ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

June 30, 2009

Table of Contents

		Page
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-14
Basic Financial Statements:	Exhibit	
Government-wide Financial Statements:		
Statement of Net Assets	A	16-17
Statement of Activities	B	18-19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H	25
Statement of Cash Flows	I	26
Notes to Financial Statements		27-39
Required Supplementary Information:		
Budgetary Comparison of Revenues, Expenditures/Expenses, and Changes in Balances - Budget and Actual - All Governmental Funds and Propriety Fund		41
Notes to Required Supplementary Information - Budgetary Reporting		42
Schedule of Funding Progress for the Retiree Health Plan		43
	Schedule	
Other Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	45
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	46
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	47-48
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	49
Schedule of Expenditures of Federal Awards	5	50
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		51-52
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		53-54
Schedule of Findings and Questioned Costs		55-60

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Officials

Name	Title	Term Expires
Board of Education		
(Before September 2008 Election)		
Thomas Baxter	President	2008
Patty Fosaaen	Vice President	2010
Dwight Watkins	Board Member	2008
Bob Hager	Board Member	2010
Scott Melcher	Board Member	2009
(After September 2008 Election)*		
Dwight Watkins	President	2011
Patty Fosaaen	Vice President	2011
Bob Hager	Board Member	2011
Scott Melcher	Board Member	2009
Al Rissman	Board Member	2009

School Officials

David Herold	Superintendent
Janice Rea	District Secretary/Treasurer

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

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

Gary E. Horton CPA

PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

Independent Auditor's Report

To the Board of Education of
Allamakee 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 Allamakee Community School District, Waukon, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as 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 Allamakee Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report February 16, 2010, on our consideration of Allamakee Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 14 and 41 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Allamakee Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2008, (which are not presented herein) and expressed an unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

February 16, 2010

****

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Allamakee Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follows.

2009 Financial Highlights

* General fund revenues increased from $11,921,334 in fiscal 2008 to $12,174,775 in fiscal 2009 and General Fund expenditures decreased from to $11,991,039 in fiscal 2008 to $11,783,784. This resulted in an increase in the District's General Fund balance from $713,736 in fiscal 2008 to $1,098,295.

* The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal 2009. The decrease in expenditures was due primarily to staff retirements and those positions not being replaced, efficiencies in heating costs, and a continued effort to reduce supply and equipment budgets.

* The District did apply and receive a Harkin Fire and Safety Grant of $29,810 which was used to update the fire alarm system.

* The District's solvency ratio has increased from 5.8% at June 30, 2008 to 8.2% at June 30, 2009. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

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 Allamakee 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 Allamakee 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 Allamakee Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

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

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

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

Figure A-1
Allamakee Community School District Annual Financial Report

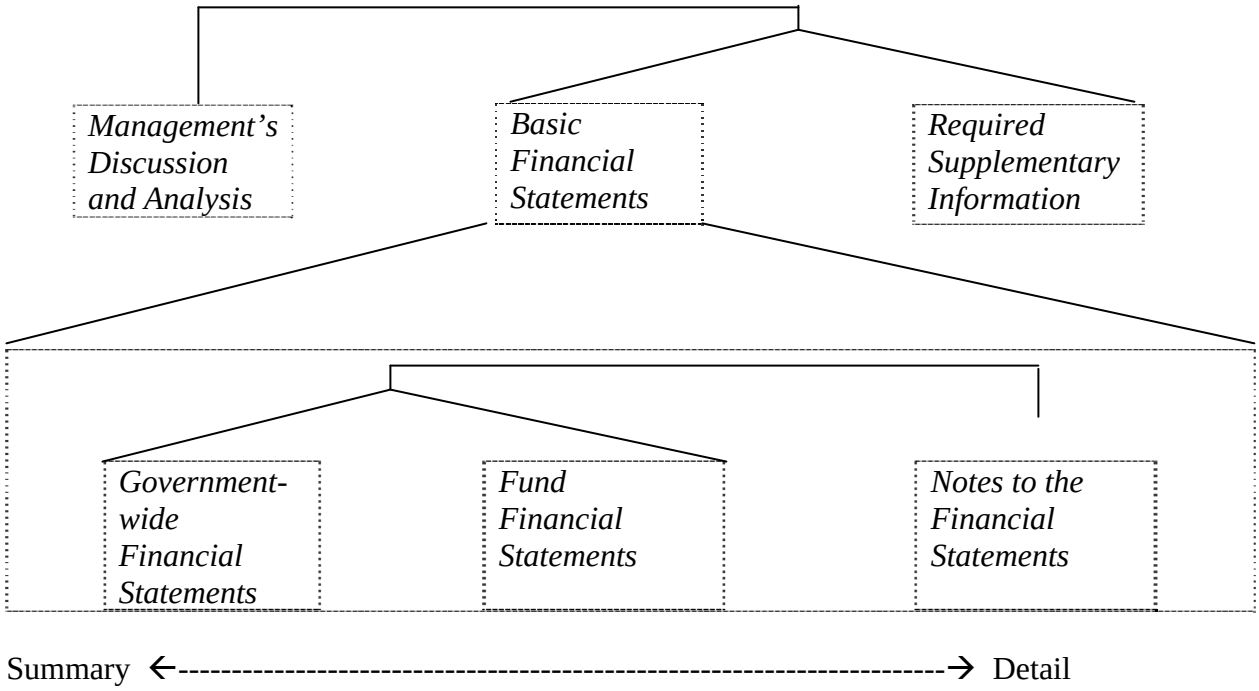

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Propriety Funds
Scope	Entire district	The activities of the district that are not proprietary such as special education and building maintenance	Activities the district operates similar to private businesses: food services
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net assets * Statement of revenues, expenditures, and changes in fund balances * Statement of cash flows
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
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
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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator or whether financial position is improving to deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities, 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 taxes 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 would be 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 two 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 funds statements provide a detailed short-term view that helps you 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; Special Revenue Funds and the Capital Projects Funds.

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

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 statements. The District's Enterprise Funds, one type of proprietary fund, are the same as it's business-type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

Reconciliation's between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Government-Wide Financial Statements

Net assets. The District's combined net assets showed an increase ending June 30, 2009 compared to June 30, 2008.

Figure A-3

Condensed Statement of Net Assets
(Expressed in thousands)

	Governmental Activities		Business-Type Activities		Total Allamakee CSD		Percentage Change
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2008-09**
Current & other assets	11,241	10,931	347	264	11,588	11,195	3.5%
Capital assets	15,254	14,450	225	262	15,479	14,712	5.2%
Total assets	**26,495**	**25,381**	**572**	**526**	**27,067**	**25,907**	**4.5%**
Current Liabilities	7,049	6,745	17	15	7,066	6,760	4.5%
Long-term obligations	10,008	10,272	3		10,011	10,272	-2.5%
Total liabilities	**17,057**	**17,017**	**20**	**15**	**17,077**	**17,032**	**0.3%**
Net Assets							
Invested in capital assets, net of debt	5,511	4,360	225	262	5,736	4,622	24.1%
Restricted	3,030	3,356			3,030	3,356	-9.7%
Unrestricted	897	647	327	250	1,224	897	36.5%
Total net assets	**9,438**	**8,363**	**552**	**512**	**9,990**	**8,875**	**12.6%**

The District's total combined net assets increased by approximately $1,115 or 12.6% 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 decreased approximately $326,000 or 9.7%. The decrease was primarily a result of decreased sales tax revenues and prior years sales tax unspent balance that was spent during the year for projects.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately $327,000 or 36.5% . The increase in unrestricted net assets as a result of the District receiving additional miscellaneous income.

Changes in net assets – Figure A-4 shows the changes in net assets for year ended June 30, 2009 and June 30, 2008.

Figure A-4

	Changes in Net Assets (Expressed in thousands)					
	Governmental Activities		Business-Type Activities		Total Allamakee CSD	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for service and sales	786	761	404	376	1,190	1,137
Operating grants, contributions and restricted interest	2,863	2,554	328	321	3,191	2,875
Capital grants, contributions and restricted interest	254	215			254	215
General revenues						
Property taxes	4,391	4,214			4,391	4,214
Local option sales tax	771	789			771	789
Income Surtax	421	410			421	410
Unrestricted state grants	5,106	5,354			5,106	5,354
Unrestricted investment earnings	72	110	4	6	76	116
Other	26	29			26	29
Value of Bldg. - Loss		-111			0	-111
Total revenues	**14,690**	**14,325**	**736**	**703**	**15,426**	**15,028**
Program expenses:						
Governmental activities:						
Instruction	7,965	8,015			7,965	8,015
Support services	4,277	4,149			4,277	4,149
Non-instructional program			695	675	695	675
Other expenses	1,373	1,221			1,373	1,221
Transfers		173		-173		0
Total expenses	13,615	13,558	695	502	14,310	14,060
CHANGE IN NET ASSETS	**1,075**	**767**	**41**	**201**	**1,116**	**968**
Net assets beginning of year	**8,363**	**7,596**	**511**	**310**	**8,874**	**7,906**
Net assets end of year	**9,438**	**8,363**	**552**	**511**	**9,990**	**8,874**

Property tax and unrestricted state grant account for 61.6% of the total revenue shows a slight decrease from Fiscal 2008. The District's expenses primarily relate to instruction and support services, which account for 85.5% of total expenses, which is a slight decrease from Fiscal, 2008. (See Figure A-4 Governmental Revenues and Governmental Expenditures)

Governmental Activities

Revenues for governmental activities were $14,690,161 while expenses amounted to $13,615,340. The District continues to monitor revenues and expenses.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5

Total and Net Cost of Governmental Activities
(Expressed in thousands)

	Total Cost of Services		Net Cost of Services	
	2009	**2008**	**2009**	**2008**
Instruction	$7,965	$8,015	$5,270	$5,309
Support Services	$4,277	$4,149	$3,834	$4,039
Non-instructional programs				
Other expenses	$1,373	$1,221	$608	$507

A portion of the cost financed by users of the District's programs was $786,068. Most of these revenues are derived from tuition, student fees, building rental and miscellaneous income.

The federal and state government subsidized certain programs with grants and contributions totaling 2,863,067.

The net cost portion of governmental activities was financed with $4,391,144 in property tax and other taxes, $5,105,717 in state foundation aid and $770,736 in unrestricted state grants.

Business-Type Activities

Revenues of the District's business-type activities increased to $735,567 while expenses increased to $694,735. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

Individual Fund Analysis

As previously noted, the Allamakee 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 $3,803,750 a slight increase from last year's ending fund balance of $3,795,203.

Governmental Fund Highlights

- The District's General Fund balance increased by over $384,000. This was accomplished by a combination of increased property tax revenues and cost cutting efforts.

- The balance in the Physical Plant and Equipment Property Tax Levy Fund remained steady. The carry over fund balance may be used for construction, building repair and remodeling and equipment purchases.

- The nonmajor governmental funds combined fund balances decreased by $392,735. Almost all of this decrease is attributable to the Capital Projects Fund. During the year the District used this fund to pay for boiler replacement projects and asbestos removal. The remaining Capital Projects Fund balance is sales tax revenues that have not been spent yet. The carryover fund balance must be spent for construction, building repair and remodeling, equipment purchases and bond payments.

Proprietary Fund Highlights

- School Nutrition Fund net assets increase from $552,339 at June 30, 2009, to $511,507 at June 30, 2009. This slight increase is a result of controlling expenditures.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the Generally Accepted Accounting Principles (GAAP) basis. Over the course of the year, the District amended its annual operating one time to reflect additional expenditures in the instructional, support services and non-instructional expenditure areas. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

School districts have two levels of budgetary control. One form of budgetary control exists through the "certified budget", which includes all funds of the District as noted above. This budget is certified with the County Auditor and Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority.

The other level of budgetary control is the "unspent (maximum) authorized budget" and pertains only to the General Fund of the District. The maximum authorized budget is the total "spending authority" in the General Fund of the District. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash". It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the District.

The District's receipts for Governmental and Proprietary Funds were $888,034 higher than budgeted. This was a result of additional misc. income, Medicaid income and income surtax.
The District's expenditures for Governmental and Proprietary Funds were $1,862,478 lower than budgeted. The District did amend its budget to deal with additional funds but in spite of this the

District did exceeded the budgeted amount in the non-instructional area due to the timing of disbursement paid at the year-end without sufficient time to amend the certified budget.

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal 2009, the District had invested $15,479,683 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic faculties, computers and audio-visual equipment, and transportation equipment. More detailed information is available in Note 5 of the financial statement. Net depreciation expense for the year was $632,248.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled $1,063,598 at June 30, 2009, compared to $148,007 reported at June 30, 2008. This significant increase is due to two boiler replacement projects being in progress at year-end. The District has committed approximately $700,000 to complete these two projects.

Figure A-6

	Capital Assets, net of depreciation						
	Governmental Activities		Business-Type Activities		Total Allamakee CSD		Total Change %
	2009	2008	2009	2008	2008	2008	2008-2009
Land	277,641	277,641			277,641	277,641	0.0%
Construction in Progress	1,063,598	148,007			1,063,598	148,007	618.6%
Buildings	12,519,175	12,877,363			12,519,175	12,877,363	-2.8%
Improvements other than buildings	421,796	322,871			421,796	322,871	30.6%
Furniture and Equipment	971,884	824,273	225,589	262,252	1,197,473	1,086,525	10.2%
Totals	**15,254,094**	**14,450,155**	**255,589**	**262,252**	**15,479,683**	**14,712,407**	5.2%

Long Term Debt

At year-end, the District had $9,932,363 in general obligation, revenue and other long-term debt outstanding. This reflects $139,945 owed in salary for termination benefits. The District also issued $9,700,000 in general obligation bonds in May of 2006 for a construction projected started in the fall of 2006 and completed in fiscal 2008. At the end of 2009 $8,720,000 was still outstanding

The District issued $1,000,000 of qualified zone academy bonds in September 2003. The bonds were issued to finance remodeling of existing school facilities at East Elementary, West Elementary and Waterville Elementary. The bonds are interest free and the entire balance is due on May 1, 2013.

Beginning May 1, 2005 the District began placing the first of 10 payments of $98,327 into an escrow account, which has a 3% interest rate. Payments will be made from the Voter Approved Physical Plant and Equipment Levy to an escrow account at the Bank of America. (See Figure A-7.)

At year end the District had an outstanding Equipment Loan Note of $23,431. These funds were used to buy new instrumental music equipment and will be paid over a 5-year period out of the General Fund. The first payment was made in fiscal 2008.

Figure A-7

	Outstanding Long-Term Obligations		
	2009	**2008**	**Total Change % 2008-2009**
General obligation bonds	8,720,000	9,060,000	-3.80%
Qualified Zone Academy Bonds	1,000,000	1,000,000	0.0%
Termination Benefits	139,945	90,000	55.5%
Compensated absences		8,085	-100.0%
Equipment Notes Payable	23,431	30,562	-23.3%
OPEB liability	$48,987		100.0%
Total	**$9,932,363**	**$10,188,647**	**-2.5%**

Factors Bearing on the District's Future

At the time these financial statement were prepared, the District was aware of two circumstances that could significantly affect its financial health in the future:

* School financing is highly dependent upon student enrollment. The District's October 2008 enrollment decreased by 35.5 students. This drop in enrollment will decrease the District's funding for fiscal 2011.

* The District will negotiation a one year agreement with the Allamakee Community Education Association (ACEA) during fiscal 2010. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget related to fund balance.

* Concerns of the downturn in the economy in the nation is a concern for the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customer, and 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 Janice Rea, School Board Secretary/Treasurer/Business Manager, Allamakee Community School District, 1059 Third Avenue N.W., Waukon, Iowa 52172.

BASIC FINANCIAL STATEMENTS

Exhibit A

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	$	$	$
Assets			
Cash and cash equivalents:			
ISCAP	742,184	-	742,184
Other	4,918,962	324,841	5,243,803
Receivables:			
Property tax:			
Delinquent	86,385	-	86,385
Succeeding year	4,593,196	-	4,593,196
Accounts	15,934	-	15,934
Accrued interest:			
ISCAP	91	-	91
Other	2,612	-	2,612
Due from other governments	813,799	-	813,799
Inventories	-	21,882	21,882
Unamortized bond issue costs	68,164	-	68,164
Capital assets, net of accumulated depreciation	15,254,094	225,589	15,479,683
Total assets	26,495,421	572,312	27,067,733
Liabilities			
Accounts payable	385,407	1,217	386,624
Salaries and benefits payable	1,093,081	5,321	1,098,402
Accrued interest payable	59,882	-	59,882
Deferred revenue:			
Succeeding year property tax	4,593,196	-	4,593,196
Other	177,247	10,240	187,487
ISCAP warrants payable	726,000	-	726,000
ISCAP accrued interest payable	249	-	249
ISCAP premium	14,054	-	14,054
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	360,000	-	360,000
Equipment note payable	7,479	-	7,479
Termination benefits	91,503	-	91,503
Portion due more than one year:			
Termination benefits	48,442	-	48,442
General obligation bonds payable	8,360,000	-	8,360,000
Unamortized bond premium	79,025	-	79,025
Equipment note payable	15,952	-	15,952
Qzab bonds payable	1,000,000	-	1,000,000
Net OPEB liability	45,792	3,195	48,987
Total liabilities	17,057,309	19,973	17,077,282

See notes to financial statements.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	$	$	$
Net assets			
Invested in capital assets, net of related debt	5,510,663	225,589	5,736,252
Restricted for:			
Categorical funding	144,082	-	144,082
Management levy	29,011	-	29,011
Physical plant and equipment levy	1,375,995	-	1,375,995
Other special revenue purposes	129,604	-	129,604
Sales tax capital projects	879,390	-	879,390
Debt service	471,807	-	471,807
Unrestricted	897,560	326,750	1,224,310
Total net assets	9,438,112	552,339	9,990,451

See notes to financial statements.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	$	$	$	$
Governmental activities:				
Instruction:				
Regular	5,165,319	255,389	1,383,810	-
Special	1,336,936	19,273	347,483	-
Other	1,462,646	449,103	239,923	-
	7,964,901	723,765	1,971,216	-
Support services:				
Student	901,347	-	319,158	-
Instructional staff	370,167	-	-	-
Administration	1,083,604	-	-	-
Operation and maintenance of plant	1,020,114	33,616	1,709	-
Transportation	902,466	28,687	60,302	-
	4,277,698	62,303	381,169	-
Other expenditures:				
Facilities acquisition	60,081	-	-	254,114
Long-term debt interest	365,907	-	13,649	-
AEA flowthrough	497,033	-	497,033	-
Depreciation (unallocated)*	449,720	-	-	-
	1,372,741	-	510,682	254,114
Total governmental activities	13,615,340	786,068	2,863,067	254,114
Business type activities:				
Non-instructional programs:				
Food service operations	694,735	404,120	327,510	-
Total	14,310,075	1,190,188	3,190,577	254,114
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

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

See notes to financial statements.

Net (Expense) Revenue and Changes in Net		
Governmental Activities	Business Type Activities	Total
$	$	$
(3,526,120)	-	(3,526,120)
(970,180)	-	(970,180)
(773,620)	-	(773,620)
(5,269,920)	-	(5,269,920)
(582,189)	-	(582,189)
(370,167)	-	(370,167)
(1,083,604)	-	(1,083,604)
(984,789)	-	(984,789)
(813,477)	-	(813,477)
(3,834,226)	-	(3,834,226)
194,033	-	194,033
(352,258)	-	(352,258)
-	-	-
(449,720)	-	(449,720)
(607,945)	-	(607,945)
(9,712,091)	-	(9,712,091)
-	36,895	36,895
(9,712,091)	36,895	(9,675,196)
4,036,767	-	4,036,767
211,800	-	211,800
142,577	-	142,577
421,148	-	421,148
770,736	-	770,736
5,105,717	-	5,105,717
71,593	3,937	75,530
26,574	-	26,574
10,786,912	3,937	10,790,849
1,074,821	40,832	1,115,653
8,363,291	511,507	8,874,798
9,438,112	552,339	9,990,451

See notes to financial statements.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

	General	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	$	$	$	$
Assets				
Cash and pooled investments:				
ISCAP	742,184	-	-	742,184
Other	2,161,978	1,007,370	1,749,614	4,918,962
Receivables:				
Property tax:				
Delinquent	75,582	2,743	8,060	86,385
Succeeding year	3,923,071	126,420	543,705	4,593,196
Accounts	15,877	-	57	15,934
Accrued interest - ISCAP	91	-	-	91
Accrued interest - other	-	-	2,612	2,612
Due from other governments	299,445	380,179	134,175	813,799
Total assets	7,218,228	1,516,712	2,438,223	11,173,163
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	186,231	14,297	184,879	385,407
Salaries and benefits payable	1,093,081	-	-	1,093,081
ISCAP warrants payable	726,000	-	-	726,000
ISCAP accrued interest payable	249	-	-	249
ISCAP premium	14,054	-	-	14,054
Deferred revenue:				
Succeeding year property tax	3,923,071	126,420	543,705	4,593,196
Income surtax	-	380,179	-	380,179
Other	177,247	-	-	177,247
Total liabilities	6,119,933	520,896	728,584	7,369,413
Fund balances:				
Reserved for:				
Categorical funding	144,082	-	-	144,082
Debt service	-	-	531,689	531,689
Unreserved, reported in:				
General fund	954,213	-	-	954,213
Special revenue funds	-	995,816	298,560	1,294,376
Capital project funds	-	-	879,390	879,390
Total fund balances	1,098,295	995,816	1,709,639	3,803,750
Total liabilities and fund balances	7,218,228	1,516,712	2,438,223	11,173,163

See notes to financial statements.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

June 30, 2009

	$
Total fund balances of governmental funds (Exhibit C)	3,803,750
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.	15,254,094
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	380,179
Bond issue costs and bond discounts are an expense when incurred in the governmental funds, but are captitalized and amortized for the life of the bonds for the government-wide financial statements.	68,164
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(59,882)
Long-term liabilities, including bonds payable, unamortized bond premiums, termination benefits and other post employment benefits payable are not due and payable in the current period and therefore, are not reported as liabilities in the Governmental Funds.	(10,008,193)
Net assets of governmental activities (Exhibit A)	9,438,112

See notes to financial statements.

Exhibit E

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2009

	General	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	$	$	$	$
Revenues:				
Local sources:				
Local tax	3,835,713	563,708	1,183,590	5,583,011
Tuition	137,722	-	-	137,722
Other	269,595	124,588	500,893	895,076
State sources	6,518,805	115	333	6,519,253
Federal sources	1,412,940	-	-	1,412,940
Total revenues	12,174,775	688,411	1,684,816	14,548,002
Expenditures:				
Current:				
Instruction:				
Regular	4,940,924	-	121,125	5,062,049
Special	1,330,191	-	-	1,330,191
Other	1,013,799	-	446,717	1,460,516
	7,284,914	-	567,842	7,852,756
Support services:				
Student	896,861	-	3,066	899,927
Instructional staff	361,160	-	2,127	363,287
Administration	1,065,990	-	6,820	1,072,810
Operation and maintenance of plant	910,403	12,047	92,527	1,014,977
Transportation	767,423	143,107	27,656	938,186
	4,001,837	155,154	132,196	4,289,187
Other expenditures:				
Facilities acquisition	-	418,169	764,526	1,182,695
Long-term debt:				
Principal	-	-	347,131	347,131
Interest and fiscal charges	-	-	372,795	372,795
AEA flowthrough	497,033	-	-	497,033
	497,033	418,169	1,484,452	2,399,654
Total expenditures	11,783,784	573,323	2,184,490	14,541,597
Excess (deficiency) of revenues over (under) expenditures	390,991	115,088	(499,674)	6,405
Other financing sources (uses):				
Sale of equipment	2,142	-	-	2,142
Operating transfers in	-	-	606,921	606,921
Operating transfers out	(8,574)	(98,347)	(500,000)	(606,921)
Total other financing sources (uses)	(6,432)	(98,347)	106,921	2,142
Net change in fund balances	384,559	16,741	(392,753)	8,547
Fund balances beginning of year	713,736	979,075	2,102,392	3,795,203
Fund balances end of year	1,098,295	995,816	1,709,639	3,803,750

See notes to financial statements.

ALLAMAKEE 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, 2009

	$	$
Net change in fund balances - total governmental funds (Exhibit E)		8,547
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense and captial asset impairment losses in the current year as follows:		
Expenditures for capital assets	1,265,721	
Donated capital assets	140,000	
Depreciation expense	(601,782)	803,939
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Sstatement of Activities.		17
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		347,131
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 and includes the amortization of bond premiums.		6,888
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Other post employment benefits	(45,792)	
Termination benefits	(49,945)	
Compensated absences	8,085	(87,652)
Bond issue costs are reported as expenses in the fund financial statements when incurred, but are capitalized and amortized over the life of the bonds for the government-wide financial statements.		(4,049)
Changes in net assets of governmental activities (Exhibit B)		1,074,821

See notes to financial statements.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2009

	Nonmajor School Nutrition
	$
Assets	
Cash and cash equivalents	324,841
Inventories	21,882
Capital assets, net of accumulated depreciation	225,589
Total assets	572,312
Liabilities	
Accounts payable	1,217
Salaries and benefits payable	5,321
Deferred revenue	10,240
Net OPEB liability	3,195
Total liabilities	19,973
Net assets	
Invested in capital assets	225,589
Unrestricted	326,750
Total net assets	552,339

See notes to financial statements

Exhibit H

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	Nonmajor School Nutrition
	$
Operating revenues:	
Local sources:	
Charges for service	404,120
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	217,822
Benefits	81,795
Purchased services	78,083
Supplies	282,223
Other expenses	1,149
Depreciation	30,466
Total operating expenses	691,538
Operating loss	(287,418)
Non-operating revenues (expenses):	
State sources	7,454
Federal sources	320,056
Interest income	3,937
Loss on disposal of equipment	(3,197)
Total non-operating revenues	328,250
Gain (loss) before capital contributions	40,832
Net assets beginning of year	511,507
Net assets end of year	552,339

See notes to financial statements.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

	Nonmajor School Nutrition
	$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	406,835
Cash payments to employees for services	(296,107)
Cash payments to suppliers for goods or services	(302,772)
Net cash used by operating activities	(192,044)
Cash flows from non-capital financing activities:	
State grants received	7,454
Federal grants received	271,108
Net cash provided by non-capital financing activities	278,562
Cash flows from capital and related financing activities:	
Sale of capital assets	3,000
Cash flows from investing activities:	
Interest on investments	3,937
Net increase (decrease) in cash and cash equivalents	93,455
Cash and cash equivalents at beginning of year	231,386
Cash and cash equivalents at end of year	324,841
Reconciliation of operating loss to net cash used by operating activities:	
Operating gain (loss)	(287,418)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	49,145
Depreciation	30,466
Decrease (increase) in inventories	8,347
Decrease (increase) in accounts receivable	2,532
(Decrease) increase in accounts payable	1,191
(Decrease) increase in salaries and benefits payable	315
(Decrease) increase in deferred revenue	183
(Decrease) increase in net OPEB liability	3,195
Net cash used by operating activities	(192,044)

Non-cash investing, capital and financing activities:
During the year ended June 30, 2009, the District received $49,145 of federal commodities.

See notes to financial statements.

1. Summary of Significant Accounting Policies

The Allamakee Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Waukon, Iowa and areas of Allamakee and Winneshiek 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, Allamakee 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 Allamakee Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely, to a significant extent on fees and charges for service.

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

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

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

The Physical Plant and Equipment Levy Fund is a special revenue fund that is used to account for the revenues from and expenditures of the physical plant and equipment property tax levy.

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

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

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

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

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

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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

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

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

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

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

Asset Class	Estimated Useful Lives $
Buildings	25-50 years
Improvements other than buildings	20-25 years
Furniture and equipment	5-20 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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 receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General 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, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures in the non-instructional programs function exceeded the amount budgeted.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009, were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

	Amortized Cost
	$
Diversified Portfolio	176,715

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

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

3. Interfund Transfers

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

Transfer To	Transfer From	Amount
		$
Nonmajor Governmental Funds: Debt Service Fund	Physical Plant and Equipment Levy Fund	98,347
Nonmajor Governmental Funds: Debt Service Fund	Nonmajor Governmental Funds: Capital Projects Fund	500,000
Nonmajor Governmental Funds: Debt Service Fund	General Fund	8,574

These transfers moved revenues from the funds statutorily required to collect the resources to the funds statutorily required to expend the resources.

4. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			$	$	$	$
2008-09A	6/26/08	6/25/09	4,689	-	-	-
2009-10A	6/25/09	6/23/10	737,495	91	726,000	249
Total			742,184	91	726,000	249

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009, is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
$	$	$	$
-	150,000	150,000	-

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
	%	%
2008-09A	3.500	3.469
2009-10A	2.500	0.902

5. Capital Assets

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

	Balance Beginning of Year, as Restated	Increases	Decreases	Balance End of Year
	$	$	$	$
Governmental activities:				
Capital assets not being depreciated:				
Land	277,641	-	-	277,641
Construction in progress	148,007	915,591	-	1,063,598
Total capital assets not being depreciated	425,648	915,591	-	1,341,239
Capital assets being depreciated:				
Buildings	14,936,096	50,457	-	14,986,553
Improvements other than buildings	1,040,780	140,000	64,970	1,115,810
Furniture and equipment	2,528,046	299,673	58,738	2,768,981
Total capital assets being depreciated	18,504,922	490,130	123,708	18,871,344
Less accumulated depreciation for:				
Buildings	2,058,733	408,645	-	2,467,378
Improvements other than buildings	717,909	41,075	64,970	694,014
Furniture and equipment	1,703,773	152,062	58,738	1,797,097
Total accumulated depreciation	4,480,415	601,782	123,708	4,958,489
Total capital assets being depreciated, net	14,024,507	(111,652)	-	13,912,855
Governmental activities capital assets, net	14,450,155	803,939	-	15,254,094

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	$	$	$	$
Business type activities:				
Furniture and equipment	410,049	-	37,803	372,246
Less accumulated depreciation	147,797	30,466	31,606	146,657
Business type activities capital assets, net	262,252	(30,466)	6,197	225,589

Depreciation expense was charged to the following functions:

Governmental activities:	$
Instruction:	
Regular	38,338
Support services:	
Instructional staff services	4,395
Operation and maintenance of plant	2,652
Transportation	106,677
	152,062
Unallocated depreciation	449,720
Total depreciation expense – governmental activities	601,782
Business type activities:	
Food service operations	30,466

6. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	$	$	$	$	$
Governmental activities:					
General obligation bonds	9,060,000	-	340,000	8,720,000	360,000
Qualified Zone Academy bonds	1,000,000	-	-	1,000,000	-
Equipment notes payable	30,562	-	7,131	23,431	7,479
Termination benefits	90,000	99,945	50,000	139,945	91,503
Compensated absences	8,085	-	8,085	-	-
Net OPEB liability	-	45,792	-	45,792	-
Total	10,188,647	145,737	405,216	9,929,168	458,982

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	$	$	$	$	$
Business type activities:					
Net OPEB liability	-	3,195	-	3,195	-

Termination Benefits

The District offered a voluntary early retirement plan to its employees during fiscal years 2006, 2007 and 2009. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement was due by April 24, 2009 and the board reserved the right to limit the number of participants.

Early retirement incentive for fiscal year 2006 was $15,000 payable in three yearly installments of $5,000. The incentive for fiscal year 2007 was $24,000 payable in three yearly installments of $8,000. The incentive for fiscal year 2009 was $30,000 payable in two annual installments of $15,000 each.

At June 30, 2009, the District has obligations to eight participants with a total liability of $139,945. Actual early retirement expenditures for the year ended June 30, 2009 totaled $50,000.

General Obligation Bonds

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May, 2006			
	Interest Rates	Principal	Interest	Total
	%	$	$	$
2010	3.75	360,000	358,202	718,202
2011	3.75	375,000	344,703	719,703
2012	3.75	390,000	330,640	720,640
2013	3.75	410,000	316,015	726,015
2014	4.25	425,000	300,640	725,640
2015-2019	3.75-3.90	2,425,000	1,197,097	3,622,097
2020-2024	3.90-4.10	2,965,000	659,945	3,624,945
2025-2026	4.10-4.25	1,370,000	87,305	1,457,305
		8,720,000	3,594,547	12,314,547

Qualified Zone Academy Bonds – The District issued $1,000,000 of qualified zone academy bonds in September 2003. The bonds were issued to finance remodeling of existing school facilities that have been designated qualified zone academy projects. The bonds are interest free and the entire balance is due on May 1, 2013. Beginning May 1, 2005 the District is required to place nine annual payments of $98,347 into an escrow account, which has a 3% interest rate. The balance accumulated in the escrow account will be used to repay the bonds when they mature. The annual payments to the escrow account will be made from the Physical Plant and Equipment Levy Fund and the escrow account is recorded in the Debt Service Fund.

Year Ending June 30,	Interest Rates	Principal
	%	$
2010	-	-
2011	-	-
2012	-	-
2013	-	1,000,000
		1,000,000

Equipment Notes

The District borrowed $37,500 in April 2007 to purchase band instruments. The note bears interest at 4.9%. Note payments are made from the General Fund.

Year Ending June 30,	Principal	Interest	Total
	$	$	$
2010	7,479	1,094	8,573
2011	7,859	714	8,573
2012	8,093	481	8,574
	23,431	2,289	25,720

The District paid $8,574 of principal and interest during the year.

7. Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 was 448,244, $423,945, and $407,909 respectively, equal to the required contributions for each year.

8. Risk Management

Allamakee Community School District is a member in the Northeast Iowa Conference Schools 28E Retention Pool Trust, an Iowa Code Chapter 28E organization. The Northeast Iowa Conference School 28E Retention Pool Trust (Trust) is a local government risk-sharing pool whose members include various schools throughout northeast Iowa. The primary purpose of the Trust is to provide medical and dental benefits to the School employees and retirees, and their dependents.

Each member's contributions to the Trust fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Trust's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the Trust. District contributions to the Trust for the year ended June 30, 2009 were $1,283,605.

Payments from participating schools are the sole source for paying claims and establishing reserves for the Trust's self-funded programs. Stop loss insurance is purchased to cover claims in excess of $90,000 per individual and aggregate stop loss insurance is purchased to limit the total cost to the group, but the potential exists for claims to exceed the premium payments made by members into the program. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the District's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage.

Allamakee 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. Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description – As explained in Note 8, the District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust which provides medical and prescription drug benefits for retirees and their spouses. Allamakee Community School District has 138 active and 16 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

	$
Annual required contribution	101,433
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	101,433
Contributions made	52,446
Increase in net OPEB obligation	48,987
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	48,987

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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, 2009.

For the year ended June 30, 2009, the District contributed $52,446 to the medical plan. Plan members eligible for benefits contributed $104,892, or 67% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
	$		$
June 30, 2009	101,433	51.7%	48,987

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was $909,845, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $909,845. The covered payroll (annual payroll of active employees covered by the plan) was approximately $6,085,000, and the ratio of the UAAL to covered payroll was 15.0%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $497,033 for the year ended June 30, 2009, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Construction Commitment

The District has entered into contracts totaling a $1,449,913 for boilers and demolition work. As of June 30, 2009 costs of $763,816 had been incurred against the contracts. The balances remaining at June 30, 2009 will be paid as work on the projects progresses.

12. Lease Commitment

The District entered into a 4 year contract to lease copy machines during fiscal year 2008. The remaining payments the District will make over the next three years are as follows:

Year Ended June 30	Lease Payment
	$
2010	28,680
2011	28,680
2012	23,900

REQUIRED SUPPLEMENTARY INFORMATION

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	$	$	$	$	$	$
Revenues:						
Local sources	6,615,809	408,057	7,023,866	6,708,451	6,708,451	315,415
Intermediate sources	-	-	-	3,000	3,000	(3,000)
State sources	6,519,253	7,454	6,526,707	6,629,084	6,629,084	(102,377)
Federal sources	1,412,940	320,056	1,732,996	1,055,000	1,055,000	677,996
Total revenues	14,548,002	735,567	15,283,569	14,395,535	14,395,535	888,034
Expenditures/Expenses:						
Instruction	7,852,756	-	7,852,756	7,907,000	8,200,000	347,244
Support services	4,289,187	-	4,289,187	4,238,425	4,700,000	410,813
Non-instructional programs	-	694,735	694,735	623,350	623,350	(71,385)
Other expenditures	2,399,654	-	2,399,654	3,575,460	3,575,460	1,175,806
Total expenditures/expenses	14,541,597	694,735	15,236,332	16,344,235	17,098,810	1,862,478
Excess (deficiency) of revenues over (under) expenditures/expenses	6,405	40,832	47,237	(1,948,700)	(2,703,275)	2,750,512
Other financing sources net	2,142	-	2,142	1,000	1,000	1,142
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	8,547	40,832	49,379	(1,947,700)	(2,702,275)	2,751,654
Balance beginning of year	3,795,203	511,507	4,306,710	4,250,475	4,250,475	56,235
Balance end of year	3,803,750	552,339	4,356,089	2,302,775	1,548,200	2,807,889

See accompanying independent auditor's report

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on 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. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by $754,575.

During the year ended June 30, 2009, expenditures in the non-instructional programs function exceeded the amount budgeted.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	$	$	$	%	$	%
July 1, 2008	-	909,845	909,845	0.0%	6,085,000	15.0%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	Special Revenue Funds				
Assets	Management Levy	Student Activity Fund	Capital Projects Fund	Debt Service	Total
	$	$	$	$	$
Cash and pooled investments	167,937	145,319	911,355	525,003	1,749,614
Receivables:					
Property tax:					
Delinquent	3,986	-	-	4,074	8,060
Succeeding year	325,501	-	-	218,204	543,705
Accounts	57	-	-	-	57
Accrued interest	-	-	-	2,612	2,612
Due from other governments	-	-	134,175	-	134,175
Total assets	497,481	145,319	1,045,530	749,893	2,438,223
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	3,024	15,715	166,140	-	184,879
Deferred revenue:					
Succeeding year property tax	325,501	-	-	218,204	543,705
Total liabilities	328,525	15,715	166,140	218,204	728,584
Fund balances:					
Reserved for debt service	-	-	-	531,689	531,689
Unreserved fund balance, reported in:					
Special revenue funds	168,956	129,604	-	-	298,560
Capital projects funds	-	-	879,390	-	879,390
Total fund equity	168,956	129,604	879,390	531,689	1,709,639
Total liabilities and fund balances	497,481	145,319	1,045,530	749,893	2,438,223

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	Special Revenue Funds				
	Management Levy	Student Activity Fund	Capital Projects Fund	Debt Service	Total
	$	$	$	$	$
Revenues:					
Local sources:					
Local tax	201,054	-	770,736	211,800	1,183,590
Other	25,295	450,220	11,729	13,649	500,893
State sources	162	-	-	171	333
Total revenues	226,511	450,220	782,465	225,620	1,684,816
Expenditures:					
Current:					
Instruction:					
Regular	121,125	-	-	-	121,125
Other	-	446,717	-	-	446,717
Support services:					
Student	3,066	-	-	-	3,066
Instructional staff	2,127	-	-	-	2,127
Administration	6,820	-	-	-	6,820
Operation and maintenance of plant	92,527	-	-	-	92,527
Transportation	27,656	-	-	-	27,656
Other expenditures:					
Facilities acquisition	-	-	764,526	-	764,526
Long-term debt:					
Principal	-	-	-	347,131	347,131
Interest and fiscal charges	-	-	-	372,795	372,795
Total expenditures	253,321	446,717	764,526	719,926	2,184,490
Excess (deficiency) of revenues over (under) expenditures	(26,810)	3,503	17,939	(494,306)	(499,674)
Other financing sources (uses):					
Operating transfers in	-	-	-	606,921	606,921
Operating transfers out	-	-	(500,000)	-	(500,000)
Total other financing sources (uses)	-	-	(500,000)	606,921	106,921
Net changes in fund balances	(26,810)	3,503	(482,061)	112,615	(392,753)
Fund balances beginning of year	195,766	126,101	1,361,451	419,074	2,102,392
Fund balances end of year	168,956	129,604	879,390	531,689	1,709,639

See accompanying independent auditor's report.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	$	$	$	$
East Elementary				
Unallocated interest	3,888	3,693	3,698	3,883
BK fund raiser	-	1,275	1,275	-
Waterville				
Unallocated interest	6,782	5,761	4,232	8,311
Waterville prairie	404	-	-	404
Junior High				
Drama	-	1,694	894	800
Boys athletics	-	5,070	70	5,000
Boys basketball	-	1,379	1,379	-
Boys football	-	1,195	1,195	-
Boys track	-	3,065	3,065	-
Boys wrestling	-	447	447	-
Girls athletics	-	5,155	155	5,000
Girls basketball	-	900	900	-
Girls volleyball	-	1,670	1,670	-
Girls track	-	1,433	1,433	-
Annual	1,818	1,905	2,223	1,500
Juice machine	3,475	515	2,990	1,000
Milk vendor	681	-	181	500
Interest	212	154	366	-
Student council	4,347	4,432	6,779	2,000
Community service club	-	73	-	73
Unallocated interest	4,076	2,939	3,618	3,397
West Elementary				
Unallocated interest	3	3,610	1,514	2,099
BK fund raiser	2,089	513	-	2,602
High School				
Rewards club	320	-	-	320
Drama	3,501	1,307	273	4,535
Musical	6,905	8,365	7,558	7,712
Boys athletics	175	10,351	9,526	1,000
Boys basketball	2,197	6,179	6,126	2,250
Boys basketball club	-	1,382	1,040	342
Boys basketball camp	34	-	34	-
Boys football	3,500	15,674	16,924	2,250
Football club	5,379	23,689	28,494	574
Boys baseball	-	11,728	11,217	511
Boys track	250	4,480	3,980	750
Boys cross country	750	4,030	4,030	750
Boys golf	250	892	892	250
Boys wrestling	1,000	12,695	11,534	2,161

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	$	$	$	$
Girls athletics	175	5,532	4,707	1,000
Girls basketball	2,051	22,498	21,812	2,737
Indian girls basketball club	14,595	17,242	17,402	14,435
Girls volleyball	2,000	5,174	4,360	2,814
Volleyball club	-	37,375	32,628	4,747
Girls softball	-	18,174	12,891	5,283
Girls track	750	4,868	4,868	750
Girls cross country	750	1,219	1,219	750
Girls golf	250	1,485	1,485	250
Annual	12,327	5,950	10,291	7,986
Cheerleaders	2,854	16,188	17,718	1,324
Milk vendor	451	-	-	451
Interest	6,817	2,135	8,905	47
Class of 2008	89	-	89	-
Class of 2007	135	-	135	-
Concessions	2,986	54,642	57,628	-
Class of 2009	969	-	610	359
Class of 2010	-	2,000	1,318	682
FBLA	-	25,283	24,093	1,190
FFA	2,413	71,442	73,607	248
FCCLA	989	719	1,344	364
FSCLA sewing club	297	36	-	333
Flags	184	-	-	184
NHS	698	638	1,336	-
Tasty treat club	35	-	-	35
SADD	56	-	-	56
Student council	3,174	5,971	4,797	4,348
The burning W club	878	-	-	878
Spanish club	15,436	-	535	14,901
Unallocated interest	2,029	3,227	2,468	2,788
Indian café club	677	772	759	690
Total	126,101	450,220	446,717	129,604

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

For the Last Seven Years

	Modified Accrual Basis						
	2009	2008	2007	2006	2005	2004	2003
	$	$	$	$	$	$	$
Revenues:							
Local sources:							
Local tax	5,583,011	5,385,131	5,411,110	5,010,212	5,017,715	4,259,912	3,995,152
Tuition	137,722	164,566	155,825	145,314	172,562	192,329	136,907
Other	895,076	915,649	1,269,568	884,658	623,274	581,635	546,063
State sources	6,519,253	6,584,505	6,403,794	6,202,183	6,021,701	6,006,881	6,094,479
Federal sources	1,412,940	1,351,558	1,679,652	1,389,472	1,160,599	768,204	800,788
Total revenues	14,548,002	14,401,409	14,919,949	13,631,839	12,995,851	11,815,271	11,581,063
Expenditures:							
Instruction:							
Regular	5,062,049	5,560,725	5,215,421	5,131,305	5,060,832	4,778,337	4,901,094
Special	1,330,191	1,287,541	1,401,050	1,418,881	1,326,160	1,636,501	1,380,698
Other	1,460,516	1,205,521	1,222,688	1,239,289	1,299,578	977,129	960,432
Support services:							
Student	899,927	481,852	515,240	441,909	260,553	359,070	236,796
Instructional staff	363,287	410,966	504,002	430,164	618,854	479,584	567,641
Administration	1,072,810	1,252,387	1,212,009	1,314,717	1,151,871	950,972	843,616
Operation and maintenance	1,014,977	1,049,080	956,074	944,881	844,649	746,067	647,529
Transportation	938,186	1,049,910	930,079	905,148	861,017	827,668	847,563
Other expenditures:							
Facilities acquisition	1,182,695	5,561,622	6,293,811	1,015,233	809,220	466,148	395,083
Long-term debt:							
Principal	347,131	336,938	310,000	-	-	-	-
Interest and other charges	372,795	385,163	394,952	-	-	-	-
AEA flowthrough	497,033	487,015	473,417	455,445	450,862	459,398	486,388
Total expenditures	14,541,597	19,068,720	19,428,743	13,296,972	12,683,596	11,714,667	11,281,163

See accompanying independent auditor's report.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Grant Number	Expenditures $
Direct:			
U.S. Department of Education:			
Safe and Drug Free Schools and Communities - National Programs:			
Safe Schools/Healthy Students Grants	84.184L	Q184L040062	150,447
Alcohol Prevention Grant	84.184A	Q184A080212	301,687
			452,134
U.S. Department of Justice:			
Developing, Testing, and Demonstrating Promising New Programs	16.541	2005JLFX0177	73,778
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
National School Lunch Program (non-cash)	10.555	FY09	49,145
National School Lunch Program	10.555	FY09	228,387
School Breakfast Program	10.553	FY09	42,524
			320,056
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY09	223,307
Improving Teacher Quality State Grants	84.367	FY09	62,377
21st Century Community Learning Centers	84.287	FY09	236,193
Grants for State Assessments and Related Activities	84.369	FY09	8,541
State Grants for Innovative Programs	84.298	FY09	210
Safe & Drug Free Schools and Communities - State Grants	84.186	FY09	5,292
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.173	FY09	623
Second Chance Reading	84.223	FY09	1,293
Keystone AEA:			
Special Education - Grants to States	84.027	FY09	74,826
U.S. Department of Homeland Security:			
Iowa Department of Emergency Management:			
Disaster Assistance Public Assistance Grants	97.036	FY09	1,709
Total			1,460,339

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

See accompanying independent auditor's report.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

Gary E. Horton CPA

PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

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
Allamakee 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 Allamakee Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 16, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allamakee 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 Allamakee Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Allamakee Community School District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Allamakee Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Allamakee Community School District's financial statements that is more than inconsequential will not be prevented or detected by Allamakee Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item 09-II-A is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allamakee 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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Allamakee Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Allamakee 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 Allamakee Community School District and other parties to whom Allamakee Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Allamakee 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.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

February 16, 2010

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

Gary E. Horton CPA

PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Allamakee Community School District:

Compliance

We have audited the compliance of Allamakee Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Allamakee Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Allamakee Community School District's management. Our responsibility is to express an opinion on Allamakee Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allamakee Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Allamakee Community School District's compliance with those requirements.

In our opinion, Allamakee Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Allamakee Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Allamakee Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Allamakee Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-III-A to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-III-A to be a material weakness.

Allamakee Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Allamakee 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 Allamakee Community School District and other parties to whom Allamakee Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

February 16, 2010

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

(a) Unqualified opinions were issued on the financial statements.

(b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.

(c) The audit did not disclose any noncompliance which is material to the financial statements.

(d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which was considered to be a material weakness.

(e) An unqualified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs are as follows:

- CFDA Number 84.184 Safe and Drug-Free Schools and Communities – National Programs
  Child Nutrition Cluster Programs:
- CFDA Number 10.555 National School Lunch Program
- CFDA Number 10.553 School Breakfast Program

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Allamakee Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Significant Deficiencies:

09-II-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were reported.

Significant deficiencies:

CFDA Number 84.184L and 84.184A: Safe and Drug-Free Schools and Communities – National Programs
Award Numbers Q184L040062 and Q184A80212
Federal Award Year: 2009
U.S. Department of Education
Direct Grant

CFDA Number 10.555: National School Lunch Program
CFDA Number 10.553: School Breakfast Program
Federal Award Year 2009
U.S Department of Education
Passed through the Iowa Department of Education

09-III-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

Part IV: Other Findings Related to Statutory Reporting:

09-IV-A Certified Budget: Expenditures for the year ended June 30, 2009, exceeded the amount budgeted in the non-instructional programs function.

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

District Response: We did amend our budget but year-end expenditures were more than anticipated.

Conclusion: Response accepted.

.

09-IV-B Questionable Expenditures: We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

09-IV-C Travel Expenses: 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.

09-IV-D Business Transactions: No business transactions between the District and District officials or employees were noted.

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

09-IV-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.

09-IV-G Certified Enrollment: The number of basic resident students reported to the Iowa Department of Education on Line 7 of the Certified Enrollment Certification Form for October 2008, was overstated by one student. This student was included in the count twice.

Recommendation: The District should review its procedures for compiling the lists of students for the certified enrollment.

District Response: The Iowa Department of Education implemented new electronic certified enrollment procedures for the October 2009 count. These new procedures should eliminate duplicate student reporting.

Conclusion: Response accepted.

09-IV-H Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

09-IV-I Certified Annual Report (CAR): The CAR was certified to the Iowa Department of Education timely.

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

09-IV-J Categorical Funding: Except as noted, no instances were noted of categorical funding being used to supplant rather than supplement other funds. The District allocated administrative and 100% of guidance counselor salaries and benefits to the District's Returning Dropout and Dropout Prevention Program program. Chapter 256D.2 of the Code of Iowa and Iowa Department of Education administrative rules specify that administrative costs are not allowable and that guidance costs are allowable only to the extent of time spent on the Returning Dropout and Dropout Prevention Program. These costs that appear to be unallowable total $141,588.

Also, according to administrative rules, "Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting." We noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation: The District should contact the Iowa Department of Education regarding corrective action required. In the future, the District should not allocate administrative and 100% of guidance costs to the Returning Dropout and Dropout Prevention program. The questioned costs of $141,588 should be reported as reserved fund balance.

All categorical funding expenditures should be posted to the correct expenditure accounts as the expenditures are incurred.

Response: As recommended, we will contact the Iowa Department of Education for clarification on the costs allowable from this program and to determine the corrective action required.

We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion: Response accepted.

09-IV-K Statewide Sales and Services Tax: No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

	$	$
Beginning balance		-
Statewide sales and services tax revenue		770,736
Expenditures/transfers out:		
School infrastructure:		
Buildings and building improvements	270,736	
Debt service for school infrastructure:		
General obligation debt	500,000	770,736
Ending balance		-