EAST GREENE COMMUNITY SCHOOL DISTRICT
GRAND JUNCTION, IOWA

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

YEAR ENDED JUNE 30, 2013

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

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East Greene Community School District
Grand Junction, Iowa

Officials

Name	Title	Term Expires
Board of Education		
Marc Hoffman	President	2013
Timothy Bardole	Vice President	2014
Ashley Johnston	Board Member	2014
David Tipton	Board Member	2014
Susan Burkett	Board Member	2013
School Officials		
G. Michael Harter	Superintendent	2013
Shawn Angell	District Secretary (Resigned)	Jan-2013
Laura Marshall	District Secretary (Hired Jan 2013)	2013
Susan Clark	District Treasurer	2013
Rick Engel	Attorney	Indefinite

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Independent Auditor's Report

To the Board of Education of
East Greene Community School District:

Report on the Financial Statements

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 East Greene Community School District, Grand Junction, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements bases 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 East Greene Community School District at June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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 5 through 14 and 47 through 50 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Greene Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other auditors previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 basic financial statements or to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2014 on our consideration of East Greene 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 in considering East Greene Community School District's internal control over financial reporting and compliance.

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

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

May 27, 2014

Management Discussion and Analysis

The East Greene Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

General Fund revenues for fiscal 2013 were $4,345,350 while General Fund expenditures were $4,508,516; this resulted in a decrease in the District's General Fund balance from $44,962 in fiscal 2012 to ($118,204) in fiscal 2013, or a ($163,166) decrease from the prior year.

The decrease in General Fund balance was attributable to the decrease in property taxes while expenses stayed consistent.

Sales tax revenue bonds of $2.3 million were issued during fiscal year 2012 and a construction project was completed during fiscal 2013. This explains the $1.3 m decrease in fund balances for capital projects.

Overview of the Financial Statements

This annual 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 *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide statements. The statements for *governmental funds* explain how basic services, such as regular and special education were financed in the *short term* as well as what remains for future spending.
The statement for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

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.

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

Figure A-1

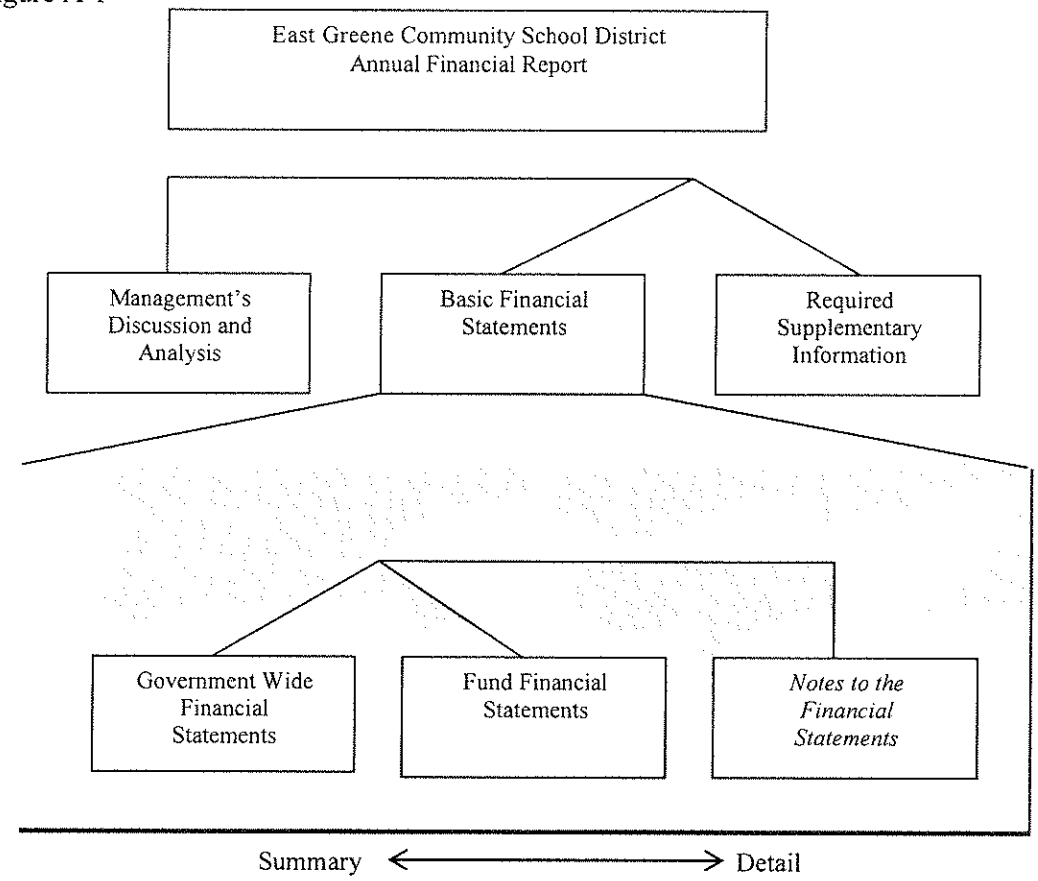

Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2: Major Features of the Government Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources 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 balances	Statement of net assets Statement of cash flows Statement of revenues, expenses and changes in net assets	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 and payable	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

Government-wide Financial 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 its financial position is improving or deteriorating, respectively.
To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building 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 taxes and state aid finance most of these activities.
Business type activities: The District charges fees to help it cover the costs of certain services it provides. The District's food service 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more of 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 at the bottom of the governmental funds statements explains the relationship (or differences) between them.

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

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.

Financial Analysis of the District as a Whole

Net assets. - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2013, compared to June 30, 2012.

Figure A-3

Condensed Statement of Net Assets (in millions of dollars) June 30, 2013

	Governmental Activities		Business-type Activities		Total School District	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Current and other assets	4,514	5,507	(29)	58	4,485	5,565
Capital assets	2,498	1,044	72	-	2,570	1,044
Total assets	**7,012**	**6,551**	**43**	**58**	**7,055**	**6,609**
Long-term debt outstanding	2,456	2,426			2,456	2,426
Other liabilities	3,037	2,616	4	85	3,041	2,701
Total liabilities	**5,493**	**5,042**	**4**	**85**	**5,497**	**5,127**
Net assets						
Invested in capital assets, net of related debt	169	638	72	-	241	638
Restricted	1,484	2,733		-	1,484	2,733
Unrestricted	(134)	(1,862)	(33)	(27)	(167)	(1,889)
Total net assets	**1,519**	**1,509**	**39**	**(27)**	**1,558**	**1,482**

Changes in net assets – Figure A-4 shows the changes in net assets for the year ended June 30, 2013.

Figure A-4

Changes in Net Assets from Operating Results (in millions of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	899	179	39	35	938	214
Operating Grants & Contributions	536	539	112	68	648	607
Capital Grants & Contributions	-	-	78	-	78	-
General revenues						
Property Taxes & Other Local Taxes	2,329	2,358	-	-	2,329	2,358
Unrestricted State Aid	1,230	1,207	-	-	1,230	1,207
Other	61	30	-	5	61	35
Total revenues	**5,055**	**4,313**	**229**	**108**	**5,284**	**4,421**
Expenses						
Instruction	3,477	2,947	-	-	3,477	2,947
Support Services	1,193	1,071	-	-	1,193	1,071
Non-instructional programs	-	-	163	159	163	159
Other	375	327	-	-	375	327
Total expenses	**5,045**	**4,345**	**163**	**159**	**5,208**	**4,504**
Increase (decrease) in net assets	**10**	**(32)**	**66**	**(51)**	76	**(83)**

Property tax, income surtax, sales taxes and state foundation aid account for 67 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 90 percent of the total expenses.

Governmental Activities

Revenues for governmental activities were $5,054,820 and expenses were $5,045,194. This resulted in an increased fund balance of $9,671.

Figure A-5 presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the current and the previous fiscal years.

Figure A-5
Net Cost of Governmental Activities (in millions of dollars)

	Total Cost Services 2013	Net Cost of of Services 2012
Instruction	$3.477	$ 2.180
Pupil & Instructional Services	.220	.219
Administrative & Business	.417	.417
Maintenance & operations	.386	.386
Transportation	.170	.170
Other	.375	.238
Total	**$ 5.045**	**$ 3.610**

The cost of all governmental activities this year was $5,045,149.
Some of the cost was financed by the users of the District's programs in the amount of $899,399.
The federal and state governments subsidized certain programs with grants and contributions $535,874.
Most of the District's costs were financed by District and state taxpayers.
This portion of governmental activities was financed with $1,924,346 million in property taxes, $123,653 of income surtax, $281,635 of sales tax $1,229,764 of unrestricted state aid based on the statewide finance formula, and investment earnings.

Business Type Activities

Revenues from the District's business-type activities included charges for services in the amount of $39,026 and $190,257 from operating and capital grants, contributions and restricted interest. Expenses from the District's business type activities amounted to $163,378. The Hot Lunch program was the only Business Type Activity for the District during the 2013 school year.

Financial Analysis of the District's Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balance of $1,388,363 which is $1,404,484 below last year's ending fund balances of $2,792,847. The main reason this decreased substantially is due to the completion of a major remodeling project.

Governmental Fund Highlights

The General Fund balance decreased from $44,962 to ($118,204) which was due to decrease in property taxes while expenses stayed consistent.

The Capital Projects fund decreased from $2,449,749 to $1,143,853 due to the completion of a major remodeling project.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from ($27,035) at June 30, 2012 to $38,876 June 30, 2013. This is basically due to sales tax revenue bonds reimbursing the Nutrition Fund for capital assets purchased.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is the aggregated functional level, not at the fund or fund type level. The budget did not get amended during the year as due to an oversight of the board secretary. A schedule showing the original budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison.

Legal Budgetary Highlights

The District's total actual receipts were $696,000 greater than budgeted receipts, which is 15% variance. The variance is due to reimbursements for whole grade sharing agreements that was not budgeted. The District was over budget in two functional categories as well as over the authorized spending authority. See the Schedule of Findings for additional explanation.

Capital Asset and Debt Administration

Capital Assets

By the end of 2013 the District had invested $2.5 million, in a broad range of assets, including school buildings, school infrastructure, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-6) (**More detailed information about capital assets can be found in Note 5 to the financial statements.**) Total depreciation expense for the year exceeded $174,000.

Figure A-6

Capital Assets (net of depreciation, (in millions of dollars)

	Governmental Activities 2013	Business Type Activities 2013	Total School District 2013
Land	29	0	29
Buildings	1,949	0	1,949
Improvements	175	0	175
Equipment & Furniture	345	72	417
	2,498	**72**	**2,570**

Long-Term Debt

At year-end, the District had $2,436,474 in sales tax revenue bonds and other long-term debt outstanding. See Note 5 to the financial statements for additional explanation.

Factors Bearing on the District's Future

The following factors will have some impact on the district's financial future.

The District has continually worked to cut expenses. Whenever the District can obtain a grant, it does. In June of 2012, the board of directors voted to enter into a whole grade sharing agreement with Jefferson – Scranton Community School District. Under the agreement, each district has their own PreK through 4th grade. East Greene Community School District houses all of the 5th and 6th graders. All 7th through 12th grades are in Jefferson.

On February 5, 2013, East Greene Community School District voted for reorganization with an 87% approval. Jefferson-Scranton Community School District approved the same vote with an 89% approval. The reorganization will become official on July 1, 2014.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Marc Hoffman, Board President or Laura Marshall, Board Secretary, East Greene Community School District, 405 12th Street South, Grand Junction, Iowa 50107.

Basic Financial Statements

East Greene Community School District
Grand Junction, Iowa
Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	$ 1,994,936	21,422	2,016,358
Receivables:			
Property tax:			
Delinquent	24,008	-	24,008
Succeeding year	1,967,299	-	1,967,299
Accounts	1,100	4,463	5,563
Due from other funds	62,647	(62,647)	-
Due from other governments	462,994	-	462,994
Inventories	-	8,242	8,242
Capital assets, net of accumulated depreciation	2,498,579	71,541	2,570,120
Total assets	7,011,563	43,021	7,054,584
Liabilities			
Accounts payable	706,098	4,145	710,243
Salaries and benefits payable	272,902	-	272,902
Accrued interest payable	28,498	-	28,498
Deferred revenue - succeeding year property tax	1,967,299	-	1,967,299
Deferred revenue - other	61,726	-	61,726
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	115,000	-	115,000
Compensated absences	3,504	-	3,504
Early retirement benefits	49,493	-	49,493
Portion due after one year:			
Unamortized premium on revenue bonds	19,855	-	19,855
Revenue bonds	2,215,000	-	2,215,000
Early retirement benefits	661	-	661
Net OPEB Liability	52,816	-	52,816
Total liabilities	5,492,852	4,145	5,496,997

East Greene Community School District
Grand Junction, Iowa
Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities	Business Type Activities	Total
Net Position			
Net investment in capital assets	168,579	71,541	240,120
Restricted for:			
Categorical funding	28,033	-	28,033
Management levy	310,086	-	310,086
Physical plant and equipment levy	250,960	-	250,960
School infrastructure	632,188	-	632,188
Student activities	2,474	-	2,474
Debt service	260,705	-	260,705
Unrestricted	(134,314)	(32,665)	(166,979)
Total net position	$ 1,518,711	38,876	1,557,587

See notes to financial statements.

East Greene Community School District
Grand Junction, Iowa
Statement of Activities
Year ended June 30, 2013

Functions/Programs:	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	$ 2,275,852	577,256	233,527	-
Special instruction	807,552	304,531	44,753	-
Other instruction	393,685	17,579	119,088	-
	3,477,089	899,366	397,368	-
Support services:				
Student	98,039	-	-	-
Instructional staff	122,197	-	1,191	-
Administration	416,735	-	-	-
Operation and maintenance of plant	385,870	-	-	-
Transportation	169,698	33	-	-
	1,192,539	33	1,191	-
Other expenditures:				
Facilities acquisition	6,232	-	-	-
Long-term debt interest & issuance costs	57,008	-	-	-
AEA flowthrough	137,315	-	137,315	-
Depreciation (unallocated)	174,966	-	-	-
	375,521	-	137,315	-
Total governmental activities	5,045,149	899,399	535,874	-
Business type activities:				
Non-instructional programs:				
Food service operations	163,378	39,026	112,449	77,808
Total	$ 5,208,527	938,425	648,323	77,808
General Revenues:				
Property tax levied for:				
General purposes				
Capital outlay				
Statewide sales, service and use tax				
Income surtaxes				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Gain on sale of capital assets				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(1,465,069)	-	(1,465,069)
(458,268)	-	(458,268)
(257,018)	-	(257,018)
(2,180,355)	-	(2,180,355)
(98,039)	-	(98,039)
(121,006)	-	(121,006)
(416,735)	-	(416,735)
(385,870)	-	(385,870)
(169,665)	-	(169,665)
(1,191,315)	-	(1,191,315)
(6,232)	-	(6,232)
(57,008)	-	(57,008)
-	-	-
(174,966)	-	(174,966)
(238,206)	-	(238,206)
(3,609,876)	-	(3,609,876)
-	65,905	65,905
(3,609,876)	65,905	(3,543,971)
$ 1,692,774	-	1,692,774
231,572	-	231,572
281,635	-	281,635
123,653	-	123,653
1,229,764	-	1,229,764
1,487	6	1,493
58,352	-	58,352
310	-	310
3,619,547	6	3,619,553
9,671	65,911	75,582
1,509,040	(27,035)	1,482,005
$ 1,518,711	38,876	1,557,587

East Greene Community School District
Grand Junction, Iowa

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2013

	General	Special Revenue Management	Capital Projects	Nonmajor	Total
Assets					
Cash, cash equivalents and pooled investments	$ 562,980	353,909	1,075,573	2,474	1,994,936
Receivables:					
Property tax:					
Delinquent	19,238	1,881	2,889	-	24,008
Succeeding year	1,600,195	130,000	237,104	-	1,967,299
Accounts	1,100	-	-	-	1,100
Due from other funds	81,571	5,425	620	-	87,616
Due from other governments	369,860	-	93,134	-	462,994
Total assets	$ 2,634,944	491,215	1,409,320	2,474	4,537,953
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 695,684	975	9,439	-	706,098
Salaries and benefits payable	272,902	-	-	-	272,902
Due to other funds	6,045	-	18,924	-	24,969
Deferred revenue:					
Succeeding year property tax	1,600,195	130,000	237,104	-	1,967,299
Income surtax	116,596	-	-	-	116,596
Other	61,726	-	-	-	61,726
Total liabilities	2,753,148	130,975	265,467	-	3,149,590
Fund balances:					
Restricted for:					
Categorical funding	28,033	-	-	-	28,033
Debt service	-	-	260,705	-	260,705
School infrastructure	-	-	632,188	-	632,188
Physical plant and equipment	-	-	250,960	-	250,960
Student activities	-	-	-	2,474	2,474
Management levy purposes	-	360,240	-	-	360,240
Unassigned	(146,237)	-	-	-	(146,237)
Total fund balances	(118,204)	360,240	1,143,853	2,474	1,388,363
Total liabilities and fund balances	$ 2,634,944	491,215	1,409,320	2,474	4,537,953

See notes to financial statements.

East Greene Community School District
Grand Junction, Iowa

Exhibit D

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

June 30, 2013

Total fund balances of governmental funds (page 19)	$ 1,388,363
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	2,498,579
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	116,596
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(28,498)
Long-term liabilities, including bonds and notes payable, compensated absences and other post employment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,456,329)
Net position of governmental activities (page 16)	$ 1,518,711

See notes to financial statements.

East Greene Community School District
Grand Junction, Iowa

Exhibit E

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

Year ended June 30, 2013

	General	Special Revenue Management	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	$ 1,650,594	150,788	513,207	-	2,314,589
Tuition	877,578	-	-	-	877,578
Other	51,544	11,634	902	17,579	81,659
State sources	1,616,383	2	3	-	1,616,388
Federal sources	149,251	-	-	-	149,251
Total revenues	4,345,350	162,424	514,112	17,579	5,039,465
Expenditures:					
Current:					
Instruction:					
Regular	2,199,156	43,320	-	-	2,242,476
Special	804,559	-	-	-	804,559
Other	362,245	-	-	30,312	392,557
	3,365,960	43,320	-	30,312	3,439,592
Support services:					
Student	97,664	-	-	-	97,664
Instructional staff	97,887	-	136,681	-	234,568
Administration	415,537	6,086	777	-	422,400
Operation and maintenance of plant	233,277	26,988	277,881	-	538,146
Transportation	160,876	8,719	-	-	169,595
	1,005,241	41,793	415,339	-	1,462,373
Other expenditures:					
Facilities acquisition	-	-	1,371,418	-	1,371,418
Long-term debt:					
Interest	-	-	-	33,561	33,561
AEA flowthrough	137,315	-	-	-	137,315
	137,315	-	1,371,418	33,561	1,542,294
Total expenditures	4,508,516	85,113	1,786,757	63,873	6,444,259
Excess (deficiency) of revenues over (under) expenditures	(163,166)	77,311	(1,272,645)	(46,294)	(1,404,794)
Other financing sources (uses):					
Proceeds from the disposal of property	-	-	310	-	310
Operating transfers in	-	-	-	33,561	33,561
Operating transfers out	-	-	(33,561)	-	(33,561)
Total other financing sources (uses)	-	-	(33,251)	33,561	310
Change in fund balances	(163,166)	77,311	(1,305,896)	(12,733)	(1,404,484)
Fund balances beginning of year	44,962	282,929	2,449,749	15,207	2,792,847
Fund balances end of year	$ (118,204)	360,240	1,143,853	2,474	1,388,363

See notes to financial statements.

East Greene Community School District
Grand Junction, Iowa

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year ended June 30, 2013

Change in fund balances - total governmental funds (page 21)		$ (1,404,484)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 1,629,109	
Depreciation expense	(174,966)	1,454,143
Income surtaxes and other receivables not collected for several months after year end are not considered available revenue and are deferred in the governmental funds.		15,045
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues exceeded repayments, as follows		
Premium on revenue bonds issued		1,168
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.		(24,615)
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	(28,931)	
Compensated absences	9,304	
Other postemployment benefits	(11,959)	(31,586)
Change in net position of governmental activities (page 18)		$ 9,671

See notes to financial statements.

East Greene Community School District
Grand Junction, Iowa

Exhibit G

Statement of Net Position
Proprietary Funds

June 30, 2013

	School Nutrition
Assets	
Current assets:	
Cash, cash equivalents and pooled investments	$ 21,422
Accounts receivable	4,463
Inventories	8,242
Total current assets	34,127
Noncurrent assets:	
Capital assets, net of accumulated depreciation	71,541
Total noncurrent assets	71,541
Total assets	105,668
Liabilities	
Current liabilities	
Accounts payable	4,145
Due to other funds	62,647
Total current liabilities	66,792
Total liabilities	66,792
Net Position	
Invested in capital assets	71,541
Unrestricted	(32,665)
Total net position	$ 38,876

See notes to financial statements.

East Greene Community School District
Grand Junction, Iowa

Exhibit H

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

Year ended June 30, 2013

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	$ 39,026
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	85,183
Repairs and maintenance	3,707
Purchased services	922
Supplies	66,864
Depreciation	6,702
Total operating expenses	163,378
Operating (loss)	(124,352)
Non-operating revenues:	
State sources	1,248
Federal sources	111,201
Interest income	6
Total non-operating revenues	112,455
Loss before capital asset contributions	(11,897)
Capital asset contributions	77,808
Increase in net position	65,911
Net position beginning of year	(27,035)
Net position end of year	38,876

See notes to financial statements.

East Greene Community School District
Grand Junction, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of services	$ 36,857
Cash paid to employees for services	(105,544)
Cash paid to suppliers for goods or services	(61,396)
Net cash used by operating activities	(130,083)
Cash flows from non-capital financing activities:	
State grants received	1,248
Federal grants received	101,581
Net cash provided by non-capital financing activities	102,829
Cash flows from investing activities:	
Interest on investments	6
Net decrease in cash and cash equivalents	(27,248)
Cash and cash equivalents beginning of year	48,670
Cash and cash equivalents end of year	21,422

East Greene Community School District
Grand Junction, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2013

	School Nutrition
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (124,352)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	9,620
Depreciation	6,702
Increase in other receivables	(2,169)
Increase in inventories	(1,926)
Increase in accounts payable	2,403
Decrease in interfund payable	(20,361)
Net cash used by operating activities	$ (130,083)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received $9,620 of federal commodities.

During the year ended June 30, 2013, the District reveived $77,808 in capital asset contributions from the Capital Projects Fund.

See notes to financial statements.

East Greene Community School District Exhibit J

Grand Junction, Iowa

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2013

	Private Purpose Trusts Scholarships	Agency
Assets		
Cash, cash equivalents and pooled investments	$ 55,312	26,657
Prepaid expenses	-	265
Total assets	55,312	26,922
Liabilities		
Accounts payable	-	26,922
Total liabilities	-	26,922
Net Assets		
Reserved for scholarships	55,312	-
Total net assets	$ 55,312	-

See notes to financial statements.

East Greene Community School District
Grand Junction, Iowa

Exhibit K

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2013

	Private Purpose Trusts
Additions:	
Local sources:	
Miscellaneous income	$ 1,763
Interest income	128
Total additions	1,891
Deductions:	
Support services:	
Scholarships	1,000
Total deductions	1,000
Change in net assets	891
Net position beginning of year	54,421
Net position end of year	$ 55,312

See notes to financial statements.

(1) Summary of Significant Accounting Policies

East Greene Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Grand Junction and Rippey, Iowa, and the agricultural area in Greene, and Boone counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, East Greene Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position (previously referred to as 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 the 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets 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 position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

The Special Revenue, Management Levy Fund is used to account for the cost of unemployment benefits, liability insurance and agreements, costs of judgments and certain early retirement benefits.

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

The District reports the following major proprietary fund:

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

The District also reports fiduciary funds which focus on net position and changes in net position. 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 principal and income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position 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.

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 maintained 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 become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. 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	$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Intangible assets	50,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Intangible assets	5-10 years
Furniture and equipment	5-15 years

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 year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick pay for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. 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 Position.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints place 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 the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures exceeded the amounts budgeted in the instruction and support services functions and the District exceeded its General Fund unspent authorized budget.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2013 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, 2013, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of $261,367 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor's Financial Services.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nutrition	$ 62,647
General	Capital Projects	18,924
Special Revenue, Management Levy	General	5,425
Capital Projects	General	620

The Nutrition Fund is repaying the General Fund for salaries. The Capital Projects Fund is repaying the General Fund for operating lease payments. The General Fund is repaying the Special Revenue Fund, Management Levy for an overpayment of fund from the prior year. The General Fund is repaying the Capital Projects for equipment purchased. All of the above disbursements were incorrectly paid from the wrong funds. The District anticipates repaying the balances by June 30, 2014.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

Governmental activities:	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	$ 29,000	-	-	29,000
Construction in progress	342,839	1,350,489	(1,693,328)	-
Total capital assets not being depreciated	371,839	1,350,489	(1,693,328)	29,000
Capital assets being depreciated:				
Buildings	1,160,845	1,719,436	-	2,880,281
Improvements other than buildings	381,305	96,729	-	478,034
Furniture and equipment	1,543,903	155,783	-	1,699,686
Total capital assets being depreciated	3,086,053	1,971,948	-	5,058,001
Less accumulated depreciation for:				
Buildings	860,980	69,465	-	930,445
Improvements other than buildings	294,665	8,170	-	302,835
Furniture and equipment	1,257,811	97,331	-	1,355,142
Total accumulated depreciation	2,413,456	174,966	-	2,588,422
Total capital assets being depreciated, net	672,597	1,796,982	-	2,469,579
Governmental activities capital assets, net	$ 1,044,436	3,147,471	(1,693,328)	2,498,579

Business type activities:	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Furniture and equipment	$ 64,553	77,808	-	142,361
Less accumulated depreciation	64,118	6,702	-	70,820
Business type activities capital assets, net	$ 435	71,106	-	71,541

Depreciation expense was charged to the following functions:

Governmental activities:	
Unallocated	
Regular	$ 174,966
Business type activities:	
Food service operations	$ 6,702

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Sales tax revenue bonds	$ 2,330,000	-	-	2,330,000	115,000
Compensated absences	12,808	3,504	12,808	3,504	3,504
Early retirement payable	21,223	44,325	15,394	50,154	49,493
Net OPEB liability	40,857	11,959	-	52,816	-
Total	$ 2,404,888	59,788	28,202	2,436,474	167,997

Revenue Bonds

Details of the District's June 30, 2013 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 1, 2012 Interest Rates	Principal	Interest	Total
2014	2.00%	$ 115,000	56,995	171,995
2015	2.00	120,000	54,695	174,695
2016	2.00	120,000	52,295	172,295
2017	2.00	120,000	49,895	169,895
2018	2.00	125,000	47,495	172,495
2019-2023	2.00-2.30	660,000	198,480	858,480
2024-2028	2.30-3.00	745,000	115,680	860,680
2029-2030	3.10-3.20	325,000	15,520	340,520
Total		$ 2,330,000	591,055	2,921,055

The District has pledged future statewide sales, services and use tax revenues to repay the $2,230,000 of bonds issued in June 2012. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 61% of the statewide sales, services, and use tax revenue. The total principal and interest remaining to be paid on the notes is $2,921,055. For the current year, no principal and $33,247 of interest was paid on the bonds and total statewide sales, services, and use tax revenues were $281,635.

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

a) The bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.

b) $174,695 of the proceeds from the bond issue were 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 insufficient money is available in the sinking account. The reserve account is part of the Capital Projects Fund and is reserved for debt service.

c) Proceeds from the statewide sales, services and use tax shall be placed in a revenue account with a trustee. The trustee will make monthly transfers from the revenue account to the sinking account. The required monthly payment to the sinking account shall equal 1/6 of the installment of interest coming due on the next interest payment date and1/12 of the installment of principal coming due on the next principal payment date. Money in the sinking account shall be used to pay the interest and principal on the bonds. The sinking fund is part of the Capital Projects Fund, Statewide Sales, Services and Use Tax and is reserved for debt service.

Early Retirement

The District offers a voluntary early retirement plan to its certified and non-certified employees. Eligible employees must be at least age fifty-five and completed a minimum of 10 years of continuous service to the District. The application for early retirement is subject to approval by the Board of Education.

If approved, the early retirement incentive for each eligible certified employee is equal to 100% of the difference between the salary schedule base and the employee's placement on the salary schedule. Supplemental pay, extended contract and phase monies are not included. The early retirement incentive for each eligible non-certified employee is equal to no more than 45% of that employee's salary in the last year of employment depending on years with the District.

Eligible employees have the option to have their early retirement stipend be paid in one lump sum payment, two equal installments, or leave in escrow to utilize for health insurance premiums until age 65.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were $164,141, $151,572, and $135,715, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 27 active and 3 retired members in the plan. Participants must be age 55 or older at retirement

The medical/prescription drug benefits are provided through a partially self-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$ 15,040
Interest on net OPEB obligation	1,021
Adjustments to annual required contribution	(2,445)
Annual OPEB cost	13,616
Contributions made	(1,657)
Increase in net OPEB obligation	11,959
Net OPEB obligation beginning of year	40,857
Net OPEB obligation end of year	$ 52,816

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, 2013.

Plan members eligible for benefits contributed nothing, or 0% 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 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	$ 15,713	0.8%	$ 23,547
June 30, 2012	17,310	0.0%	40,857
June 30, 2013	13,616	12.2%	52,816

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was $119,457, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $119,457. The covered payroll (annual payroll of active employees covered by the plan) was approximately $2.0 million and the ratio of the UAAL to covered payroll was 6.0%. As of June 30, 2013, there were no trust fund assets.

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

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, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information provided by the District.

Projected claim costs of the medical plan are $512 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled $137,315 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Program	Amount
Four Year Preschool	$ 1,989
Teacher Salary Supplement	15,621
Professional Development – Core Curriculum	2,731
Professional Development	7,692
	$ 28,033

(11) Related Party Transactions

The District engaged in business transactions with board members totaling $ 7,935 for the year ended June 30, 2013. See the Schedule of Findings for further explanation.

(12) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	$ 33,561

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

(13) Deficit Fund Balance

The General Fund had a deficit fund balance of $118,204 at June 30, 2013. The deficit will be eliminated by the receipt of property tax in future years. The deficit in the General Fund was due to expenditures being incurred before the receipts were available to pay for them.

(14) Operating Leases

The District entered into an operating lease with DeLage Landen for the rental of three copiers on September 11, 2011 for a period of 60 months. The amount paid for the fiscal year ended June 30, 2013 was $14,172. Future rentals are schedule as follows:

Year ending June 30,	Amount
2014	$ 14,172
2015	14,172
2016	14,172
2017	2,362
	$ 44,878

(15) Subsequent Events

Subsequent events have been evaluated through May 27, 2014, which is the date the financial statements were available to be issued. Effective July 1, 2014, the East Greene Community School District and the Jefferson-Scranton Community School District have reorganized to become the Greene County Community School District.

Required Supplementary Information

East Greene Community School District
Grand Junction, Iowa

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

Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	$ 3,273,826	39,032
State sources	1,616,388	1,248
Federal sources	149,251	111,201
Total revenues	5,039,465	151,481
Expenditures/Expenses:		
Instruction	3,439,592	-
Support services	1,462,373	-
Non-instructional programs	-	163,378
Other expenditures	1,542,294	-
Total expenditures/expenses	6,444,259	163,378
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,404,794)	(11,897)
Other financing sources, net	310	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(1,404,484)	(11,897)
Balances beginning of year	2,792,847	(27,035)
Balances end of year	$ 1,388,363	(38,932)

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts Original & Final	Final to Actual Variance
3,312,858	2,518,157	794,701
1,617,636	1,761,584	(143,948)
260,452	215,000	45,452
5,190,946	4,494,741	696,205
3,439,592	2,875,000	(564,592)
1,462,373	1,185,000	(277,373)
163,378	255,000	91,622
1,542,294	2,506,848	964,554
6,607,637	6,821,848	214,211
(1,416,691)	(2,327,107)	910,416
310	2,330,000	(2,329,690)
(1,416,381)	2,893	(1,419,274)
2,765,812	823,816	1,941,996
1,349,431	826,709	522,722

East Greene Community School District
Grand Junction, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2013

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2013, expenditures in the instruction and support services functions exceeded the amounts budgeted and the District exceeded its General Fund unspent authorized budget.

East Greene Community School District

Grand Junction, Iowa

Schedule of Funding Progress for the Retiree Health Plan
(In Thousands)

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	Jul 1, 2009	-	$ 125	125	0.0%	2,060	6.1%
2011	Jul 1, 2009	-	125	125	0.0%	2,026	6.2%
2012	Jul 1, 2009	-	125	125	0.0%	1,906	6.6%
2013	Jul 1, 2012	-	119	119	0.0%	1,978	6.0%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

East Greene Community School District
Grand Junction, Iowa

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2013

	Special Revenue Student Activity	Debt Service	Total
Assets			
Cash, cash equivalents and pooled investments	$ 2,474	-	2,474
Total assets	$ 2,474	-	2,474
Liabilities and Fund Balances			
Liabilities:			
Total liabilities	$ -	-	-
Fund balances:			
Restricted for:			
Student activities	2,474	-	2,474
Total fund balances	2,474	-	2,474
Total liabilities and fund balances	$ 2,474	-	2,474

See accompanying independent auditor's report.

East Greene Community School District
Grand Junction, Iowa

Schedule 2

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

Year ended June 30, 2013

	Special Revenue Student Activity	Debt Service	Total
Revenues:			
Local sources:			
Other	$ 17,579	-	17,579
Total revenues	17,579	-	17,579
Expenditures:			
Current:			
Instruction:			
Other	30,312	-	30,312
	30,312	-	30,312
Other expenditures:			
Long-term debt:			
Interest	-	33,561	33,561
	-	33,561	33,561
Total expenditures	30,312	33,561	63,873
Excess (deficiency) of revenues over expenditures	(12,733)	(33,561)	(46,294)
Other financing sources:			
Operating transfers in	-	33,561	33,561
Excess (deficiency) of revenures and other financing sources over (under) expenditures	(12,733)	-	(12,733)
Fund balances beginning of year	15,207	-	15,207
Fund balances end of year	$ 2,474	-	2,474

See accompanying independent auditor's report.

East Greene Community School District
Grand Junction, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Softball	(3,487)	-	-	3,487	-
Track	(2,191)	-	-	2,191	-
Cross Country	(232)	-	-	232	-
Golf	(611)	-	-	611	-
Magazine Sales	-	36	17	(19)	-
Weight Room	6,084	-	361	(5,723)	-
Football Cheerleaders	474	-	-	(474)	-
Basketball Cheerleaders	88	-	-	(88)	-
Elementary Student Council	1,794	3,156	9,980	5,981	951
Elementary Yearbook	-	-	-	-	-
Art 1-6	5	-	14	9	-
Band - Elementary Resale	(180)	451	-	220	491
Annual	(1,457)	351	-	1,106	-
Art 7-12	723	-	31	(692)	-
Band - High School Resale	(18)	35	815	798	-
Total	$ 15,207	17,579	30,312	-	2,474

See accompanying independent auditor's report.

East Greene Community School District
Grand Junction, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Advisory Committee	$ 1,032	-	-	-	1,032
High School Student Council	402	10,168	1,763	(8,807)	-
Junior High Student Council	106	-	-	(106)	-
Drama	(501)	-	-	501	-
Science 7-12	6	-	-	(6)	-
Vocal	-	924	931	7	-
Instrumental Music	1,908	-	-	(1,908)	-
Library	7	1,623	1,623	(7)	-
SADD	70	-	-	(70)	-
Home Ec	1,062	-	102	(960)	-
Class of 2002	(35)	-	-	35	-
Class of 2005	18	-	-	(18)	-
Class of 2006	1,243	-	-	(1,243)	-
Class of 2007	265	-	-	(265)	-
Class of 2008	271	-	-	(271)	-
Class of 2009	2,165	-	-	(2,165)	-
Class of 2010	486	-	41	(445)	-
Class of 2011	489	-	-	(489)	-
Class of 2012	(886)	-	60	946	-
Class of 2013	4,462	-	4,424	(38)	-
Assembly	2,419	41	-	(2,460)	-
Lockers	(147)	12	-	135	-
Photography	10	-	-	(10)	-
National Honor Society	134	-	-	(134)	-
Athletic Fund Balance	(2,641)	547	520	2,614	-
Athletic Special	6,715	-	546	(6,169)	-
Basketball	(1,523)	-	-	1,523	-
Girls Basketball Fundraiser	455	235	235	(455)	-
Football	(1,341)	-	5,362	6,703	-
Baseball	(2,519)	-	3,487	6,006	-
Volleyball	44	-	-	(44)	-
Volleyball Fundraiser	39	-	-	(39)	-

East Greene Community School District
Grand Junction, Iowa

Schedule 4

Combining Balance Sheet
Capital Project Accounts

June 30, 2013

	Capital Projects		
	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	$ 809,915	265,658	1,075,573
Receivables:			
Property tax:			
Delinquent	-	2,889	2,889
Succeeding year	-	237,104	237,104
Due from other funds	-	9,198	9,198
Due from other governments	93,134	-	93,134
Total assets	$ 903,049	514,849	1,417,898
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 1,578	7,861	9,439
Due to other funds	8,578	18,924	27,502
Deferred revenue:			
Succeeding year property tax	-	237,104	237,104
Total liabilities	10,156	263,889	274,045
Fund balances:			
Restricted for:			
Debt service	260,705	-	260,705
School infrastructure	632,188	-	632,188
Physical plant and equipment	-	250,960	250,960
Total fund balances	892,893	250,960	1,143,853
Total liabilities and fund balances	$ 903,049	514,849	1,417,898

See accompanying independent auditor's report.

East Greene Community School District
Grand Junction, Iowa

Schedule 5

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

Year ended June 30, 2013

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	$ 281,635	231,572	513,207
Other	791	111	902
State sources	-	3	3
Total revenues	282,426	231,686	514,112
Expenditures:			
Support services:			
Instructional staff	100,451	36,230	136,681
Administration	777	-	777
Operation and maintenance of plant	238,484	39,397	277,881
	339,712	75,627	415,339
Other expenditures:			
Facilities acquisition	1,354,674	16,744	1,371,418
Total expenditures	1,694,386	92,371	1,786,757
Excess (deficiency) of revenues over (under) expenditures	(1,411,960)	139,315	(1,272,645)
Other financing sources (uses):			
Proceeds from the disposal of property	-	310	310
Operating transfers out	(33,561)	-	(33,561)
Total other financing sources (uses)	(33,561)	310	(33,251)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,445,521)	139,625	(1,305,896)
Fund balances beginning of year	2,338,414	111,335	2,449,749
Fund balances end of year	$ 892,893	250,960	1,143,853

See accompanying independent auditor's report.

East Greene Community School District
Grand Junction, Iowa

Combining Schedule of Changes in Fund Balances
Fiduciary Funds -
Private Purpose Trust

Year ended June 30, 2013

	Morse-Kennedy	Vivian & Howard Cox	Junction Masonic
Revenues:			
Local sources:			
Miscellaneous income	$ 809	954	-
Interest on investments	5	35	3
Total Revenues	814	989	3
Expenditures:			
Instruction:			
Regular instruction:			
Other	100	800	100
Excess (deficiency) of revenues over (under) expenditures	714	189	(97)
Balance beginning of year	886	19,811	1,402
Balance end of year	$ 1,600	20,000	1,305

See accompanying independent auditor's report.

Claus Loof	Beaty	Kay Sweet	Totals
-	-	-	1,763
30	55	-	128
30	55	-	1,891
-	-	-	1,000
30	55	-	891
21,498	10,567	257	54,421
21,528	10,622	257	55,312

East Greene Community School District
Grand Junction, Iowa

Schedule 7

Schedule of Changes in Fiduciary Net Position
Agency Fund

Year ended June 30, 2013

Account	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Teachers lounge	$ 3,148	-	-	3,148
Board clearing	396	-	-	396
Café flex plan	(865)	866	-	1
Foundation	23,377	-	-	23,377
	$ 26,056	866	-	26,922

See accompanying independent auditor's report.

East Greene Community School District
Grand Junction, Iowa

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

For the Last Ten Years

	Modified Accrual Basis			
	2013	2012	2011	2010
Revenues:				
Local sources:				
Local tax	$ 2,314,589	2,373,506	2,300,971	2,133,128
Tuition	877,578	76,479	103,744	125,349
Other	81,659	94,943	578,512	245,427
State sources	1,616,388	1,607,818	1,885,496	1,665,127
Federal sources	149,251	138,058	326,218	272,861
Total	$ 5,039,465	4,290,804	5,194,941	4,441,892
Expenditures:				
Instruction:	$ 3,439,592	2,965,819	3,146,580	3,023,307
Support services:				
Student	97,664	171,918	107,417	79,875
Instructional staff	234,568	181,544	155,274	130,673
Administration	422,400	369,903	365,450	379,212
Operation and maintenance of plant	538,146	314,170	369,237	411,410
Transportation	169,595	296,106	181,950	190,843
Non-instructional programs	-	-	3,236	9,441
Other expenditures:				
Facilities acquisition	1,371,418	322,659	41,274	14,221
Long-term debt:				
Principal	-	23,282	22,338	13,004
Interest and other charges	33,561	987	1,930	554
AEA flowthrough	137,315	136,310	155,570	154,176
Total	$ 6,444,259	4,782,698	4,550,256	4,406,716

See accompanying independent auditor's report.

Schedule 8

2009	2008	2007	2006	2005	2004
1,938,796	1,571,133	1,721,705	1,553,476	1,613,843	1,478,049
128,414	119,869	107,569	140,894	136,591	102,867
166,071	140,039	170,364	142,012	186,911	124,871
2,030,162	2,023,730	1,837,205	1,978,788	1,817,284	1,715,511
174,956	145,180	133,005	208,623	229,570	113,355
4,438,399	3,999,951	3,969,848	4,023,793	3,984,199	3,534,653
2,821,205	2,710,819	2,752,070	2,711,882	2,642,669	2,576,108
79,424	90,915	57,064	72,501	68,904	76,606
67,970	85,594	175,289	157,334	164,938	140,744
377,240	373,880	441,507	360,621	415,716	415,123
296,535	306,152	269,480	400,412	243,296	236,822
142,997	215,354	242,850	146,018	184,796	150,474
1,696	2,645	3,754	3,041	3,224	4,282
82,656	126,926	211,487	33,928	136,975	87,630
24,132	11,200	11,200	11,200	11,200	11,200
626	-	-	-	-	-
142,731	138,756	135,014	133,479	128,599	130,621
4,037,212	4,062,241	4,299,715	4,030,416	4,000,317	3,829,610

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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
East Greene Community School District:

We have audited 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of East Greene Community School District as of and for the year ended June 30, 2013, and the related noted to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Greene Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of East Greene Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Greene Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses significant deficiencies.

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 as items I-A-13 and I-B-13 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as items I-C-13 and I-D-13 to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Greene Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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.

East Greene Community School District's Responses to Findings

East Greene Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. East Greene Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result if that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of East Greene Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

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

May 27, 2014

East Greene Community School District
Grand Junction, Iowa

Schedule of Findings

Year ended June 30, 2013

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Significant Deficiencies:

I-A-13 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Almost all financial duties are performed by one individual.

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

Response - We have hired a new board secretary, who is being trained by someone outside our district. This should help mitigate the lack of segregation of duties.

Conclusion - Response accepted.

I-B-13 Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). East Greene Community School District does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes and statement of cash flows, as required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate this matter to those charged with governance.

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The outsourcing of these services is not unusual in an organization of your size.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with generally accepted accounting principles can be considered costly and ineffective. However, it is the responsibility of the District's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources necessary to remain current on GAAP and GASB reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue evaluating on a going forward basis.

Conclusion – Response accepted.

I-C-13 Disbursement Approval – During the course of our audit, we noted that there was no written evidence of approval by the board president for bills paid in between board meetings. The Code of Iowa states in part that bills should not be paid prior to audit and approval by the board of directors.

Recommendation – The district should review its procedures to ensure that any invoices paid in between board meetings be initialed by the board president.

Response – In prior years, any bills paid prior to the board meeting have been approved orally by the board president. We will review our procedures to ensure that if there are any invoices paid in between meetings, that they are initialed by the board president.

Conclusion – Response accepted.

East Greene Community School District
Grand Junction, Iowa

Schedule of Findings

Year ended June 30, 2013

I-D-13 Private Purpose Scholarship Restrictions – Several of the scholarship funds that were donated to the District in past years include a restriction that only the interest on the gifts could be expended for scholarships. It was noted during the course of our audit that the principle amounts were being expended for scholarships.

Recommendation – The District should consult legal council to determine the disposition of this matter.

Response – We plan on only spending the interest in the future.

Conclusion – Response accepted.

Part II: Other Findings Related to Statutory Reporting:

II-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 exceeded the certified budget amounts in the instruction and support services functions. The District also exceeded its General Fund unspent authorized budget for the year ended June 30, 2013.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget. The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the General Fund unspent authorized budget over expenditure.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. We have already contacted the School Budget Review Committee to help resolve this issue. Also, with the pending reorganization, District officials feel that the future finances should be more stable.

Conclusion – Response accepted.

East Greene Community School District
Grand Junction, Iowa

Schedule of Findings

Year ended June 30, 2013

II-B-13 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-13 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Marc Hoffman, Board President, Partial Owner of Hoffman Bros	Repairs	$7,935

The transaction with the board president appears to represent a conflict of interest since the transaction was more than $2,500 and not competitively bid as provided by Chapter 279.7A of the Code of Iowa.

Recommendation – The District should consult legal counsel to determine disposition of this matter.

Response – We will consult our legal counsel.

Conclusion – Response accepted.

II-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations

East Greene Community School District
Grand Junction, Iowa

Schedule of Findings

Year ended June 30, 2013

II-F-13 Board Minutes – We noted six month's minutes were not published within two weeks as required by Chapter 279 of the Code of Iowa.

Recommendation – The District should review its procedures and insure that the disbursement listing provided to the Board is complete and make sure that the minutes are published within two weeks as required by the Code of Iowa.

Response – Our previous Board Secretary mistakenly thought that if the District's minutes were published on the District's web site, they did not have to be published in the paper. We have reviewed our procedures and will make sure the minutes are published timely in the future.

Conclusion - Response accepted.

II-G-13 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-J-13 Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely.

II-K-13 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

East Greene Community School District
Grand Junction, Iowa

Schedule of Findings

Year ended June 30, 2013

II-L-13 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses 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, 2013 the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 2,338,414
Revenues:		
Sales tax revenues	$ 281,635	
Other local revenues	791	282,426
		2,620,840
Expenditures/transfers out:		
School infrastructure construction	1,316,881	
Equipment	328,845	
Other	48,660	
Transfers to other funds:		
Debt service	33,561	1,727,947
Ending balance		$ 892,893

For the year ended June 30, 2013, the District did not reduce any levies as a result of the Code of Iowa.

II-M-13 Deficit Balances – The General Fund had a deficit balance of $118,204 at June 30, 2013.

Recommendation – The District should investigate alternatives to eliminate these deficits and return the General Fund to a sound financial condition.

Response – We will review the General Fund to return them to a sound financial condition.

Conclusion – Respond accepted.

East Greene Community School District
Grand Junction, Iowa

Schedule of Findings

Year ended June 30, 2013

II-N-13 Signature of Board President – It was noted during the course of our audit that the board president did not sign the warrants for the Capital Project Fund, LOST account or the Special Revenue Fund, Student Activity account as required by Chapter 291 of the Code of Iowa.

Recommendation – The District should review its procedures and have the board president sign all warrants as required by the Code of Iowa.

Response – We will do this.

Conclusion – Response accepted.

II-O-13 Legally Separate Organizations – Based on a review of the Iowa Secretary of State's website for Iowa Corporations, it appeared that the East Greene Booster Club does not appear to be incorporated under the provisions of the Iowa Nonprofit Corporation Act. If an entity is not a separate legal entity, all transactions should be recorded and processed through the District's financial system and all transactions approved by the board of directors.

Recommendation – Even though this entity is immaterial to the District's financial statements, the District should determine the legal status of these funds to see if they should be included in the District's financial statements.

Response – We will do this.

Conclusion – Response accepted.