398)
Cheerleaders-fb	708	375	274	809
Boys basketball	74	24,432	25,769	(1,263)
Football	1,830	17,887	13,794	5,923
Baseball	2,798	12,262	9,860	5,200
Track/CC	41	6,714	9,310	(2,555)
Wrestling	41	8,859	9,755	(855)
Girls basketball	144	980	519	605
Volleyball	(2,061)	6,089	5,161	(1,133)
Softball	4,515	10,406	9,686	5,235
Annuals	(1,954)	4,674	8,741	(6,021)
FCCLA	2,474	11,425	12,465	1,434
H.S. Faculty	-	-	97	(97)
Drill team	194	-	138	56
National honor society	137	130	178	89
Class of 2012	1,540	560	2,100	-
Class of 2013	-	3,212	2,761	451
Class of 2015	-	590	448	142
H.S. student activities	2,481	483	2,325	639
Vocal	3,506	2,752	2,928	3,330
Musical	2,774	1,623	1,453	2,944
Cheerleaders-BB	9,065	5,275	4,351	9,989
Cheerleaders-wrestling	658	582	921	319
Trips	74	-	-	74
Elementary activity	9,508	7,288	8,301	8,495
Student Council	75	8,749	8,111	713
Concessions	946	5,071	6,067	(50)
Total	\$ 49,344	145,386	156,082	38,648

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND, PRIVATE-PURPOSE TRUST ACCOUNTS
 JUNE 30, 2012

	Private Purpose Trust - Scholarships				Total
	Sievers Scholarship	Rock Scholarship	Peterson Scholarship	Koos Scholarship	
ASSETS					
Cash and pooled investments	\$ 24,968	258,873	183,478	15,002	482,321
LIABILITIES	-	-	-	-	-
NET ASSETS					
Restricted for scholarships	\$ 24,968	258,873	183,478	15,002	482,321

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CHANGES IN
 FIDUCIARY NET ASSETS
 FIDUCIARY FUND, PRIVATE-PURPOSE TRUST ACCOUNTS
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust - Scholarships				Total
	Sievers Scholarship	Rock Scholarship	Peterson Scholarship	Koos Scholarship	
ADDITIONS:					
Local sources:					
Interest income	\$ 1,281	1,810	7,037	-	10,128
DEDUCTIONS:					
Non-instructional programs:					
Scholarships awarded	1,290	2,000	2,000	-	5,290
Changes in net assets	(9)	(190)	5,037	-	4,838
Net assets beginning of year	24,977	259,063	178,441	15,002	477,483
Net assets end of year	\$ 24,968	258,873	183,478	15,002	482,321

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

A-H-S-T COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST NINE YEARS

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 3,617,912	3,832,767	3,399,417	3,429,848	2,828,866	2,611,869	2,440,846	2,312,212	2,461,106
Tuition	340,478	256,222	130,588	146,243	141,541	100,379	203,872	84,692	83,747
Other	209,718	470,274	471,577	479,351	548,853	264,582	363,391	236,359	230,003
Intermediate sources	43,028	63,154	38,994	47,652	106,027	87,490	59,357	-	-
State sources	2,997,835	2,924,331	2,795,711	2,948,365	3,285,084	3,171,235	3,028,117	2,862,093	2,708,583
Federal sources	216,759	335,184	631,586	606,768	167,103	149,123	174,196	234,908	133,895
Total	\$ 7,425,730	7,881,932	7,467,873	7,658,227	7,077,474	6,384,678	6,269,779	5,730,264	5,617,334
Expenditures:									
Instruction:									
Regular	\$ 2,899,144	2,915,349	3,459,725	2,854,869	2,764,700	2,777,279	2,891,637	2,746,076	2,282,332
Special	611,927	726,176	591,934	563,240	579,189	639,589	613,855	864,153	781,836
Other	677,741	776,225	768,647	706,277	778,041	647,404	687,457	441,090	513,802
Support services:									
Student	56,015	39,188	29,952	36,337	45,401	46,592	45,617	124,686	140,717
Instructional	93,306	79,475	75,331	47,812	93,585	92,229	82,881	96,833	126,586
Administration	680,441	613,394	762,394	923,306	685,141	575,076	586,907	560,376	585,361
Operation and maintenance of plant	358,444	417,199	486,274	411,787	460,509	460,189	597,196	418,645	334,336
Transportation	215,958	254,165	356,289	266,248	325,759	355,980	261,447	194,346	266,829
Non-instructional programs:									
Community service operations	-	-	-	-	-	-	154	-	-
Capital outlay	270,003	427,584	1,589,003	5,378,281	1,482,292	424,711	545,686	128,925	219,353
Long-term debt:									
Principal	663,005	640,220	490,000	80,000	63,029	-	-	-	-
Interest and fiscal charges	234,267	251,290	269,623	358,471	2,548	-	-	-	-
Other expenditures:									
AEA flow-through	233,528	262,260	260,451	229,509	223,429	212,553	195,320	184,761	186,724
Total	\$ 6,993,779	7,402,525	9,139,623	11,856,137	7,503,623	6,231,602	6,508,157	5,759,891	5,437,876

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

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(A Professional Corporation)

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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 the
A-H-S-T 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 A-H-S-T 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 22, 2013. 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 A-H-S-T Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered A-H-S-T Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of A-H-S-T Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of A-H-S-T 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 a material weakness and other deficiencies 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 a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether A-H-S-T 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.

A-H-S-T 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 A-H-S-T 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 A-H-S-T Community School District and other parties to whom A-H-S-T 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 A-H-S-T 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.



NOLTE, CORNMAN & JOHNSON, P.C.

March 22, 2013

A-H-S-T COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - The District will review their controls procedures and obtain the maximum internal control possible with our limited number of employees.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 Certified Budget - District expenditures for the year ended June 30, 2012, exceeded the amounts budgeted in the non-instructional programs and other expenditures functional areas.

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

Response - The District will more closely monitor the certified budget. If the District anticipates exceeding any specific functional area, the certified budget will be amended in accordance with Chapter 24.9 of the Code of Iowa.

Conclusion - Response accepted.

II-B-12 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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 - Business transactions between the District and District officials and employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Keith Holtz, Board Member	Repairs and Maintenance	\$ 1,154

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

II-E-12 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - In the future, the District will make sure that the board minutes are submitted to the publisher in a timely manner.

Conclusion - Response accepted.

II-G-12 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was understated by 2.

Recommendation - The Iowa Department of Education and Department of Management should be contracted to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion - Response accepted.

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 - We noted 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.

II-J-12 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely. We noted no significant deficiencies in the amounts reported.

II-K-12 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

II-L-12 Statewide Sales, Service and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.3 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 reports (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012,

the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2012 audit:

Beginning Balance		\$	433,391
Revenues/transfers in:			
Sales tax revenues	\$	488,930	
Other local revenues		<u>3,644</u>	<u>492,574</u>
			925,965
Expenditures/transfers out:			
School infrastructure construction	\$	142,776	
Equipment		10,284	
Other		8,678	
Transfers to other funds:			
Debt service fund		<u>418,653</u>	<u>580,391</u>
Ending Balance			<u><u>\$ 345,574</u></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 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. We noted the District does not obtain the image of the back of each cancelled check in the Capital Projects: Physical Plant and Equipment Levy Fund as required.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response - The District will request images of the fronts and backs of checks from the bank.

Conclusion - Response accepted.

II-N-12 Check Signatures - We noted during our audit, instances of the Board Secretary's signature not present on checks. Chapter 291.1 of the Code of Iowa requires the Board President and Board Secretary to sign all checks. Also pursuant to this section, the Board President may designate an individual to sign warrants on his/her behalf. However, the Board Secretary may not designate an individual to sign in their absence.

Recommendation - The District should review their procedures to ensure that the proper signatures are on all checks before sending them out, in order to be in compliance with Chapter 291.1 and 291.8 of the Code of Iowa.

Response - The District was in transition of Business Manager's during the year and will ensure that, in the future, all checks will be signed by the Board Secretary and the Board President.

Conclusion - Response accepted.

II-O-12 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. More specific examples of these instances of questioned items and recommendations are as follows:

Instructional Items Purchased: We noted during our audit that the District purchased books for the library from receipts posted to the Elementary Supplies account in the Student Activity Fund.

Recommendation - It would appear that the books were purchased for purposes which are instructional in nature and not allowed from the Student Activity Fund. Revenues and expenses intended for instructional items are more appropriately handled in the General Fund. The District should abstain from purchasing instructional items from the Student Activity Fund.

Response - The District will no longer purchase books for the library from the Student Activity Fund.

Conclusion - Response accepted.

Box Tops Donations: Donations given to the District should be expended according to donor request. According to information contained on the website for Box Tops, the donation can be used for items such as books, computers or playground equipment. Currently, the District records Box Top donations in the Student Activity Fund.

Recommendation - Since the items listed for purchase with Box Top donations appear more instructional in nature, the most logical place to record these donations would be the General Fund.

Response - The District will recognize Box Top donations as instructional and will be accounted for in the General Fund for the future.

Conclusion - Response accepted.

II-P-12 Financial Condition - The District's Student Activity Fund had a deficit unassigned fund balance of \$13,372.

Recommendation - The District should monitor these funds and investigate alternatives to eliminate the deficits.

Response - The District will continue to take the appropriate steps to return the negative accounts to a positive balance.

Conclusion - Response accepted.