

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

June 30, 2010

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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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Allamakee Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2011, 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 the 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 seven years ended June 30, 2009, (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

January 31, 2011

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, 2010. We encourage readers to consider this information in conjunction with the District’s financial statements, which follows.

2010 Financial Highlights

- * General Fund revenues decreased from \$12,174,775 in fiscal 2009 to \$11,929,065 in fiscal 2010 and General Fund expenditures decreased from to \$11,783,784 in fiscal 2009 to \$11,726,862 in fiscal 2009. This resulted in an increase in the District’s General Fund balance from \$1,098,295 in fiscal 2009 to \$1,313,903 in fiscal 2010.
- * The decrease in General Fund revenues was attributable a 10% across the board cut of state foundation aid in fiscal 2010. The decrease in expenditures was due primarily to 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 as of June 30, 2010 was 6.8%. 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.
- * In September, 2009 the District patrons passed a Revenue Purpose Statement expanding the use of sales tax dollars. This change will enable the District to better utilize the funds in the sales tax fund.

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.

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 funds.

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

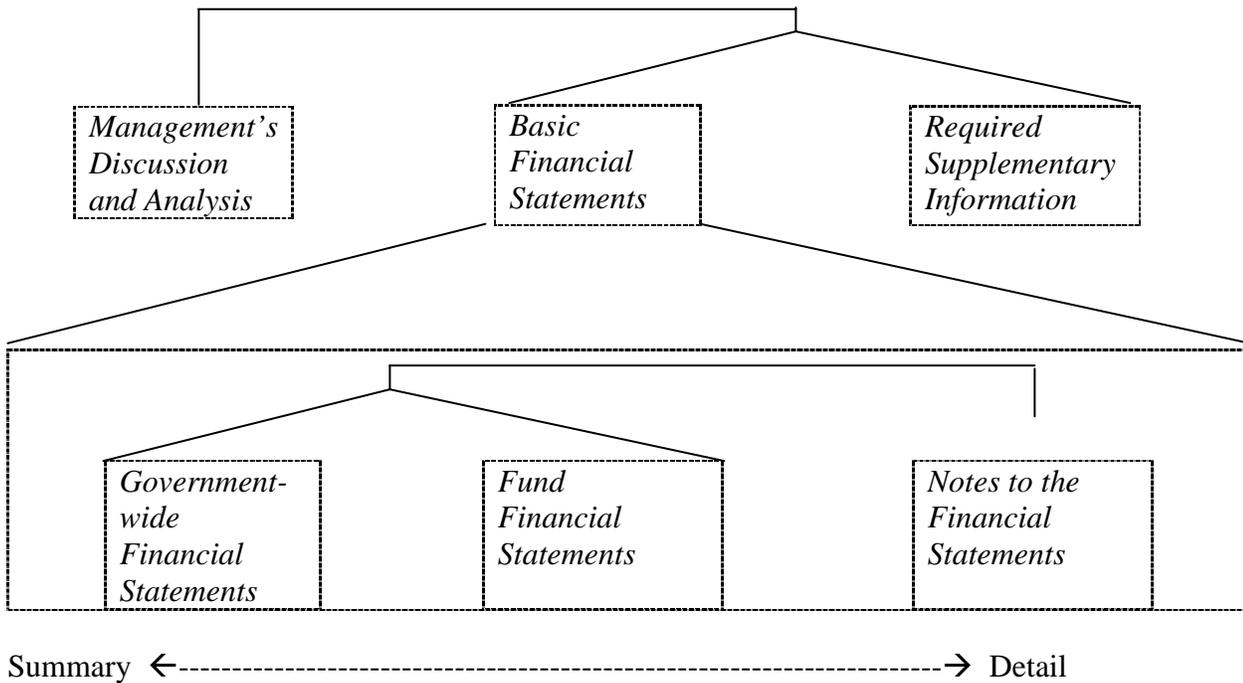


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<i>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</i>			
	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	<ul style="list-style-type: none"> * Statement of net assets * Statement of activities 	<ul style="list-style-type: none"> * Balance sheet * Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> * Statement of net assets * Statement of revenues, 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 of whether financial position is improving to deteriorating. To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has 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, Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund 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 its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

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, 2010 compared to June 30, 2009.

Figure A-3

	Condensed Statement of Net Assets						
	<u>(Expressed in thousands)</u>						
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u> <u>Allamakee CSD</u>		<u>Percentage</u> <u>Change</u>
	2010	2009	2010	2009	2010	2009	2009-10
Current & other assets	10,926	11,241	478	347	11,404	11,588	-1.6%
Capital assets	15,533	15,254	199	225	15,732	15,479	1.6%
Total assets	\$26,459	\$26,495	\$677	\$572	\$27,136	\$27,067	0.3%
Current Liabilities	6,442	7,049	19	17	6,461	7,066	-8.6%
Long-term obligations	9,618	10,008	7	3	9,625	10,011	-3.9%
Total liabilities	\$16,060	\$17,057	\$26	\$20	\$16,086	\$17,077	-5.8%
Net Assets							
Invested in capital assets, net of related debt	6,158	5,511	199	225	6,357	5,736	10.8%
Restricted	3,505	3,030			3,505	3,030	15.7%
Unrestricted	737	897	452	327	1,189	1,224	-2.9%
Total net assets	\$10,400	\$9,438	\$651	\$552	\$11,051	\$9,990	10.6%

The District's total combined net assets increased by approximately \$1,061,000 or 10.6% 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 increased approximately \$475,000 or 15.7% over the prior year. The increase was primarily a result of additional categorical funding carryover.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased approximately \$35,000 or 2.9%.

Changes in net assets – Figure A-4 shows the changes in net assets for year ended June 30, 2010 and June 30, 2009.

Figure A-4

	Changes in Net Assets (Expressed in thousands)					
	Governmental Activities		Business-Type Activities		Total Allamakee CSD	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for service and sales	796	786	404	404	1,200	1,190
Operating grants, contributions and restricted interest	3,508	2,863	401	328	3,909	3,191
Capital grants, contributions and restricted interest	108	254			108	254
General revenues						
Property taxes	4,659	4,391			4,659	4,391
Local option sales tax	940	771			940	771
Income Surtax	463	421			463	421
Unrestricted state grants	4,018	5,106			4,018	5,106
Unrestricted investment earnings	43	72	3	4	46	76
Other	57	26			57	26
Total revenues	14,592	14,690	808	736	15,400	15,426
Program expenses:						
Governmental activities:						
Instruction	7,636	7,965			7,636	7,965
Support services	4,233	4,277			4,233	4,277
Non-instructional program	2		709	695	711	695
Other expenses	1,759	1,373			1,759	1,373
Transfers						
Total expenses	13,630	13,615	709	695	14,339	14,310
CHANGE IN NET ASSETS	962	1,075	99	41	1,061	1,116
Net assets beginning of year	9,438	8,363	552	511	9,990	8,874
Net assets end of year	10,400	9,438	651	552	11,051	9,990

In fiscal year 2010 property tax and unrestricted state grants account for 56.3% of the total revenue. The District expenses primarily relate to instruction and support services, which account for 82.8% of the total expenses.

As shown in figure A-4 the District as a whole experienced a .2% decrease in revenues and a .2% increase in expenses. Carry-over funds were used to fund the decrease in revenue. The increase in expenses related to increases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$14,590,645 while expenses amounted to \$13,629,164. 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	
	2010	2009	2010	2009
Instruction	\$7,636	\$7,965	\$4,705	\$5,270
Support Services	\$4,233	\$4,277	\$3,418	\$3,834
Non-instructional programs	\$2		\$2	
Other expenses	\$1,759	\$1,373	\$1,093	\$608

For the year ended June 30, 2010

- The cost financed by users of the District’s programs was \$795,733. Most of these revenues are derived from tuition, student fees, building rental and miscellaneous income.
- Federal and state government subsidized certain programs with grants and contributions totaling \$3,507,637.
- The net cost portion of governmental activities was financed with \$4,658,602 in property tax and other taxes, \$4,107,270 in state foundation aid and \$1,403,242 in sales tax and income surtax.

Business-Type Activities

Revenues of the District’s business-type activities increased to \$808,100 while expenses increased to \$709,015.

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.

The increase in the revenue is a result of high utilization of ala-cart at the high school.

Individual Fund Analysis

As previously noted, the Allamakee Community School District uses fund accounting to ensure and to 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 \$4,057,661 an increase from last year's ending fund balance of \$3,803,750.

Governmental Fund Highlights

- The District's General Fund balance increased by \$215,608. This is a result of an increase in the federal source funding.
- The balance in the Physical Plant and Equipment Property Tax Levy Fund increased by \$76,267. This was a result of no major projects starting during fiscal 2010. The carry over fund balance may be used for construction, building repair and remodeling and equipment purchases.
- The non-major governmental funds combined fund balances decreased by \$37,964. Almost all of this decrease is attributable to early retirement incentives paid out of the Management Fund.

Proprietary Fund Highlights

- School Nutrition Fund net assets increased from \$552,339 at June 30, 2009, to \$651,424 at June 30, 2010. This increase is a result of controlling expenditures and high utilization of the ala carte program at the high school.
- Students qualifying for free and reduced meals increased from 40% to 46% of District students.
- During the 2009-10 school year the percent of students participating in the school lunch program increased from 84% to 85% and breakfast from 21% to 24%.

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 \$361,071 higher than budgeted. This was a result of additional federal fund revenue.

The District’s expenditures for Governmental and Proprietary Funds were \$2,811,415 lower than budgeted. The District did amend its budget to deal with additional funds and expenditures.

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal 2010, the District had invested \$15,732,704 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, and transportation equipment. (See Figure A-6) More detailed information is available in Note 5 of the financial statement. Depreciation expense for the year was \$875,060.

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, and at by June 30, 2010 all projects had been completed.

Figure A-6

Capital Assets, net of depreciation

	Governmental		Business-Type		Total		Total Change %
	Activities		Activities		Allamakee CSD		
	2010	2009	2010	2009	2010	2009	
Land	277,641	277,641			277,641	277,641	0.0%
Construction in Progress	0	1,063,598			0	1,063,598	-100.0%
Buildings	13,665,964	12,519,175			13,665,964	12,519,175	9.2%
Improvements other than buildings	461,969	421,796			461,969	421,796	9.5%
Furniture and Equipment	1,127,921	971,884	199,209	225,589	1,327,130	1,197,473	10.8%
Totals	15,533,495	15,254,094	199,209	225,589	15,732,704	15,479,683	1.6%

Long Term Debt

At year-end, the District had \$9,550,585 in general obligation, revenue and other long-term debt outstanding. This reflects \$48,442 owed in salary for termination benefits, \$19,210 in compensated absences and \$107,010 in OPEB liability. 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 2010 \$8,360,000 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 \$15,923. 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

	<u>Outstanding Long-Term Obligations</u>		
	2010	2009	Total Change %
General obligation bonds	8,360,000	8,720,000	-4.10%
Qualified Zone Academy Bonds	1,000,000	1,000,000	0.0%
Termination Benefits	48,442	139,945	-65.4%
Equipment Notes Payable	15,923	23,431	-32.0%
OPEB liability	\$107,010	\$48,987	118.4%
Compensated absences	\$19,210		100.0%
Total	\$9,550,585	\$9,932,363	-3.8%

Factors Bearing on the District's Future

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

- * School financing is highly dependent upon student enrollment. The District's October 2009 enrollment decreased by 29 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 2011. 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 at the national, state and local level 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

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	4,968,783	440,044	5,408,827
Receivables:			
Property tax:			
Delinquent	138,474	-	138,474
Succeeding year	4,616,847	-	4,616,847
Accounts	4,053	30	4,083
Accrued interest	3,149	-	3,149
Due from other governments	1,130,283	12,969	1,143,252
Inventories	-	24,753	24,753
Unamortized bond issue costs	64,115	-	64,115
Capital assets, net of accumulated depreciation	15,533,495	199,209	15,732,704
Total assets	26,459,199	677,005	27,136,204
Liabilities			
Accounts payable	175,342	155	175,497
Salaries and benefits payable	1,063,187	8,436	1,071,623
Accrued interest payable	57,584	-	57,584
Deferred revenue:			
Succeeding year property tax	4,616,847	-	4,616,847
Other	528,709	10,011	538,720
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	375,000	-	375,000
Equipment note payable	7,878	-	7,878
Termination benefits	48,442	-	48,442
Compensated absences	19,210	-	19,210
Portion due more than one year:			
General obligation bonds payable	7,985,000	-	7,985,000
Unamortized bond premium	74,331	-	74,331
Equipment note payable	8,045	-	8,045
Qzab bonds payable	1,000,000	-	1,000,000
Net OPEB liability	100,031	6,979	107,010
Total liabilities	16,059,606	25,581	16,085,187

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	6,157,572	199,209	6,356,781
Restricted for:			
Categorical funding	447,725	-	447,725
Management levy	186,616	-	186,616
Physical plant and equipment levy	1,491,926	-	1,491,926
Other special revenue purposes	138,059	-	138,059
Sales tax capital projects	648,488	-	648,488
Debt service	592,486	-	592,486
Unrestricted	<u>736,721</u>	<u>452,215</u>	<u>1,188,936</u>
Total net assets	<u><u>10,399,593</u></u>	<u><u>651,424</u></u>	<u><u>11,051,017</u></u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2010

Functions/Programs	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	4,643,897	308,351	1,446,624	-
Special	1,307,921	27,494	408,843	-
Other	1,684,318	388,804	350,561	-
	<u>7,636,136</u>	<u>724,649</u>	<u>2,206,028</u>	<u>-</u>
Support services:				
Student	995,060	-	695,711	-
Instructional staff	400,306	-	-	-
Administration	964,123	-	-	-
Operation and maintenance of plant	968,405	32,646	-	-
Transportation	904,981	38,438	48,009	-
	<u>4,232,875</u>	<u>71,084</u>	<u>743,720</u>	<u>-</u>
Non-instructional programs	<u>1,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	191,880	-	-	107,783
Long-term debt interest	352,676	-	16,786	-
AEA flowthrough	541,103	-	541,103	-
Depreciation (unallocated)*	672,849	-	-	-
	<u>1,758,508</u>	<u>-</u>	<u>557,889</u>	<u>107,783</u>
Total governmental activities	13,629,164	795,733	3,507,637	107,783
Business type activities:				
Non-instructional programs:				
Food service operations	709,015	403,584	401,058	-
Total	<u>14,338,179</u>	<u>1,199,317</u>	<u>3,908,695</u>	<u>107,783</u>
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.

<u>Net (Expense) Revenue and Changes in Net</u>		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>
(2,888,922)	-	(2,888,922)
(871,584)	-	(871,584)
(944,953)	-	(944,953)
<u>(4,705,459)</u>	<u>-</u>	<u>(4,705,459)</u>
(299,349)	-	(299,349)
(400,306)	-	(400,306)
(964,123)	-	(964,123)
(935,759)	-	(935,759)
(818,534)	-	(818,534)
<u>(3,418,071)</u>	<u>-</u>	<u>(3,418,071)</u>
(1,645)	-	(1,645)
(84,097)	-	(84,097)
(335,890)	-	(335,890)
-	-	-
(672,849)	-	(672,849)
<u>(1,092,836)</u>	<u>-</u>	<u>(1,092,836)</u>
(9,218,011)	-	(9,218,011)
-	95,627	95,627
<u>(9,218,011)</u>	<u>95,627</u>	<u>(9,122,384)</u>
4,308,491	-	4,308,491
221,685	-	221,685
128,426	-	128,426
462,802	-	462,802
940,440	-	940,440
4,017,270	-	4,017,270
43,126	3,458	46,584
57,252	-	57,252
<u>10,179,492</u>	<u>3,458</u>	<u>10,182,950</u>
961,481	99,085	1,060,566
9,438,112	552,339	9,990,451
<u>10,399,593</u>	<u>651,424</u>	<u>11,051,017</u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2010

	General	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Assets				
Cash and pooled investments	2,484,271	1,068,379	1,416,133	4,968,783
Receivables:				
Property tax:				
Delinquent	119,256	3,704	15,514	138,474
Succeeding year	4,000,164	126,980	489,703	4,616,847
Accounts	4,053	-	-	4,053
Accrued interest	44	-	3,105	3,149
Due from other governments	466,908	419,843	243,532	1,130,283
Total assets	7,074,696	1,618,906	2,167,987	10,861,589
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	168,733	-	6,609	175,342
Salaries and benefits payable	1,063,187	-	-	1,063,187
Deferred revenue:				
Succeeding year property tax	4,000,164	126,980	489,703	4,616,847
Income surtax	-	419,843	-	419,843
Other	528,709	-	-	528,709
Total liabilities	<u>5,760,793</u>	<u>546,823</u>	<u>496,312</u>	<u>6,803,928</u>
Fund balances:				
Reserved for:				
Categorical funding	447,725	-	-	447,725
Debt service	-	-	650,070	650,070
Unreserved, reported in:				
General fund	866,178	-	-	866,178
Special revenue funds	-	1,072,083	373,117	1,445,200
Capital project funds	-	-	648,488	648,488
Total fund balances	<u>1,313,903</u>	<u>1,072,083</u>	<u>1,671,675</u>	<u>4,057,661</u>
Total liabilities and fund balances	7,074,696	1,618,906	2,167,987	10,861,589

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

June 30, 2010

	\$
Total fund balances of governmental funds (Exhibit C)	4,057,661
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the Governmental Funds.	15,533,495
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	419,843
Bond issue costs and bond discounts are an expense when incurred in the governmental funds, but are capitalized and amortized for the life of the bonds for the government-wide financial statements.	64,115
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.	(57,584)
Long-term liabilities, including bonds payable, unamortized bond premiums, termination benefits and other postemployment benefits payable are not due and payable in the current period and therefore, are not reported as liabilities in the Governmental Funds.	<u>(9,617,937)</u>
Net assets of governmental activities (Exhibit A)	<u><u>10,399,593</u></u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	General	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	3,979,196	551,564	1,491,420	6,022,180
Tuition	202,615	-	-	202,615
Other	260,954	61,794	433,114	755,862
State sources	5,637,612	96	410	5,638,118
Federal sources	1,848,688	40,283	-	1,888,971
Total revenues	<u>11,929,065</u>	<u>653,737</u>	<u>1,924,944</u>	<u>14,507,746</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,551,696	-	155,859	4,707,555
Special	1,299,932	-	-	1,299,932
Other	1,309,607	-	372,188	1,681,795
	<u>7,161,235</u>	<u>-</u>	<u>528,047</u>	<u>7,689,282</u>
Support services:				
Student	989,303	-	4,075	993,378
Instructional staff	394,701	-	1,765	396,466
Administration	946,245	-	5,840	952,085
Operation and maintenance of plant	840,084	25,123	118,311	983,518
Transportation	854,191	166,002	4,131	1,024,324
	<u>4,024,524</u>	<u>191,125</u>	<u>134,122</u>	<u>4,349,771</u>
Non-instructional programs	-	-	1,645	1,645
Other expenditures:				
Facilities acquisition	-	287,998	682,595	970,593
Long-term debt:				
Principal	-	-	367,508	367,508
Interest and fiscal charges	-	-	359,668	359,668
AEA flowthrough	541,103	-	-	541,103
	<u>541,103</u>	<u>287,998</u>	<u>1,409,771</u>	<u>2,238,872</u>
Total expenditures	<u>11,726,862</u>	<u>479,123</u>	<u>2,073,585</u>	<u>14,279,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>202,203</u>	<u>174,614</u>	<u>(148,641)</u>	<u>228,176</u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	General	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Other financing sources (uses):				
Compensation for loss of fixed assets	19,988	-	3,757	23,745
Sale of equipment	1,990	-	-	1,990
Operating transfers in	-	-	606,920	606,920
Operating transfers out	(8,573)	(98,347)	(500,000)	(606,920)
Total other financing sources (uses)	<u>13,405</u>	<u>(98,347)</u>	<u>110,677</u>	<u>25,735</u>
Net change in fund balances	215,608	76,267	(37,964)	253,911
Fund balances beginning of year	<u>1,098,295</u>	<u>995,816</u>	<u>1,709,639</u>	<u>3,803,750</u>
Fund balances end of year	<u><u>1,313,903</u></u>	<u><u>1,072,083</u></u>	<u><u>1,671,675</u></u>	<u><u>4,057,661</u></u>

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, 2010

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		253,911
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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 and donated capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	1,110,581	
Donated capital assets	17,500	
Depreciation expense	<u>(848,680)</u>	279,401
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.		39,664
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.		367,508
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.		6,992
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	(54,239)	
Termination benefits	91,503	
Compensated absences	<u>(19,210)</u>	18,054
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.		<u>(4,049)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>961,481</u></u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2010

	School Nutrition
	<u>\$</u>
Assets	
Cash and cash equivalents	440,044
Accounts receivable	30
Due from other governments	12,969
Inventories	24,753
Capital assets, net of accumulated depreciation	<u>199,209</u>
Total assets	<u>677,005</u>
Liabilities	
Accounts payable	155
Salaries and benefits payable	8,436
Deferred revenue	10,011
Net OPEB liability	<u>6,979</u>
Total liabilities	<u>25,581</u>
Net assets	
Invested in capital assets	199,209
Unrestricted	<u>452,215</u>
Total net assets	<u><u>651,424</u></u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	<u>School Nutrition</u>
	\$
Operating revenues:	
Local sources:	
Charges for service	<u>403,584</u>
Operating expenses:	
Food service operations:	
Salaries	220,601
Benefits	78,697
Purchased services	77,540
Supplies	305,363
Other expenses	434
Depreciation	<u>26,380</u>
Total operating expenses	<u>709,015</u>
Operating loss	<u>(305,431)</u>
Non-operating revenues (expenses):	
State sources	7,103
Federal sources	393,955
Interest income	<u>3,458</u>
Total non-operating revenues	<u>404,516</u>
Increase in net assets	99,085
Net assets beginning of year	<u>552,339</u>
Net assets end of year	<u><u>651,424</u></u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2010

	School Nutrition \$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	403,325
Cash payments to employees for services	(292,399)
Cash payments to suppliers for goods or services	(331,533)
Net cash used by operating activities	<u>(220,607)</u>
Cash flows from non-capital financing activities:	
State grants received	7,103
Federal grants received	325,249
Net cash provided by non-capital financing activities	<u>332,352</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>3,458</u>
Net increase (decrease) in cash and cash equivalents	115,203
Cash and cash equivalents at beginning of year	<u>324,841</u>
Cash and cash equivalents at end of year	<u><u>440,044</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating gain (loss)	(305,431)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	55,737
Depreciation	26,380
Decrease (increase) in inventories	(2,871)
Decrease (increase) in accounts receivable	(30)
(Decrease) increase in accounts payable	(1,062)
(Decrease) increase in salaries and benefits payable	3,115
(Decrease) increase in deferred revenue	(229)
(Decrease) increase in net OPEB liability	3,784
Net cash used by operating activities	<u><u>(220,607)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$55,737 of federal commodities.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

Year ended June 30, 2010

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 non-fiduciary 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 non-fiduciary 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 major 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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	100,000
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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
	\$
Buildings	25-50 years
Improvements other than buildings	20-25 years
Intangibles	3-10 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 hours for subsequent use. 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, 2010. 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, 2010, expenditures did not exceed the amounts budgeted.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2010, 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, 2010, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
	\$
Diversified Portfolio	470,515

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, 2010 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	8,573

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. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. N.A. is the trustee for the program.

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. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.50%. The interest rate on the Series 2009-10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co., NA prime rate plus 50 basis points with a minimum interest rate of 4.50% A summary of the District's ISCAP activity for the year ended June 30, 2010, is as follows:

Series	Warrant Date	Final Warrant Maturity Date	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
			\$	\$	\$	\$
2009-10A	6/25/09	6/23/10	-	-	-	-

During the year ended June 30, 2010, the District paid \$6,554 of interest on the ISCAP warrants.

5. Capital Assets

Capital assets activity for the year ended June 30, 2010 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	1,063,598	-	1,063,598	-
Total capital assets not being depreciated	<u>1,341,239</u>	<u>-</u>	<u>1,063,598</u>	<u>277,641</u>
Capital assets being depreciated:				
Buildings	14,986,553	1,777,980	-	16,764,533
Improvements other than buildings	1,115,810	81,831	-	1,197,641
Furniture and equipment	2,768,981	331,868	111,724	2,989,125
Total capital assets being depreciated	<u>18,871,344</u>	<u>2,191,679</u>	<u>111,724</u>	<u>20,951,299</u>
Less accumulated depreciation for:				
Buildings	2,467,378	631,191	-	3,098,569
Improvements other than buildings	694,014	41,658	-	735,672
Furniture and equipment	1,797,097	175,831	111,724	1,861,204
Total accumulated depreciation	<u>4,958,489</u>	<u>848,680</u>	<u>111,724</u>	<u>5,695,445</u>
Total capital assets being depreciated, net	<u>13,912,855</u>	<u>1,342,999</u>	<u>-</u>	<u>15,255,854</u>
Governmental activities capital assets, net	<u>15,254,094</u>	<u>1,342,999</u>	<u>1,063,598</u>	<u>15,533,495</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	372,246	-	-	372,246
Less accumulated depreciation	146,657	26,380	-	173,037
Business type activities capital assets, net	<u>225,589</u>	<u>(26,380)</u>	<u>-</u>	<u>199,209</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				\$
Instruction:				
Regular				42,093
Support services:				
Instructional staff services				4,461
Operation and maintenance of plant				3,570
Transportation				<u>125,707</u>
				175,831
Unallocated depreciation				<u>672,849</u>
Total depreciation expense – governmental activities				<u>848,680</u>
Business type activities:				
Food service operations				<u>26,380</u>

6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	8,720,000	-	360,000	8,360,000	375,000
Qualified Zone Academy bonds	1,000,000	-	-	1,000,000	-
Equipment notes payable	23,431	-	7,508	15,923	7,878
Termination benefits	139,945	-	91,503	48,442	48,442
Compensated absences	-	19,210	-	19,210	19,210
Net OPEB liability	45,792	54,239	-	100,031	-
Total	9,929,168	73,449	459,011	9,543,606	450,530

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Business type activities:					
Net OPEB liability	3,195	3,784	-	6,979	-

Termination Benefits

The District offered a voluntary early retirement plan to its employees during fiscal prior years. 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.

At June 30, 2010, the District has obligations to three participants with a total liability of \$48,442. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$91,503.

General Obligation Bonds

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May, 2006			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
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	5.00	445,000	282,578	727,578
2016-2020	3.90-5.00	2,525,000	1,092,230	3,617,230
2021-2025	4.00-4.15	3,090,000	539,790	3,629,790
2026	4.25	700,000	29,750	729,750
		8,360,000	3,236,346	11,596,346

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
	%	\$
2011	-	-
2012	-	-
2013	-	1,000,000
		<u>1,000,000</u>

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
	\$	\$	\$
2011	7,859	714	8,573
2012	8,094	480	8,574
	<u>15,953</u>	<u>1194</u>	<u>17,147</u>

The District paid \$8,573 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 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 was \$463,454, \$448,244, and \$423,945 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 insurance 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, 2010 were \$1,203,249.

Payments from participating schools are the sole source for paying claims and establishing reserves for the Trust's partially self-funded programs. As of June 30, 2010, settled claims have not exceeded the risk pool or insurance 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)

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, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	109,095
Interest on net OPEB obligation	1,225
Adjustment to annual required contribution	<u>(2,284)</u>
Annual OPEB cost	108,036
Contributions made	<u>50,013</u>
Increase in net OPEB obligation	58,023
Net OPEB obligation beginning of year	<u>48,987</u>
Net OPEB obligation end of year	<u>107,010</u>

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, 2010.

For the year ended June 30, 2010, the District contributed \$50,013 to the medical plan. Plan members eligible for benefits contributed \$100,025, 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, 2010 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u> \$
June 30, 2010	108,036	46%	107,010

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$889,333, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$889,333. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,775,000, and the ratio of the UAAL to covered payroll was 15.4. As of June 30, 2010, 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 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 \$541,103 for the year ended June 30, 2010, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. 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 two years are as follows:

<u>Year Ended June 30</u>	<u>Lease Payment</u>
	\$
2011	28,680
2012	23,900

12. Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
	\$
Returning dropout and dropout prevention	271,702
Preschool grant	34,723
Teacher salary supplement	66,830
Market factor	9,395
Educator quality, professional development	26,746
Core curriculum	37,729
Other	600
	<u>447,725</u>

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, 2010

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	6,980,657	407,042	7,387,699	6,818,913	6,818,913	568,786
State sources	5,638,118	7,103	5,645,221	6,825,862	6,825,862	(1,180,641)
Federal sources	1,888,971	393,955	2,282,926	1,310,000	1,310,000	972,926
Total revenues	<u>14,507,746</u>	<u>808,100</u>	<u>15,315,846</u>	<u>14,954,775</u>	<u>14,954,775</u>	<u>361,071</u>
Expenditures/Expenses:						
Instruction	7,689,282	-	7,689,282	7,974,000	8,900,000	1,210,718
Support services	4,349,771	-	4,349,771	4,109,900	5,200,000	850,229
Non-instructional programs	1,645	709,015	710,660	600,000	1,000,000	289,340
Other expenditures	2,238,872	-	2,238,872	1,702,935	2,700,000	461,128
Total expenditures/expenses	<u>14,279,570</u>	<u>709,015</u>	<u>14,988,585</u>	<u>14,386,835</u>	<u>17,800,000</u>	<u>2,811,415</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	228,176	99,085	327,261	567,940	(2,845,225)	3,172,486
Other financing sources net	<u>25,735</u>	<u>-</u>	<u>25,735</u>	<u>596,400</u>	<u>596,400</u>	<u>(570,665)</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	253,911	99,085	352,996	1,164,340	(2,248,825)	2,601,821
Balance beginning of year	<u>3,803,750</u>	<u>552,339</u>	<u>4,356,089</u>	<u>3,579,080</u>	<u>3,579,080</u>	<u>777,009</u>
Balance end of year	<u><u>4,057,661</u></u>	<u><u>651,424</u></u>	<u><u>4,709,085</u></u>	<u><u>4,743,420</u></u>	<u><u>1,330,255</u></u>	<u><u>3,378,830</u></u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2010

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 \$3,413,165.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAAL as a Percentage of Covered Payroll ((b-a)/c) %
2009	July 1, 2008	-	909,845	909,845	0.0%	6,085,000	15.0%
2010	July 1, 2008	-	889,333	889,333	0.0%	5,775,000	15.4%

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, 2010

Assets	Special Revenue Funds				Total
	Management	Student	Capital	Debt	
	Levy	Activity	Projects	Service	
	\$	\$	\$	\$	\$
Cash and pooled investments	227,876	142,736	404,956	640,565	1,416,133
Receivables:					
Property tax:					
Delinquent	9,114	-	-	6,400	15,514
Succeeding year	270,001	-	-	219,702	489,703
Accrued interest	-	-	-	3,105	3,105
Due from other governments	-	-	243,532	-	243,532
Total assets	506,991	142,736	648,488	869,772	2,167,987
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	1,932	4,677	-	-	6,609
Deferred revenue:					
Succeeding year property tax	270,001	-	-	219,702	489,703
Total liabilities	271,933	4,677	-	219,702	496,312
Fund balances:					
Reserved for debt service	-	-	-	650,070	650,070
Unreserved fund balance, reported in:					
Special revenue funds	235,058	138,059	-	-	373,117
Capital projects funds	-	-	648,488	-	648,488
Total fund equity	235,058	138,059	648,488	650,070	1,671,675
Total liabilities and fund balances	506,991	142,736	648,488	869,772	2,167,987

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	Special Revenue Funds				Total
	Management	Student	Capital	Debt	
	Levy	Activity	Projects	Service	
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	329,295	-	940,440	221,685	1,491,420
Other	28,189	380,643	7,496	16,786	433,114
State sources	244	-	-	166	410
Total revenues	<u>357,728</u>	<u>380,643</u>	<u>947,936</u>	<u>238,637</u>	<u>1,924,944</u>
Expenditures:					
Current:					
Instruction:					
Regular	155,859	-	-	-	155,859
Other	-	372,188	-	-	372,188
Support services:					
Student	4,075	-	-	-	4,075
Instructional staff	1,765	-	-	-	1,765
Administration	5,840	-	-	-	5,840
Operation and maintenance of plant	118,311	-	-	-	118,311
Transportation	4,131	-	-	-	4,131
Non-instructional programs	1,645	-	-	-	1,645
Other expenditures:					
Facilities acquisition	-	-	682,595	-	682,595
Long-term debt:					
Principal	-	-	-	367,508	367,508
Interest and fiscal charges	-	-	-	359,668	359,668
Total expenditures	<u>291,626</u>	<u>372,188</u>	<u>682,595</u>	<u>727,176</u>	<u>2,073,585</u>
Excess (deficiency) of revenues over (under) expenditures	66,102	8,455	265,341	(488,539)	(148,641)
Other financing sources (uses):					
Compensation for loss of fixed assets	-	-	3,757	-	3,757
Operating transfers in	-	-	-	606,920	606,920
Operating transfers out	-	-	(500,000)	-	(500,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(496,243)</u>	<u>606,920</u>	<u>110,677</u>
Net changes in fund balances	66,102	8,455	(230,902)	118,381	(37,964)
Fund balances beginning of year	<u>168,956</u>	<u>129,604</u>	<u>879,390</u>	<u>531,689</u>	<u>1,709,639</u>
Fund balances end of year	<u><u>235,058</u></u>	<u><u>138,059</u></u>	<u><u>648,488</u></u>	<u><u>650,070</u></u>	<u><u>1,671,675</u></u>

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
East Elementary					
Unallocated interest	3,883	2,929	3,450	-	3,362
BK fund raiser	-	1,204	1,204	-	-
Waterville					
Unallocated interest	8,311	1,287	3,450	-	6,148
Waterville prairie	404	-	-	-	404
Junior High					
Drama	800	-	263	-	537
Boys athletics	5,000	61	1,236	-	3,825
Boys basketball	-	1,006	1,006	-	-
Boys football	-	1,127	1,127	-	-
Boys track	-	771	771	-	-
Girls athletics	5,000	2	567	-	4,435
Girls basketball	-	1,083	1,083	-	-
Girls volleyball	-	920	920	-	-
Girls track	-	1,306	1,306	-	-
Annual	1,500	2,691	3,779	-	412
Juice machine	1,000	233	-	-	1,233
Milk vendor	500	-	-	-	500
Interest	-	120	-	-	120
Student council	2,000	8,504	4,267	-	6,237
Community service club	73	-	-	-	73
Unallocated interest	3,397	5,046	3,676	-	4,767
West Elementary					
Unallocated interest	2,099	2,275	671	-	3,703
BK fund raiser	2,602	907	-	-	3,509
High School					
Rewards club	320	-	-	-	320
Drama	4,535	1,439	699	-	5,275
Musical	7,712	6,294	5,465	-	8,541
Boys athletics	1,000	7,863	3,392	-	5,471
Boys basketball	2,250	6,353	5,971	-	2,632
Boys basketball club	342	5,765	6,025	-	82
Boys football	2,250	12,633	8,613	-	6,270
Football club	574	18,295	14,273	-	4,596
Boys baseball	511	10,907	11,418	-	-
Boys track	750	3,473	4,223	-	-
Boys cross country	750	1,002	1,623	-	129
Boys golf	250	469	304	-	415
Boys wrestling	2,161	17,432	19,593	-	-
Girls athletics	1,000	6,142	3,948	-	3,194
Girls basketball	2,737	32,320	28,919	-	6,138

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Indian girls basketball club	14,435	13,353	20,416	-	7,372
Girls volleyball	2,814	4,553	2,098	-	5,269
Volleyball club	4,747	40,321	37,093	-	7,975
Girls softball	5,283	8,484	13,767	-	-
Girls track	750	5,636	6,386	-	-
Girls cross country	750	270	639	-	381
Girls golf	250	1,455	1,627	-	78
Annual	7,986	5,823	9,273	-	4,536
Cheerleaders	1,324	4,869	5,797	-	396
Milk vendor	451	-	-	-	451
Interest	47	2,326	40	-	2,333
Concessions	-	46,587	42,557	-	4,030
Class of 2009	359	-	-	(359)	-
Class of 2010	682	359	882	-	159
Class of 2011	-	1,500	1,310	-	190
Class of 2013	-	-	359	359	-
FBLA	1,190	18,717	19,907	-	-
FFA	248	52,540	48,678	-	4,110
FCCLA	364	1,947	2,059	-	252
FSCLA sewing club	333	13	120	-	226
Flags	184	-	-	-	184
NHS	-	654	556	-	98
Tasty treat club	35	353	272	-	116
SADD	56	-	-	-	56
Student council	4,348	6,112	5,765	-	4,695
The burning W club	878	16	-	-	894
Spanish club	14,901	-	5,475	-	9,426
Unallocated interest	2,788	2,030	2,970	-	1,848
Indian café club	690	866	900	-	656
Total	129,604	380,643	372,188	-	138,059

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

For the Last Eight Years

	Modified Accrual Basis							
	2010	2009	2008	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:								
Local sources:								
Local tax	6,022,180	5,583,011	5,385,131	5,411,110	5,010,212	5,017,715	4,259,912	3,995,152
Tuition	202,615	137,722	164,566	155,825	145,314	172,562	192,329	136,907
Other	755,862	895,076	915,649	1,269,568	884,658	623,274	581,635	546,063
State sources	5,638,118	6,519,253	6,584,505	6,403,794	6,202,183	6,021,701	6,006,881	6,094,479
Federal sources	1,888,971	1,412,940	1,351,558	1,679,652	1,389,472	1,160,599	768,204	800,788
Total revenues	14,507,746	14,548,002	14,401,409	14,919,949	13,631,839	12,995,851	11,815,271	11,581,063
Expenditures:								
Instruction:								
Regular	4,707,555	5,062,049	5,560,725	5,215,421	5,131,305	5,060,832	4,778,337	4,901,094
Special	1,299,932	1,330,191	1,287,541	1,401,050	1,418,881	1,326,160	1,636,501	1,380,698
Other	1,681,795	1,460,516	1,205,521	1,222,688	1,239,289	1,299,578	977,129	960,432
Support services:								
Student	993,378	899,927	481,852	515,240	441,909	260,553	359,070	236,796
Instructional staff	396,466	363,287	410,966	504,002	430,164	618,854	479,584	567,641
Administration	952,085	1,072,810	1,252,387	1,212,009	1,314,717	1,151,871	950,972	843,616
Operation and maintenance	983,518	1,014,977	1,049,080	956,074	944,881	844,649	746,067	647,529
Transportation	1,024,324	938,186	1,049,910	930,079	905,148	861,017	827,668	847,563
Other support	-	-	-	-	-	-	-	1,818
Non-instructional programs	1,645	-	-	-	-	-	33,793	12,505
Other expenditures:								
Facilities acquisition	970,593	1,182,695	5,561,622	6,293,811	1,015,233	809,220	466,148	395,083
Long-term debt:								
Principal	367,508	347,131	336,938	310,000	-	-	-	-
Interest and other charges	359,668	372,795	385,163	394,952	-	-	-	-
AEA flowthrough	541,103	497,033	487,015	473,417	455,445	450,862	459,398	486,388
Total expenditures	14,279,570	14,541,597	19,068,720	19,428,743	13,296,972	12,683,596	11,714,667	11,281,163

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u> \$
Direct:			
U.S. Department of Justice:			
Developing, Testing, and Demonstrating Promising New Programs	16.541	2005JLFX0177	2,242
U.S. Department of Education:			
Safe and Drug Free Schools and Communities - National Programs	84.184A	Q184A080212	<u>371,315</u> **
Total direct			<u>373,557</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	59,471
National School Lunch Program (non-cash)	10.555	FY10	55,737
National School Lunch Program	10.555	FY10	265,778
Summer Food Service Program for Children	10.559	FY10	<u>12,969</u>
			<u>393,955</u>
U.S. Department of the Interior:			
Iowa Department of Natural Resources:			
Sport Fish Restoration Program	15.605	FY10	500
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	231,306
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY10	<u>97,687</u>
			<u>328,993</u>
Special Education Preschool Grant	84.173	FY10	2,363 *
Rehabilitation Services -Vocational Rehabilitation Grants to States	84.126	FY09	521
Safe and Drug Free Schools and Communities - State Grants	84.186	FY10	5,385
Fund for the Improvement of Education	84.215	FY10	40,283
Twenty-First Century Community Learning Centers	84.287	FY10	312,654
Special Education - State Personnel Development	84.323	FY09	555
Improving Teacher Quality State Grants	84.367	FY10	84,357
Grants for State Assessments and Related Activities	84.369	FY10	8,327
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	312,508
Keystone AEA:			
Special Education - Grants to States	84.027	FY10	72,829 *
Career and Technical Education - Basic Grants to States	84.048	FY10	12,288
ARRA - Special Education Grants to States, Recovery Act	84.391	FY10	100,450 *

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u> \$
Indirect:			
U.S. Department of Health and Human Services:			
Iowa Department of Education			
Special Projects of National Significance	93.928	FY10	<u>201</u>
Total indirect			<u>1,676,169</u>
Total			<u><u>2,049,726</u></u>

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.

* Total for the Special Education Cluster (IDEA) is \$175,642

** Expenditures include payments to subrecipients, Postville Community School District \$32,042 and Eastern Allamakee Community School District \$49,977

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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 31, 2011. 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 an 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 10-II-A to be 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, 2010 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, and is not intended to be and should not be used by anyone other than these specified parties.

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

January 31, 2011

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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 Allamakee Community School District's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Allamakee Community School District's major federal programs for the year ended June 30, 2010. 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 grants 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, 2010.

Internal Control Over Compliance

Management of Allamakee Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants 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 to determine our auditing procedures for the purpose of

expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, and 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

January 31, 2011

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements. No significant deficiencies were reported
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weakness in internal control over the major programs were reported.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
 - CFDA Number 84.287 - Twenty-First Century Community Learning Centers
 - Title I Part A Cluster
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
 - Special Education Cluster (IDEA)
 - CFDA Number 84.027 – Special Education – Grants to States
 - CFDA Number 84.173 – Special Education Preschool Grant
 - CFDA Number 84.391 – ARRA - Special Education Grants to States, Recovery Act
- (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.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies:

10-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, 2010

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

- 10-IV-A Certified Budget: Expenditures for the year ended June 30, 2010, did not exceed amounts budgeted.
- 10-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.
- 10-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.
- 10-IV-D Business Transactions: No business transactions between the District and District officials or employees were noted.
- 10-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.
- 10-IV-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 10-IV-G Certified Enrollment: The number of resident students reported to the Iowa Department of Education for October 2009, was overstated by a fraction of a student. This student was included as an open enrolled out student and received weighting as CPI.
- Recommendation: The District should review its procedures for compiling the lists of students for the certified enrollment.
- District Response: We will do this.
- Conclusion: Response accepted.
- 10-IV-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted
- 10-IV-I 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.
- 10-IV-J Certified Annual Report (CAR): The CAR was certified to the Iowa Department of Education timely.
- 10-IV-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 10-IV-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

	\$	\$
Beginning balance		879,390
Statewide sales, services and use tax	940,440	
Interest	7,496	
Insurance claims	<u>3,757</u>	951,693
Expenditures/transfers out:		
School infrastructure:		
Buildings and building improvements	682,595	
Debt service for school infrastructure:		
General obligation debt	<u>500,000</u>	<u>1,182,595</u>
Ending balance		<u>648,488</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	\$	\$
Debt service Levy	1.30889	500,000
Physical plant and equipment levy	1.15298	440,440