EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

June 30, 2012

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EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Officials

Name	Title	Term Expires
Board of Education		
(Before September 2011 Election)		
Susan Stirn	President	2013
Lisa Rethwisch	Vice President	2013
Tonja Colsch	Board Member	2011
Bobbie Goetzinger	Board Member	2011
Heather Schulte	Board Member	2013
(After September 2011 Election)		
Susan Stirn	President	2013
Bobbie Goetzinger	Vice President	2015
Heather Schulte	Board Member	2013
Daniel Porter	Board Member	2015
Bruce Palmborg	Board Member	2015
School Officials		
Dr. Dale Crozier	Superintendent	
Janet Heiderscheit	District Secretary/Treasurer	
Marion Verdon	District Secretary/Treasurer	

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Certified Public Accountants

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Independent Auditor's Report

To the Board of Education of
Eastern 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 Eastern Allamakee Community School District, Lansing, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Eastern Allamakee Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2013, on our consideration of Eastern 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing

standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern 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 eight years ended June 30, 2011, (which are not presented herein). For 2007, 2006 and 2005 we did not issue an opinion on the discretely presented component unit and we issued unqualified opinions on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information. We issued unqualified opinions for 2004 and 2008-2011. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

March 18, 2013

MANAGE S DISCUSSION AND ANALYSIS

This section of the Eastern Allamakee Community School District's GASB 34 annual financial report presents its discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2012. The analysis focuses on the district's financial performance as a whole.

Please read it in conjunction with District's financial statements, which immediately follow this section.

2012 FINANCIAL HIGHLIGHTS

The general fund revenues increased from $4,250,537 in fiscal 2011 to $4,323,797 in fiscal 2012 while the general fund expenditures increased from $4,004,947 in fiscal 2011 to $4,025,306 in fiscal 2012. This resulted in an increase in the district's general fund balance from $646,158 in fiscal 2011 to a fund balance of $946,149 in fiscal 2012 that is an increase of 46 percent from the previous year.

The increase in general fund revenues was attributed to an increase in state and local funds. The increase in expenditures was attributed to a small increase in both the cost of regular instruction and support services.

The district receives Statewide Sales Tax that is being used for repayment of the Sales, Service and Use tax Revenue bonds issued to construct the Sports Complex, purchase of computers, lease of buses and other building repairs.

USING THIS ANNUAL REPORT

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

The first two statements are *government-wide financial* statements that provide both short-term and long-term information about the district's overall financial status.

The remaining statements are fund *financial statements* that focus on the individual parts of the district, reporting the district's operations in more detail than the government-wide statements.

The *government funds* statements explain how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about the activities the district operates like businesses, such as food services.

Fiduciary fund statements provide financial information about activities for which Eastern Allamakee Community School District acts solely as an agent or custodian for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

Figure A-1
Eastern Allamakee Community School District's Annual Finance Report

Figure A-1

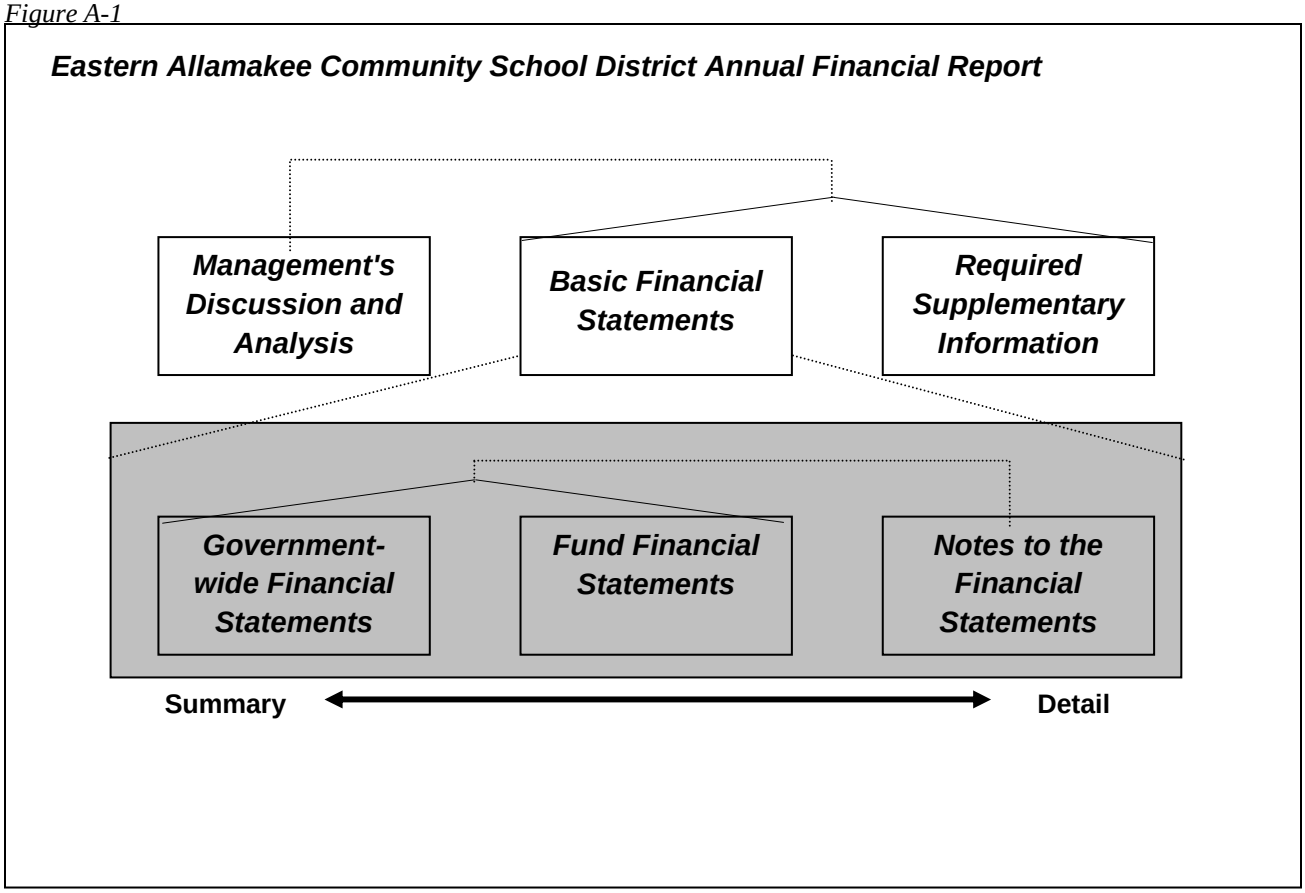

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

Fiduciary Funds

	Government-wide Statements	Fund Financial Statements		
		Governmental funds	Propriety Funds	Fiduciary Funds
Scope	Entire district	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: such as food service	Instances in which the District administers re sources on behalf of someone else, such as scholarship programs.
Required financial Statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes In fund balance	Statement of net assets Statement of revenues, expenses and changes in fund Net assets Statement of cash Flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ Liability Information	All assets and liabilities, both financial and capital short-term and long-term	generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets although they can
Type of inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	all revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Statements

The Government-wide 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 statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether the district's Financial position is improving or deteriorating, respectfully.

To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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 would be included here.

Fund Financial Statements

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

Some funds are required by state law and by bond covenants.

The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

Government Funds: Most of the District's basic services are included in government 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 the year-end that are available for spending. Consequently, the government 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. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information in exhibits following the governmental funds statements explains the relationship of differences between the two statements.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Funds.

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.

Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

Financial Analysis of the District as a Whole

Net assets. The District's total net assets showed an increase overall for the year ending June 30, 2012 compared to June 30, 2011. The increase was in three areas: capital assets, net liabilities and restricted net assets.

Figure A-3 below provides a summary of the District's net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3

	Condensed Statement of Net Assets						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2012	2011	2012	2011	2012	2011	2011-2012
	$	$	$	$	$	$	
Current and other assets	8,113,799	4,420,498	14,435	10,526	8,128,234	4,431,024	83%
Capital assets	7,800,366	7,933,240	32,533	37,606	7,832,899	7,970,846	-2%
Total assets	**15,914,165**	**12,353,738**	**46,968**	**48,132**	**15,961,133**	**12,401,870**	**29%**
Long-term liabilities	8,872,824	5,813,135	2,527	1,696	8,875,351	5,814,831	53%
Other liabilities	2,812,938	2,854,261	20,056	19,570	2,832,994	2,873,831	-1%
Total liabilities	**11,685,762**	**8,667,396**	**22,583**	**21,266**	**11,708,345**	**8,688,662**	**35%**
Net Assets:							
Invested in capital assets, net of related debt	2,745,366	2,533,240	32,533	37,606	2,777,899	2,570,846	8%
Restricted	579,103	693,596	-	-	579,103	693,596	-17%
Unrestricted	903,934	459,506	(8,148)	(10,740)	895,786	448,766	100%
TOTAL NET ASSETS	**4,228,403**	**3,686,342**	**24,385**	**26,866**	**4,252,788**	**3,713,208**	**15%**

Long-term liabilities increased due to payments on the General Obligation bonds and the School Infrastructure Sales Service & Use Tax Revenue Bonds.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately $114,493 or 17% over the prior year. The decrease was due to the sales tax revenue bonds capital projects as they are being paid off.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately $447,020 or 100%.

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

Figure A-4

	Change in Net Assets						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2012	2011	2012	2011	2012	2011	2011-2012
	$	$	$	$	$	$	
Revenues							
Program Revenues:							
Charges for services	362,087	427,646	127,824	132,351	489,911	559,997	-13%
Operating grants & contributions	800,826	890,700	111,789	104,374	912,615	995,074	-8%
Capital grants & contributions	45,151	42,073	-	-	45,151	42,073	7%
General Revenues:							
Property taxes	2,315,659	2,140,323	-	-	2,315,659	2,140,323	8%
Income surtax	156,727	139,805	-	-	156,727	139,805	12%
Statewide sales & services tax	293,241	295,206	-	-	293,241	295,206	-1%
Unrestricted state grants	1,402,886	1,382,814	-	-	1,402,886	1,382,814	1%
Unrestricted investment earnings	10,365	11,288	113	117	10,478	11,405	-8%
Other revenue	7,846	357	-	-	7,846	357	2098%
Total Revenues	**5,394,788**	**5,330,212**	**239,726**	**236,842**	**5,634,514**	**5,567,054**	**1%**
Expenses:							
Instruction	2,730,774	2,688,961	-	-	2,730,774	2,688,961	2%
Support services	1,470,087	1,441,069	-	-	1,470,087	1,441,069	2%
Non-instructional programs	4,133	3,828	242,207	234,082	246,340	237,910	4%
Other expenditures	647,733	620,886	-	-	647,733	620,886	4%
Total expenses	**4,852,727**	**4,754,744**	**242,207**	**234,082**	**5,094,934**	**4,988,826**	**2%**
CHANGE IN NET ASSETS	**542,061**	**575,468**	**(2,481)**	**2,760**	**539,580**	**578,228**	**-7%**
Net assets beginning of year	3,686,342	3,110,874	26,866	24,106	3,713,208	3,134,980	18%
Net assets end of year	4,228,403	3,686,342	24,385	26,866	4,252,788	3,713,208	15%

For the 2011-2012 school year property tax and unrestricted state grants account for 66 percent of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 82 percent of total expenses. (See Figure A-4 Governmental Revenues and Governmental Expenditures)

Governmental Activities

Revenues for governmental activities were $5,394,788 while expenses amounted to $4,852,727.

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

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2012	Net Cost Of Services 2011
	$	$	$	$
Instruction	2,730,774	2,688,961	1,782,593	1,570,908
Support Services	1,470,087	1,441,069	1,410,740	1,434,955
Non-instructional Programs	4,133	3,828	4,133	(4,867)
Other Expenses	647,733	620,886	447,197	393,329
TOTAL	**4,852,727**	**4,754,744**	**3,644,663**	**3,394,325**

A portion of the cost financed by users of the District's programs was $362,087.

The federal and state government subsidized certain programs with grants and contributions totaling $800,826.

The net cost portion of governmental activities was financed with $2,765,627 in property and other taxes and $1,402,886 in unrestricted state foundation aid.

Business-Type Activities

Revenues of the District's business-type activities were $239,726 and expenses were $242,207 for a loss of $2,481. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of $5,047,220 above last year's ending fund balances of $1,359,932.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. The increase is from the negotiated salary & benefits settlement and existing expenditures of the district. The District looks at all funding to work to remain solvent at year's end.

- The General Fund balance increased from $646,158 to $946,149.

- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.

    - The Physical Plant and Equipment Levy account balance increased from $53,042 at June 30, 2011 to $75,311 at June 30, 2012.

    - The Statewide Sales Tax account balance decreased from $342,178 at June 30, 2011 to $229,489 at June 30, 2012.

- The Debt Service Fund balance increased from $114,313 at the beginning of the year to $3,582,152 at the end of the year.

Proprietary Fund Highlights

The school nutrition fund decreased by an amount of $2,481 from June 30, 2011 to June 30, 2012. This left the account with a total net asset of $24,385 or a decrease of 9%.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Directors annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District amended its budget one time to reflect additional expenditures in the instruction, support services and non-instructional programs functions. 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.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund and Capital Projects Funds. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

The budget was amended during the year to increase budgeted expenditures by $75,000

Capital Assets

At June 30, 2012, the District had invested approximately $7.8 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment and intangible assets. (See Figure A-6) This represents a net decrease of 2% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was $353,170.

The Eastern Allamakee Community School District had a total of $10,377,866 of capital assets being depreciated. Of this amount $2,584,667 was to total accumulated depreciation which left a net amount of $7,793,199 total capital assets being depreciated.

At June 30, 2012, the District has completed the sports complex construction project.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
	$	$	$	$	$	$	
Land	7,167	7,167	-	-	7,167	7,167	0%
Construction in progress	696,587	-	-	-	696,587	-	-100%
Buildings	6,656,686	6,589,299	-	-	6,656,686	6,589,299	1%
Improvements	54,101	755,899	-	-	54,101	755,899	1297%
Equipment & Furniture	518,699	448,001	37,606	32,533	556,305	480,534	14%
TOTAL	7,933,240	7,800,366	37,606	32,533	7,970,846	7,832,899	-2%

Long Term Debt

At year-end, the District had $8,797,070 in general obligation bonds, revenue bonds, termination benefits, compensated absences and net OPEB liability. This represents an increase of $,3,069,473 from year 2011.

The district re-financed the bonded debt at a lower interest rate. The first bonds will not be paid off until maturity which is in 2015. The second bond will pay off the first bond at that time, which is the reason for the additional debt.

The district continues to make payments on the general obligation bonds which began in 2006 and the district began making payments on the Infrastructure Sales, Service and Use Tax Revenue Bonds which began in 2010. Early retirement package for the certified staff and support staff were approved in 2006, 2007, 2008, 2009 and 2010.

Figure A-7
Outstanding Long-Term Obligations

	Total Eastern Allamakee CSD		Percentage Change
	2011	2012	2011-2012
	$	$	
Governmental activities:			
General obligation bonds	4,135,000	7,400,000	79%
Revenue bonds	1,265,000	1,165,000	-8%
Termination benefits	295,361	189,909	-36%
Compensated absences	8,237	7,634	-7%
Net OPEB liability	21,472	32,000	49%
	5,725,070	8,794,543	54%
Business type activities:			
Net OPEB liability	1,696	2,527	49%

Factors Bearing on the District's Future

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

The district is concerned with declining student enrollment. The district is aware that the incoming kindergarten classes are significantly smaller than the classes graduating, thus causing a decrease in enrollment in the future years.

The district recognizes that allowable growth of 0 percent is significant to the district's financial health.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and private 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 any questions about this report or need additional financial information, contact Marian Verdon or Janet Heiderscheit, School Board Secretaries/Treasurers/Business Managers, or Dale Crozier, Superintendent; Eastern Allamakee Community School District, 569 Center Street, Lansing, IA 52151.

BASIC FINANCIAL STATEMENTS

Exhibit A

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business Type Activities	Total
	$	$	$
Assets			
Cash and cash equivalents	5,305,858	8,486	5,314,344
Receivables:			
Property tax:			
Delinquent	24,372	-	24,372
Succeeding year	2,305,910	-	2,305,910
Accounts	152	2,591	2,743
Accrued interest	39	-	39
Due from other governments	321,731	-	321,731
Inventories	-	3,358	3,358
Prepaid expenses	1,572	-	1,572
Bond issue costs	154,165	-	154,165
Capital assets, net of accumulated depreciation	7,800,366	32,533	7,832,899
Total assets	15,914,165	46,968	15,961,133
Liabilities			
Accounts payable	11,527	-	11,527
Salaries and benefits payable	404,341	17,407	421,748
Due to other governments	41,940	-	41,940
Accrued interest payable	49,220	-	49,220
Deferred revenue:			
Succeeding year property tax	2,305,910	-	2,305,910
Other	-	2,649	2,649
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	255,000	-	255,000
Revenue bonds payable	125,000	-	125,000
Termination benefits	83,220	-	83,220
Compensated absences	2,545	-	2,545
Portion due after one year:			
General obligation bonds payable	7,145,000	-	7,145,000
Bond premium	78,281	-	78,281
Revenue bonds payable	1,040,000	-	1,040,000
Termination benefits	106,689	-	106,689
Compensated absences	5,089	-	5,089
Net OPEB liability	32,000	2,527	34,527
Total liabilities	11,685,762	22,583	11,708,345

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business Type Activities	Total
	$	$	$
Net assets			
Invested in capital assets, net of related debt	2,745,366	32,533	2,777,899
Restricted for:			
Categorical funding	188,666	-	188,666
Physical plant and equipment levy	75,311	-	75,311
For special purposes by donors	36,862	-	36,862
Student activities	25,843	-	25,843
Debt service	157,932	-	157,932
School Infrastructure	94,489	-	94,489
Unrestricted	903,934	(8,148)	895,786
Total net assets	4,228,403	24,385	4,252,788

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2012

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	$	$	$	$
Governmental activities:				
Instruction:				
Regular	1,716,926	133,047	427,804	-
Special	371,902	97,896	42,522	-
Other	641,946	125,770	121,142	-
	2,730,774	356,713	591,468	-
Support services:				
Student	163,822	-	53,973	-
Instructional staff	98,644	-	-	-
Administration	429,297	-	-	-
Operation and maintenance of plant	466,204	1,040	-	-
Transportation	312,120	4,334	-	-
	1,470,087	5,374	53,973	-
Non-instructional programs	4,133	-	-	-
Other expenditures:				
Facilities acquisition	55,643	-	-	45,151
Long-term debt interest	201,384	-	1,290	-
AEA flowthrough	154,095	-	154,095	-
Depreciation (unallocated)*	236,611	-	-	-
	647,733	-	155,385	45,151
Total governmental activities	4,852,727	362,087	800,826	45,151
Business type activities:				
Non-instructional programs:				
Food service operations	242,207	127,824	111,789	-
Total	5,094,934	489,911	912,615	45,151

General Revenues:

Property taxes levied for:
- General purposes
- Debt service
- Capital outlay

Income surtax

Statewide sales, services, and use 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 expense of the various programs.

Net (Expense) Revenue and Changes in Net		
Governmental Activities	Business Type Activities	Total
$	$	$
(1,156,075)	-	(1,156,075)
(231,484)	-	(231,484)
(395,034)	-	(395,034)
(1,782,593)	-	(1,782,593)
(109,849)	-	(109,849)
(98,644)	-	(98,644)
(429,297)	-	(429,297)
(465,164)	-	(465,164)
(307,786)	-	(307,786)
(1,410,740)	-	(1,410,740)
(4,133)	-	(4,133)
(10,492)	-	(10,492)
(200,094)	-	(200,094)
-	-	-
(236,611)	-	(236,611)
(447,197)	-	(447,197)
(3,644,663)	-	(3,644,663)
-	(2,594)	(2,594)
(3,644,663)	(2,594)	(3,647,257)
1,899,065	-	1,899,065
357,591	-	357,591
59,003	-	59,003
156,727	-	156,727
293,241	-	293,241
1,402,886	-	1,402,886
10,365	113	10,478
7,846	-	7,846
4,186,724	113	4,186,837
542,061	(2,481)	539,580
3,686,342	26,866	3,713,208
4,228,403	24,385	4,252,788

Exhibit C

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2012

	General	Debt Service	Nonmajor Governmental	Total
	$	$	$	$
Assets				
Cash and pooled investments	1,260,460	3,591,756	453,642	5,305,858
Receivables:				
Property tax:				
Delinquent	18,117	3,757	2,498	24,372
Succeeding year	1,718,349	367,005	220,556	2,305,910
Accounts	152	-	-	152
Accrued interest	-	-	39	39
Interfund receivable	-	-	13,361	13,361
Due from other governments	273,924	-	47,807	321,731
Prepaid expenditures	-	-	1,572	1,572
Total assets	3,271,002	3,962,518	739,475	7,972,995
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	11,527	-	-	11,527
Salaries and benefits payable	404,341	-	-	404,341
Due to other governments	41,940	-	-	41,940
Interfund payable	-	13,361	-	13,361
Deferred revenue:				
Succeeding year property tax	1,718,349	367,005	220,556	2,305,910
Income surtax	148,696	-	-	148,696
Total liabilities	2,324,853	380,366	220,556	2,925,775
Fund balances:				
Nonspendable:				
Prepaid expenditures	-	-	1,572	1,572
Restricted for:				
Categorical funding	188,666	-	-	188,666
Debt service	-	3,582,152	135,000	3,717,152
Special purposes by donor	-	-	36,862	36,862
Management levy	-	-	149,842	149,842
Student activities	-	-	25,843	25,843
School infrastructure	-	-	94,489	94,489
Physical plant and equipment	-	-	75,311	75,311
Unassigned	757,483	-	-	757,483
Total fund balances	946,149	3,582,152	518,919	5,047,220
Total liabilities and fund balances	3,271,002	3,962,518	739,475	7,972,995

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

June 30, 2012

	$
Total fund balances of governmental funds (Exhibit C)	5,047,220
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,800,366
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	148,696
Bond issue costs are expensed when incurred in the governmental fund financial statements, but for the government-wide financial statements they are capitalized and amortized over the life of the bonds.	154,165
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.	(49,220)
Long-term liabilities, including bonds payable, unamortized bond premiums, compensated absences, termination benefits, and other postemployment benefits are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	(8,872,824)
Net assets of governmental activities (Exhibit A)	4,228,403

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	General	Debt Service	Nonmajor Governmental	Total
	$	$	$	$
Revenues:				
Local sources:				
Local tax	1,880,229	357,591	530,811	2,768,631
Tuition	208,728	-	-	208,728
Other	53,391	1,290	182,297	236,978
Intermediate sources	1,107	-	-	1,107
State sources	1,923,539	196	130	1,923,865
Federal sources	256,803	-	-	256,803
Total revenues	4,323,797	359,077	713,238	5,396,112
Expenditures:				
Current:				
Instruction:				
Regular	1,639,139	-	126,034	1,765,173
Special	370,794	-	-	370,794
Other	520,014	-	121,516	641,530
	2,529,947	-	247,550	2,777,497
Support services:				
Student	168,048	-	295	168,343
Instructional staff	97,205	-	885	98,090
Administration	403,341	61,750	8,952	474,043
Operation and maintenance of plant	426,283	-	35,918	462,201
Transportation	246,387	-	48,313	294,700
	1,341,264	61,750	94,363	1,497,377
Non-instructional programs	-	-	4,133	4,133
Other expenditures:				
Facilities acquisition	-	-	230,078	230,078
Long-term debt:				
Principal	-	345,000	-	345,000
Interest and fiscal charges	-	212,144	-	212,144
AEA flowthrough	154,095	-	-	154,095
	154,095	557,144	230,078	941,317
Total expenditures	4,025,306	618,894	576,124	5,220,324
Excess (deficiency) of revenues over (under) expenditures	298,491	(259,817)	137,114	175,788

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	General	Debt Service	Nonmajor Governmental	Total
	$	$	$	$
Other financing sources (uses):				
Refunding bonds issued	-	3,510,000	-	3,510,000
Sales of materials and equipment	1,500	-	-	1,500
Operating transfers in	-	217,656	-	217,656
Operating transfers out	-	-	(217,656)	(217,656)
Total other financing sources (uses)	1,500	3,727,656	(217,656)	3,511,500
Net change in fund balances	299,991	3,467,839	(80,542)	3,687,288
Fund balances beginning of year	646,158	114,313	599,461	1,359,932
Fund balances end of year	946,149	3,582,152	518,919	5,047,220

See notes to financial statements.

EASTERN 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, 2012

	$	$
Net change in fund balances - total governmental funds (Exhibit E)		3,687,288
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:		
Expenditures for capital assets	215,223	
Depreciation expense	(348,097)	(132,874)
Income surtaxes and other receivables 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 Statement of Activities.		(2,824)
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.		345,000
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.		976
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:		
Termination benefits	105,452	
Compensated absences	603	
Other postemployment benefits	(10,528)	95,527
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.		(3,510,000)
For governmental fund financial statements bond premiums are recorded as revenue when received, but for the Statement of Activities bond premiums are amortized over the life of the bonds.		9,784
For governmental fund financial statements bond issue costs are recorded as an expenditure when incurred, but for the Statement of Activities bond issue costs are capitalized and amortized over the life of the bonds.		49,184
Changes in net assets of governmental activities (Exhibit B)		542,061

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund

June 30, 2012

	Nonmajor School Nutrition
	$
Assets	
Cash and cash equivalents	8,486
Accounts receivable	2,591
Inventories	3,358
Capital assets, net of accumulated depreciation	32,533
Total assets	46,968
Liabilities	
Salaries and benefits payable	17,407
Deferred revenue	2,649
Net OPEB liability	2,527
Total liabilities	22,583
Net assets	
Invested in capital assets	32,533
Unrestricted	(8,148)
Total net assets	24,385

See notes to financial statements

Exhibit H

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	Nonmajor School Nutrition
	$
Operating revenues:	
Local sources:	
Charges for service	127,824
Operating expenses:	
Non-instructional programs:	
Salaries	76,712
Benefits	41,714
Purchased services	2,760
Supplies	115,948
Depreciation	5,073
Total operating expenses	242,207
Operating income (loss)	(114,383)
Non-operating revenues:	
State sources	2,015
Federal sources	109,774
Interest income	113
Total non-operating revenues	111,902
Change in net assets	(2,481)
Net assets beginning of year	26,866
Net assets end of year	24,385

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2012

	Nonmajor School Nutrition
	$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	126,986
Cash payments to employees for services	(116,820)
Cash payments to suppliers for goods or services	(96,983)
Net cash used by operating activities	(86,817)
Cash flows from non-capital financing activities:	
State grants received	2,015
Federal grants received	89,244
Net cash provided by non-capital financing activities	91,259
Cash flows from capital and related financing activities	-
Cash flows from investing activities:	
Interest on investments	113
Net increase (decrease) in cash and cash equivalents	4,555
Cash and cash equivalents at beginning of year	3,931
Cash and cash equivalents at end of year	8,486
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(114,383)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	20,530
Depreciation	5,073
Decrease (increase) in inventories	1,195
Decrease (increase) in accounts receivable	(549)
(Decrease) increase in salaries and benefits payable	775
(Decrease) increase in deferred revenue	(289)
(Decrease) increase in other postemployment benfits	831
Net cash used by operating activities	(86,817)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received $20,530 of federal commodities.

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2012

	Private Purpose Trust Scholarship
	$
Assets	
Cash and pooled investments	196,097
Accrued interest receivable	15
Total Assets	196,112
Liabilities	-
Net Assets	
Reserved for scholarships	196,112

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

Year ended June 30, 2012

	Private Purpose Trust Scholarship
	$
Additions:	
Local sources:	
Gifts and contributions	182,649
Interest	1,397
Total additions	184,046
Deductions	
Support services:	
Scholarships awarded	500
Change in net assets	183,546
Net assets beginning of year	12,566
Net assets end of year	196,112

See notes to financial statements.

1. Summary of Significant Accounting Policies

Eastern 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 Cities of Lansing and New Albin, Iowa and the predominately agricultural territory in a portion of Allamakee County. 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, Eastern 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. Eastern Allamakee Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

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

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

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

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year.

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds 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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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

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

Capital Assets – Capital assets, which include property, 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.

Asset Class	Amount
	$
Land	-
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	15-50 years
Improvements other than buildings	10-20 years
Intangibles	3-40 years
Furniture and equipment	5-25 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 receivables 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 days 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 used vacation days. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. 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 fund balances are classified as follows:

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

Unassigned – All amounts not included in other classifications.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures did not exceed the amended amounts budgeted.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain

registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2012, the District had the following investments:

	Fair Value	Maturity
	$	
US Treasury Note	21,575	November 2012
US Treasury Note	18,266	May 2013
US Treasury Note	18,281	November 2013
US Treasury Notes	3,446,423	May 2013

At June 30, 2012, the District had an investment in the Iowa Schools Joint Investment Trust, which is valued at an amortized cost of $17,016 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor's Financial Services.

Interest rate risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

3. Interfund Receivables and Payables

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

Receivable Fund	Payable Fund	Amount
		$
Nonmajor Capital Projects Fund	Debt Service Fund	13,361

These loans were for cash flow purposes.

4. Interfund Transfers

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

Transfer To	Transfer From	Amount
		$
Debt Service Fund	Nonmajor Capital Projects Fund	217,656

This transfer moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	$	$	$	$
Governmental activities:				
Capital assets not being depreciated:				
Land	7,167	-	-	7,167
Construction in progress	696,587	154,064	850,651	-
	703,754	154,064	850,651	7,167

Capital assets being depreciated:				
Buildings	8,561,743	126,944	-	8,688,687
Improvements other than buildings	85,324	744,078	-	829,402
Furniture and equipment	818,989	40,788	-	859,777
Total capital assets being deprec.	9,466,056	911,810	-	10,377,866
Less accumulated depreciation for:				
Buildings	1,905,057	194,331	-	2,099,388
Improvements other than buildings	31,223	42,280	-	73,503
Furniture and equipment	300,290	111,486	-	411,776
Total accumulated depreciation	2,236,570	348,097	-	2,584,667
Total capital assets being depreciated, net	7,229,486	563,713	-	7,793,199
Governmental activities capital assets, net	7,933,240	717,777	850,651	7,800,366
Business type activities:				
Furniture and equipment	194,052	-	-	194,052
Less accumulated depreciation	156,446	5,073	-	161,519
Business type activities capital assets, net	37,606	(5,073)	-	32,533

Depreciation expense was charged to the following functions:

	$
Governmental activities:	
Instruction:	
Regular	87,429
Support services:	
Student Support	225
Administration	3,517
Operation and maintenance of plant	3,172
Transportation	17,143
	111,486
Unallocated depreciation	236,611
Total depreciation expense – governmental activities	348,097
Business type activities:	
Food services	5,073

6. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	$	$	$	$	$
Governmental activities					
General obligation bonds	4,135,000	3,510,000	245,000	7,400,000	255,000
Revenue bonds	1,265,000	-	100,000	1,165,000	125,000
Termination benefits	295,361	1,525	106,977	189,909	83,220
Compensated absences	8,237	-	603	7,634	2,545
Net OPEB liability	21,472	10,528	-	32,000	-
Total	5,725,070	3,522,053	452,580	8,794,543	465,765
Business type activities:					
Net OPEB liability	1,696	831	-	2,527	-

Termination Benefits

The District offered a voluntary early retirement plan to its employees. To qualify the eligible employee must be age 55 or older and have 15 years of service with the Eastern Allamakee Community School District. The application for early retirement was subject to approval by the Board of Education.

At June 30, 2012, the District has an obligation to ten participants with a total liability of $189,909. Actual early retirement expenditures for the year ended June 30, 2012 totaled $106.977.

General Obligation Bonds Payable

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

	Bond Issue of November 2004			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	$	$	$
2013	4.500	255,000	159,536	414,536
2014	4.500-4.375	3,635,000	147,949	3,782,949
	Total	3,890,000	307,485	4,197,485

	Crossover Refunding Bond Issue of March 2012			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	$	$	$
2013	-	-	50,299	50,299
2014	-	-	46,430	46,430
2015	.50-.55	335,000	46,018	381,018
2016	.65-.75	340,000	44,117	384,117
2017	.80-.90	340,000	41,610	381,610
2018-2022	1.00-1.80	1,750,000	148,617	1,898,617
2023-2024	1.85-2.10	745,000	18,849	763,849
	Total	3,510,000	395,940	3,905,940

Bond Refunding

In March 2012, the District issued $3,510,000 of general obligation crossover refunding bonds with interest rates ranging between .50% and 2.1%. The District issued the bonds to refund $3,370,000 of the outstanding November 2004 general obligation bonds with interest rates of 4.00% to 4.375%. The District will use the net proceeds to call and pay the balance of the 2004 bond issue on May 1, 2014.

The refunding reduced total debt service payments over the next twelve years by $356,432. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $319,572.

Revenue Bonds

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

Year Ending June 30,	Bond Issue of July 2009			
	Interest Rates	Principal	Interest	Total
	%	$	$	$
2013		-	21,110	21,110
2014	2.75	125,000	19,391	144,391
2015		-	17,673	17,673
2016	3.40	145,000	15,208	160,208
2017		-	12,473	12,473
2018-2020	3.75-4.20	320,000	20,501	340,501
		590,000	106,356	696,356

Year Ending June 30,	Bond Issue of July 2009			
	Interest Rates	Principal	Interest	Total
	%	$	$	$
2013	2.60	125,000	17,925	142,925
2014		-	16,300	16,300
2015	3.10	140,000	14,130	154,130
2016		-	11,960	11,960
2017	3.60	150,000	9,260	159,260
2018-2019	4.10	160,000	9,840	169,840
		575,000	79,415	654,415

The District has pledged future statewide sales, services and use tax revenues to repay the $1,350,000 bonds issued in July 2009. The bonds were issued for the purpose of financing a portion of school infrastructure costs. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2020. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is $1,350,771. For the current year, $100,000 of principal and $41,710 of interest was paid on the bonds and total statewide sales, services and use tax revenues were $293,421.

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

- $135,000 of the proceeds from the bonds issue have been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects Fund.

7. Pension and Retirement Benefits

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were $184,907, $155,821 and $153,863 respectively, equal to the required contributions for each year.

8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 47 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan where employees 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, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	$
Annual required contribution	17,670
Interest on net OPEB obligation	579
Adjustment to annual required contribution	(1,392)
Annual OPEB cost	16,857
Contributions made	5,498
Increase in net OPEB obligation	11,359
Net OPEB obligation beginning of year	23,168
Net OPEB obligation end of year	34,527

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

For the year ended June 30, 2012, the District contributed $5,498 to the medical plan. Plan members eligible for benefits contributed $1,800, or 25% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
	$	%	$
June 30, 2010	15,514	23%	11,899
June 30, 2011	15,713	28%	23,168
June 30, 2012	16,857	33%	34,527

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was $112,957, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $112,957. The covered payroll (annual payroll of active employees covered by the plan) was approximately $1,240,000, and the ratio of the UAAL to covered payroll was 9.1%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, 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, 2009 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%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000.

The UAAL is being amortized over 30 years.

9. Risk Management

Eastern 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.

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 $154,095 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Deficit Fund Balances

At June 30, 2012 the District Nonmajor School Nutrition Fund has a deficit unrestricted net assets of $8,148.

12. Categorical Funding

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

Program	Amount
	$
Gifted and talented	20,930
Mentoring	5,285
Teacher salary supplement	25,888
Core curriculum	5,454
Educator quality, professional development	30,924
Statewide voluntary preschool program	100,185
	188,666

13. Lease Commitment

The District has entered into a contract to lease three buses. The payments the District will make over the next year are as follows:

Year Ended June 30	Lease Payment
	$
2013	34,121

$34,121 of lease payments were made during fiscal year 2012.

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2012

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Amended Final	
	$	$	$	$	$	$
Revenues:						
Local sources	3,214,337	127,937	3,342,274	3,146,165	3,146,165	196,109
Intermediate sources	1,107	-	1,107	2,000	2,000	(893)
State sources	1,923,865	2,015	1,925,880	1,941,465	1,941,465	(15,585)
Federal sources	256,803	109,774	366,577	292,110	292,110	74,467
Total revenues	5,396,112	239,726	5,635,838	5,381,740	5,381,740	254,098
Expenditures/Expenses:						
Instruction	2,777,497	-	2,777,497	3,297,875	3,297,875	520,378
Support services	1,497,377	-	1,497,377	1,580,605	1,580,605	83,228
Non-instructional programs	4,133	242,207	246,340	258,526	333,526	87,186
Other expenditures	941,317	-	941,317	1,253,391	1,253,391	312,074
Total expenditures/expenses	5,220,324	242,207	5,462,531	6,390,397	6,465,397	1,002,866
Excess (deficiency) of revenues over (under) expenditures/expenses	175,788	(2,481)	173,307	(1,008,657)	(1,083,657)	1,256,964
Other financing sources (uses) net	3,511,500	-	3,511,500	750	750	3,510,750
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	3,687,288	(2,481)	3,684,807	(1,007,907)	(1,082,907)	4,767,714
Balance beginning of year	1,359,932	26,866	1,386,798	1,295,669	1,295,669	91,129
Balance end of year	5,047,220	24,385	5,071,605	287,762	212,762	4,858,843

See accompanying independent auditor's report

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2012

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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 $75,000.

EASTERN 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)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		$	$	$	%	$	%
2010	July 1, 2009	-	122,746	122,746	0.0%	1,300,000	9.4%
2011	July 1, 2009	-	120,633	120,633	0.0%	1,340,000	9.0%
2012	July 1, 2009	-	112,957	112,957	0.0%	1,240,000	9.1%

See Note 8 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.

SUPPLEMENTARY INFORMATION

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

	Special Revenue Funds				
Assets	Management Levy	Student Activity	District Support Trust	Capital Projects	Total
	$	$	$	$	$
Cash and pooled investments	147,964	25,843	36,823	243,012	453,642
Receivables:					
Property tax:					
Delinquent	1,878	-	-	620	2,498
Succeeding year	160,000	-	-	60,556	220,556
Accrued interest	-	-	39	-	39
Interfund receivable	-	-	-	13,361	13,361
Due from other governments	-	-	-	47,807	47,807
Prepaid expenditures	1,572	-	-	-	1,572
Total assets	311,414	25,843	36,862	365,356	739,475
Liabilities & Fund Balances					
Liabilities:					
Deferred revenue:					
Succeeding year property tax	160,000	-	-	60,556	220,556
Fund balances:					
Nonspendable prepaid expenditures	1,572	-	-	-	1,572
Restricted for:					
Debt service	-	-	-	135,000	135,000
Special purposes by donor	-	-	36,862	-	36,862
Management levy	149,842	-	-	-	149,842
Student activities	-	25,843	-	-	25,843
School infrastructure	-	-	-	94,489	94,489
Physical plant and equipment	-	-	-	75,311	75,311
Total fund balances	151,414	25,843	36,862	304,800	518,919
Total liabilities and fund balances	311,414	25,843	36,862	365,356	739,475

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	Special Revenue Funds				
	Management Levy	Student Activity	District Support Trust	Capital Projects	Total
	$	$	$	$	$
Revenues:					
Local sources:					
Local tax	178,387	-	-	352,424	530,811
Other	7,772	125,927	300	48,298	182,297
State sources	98	-	-	32	130
Total revenues	186,257	125,927	300	400,754	713,238
Expenditures:					
Current:					
Instruction:					
Regular	120,884	-	-	5,150	126,034
Other	-	121,516	-	-	121,516
Support services:					
Student	295	-	-	-	295
Instructional staff	885	-	-	-	885
Administration	4,783	-	-	4,169	8,952
of plant	35,918	-	-	-	35,918
Transportation	14,192	-	-	34,121	48,313
Non-instructional programs	4,133	-	-	-	4,133
Other expenditures:					
Facilities acquisition	-	-	-	230,078	230,078
Total expenditures	181,090	121,516	-	273,518	576,124
Excess (deficiency) of revenues over (under) expenditures	5,167	4,411	300	127,236	137,114
Other financing sources (uses):					
Operating transfers out	-	-	-	(217,656)	(217,656)
Net change in fund balances	5,167	4,411	300	(90,420)	(80,542)
Fund balances beginning of year	146,247	21,432	36,562	395,220	599,461
Fund balances end of year	151,414	25,843	36,862	304,800	518,919

See accompanying independent auditor's report.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

	Capital Projects		
Assets	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	$	$	$
Cash and pooled investments	168,321	74,691	243,012
Receivables:			
Property tax:			
Delinquent	-	620	620
Succeeding year	-	60,556	60,556
Interfund receivable	13,361	-	13,361
Due from other governments	47,807	-	47,807
Total assets	229,489	135,867	365,356
Liabilities & Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	-	60,556	60,556
Fund balances:			
Restricted for:			
Debt service	135,000	-	135,000
School infrastructure	94,489	-	94,489
Physical plant and equipment	-	75,311	75,311
Total fund balances	229,489	75,311	304,800
Total liabilities and fund balances	229,489	135,867	365,356

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Yeard ended June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	$	$	$
Revenues:			
Local sources:			
Local tax	293,421	59,003	352,424
Other	48,007	291	48,298
State sources	-	32	32
Total revenues	341,428	59,326	400,754
Expenditures:			
Current:			
Instruction:			
Regular instruction	-	5,150	5,150
Support services:			
Administration services	-	4,169	4,169
Transportation services	34,121	-	34,121
Other expenditures:			
Facilities acquisition	202,340	27,738	230,078
Total expenditures	236,461	37,057	273,518
Excess (deficiency) of revenues over (under) expenditures	104,967	22,269	127,236
Other financing sources (uses):			
Operating transfers out	(217,656)	-	(217,656)
Net change in fund balance	(112,689)	22,269	(90,420)
Fund balances beginning of year	342,178	53,042	395,220
Fund balance end of year	229,489	75,311	304,800

See accompanying independent auditor's report.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Intra-fund Transfers	Balance End of Year
	$	$	$	$	$
KHS					
Class of 2011	(58)	-	-	-	(58)
Class of 2012	1,793	29,538	30,695	-	636
Class of 2013	-	5,317	1,677	-	3,640
Art club	(80)	870	-	-	790
Annual	(690)	10,634	9,858	-	86
Boys basketball	-	693	316	-	377
Baseball	(593)	10	30	29	(584)
Girls basketball	-	588	929	341	-
Volleyball	1,114	1,076	1,309	-	881
Athletics	(474)	40,330	40,280	-	(424)
Band	(135)	12,899	12,728	-	36
Speech	(1,290)	2,502	2,296	-	(1,084)
Drama	5,045	2,095	2,139	-	5,001
Juice machine	6,341	3,529	3,273	(370)	6,227
Family and consumer science	333	2,962	2,133	-	1,162
Music parents	363	-	-	-	363
National Honor Society	1,429	680	645	-	1,464
Pep club	328	-	-	-	328
Spanish club	2,016	1,033	182	-	2,867
Student council	(215)	1,146	1,083	-	(152)
Talon newspaper	273	-	-	-	273
Weightlifting	233	-	-	-	233
Prom	2,083	2,108	2,254	-	1,937
FFA	-	3,190	3,189	-	1
Vocal music	1,136	712	792	-	1,056
LMS					
Athletics	(2,161)	207	3,369	3,162	(2,161)
Student council	877	-	31	(530)	316
Concessions	310	-	-	-	310
Magazine sales	3,141	3,947	2,295	(2,632)	2,161
Audubon Ark Adventure	81	213	133	-	161
Beginning accruals	232	(352)	(120)	-	-
Total	21,432	125,927	121,516	-	25,843

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

For the Last Nine Years
Modified Accrual Basis

	2012	2011	2010	2009	2008	2007	2006	2005	2004
	$	$	$	$	$	$	$	$	$
Revenues:									
Local sources:									
Local tax	2,768,631	2,584,283	2,479,893	2,346,953	2,217,545	2,287,411	2,110,102	1,883,323	1,786,569
Tuition	208,728	193,731	161,113	167,374	129,721	85,388	56,451	36,030	30,613
Other	236,978	269,886	215,320	218,190	228,755	224,713	360,521	336,031	229,960
Intermediate sources	1,107	8,695	3,607	4,976	-	-	350	1,820	-
State sources	1,923,865	1,870,414	1,568,829	2,066,872	2,096,412	1,895,214	1,925,835	1,782,395	1,615,572
Federal sources	256,803	402,011	414,452	173,309	231,759	304,277	269,100	194,916	135,862
Total revenues	5,396,112	5,329,020	4,843,214	4,977,674	4,904,192	4,797,003	4,722,359	4,234,515	3,798,576
Expenditures:									
Instruction:									
Regular	1,765,173	1,842,336	1,821,127	1,834,727	1,841,036	1,813,272	1,781,150	1,491,721	1,707,671
Special	370,794	375,425	365,905	393,117	370,806	339,058	307,871	356,590	437,691
Other	641,530	555,387	608,184	455,561	504,077	528,051	432,610	489,739	379,177
Support services:									
Student	168,343	173,502	186,650	195,985	133,478	88,481	88,435	82,832	102,811
Instructional staff	98,090	102,118	58,382	145,331	150,029	174,453	266,487	155,797	69,352
Administration	474,043	399,482	407,208	444,116	386,997	373,817	410,312	422,530	343,133
Operation and maintenance	462,201	435,634	415,353	445,857	398,201	384,833	357,797	320,418	288,364
Transportation	294,700	322,110	307,315	283,111	382,069	336,681	365,943	343,822	293,306
Non-instructional programs	4,133	3,828	3,105	26,006	12,476	3,418	1,131	783	1,280
Other expenditures:									
Facilities acquisition	230,078	572,622	634,700	163,125	114,860	1,272,807	4,704,442	589,262	264,333
Long-term debt:									
Principal	345,000	320,000	230,000	215,000	210,000	200,000	95,000	-	-
Interest and other charges	212,144	224,174	224,151	198,514	206,914	215,014	312,667	-	-
AEA flowthrough	154,095	175,700	172,401	161,933	153,280	149,311	146,395	144,861	146,843
Total expenditures	5,220,324	5,502,318	5,434,481	4,962,383	4,864,223	5,879,196	9,270,240	4,398,355	4,033,961

See accompanying independent auditor's report.

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

To the Board of Education of
Eastern 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 Eastern Allamakee Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 18, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Eastern Allamakee Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Eastern 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 Eastern Allamakee Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Eastern 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 Responses, 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 deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses as items 12-I-A, 12-I-B, and 12-I-C to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern 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 II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Eastern Allamakee Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. While we have expressed our conclusions on the District's responses, we did not audit Eastern 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 Eastern Allamakee Community School District and other parties to whom Eastern Allamakee Community School District may report, 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 Eastern 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

March 18, 2013

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

12-I-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, payroll processing, 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 investigate methods to increase monitoring activities 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.

12-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

12-I-C Supporting Documentation: As part of out audit testing we reviewed credit card bills totaling $25,228. The District did not have detailed supporting documentation for $98 of the credit card charges.

Recommendation: District employees using the credit card should submit detailed supporting documentation for all credit card charges.

District Response: We will review our policies and make any necessary adjustments.

Part I: Findings Related to the Financial Statements (continued):

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

Part II: Other Findings Related to Required Statutory Reporting:

12-II-A Certified Budget: Expenditures for the year ended June 30, 2012 did not exceed the amounts budgeted.

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

12-II-C Travel Expenses: While testing Student Activity Fund expenditures, we noted a $1,400 payment to cash. The purchase order for the expenditure listed $1,000 as cash for senior class trip and $400 as a stipend for two staff chaperones. District officials and employees should not be given travel advances. Employees should turn in detailed receipts and request a reimbursement for travel expenses incurred. Also Chapter 7 of Uniform Administrative Procedures for Iowa School District and AEA Officials states that, "It is never appropriate for a school district to give cash to student members of activity groups."

Recommendation: The District should change its procedures for paying for class trips.

District Response: We will change our procedures.

Conclusion: Response accepted.

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

12-II-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.

12-II-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.

12-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.

12-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.

12-II-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.

12-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.

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

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

12-II-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.

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

	$	$
Beginning balance		342,178
Revenues/transfers in:		
Statewide sales, services and use tax revenue	293,421	
Other local revenues	48,007	341,428
Expenditures/transfers out:		
School infrastructure construction	202,340	
Other	34,121	
Transfers to debt service fund	217,656	454,117
Ending balance		229,489

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E of 423F of the Code of Iowa:

	Rate of Levy Reduction Per $1,000 of Taxable Valuation	Property Tax Dollars Reduced
	$	$
Debt service levy	.29186	51,996

12-II-M Deficit Balances: The District has a deficit unrestricted net assets of $8,148 in the School Nutrition Fund at June 30, 2012. Also the Student Activity Fund had several accounts with deficit balances.

Recommendation: The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits.

District Response: We are working on ways to eliminate the deficits.

Conclusion: Response accepted.