

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

June 30, 2013

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Independent Auditor's Report

To the Board of Education of
Eastern Allamakee 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 Eastern Allamakee Community School District, Lansing, 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 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 based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal 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 presentation of the financial statements.

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 presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Eastern Allamakee Community School District as of 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 4 through 12 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, 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 Eastern Allamakee Community School District's basic financial statements. We previously audited, in accordance with the standards referred in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 30, 2014, on our consideration of Eastern Allamakee Community School District's internal control over financial reporting and on 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 Eastern Allamakee Community School District's internal control over financial reporting and compliance.

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

May 30, 2014

MANAGEMENTS DISCUSSION AND ANALYSIS

This section of the Eastern Allamakee Community School District's GASB 34 annual financial report presents its discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2013. The analysis focuses on the district's financial performance as a whole.

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

2013 FINANCIAL HIGHLIGHTS

The general fund revenues decreased from \$4,323,797 in fiscal 2012 to 4,247,052 in fiscal year 2013; while the general fund expenditures increased from \$4,025,306 in fiscal 2012 to 4,091,452. Nevertheless, this still resulted in an increase in the district's general fund balance of \$946,149 in fiscal 2012 to 1,091,135 in fiscal year 2013. That is an increase of 15.3 percent from the previous year.

The decrease in general fund revenues was attributed to declining enrollment. The increase in expenditures was attributed to an increase in the cost of regular instruction, support services, and in heating fuel. The overall increase in the general fund balance of 15.3% is less than the 46% increase the district realized in 2012 from 2011. This, also, is due to declining enrollment.

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

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

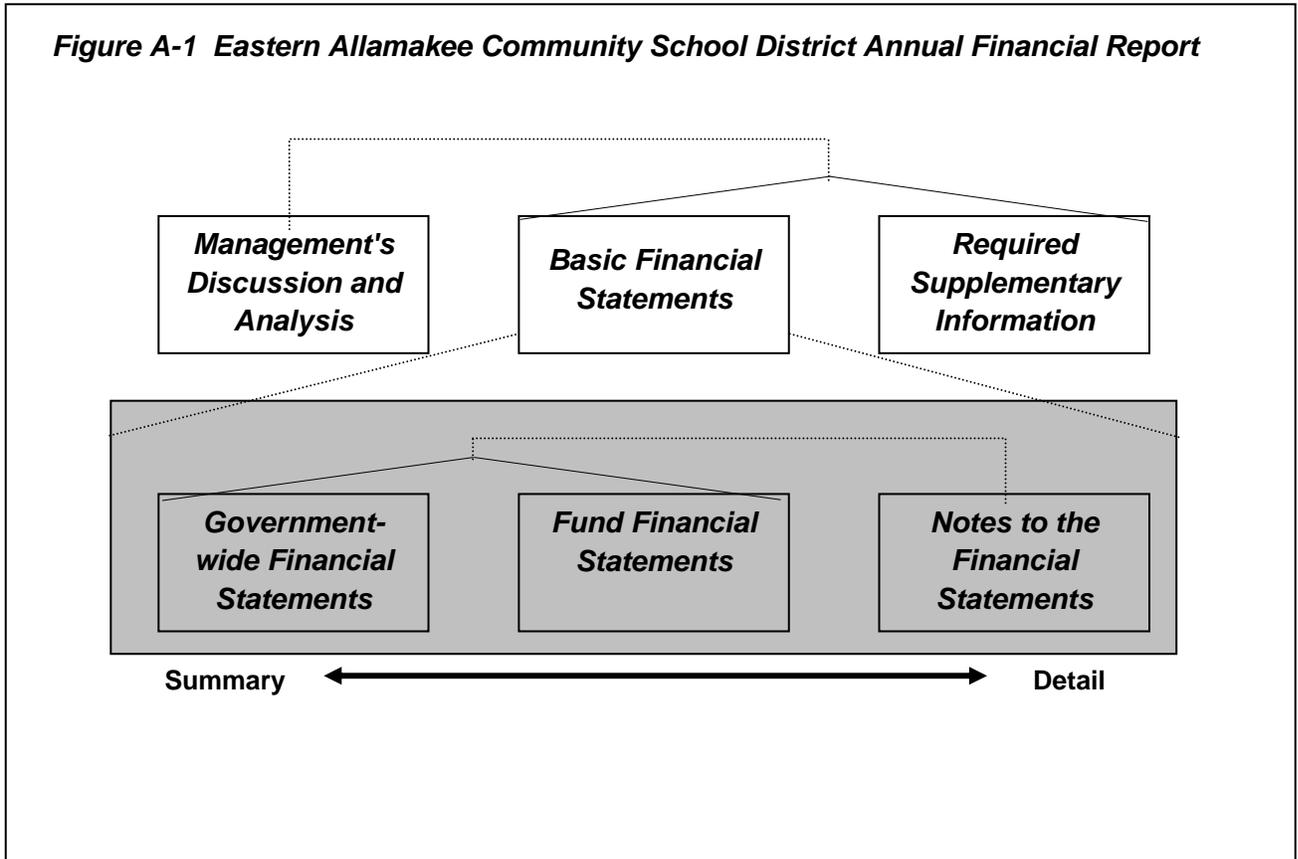


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position - 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 position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

1. *Government Funds:* Most of the District's basic services are included in government funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the government funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3. *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.
 - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

Figure A-3

	Condensed Statement of Net Position						Percentage Change 2012-2013
	Governmental Activities		Business-type Activities		Total School District		
	2012	2013	2012	2013	2012	2013	
	\$	\$	\$	\$	\$	\$	
Current and other assets	8,113,799	8,106,947	14,435	6,849	8,128,234	8,113,796	<-1%
Capital assets	7,800,366	7,594,154	32,533	27,916	7,832,899	7,622,070	-3%
Total assets	15,914,165	15,701,101	46,968	34,765	15,961,133	15,735,866	-1%
Long-term liabilities	8,872,824	8,423,791	2,527	3,855	8,875,351	8,427,646	-5%
Other liabilities	2,812,938	2,655,617	20,056	18,307	2,832,994	2,673,924	-6%
Total liabilities	11,685,762	11,079,408	22,583	22,162	11,708,345	11,101,570	-5%
Net Position:							
Net investment in capital assets	2,745,366	2,919,154	32,533	27,916	2,777,899	2,947,070	6%
Restricted	579,103	634,092	-	-	579,103	634,092	9%
Unrestricted	903,934	1,068,447	(8,148)	(15,313)	895,786	1,053,134	18%
TOTAL NET POSITION	4,228,403	4,621,693	24,385	12,603	4,252,788	4,634,296	9%

The District's total net position showed an increase overall for the year ending June 30, 2013 compared to June 30, 2012. The increase was in two areas: net liabilities and restricted net assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased over the previous year. The change was due to the sales tax revenue bonds capital projects as they are being paid off, and to the refinancing of the general revenue bonds, and SILO bond.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$157,348 or 18%.

Figure A-4 shows the change in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4

	Change in Net Assets						Percentage Change 2012-2013
	Governmental Activities		Business-type Activities		Total School District		
	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	
Revenues							
Program Revenues:							
Charges for services	362,087	471,970	127,824	127,119	489,911	599,089	22%
Operating grants & contributions	800,826	661,646	111,789	97,889	912,615	759,535	-17%
Capital grants & contributions	45,151	-	-	-	45,151	-	-100%
General Revenues:							
Property taxes	2,315,659	2,318,274	-	-	2,315,659	2,318,274	<1%
Income surtax	156,727	171,916	-	-	156,727	171,916	10%
Statewide sales & services tax	293,241	283,691	-	-	293,241	283,691	-3%
Unrestricted state grants	1,402,886	1,419,649	-	-	1,402,886	1,419,649	1%
Unrestricted investment earnings	10,365	7,151	113	115	10,478	7,266	-31%
Other revenue	7,846	1,165	-	-	7,846	1,165	-85%
Total Revenues	5,394,788	5,335,462	239,726	225,123	5,634,514	5,560,585	-1%
Expenses:							
Instruction	2,730,774	2,802,480	-	-	2,730,774	2,802,480	3%
Support services	1,470,087	1,471,712	-	-	1,470,087	1,471,712	<1%
Non-instructional programs	4,133	1,277	242,207	247,519	246,340	248,796	1%
Other expenditures	647,733	656,089	-	-	647,733	656,089	1%
Total expenses	4,852,727	4,931,558	242,207	247,519	5,094,934	5,179,077	2%
Change in net position before transfers	542,061	403,904	(2,481)	(22,396)	539,580	381,508	-29%
Transfers	-	(10,614)	-	10,614	-	-	
CHANGE IN NET POSITION	542,061	393,290	(2,481)	(11,782)	539,580	381,508	-29%
Net assets beginning of year	<u>3,686,342</u>	<u>4,228,403</u>	<u>26,866</u>	<u>24,385</u>	<u>3,713,208</u>	<u>4,252,788</u>	<u>15%</u>
Net assets end of year	<u>4,228,403</u>	<u>4,621,693</u>	<u>24,385</u>	<u>12,603</u>	<u>4,252,788</u>	<u>4,634,296</u>	<u>9%</u>

For the 2012-2013 school year property tax and unrestricted state grants account for 67 percent of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 83 percent of total expenses. (See Figure A-4 Governmental Revenues and Governmental Expenditures)

Governmental Activities

Revenues for governmental activities were \$5,394,788 while expenses amounted to \$4,852,727. The following table presents the total and net cost of District's major governmental activities: instruction, support services, non-instructional programs and other expense

Figure A-5

Total and Net Cost of Governmental Activities				
	Total Cost of Services 2012	Total Cost of Services 2013	Net Cost of Services 2012	Net Cost Of Services 2013
	\$	\$	\$	\$
Instruction	2,730,774	2,802,480	1,782,593	1,851,146
Support Services	1,470,087	1,471,712	1,410,740	1,461,908
Non-instructional Programs	4,133	1,277	4,133	1,277
Other Expenses	647,733	656,089	447,197	483,611
TOTAL	4,852,727	4,931,558	3,644,663	3,797,942

A portion of the cost financed by users of the District's programs was \$471,970.

The federal and state government subsidized certain programs with grants and contributions totaling \$661,646.

The net cost portion of governmental activities was financed with \$2,773,881 in property and other taxes and \$1,419,649 in unrestricted state foundation aid.

Business-Type Activities

Revenues of the District's business-type activities were \$225,123 and expenses were \$247,519 for a loss of \$22,396. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$5,203,273 above last year's ending fund balances of \$5,047,220.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. The fund realized a slight increase, however revenue was less than fiscal year 2013, while expenditures were greater. The overall increase was not significant enough to cause an overall decrease in the ending general fund balance in fiscal year 2013; however it will start to show a decrease in the overall fund balance in fiscal year 2014. Declining enrollment is the major contributor to this situation. The increase in expenditures is from the negotiated salary & benefits settlement, the additional fuel costs from an unusually cold winter, and existing expenditures of the district; however the salary settlement was below the state average, and the total staff FTE has been reduced slightly. The District looks at all funding to work to remain solvent at year's end.
- The General Fund balance increased from \$946,149 to \$1,091,135.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The

monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.

- The Physical Plant and Equipment Levy account balance increased from \$75,311 at June 30, 2012 to \$78,965 at June 30, 2013.
- The Statewide Sales Tax account balance increased from \$229,489 at June 30, 2012 to \$261,932 at June 30, 2013.
- The Debt Service Fund balance decreased from \$3,582,152 at the beginning of the year to \$3,549,475 at the end of the year.

Proprietary Fund Highlights

The school nutrition fund decreased by an amount of \$11,782 from June 30, 2012 to June 30, 2013. This left the account with a total net position of \$12,603 or a decrease of 48%.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Directors annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing statutorily prescribed procedures. The District’s budget is prepared on the GAAP basis. Over the course of the year, the District amended its budget one time to reflect additional expenditures in the instruction, support services and non-instructional programs functions. A schedule showing the original and final budget amounts compared to the District’s actual financial activity is included in the required supplementary information section of this report.

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

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

Capital Assets

At June 30, 2013, the District had invested approximately \$7.6 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment and intangible assets. (See Figure A-6) This represents a net decrease of 3% from last year. More detailed information about the District’s capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$348,039.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2012-2013
	Activities		Activities		School District		
	2013	2012	2013	2012	2013	2012	
	\$	\$	\$	\$	\$	\$	
Land	7,167	7,167	-	-	7,167	7,167	0%
Construction in progress	35,197	-	-	-	35,197	-	100%
Buildings	6,419,861	6,589,299	-	-	6,419,861	6,589,299	-3%
Improvements	714,580	755,899	-	-	714,580	755,899	-5%
Equipment & Furniture	417,349	448,001	27,916	32,533	445,265	480,534	-7%
TOTAL	7,594,154	7,800,366	27,916	32,533	7,622,070	7,832,899	-3%

Long Term Debt

At year-end, the District had \$8,356,841 in general obligation bonds, revenue bonds, termination benefits, compensated absences and net OPEB liability. This represents a decrease of \$440,589 from year 2012.

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

**Figure A-7
Outstanding Long-Term Obligations**

	Total Eastern Allamakee CSD		Percentage
	2013	2012	Change
	\$	\$	2012-2013
Governmental activities:			
General obligation bonds	7,145,000	7,400,000	-3%
Revenue bonds	1,040,000	1,165,000	-11%
Termination benefits	111,991	189,909	-41%
Compensated absences	6,373	7,634	-17%
Net OPEB liability	49,262	32,000	54%
	<u>8,352,626</u>	<u>8,794,543</u>	<u>-5%</u>
Business type activities:			
Net OPEB liability	<u>3,855</u>	<u>2,527</u>	<u>53%</u>

Factors Bearing on the District’s Future

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

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

The district recognizes that the years of zero percent allowable growth have significant bearing to the district’s financial health.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers and private investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Marian Verdon or Janet Heiderscheit, School Board Secretaries/Treasurers/Business Managers, or Dale Crozier, Superintendent; Eastern Allamakee Community School District, 569 Center Street, Lansing, IA 52151.

BASIC FINANCIAL STATEMENTS

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash, cash equivalents and pooled investments	5,411,654	690	5,412,344
Receivables:			
Property tax:			
Delinquent	15,804	-	15,804
Succeeding year	2,159,510	-	2,159,510
Accounts	3,167	3,804	6,971
Accrued interest	31	-	31
Due from other governments	375,042	-	375,042
Inventories	-	2,355	2,355
Prepaid expenses	1,589		1,589
Bond issue costs	140,150	-	140,150
Capital assets, net of accumulated depreciation	7,594,154	27,916	7,622,070
Total assets	15,701,101	34,765	15,735,866
Liabilities			
Accounts payable	27,000	-	27,000
Salaries and benefits payable	406,652	15,932	422,584
Due to other governments	10,866	-	10,866
Accrued interest payable	51,589	-	51,589
Deferred revenue:			
Succeeding year property tax	2,159,510	-	2,159,510
Other	-	2,375	2,375
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	3,635,000	-	3,635,000
Revenue bonds payable	125,000	-	125,000
Termination benefits	46,809	-	46,809
Compensated absences	1,593	-	1,593
Portion due after one year:			
General obligation bonds payable	3,510,000	-	3,510,000
Bond premium	71,165	-	71,165
Revenue bonds payable	915,000	-	915,000
Termination benefits	65,182	-	65,182
Compensated absences	4,780	-	4,780
Net OPEB liability	49,262	3,855	53,117
Total liabilities	11,079,408	22,162	11,101,570
Net position			
See notes to financial statements.			

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net investment in capital assets	2,919,154	27,916	2,947,070
Restricted for:			
Categorical funding	192,692	-	192,692
Management levy	38,919	-	38,919
Physical plant and equipment levy	78,965	-	78,965
For special purposes by donors	37,031	-	37,031
Student activities	32,236	-	32,236
Debt service	127,317	-	127,317
School Infrastructure	126,932	-	126,932
Unrestricted	1,068,447	(15,313)	1,053,134
Total net position	<u>4,621,693</u>	<u>12,603</u>	<u>4,634,296</u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2013

Functions/Programs	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,745,676	216,427	329,302	-
Special	397,973	125,262	35,538	-
Other	658,831	120,277	124,528	-
	<u>2,802,480</u>	<u>461,966</u>	<u>489,368</u>	<u>-</u>
Support services:				
Student	135,213	-	-	-
Instructional staff	131,821	-	-	-
Administration	394,765	4,126	-	-
Operation and maintenance of plant	480,263	941	-	-
Transportation	329,650	4,737	-	-
	<u>1,471,712</u>	<u>9,804</u>	<u>-</u>	<u>-</u>
Non-instructional programs	<u>1,277</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	14,015	200	7,115	-
Long-term debt interest	251,739	-	12,540	-
AEA flowthrough	152,623	-	152,623	-
Depreciation(unallocated)*	237,712	-	-	-
	<u>656,089</u>	<u>200</u>	<u>172,278</u>	<u>-</u>
Total governmental activities	4,931,558	471,970	661,646	-
Business type activities:				
Non-instructional programs:				
Food service operations	247,519	127,119	97,889	-
Total	<u>5,179,077</u>	<u>599,089</u>	<u>759,535</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services, and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Transfers				
Total general revenues and loss				

Change in net position

Net position beginning of year

Net position end of year

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,199,947)	-	(1,199,947)
(237,173)	-	(237,173)
(414,026)	-	(414,026)
<u>(1,851,146)</u>	<u>-</u>	<u>(1,851,146)</u>
(135,213)	-	(135,213)
(131,821)	-	(131,821)
(390,639)	-	(390,639)
(479,322)	-	(479,322)
(324,913)	-	(324,913)
<u>(1,461,908)</u>	<u>-</u>	<u>(1,461,908)</u>
(1,277)	-	(1,277)
(6,700)	-	(6,700)
(239,199)	-	(239,199)
-	-	-
(237,712)	-	(237,712)
<u>(483,611)</u>	<u>-</u>	<u>(483,611)</u>
(3,797,942)	-	(3,797,942)
<u>-</u>	<u>(22,511)</u>	<u>(22,511)</u>
<u>(3,797,942)</u>	<u>(22,511)</u>	<u>(3,820,453)</u>
1,888,428	-	1,888,428
368,967	-	368,967
60,879	-	60,879
171,916	-	171,916
283,691	-	283,691
1,419,649	-	1,419,649
7,151	115	7,266
1,165	-	1,165
<u>4,201,846</u>	<u>115</u>	<u>4,201,961</u>
(10,614)	10,614	-
<u>4,191,232</u>	<u>10,729</u>	<u>4,201,961</u>
393,290	(11,782)	381,508
<u>4,228,403</u>	<u>24,385</u>	<u>4,252,788</u>
<u>4,621,693</u>	<u>12,603</u>	<u>4,634,296</u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2013

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Assets					
Cash, cash equivalents and pooled investments	1,373,928	3,550,290	270,039	217,397	5,411,654
Receivables:					
Property tax:					
Delinquent	11,782	2,511	414	1,097	15,804
Succeeding year	1,572,913	374,762	61,836	149,999	2,159,510
Accounts	723	-	-	2,444	3,167
Accrued interest	-	-	-	31	31
Interfund receivable	-	-	3,326	-	3,326
Due from other governments	291,123	-	83,919	-	375,042
Prepaid expenditures	-	-	-	1,589	1,589
Total assets	3,250,469	3,927,563	419,534	372,557	7,970,123
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	9,407	-	16,801	792	27,000
Salaries and benefits payable	406,652	-	-	-	406,652
Due to other governments	10,866	-	-	-	10,866
Interfund payable	-	3,326	-	-	3,326
Deferred revenue:					
Succeeding year property tax	1,572,913	374,762	61,836	149,999	2,159,510
Income surtax	159,496	-	-	-	159,496
Total liabilities	2,159,334	378,088	78,637	150,791	2,766,850
Fund balances:					
Nonspendable:					
Prepaid expenditures	-	-	-	1,589	1,589
Restricted for:					
Categorical funding	192,692	-	-	-	192,692
Debt service	-	3,553,906	135,000	-	3,688,906
Special purposes by donor	-	-	-	37,031	37,031
Management levy	-	-	-	150,910	150,910
Student activities	-	-	-	32,236	32,236
School infrastructure	-	-	126,932	-	126,932
Physical plant and equipment	-	-	78,965	-	78,965
Unassigned	898,443	(4,431)	-	-	894,012
Total fund balances	1,091,135	3,549,475	340,897	221,766	5,203,273
Total liabilities and fund balances	3,250,469	3,927,563	419,534	372,557	7,970,123

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

June 30, 2013

	\$
Total fund balances of governmental funds (Exhibit C)	5,203,273
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,594,154
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	159,496
Bond issue costs are expensed when incurred in the governmental fund financial statements, but for the government-wide financial statements they are capitalized and amortized over the life of the bonds.	140,150
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.	(51,589)
Long-term liabilities, including bonds payable, unamortized bond premiums, compensated absences, termination benefits, and other postemployment benefits are not due and payable in the current year and therefore, are not reported as liabilities in the governmental funds.	<u>(8,423,791)</u>
Net position of governmental activities (Exhibit A)	<u><u>4,621,693</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmenta l	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,888,685	368,967	344,570	160,859	2,763,081
Tuition	234,350	-	-	-	234,350
Other	104,032	10,462	5,348	138,633	258,475
State sources	1,888,149	198	41,371	86	1,929,804
Federal sources	131,836	-	-	-	131,836
Total revenues	<u>4,247,052</u>	<u>379,627</u>	<u>391,289</u>	<u>299,578</u>	<u>5,317,546</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,699,857	-	11,969	98,772	1,810,598
Special	394,875	-	-	-	394,875
Other	529,426	-	-	128,077	657,503
	<u>2,624,158</u>	<u>-</u>	<u>11,969</u>	<u>226,849</u>	<u>2,862,976</u>
Support services:					
Student	134,009	-	-	319	134,328
Instructional staff	103,921	-	26,057	958	130,936
Administration	390,494	-	-	5,240	395,734
Operation and maintenance of	418,789	-	7,452	41,543	467,784
Transportation	267,458	-	34,121	15,745	317,324
	<u>1,314,671</u>	<u>-</u>	<u>67,630</u>	<u>63,805</u>	<u>1,446,106</u>
Non-instructional programs	-	-	-	1,277	1,277
Other expenditures:					
Facilities acquisition	-	-	58,527	-	58,527
Long-term debt:					
Principal	-	380,000	-	-	380,000
Interest and fiscal charges	-	249,370	-	-	249,370
AEA flowthrough	152,623	-	-	-	152,623
	<u>152,623</u>	<u>629,370</u>	<u>58,527</u>	<u>-</u>	<u>840,520</u>
Total expenditures	<u>4,091,452</u>	<u>629,370</u>	<u>138,126</u>	<u>291,931</u>	<u>5,150,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>155,600</u>	<u>(249,743)</u>	<u>253,163</u>	<u>7,647</u>	<u>166,667</u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmenta I	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Operating transfers in	-	217,066	-	-	217,066
Operating transfers out	(10,614)	-	(217,066)	-	(227,680)
Total other financing sources (uses)	(10,614)	217,066	(217,066)	-	(10,614)
Change in fund balances	144,986	(32,677)	36,097	7,647	156,053
Fund balances beginning of year	946,149	3,582,152	304,800	214,119	5,047,220
Fund balances end of year	<u>1,091,135</u>	<u>3,549,475</u>	<u>340,897</u>	<u>221,766</u>	<u>5,203,273</u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		156,053
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:		
Expenditures for capital assets	137,210	
Depreciation expense	<u>(343,422)</u>	(206,212)
Income surtaxes and other receivables not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		10,800
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		380,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(2,369)
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	77,918	
Compensated absences	1,261	
Other postemployment benefits	<u>(17,262)</u>	61,917
For governmental fund financial statements bond premiums are recorded as revenue when received, but for the Statement of Activities bond premiums are amortized over the life of the bonds.		7,116
For governmental fund financial statements bond issue costs are recorded as an expenditure when incurred, but for the Statement of Activities bond issue costs are capitalized and amortized over the life of the bonds.		<u>(14,015)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>393,290</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Fund

June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Current assets:	
Cash, cash equivalents and pooled investments	690
Accounts receivable	3,804
Inventories	2,355
Total current assets	<u>6,849</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>27,916</u>
Total assets	<u>34,765</u>
Liabilities	
Current liabilities:	
Salaries and benefits payable	15,932
Deferred revenue	2,375
Total current liabilities	<u>18,307</u>
Noncurrent liabilities:	
Net OPEB liability	<u>3,855</u>
Total liabilities	<u>22,162</u>
Net position	
Investment in capital assets	27,916
Unrestricted	<u>(15,313)</u>
Total net position	<u><u>12,603</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>127,119</u>
Operating expenses:	
Non-instructional programs:	
Salaries	86,595
Benefits	41,450
Supplies	114,857
Depreciation	4,617
Total operating expenses	<u>247,519</u>
Operating income (loss)	<u>(120,400)</u>
Non-operating revenues:	
State sources	1,737
Federal sources	96,152
Interest income	115
Total non-operating revenues	<u>98,004</u>
Income (loss) before transfers	(22,396)
Transfers in	<u>10,614</u>
Change in net position	(11,782)
Net position beginning of year	<u>24,385</u>
Net position end of year	<u><u>12,603</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	125,632
Cash payments to employees for services	(128,192)
Cash payments to suppliers for goods or services	(97,594)
Net cash used by operating activities	<u>(100,154)</u>
Cash flows from non-capital financing activities:	
Transfer from General Fund	10,614
State grants received	1,737
Federal grants received	79,892
Net cash provided by non-capital financing activities	<u>92,243</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>115</u>
Net increase (decrease) in cash and cash equivalents	(7,796)
Cash and cash equivalents at beginning of year	<u>8,486</u>
Cash and cash equivalents at end of year	<u><u>690</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(120,400)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	16,260
Depreciation	4,617
Decrease (increase) in inventories	1,003
Decrease (increase) in accounts receivable	(1,213)
(Decrease) increase in salaries and benefits payable	(1,475)
(Decrease) increase in deferred revenue	(274)
(Decrease) increase in other postemployment benefits	1,328
Net cash used by operating activities	<u><u>(100,154)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$16,260 of federal commodities.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Fund

June 30, 2013

	Private Purpose Trust Scholarship
	<u>\$</u>
Assets	
Cash, cash equivalents and pooled investments	195,853
Accrued interest receivable	<u>9</u>
Total Assets	195,862
Liabilities	<u>-</u>
Net Position	
Reserved for scholarships	<u><u>195,862</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Fund

Year ended June 30, 2013

	Private Purpose Trust Scholarship
	<u>\$</u>
Additions:	
Local sources:	
Interest	1,750
Deductions	
Support services:	
Scholarships awarded	<u>2,000</u>
Change in net position	(250)
Net position beginning of year	<u>196,112</u>
Net position end of year	<u><u>195,862</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2013

1. Summary of Significant Accounting Policies

Eastern Allamakee Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Lansing and New Albin, Iowa and the predominately agricultural territory in a portion of Allamakee County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net 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 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 following categories:

Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization 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 non-major governmental funds.

The District reports the following major governmental funds:

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

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

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

The District also reports fiduciary funds, which focus on net 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 income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net 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 maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	15-50 years
Improvements other than buildings	10-20 years
Intangibles	3-40 years
Furniture and equipment	5-25 years

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year 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 represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not

collected within the current 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 receivables 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.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation days for subsequent use. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for used vacation days. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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 placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures did not exceed the amended amounts budgeted.

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 the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
	\$	
US Treasury Note	18,281	November 2013
US Treasury Notes	3,406,582	May 2014

At June 30, 2013, the District had an investment in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio, which is valued at an amortized cost of \$17,017 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

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

3. Interfund Receivables and Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
		\$
Nonmajor Capital Projects Fund	Debt Service Fund	3,326

These loans were for cash flow purposes.

4. Interfund Transfers

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
		\$
Debt Service Fund	Nonmajor Capital Projects Fund	217,066

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

5. Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	7,167	-	-	7,167
Construction in progress	-	35,197	-	35,197
	<u>7,167</u>	<u>35,197</u>	<u>-</u>	<u>42,364</u>
Capital assets being depreciated:				
Buildings	8,688,687	24,893	-	8,713,580
Improvements other than buildings	829,402	2,062	-	831,464
Furniture and equipment	859,777	75,058	-	934,835
Total capital assets being deprec.	<u>10,377,866</u>	<u>102,013</u>	<u>-</u>	<u>10,479,879</u>

Less accumulated depreciation for:				
Buildings	2,099,388	194,331	-	2,293,719
Improvements other than buildings	73,503	43,381	-	116,884
Furniture and equipment	411,776	105,710	-	517,486
Total accumulated depreciation	<u>2,584,667</u>	<u>343,422</u>	-	<u>2,928,089</u>
Total capital assets being depreciated, net	<u>7,793,199</u>	<u>(241,409)</u>	-	<u>7,551,790</u>
Governmental activities capital assets, net	<u>7,800,366</u>	<u>(206,212)</u>	-	<u>7,594,154</u>
Business type activities:				
Furniture and equipment	194,052	-	-	194,052
Less accumulated depreciation	<u>161,519</u>	<u>4,617</u>	-	<u>166,136</u>
Business type activities capital assets, net	<u>32,533</u>	<u>(4,617)</u>	-	<u>27,916</u>
Depreciation expense was charged to the following functions:				\$
Governmental activities:				
Instruction:				
Regular				80,819
Support services:				
Operation and maintenance of plant				10,266
Transportation				14,625
				<u>105,710</u>
Unallocated depreciation				<u>237,712</u>
Total depreciation expense – governmental activities				<u>343,422</u>
Business type activities:				
Food services				<u>4,617</u>

6. 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					
General obligation bonds	7,400,000	-	255,000	7,145,000	3,635,000
Revenue bonds	1,165,000	-	125,000	1,040,000	125,000
Termination benefits	189,909	3,203	81,121	111,991	46,809
Compensated absences	7,634	-	1,261	6,373	1,593
Net OPEB liability	<u>32,000</u>	<u>17,262</u>	<u>-</u>	<u>49,262</u>	<u>-</u>
Total	<u>8,794,543</u>	<u>20,465</u>	<u>462,382</u>	<u>8,352,626</u>	<u>3,808,402</u>
Business type activities:					
Net OPEB liability	<u>2,527</u>	<u>1,328</u>	<u>-</u>	<u>3,855</u>	<u>-</u>

Termination Benefits

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

At June 30, 2013, the District has an obligation to nine participants with a total liability of \$111,991. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$81,121.

General Obligation Bonds Payable

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of November 2004			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2014	4.500-4.375	<u>3,635,000</u>	<u>147,949</u>	<u>3,782,949</u>
	Crossover Refunding Bond Issue of March 2012			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2014	-	-	46,430	46,430
2015	.50-.55	335,000	46,018	381,018
2016	.65-.75	340,000	44,117	384,117
2017	.80-.90	340,000	41,610	381,610
2018-2022	1.00-1.80	1,750,000	148,617	1,898,617
2023-2024	1.85-2.10	<u>745,000</u>	<u>18,849</u>	<u>763,849</u>
	Total	<u>3,510,000</u>	<u>345,641</u>	<u>3,855,641</u>

Bond Refunding

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

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

Revenue Bonds

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

Year Ending June 30,	Bond Issue of July 2009			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2014	2.75	125,000	19,391	144,391
2015		-	17,673	17,673
2016	3.40	145,000	15,208	160,208
2017		-	12,473	12,473
2018	3.75	155,000	9,836	164,836
2019-2020	4.20	165,000	10,395	175,395
		<u>590,000</u>	<u>84,976</u>	<u>674,976</u>

Year Ending June 30,	Bond Issue of July 2009			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2014		-	16,300	16,300
2015	3.10	140,000	14,130	154,130
2016		-	11,960	11,960
2017	3.60	150,000	9,260	159,260
2018		-	6,560	6,560
2019	4.10	160,000	3,280	163,280
		<u>450,000</u>	<u>61,490</u>	<u>511,490</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,350,000 bonds issued in July 2009. The bonds were issued for the purpose of financing a portion of school infrastructure costs. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2020. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,186,466. For the current year, \$125,000 of principal and \$39,035 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$283,691.

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

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

7. Pension and Retirement Benefits

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

Plan members are required to contribute 5.78% 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 \$204,606, \$184,907 and \$155,821 respectively, equal to the required contributions for each year.

8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 42 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

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

	\$
Annual required contribution	24,946
Interest on net OPEB obligation	863
Adjustment to annual required contribution	<u>(2,676)</u>
Annual OPEB cost	23,133
Contributions made	<u>(4,543)</u>
Increase in net OPEB obligation	18,590
Net OPEB obligation beginning of year	<u>34,527</u>
Net OPEB obligation end of year	<u>53,117</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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.

For the year ended June 30, 2013, the District contributed \$4,543 to the medical plan. Plan members eligible for benefits contributed \$1,800, or 35% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u> %	<u>Net OPEB Obligation</u> \$
June 30, 2010	15,514	23%	11,899
June 30, 2011	15,713	28%	23,168
June 30, 2012	16,857	33%	34,527
June 30, 2013	23,133	20%	53,117

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 \$161,126, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$161,126. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,350,000, and the ratio of the UAAL to covered payroll was 11.9%. 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, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the Frozen Entry Age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

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

The UAAL is being amortized over 30 years.

9. Risk Management

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

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$152,623 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.

11. Deficit Fund Balances

At June 30, 2013 the District Nonmajor School Nutrition Fund has a deficit unrestricted net position of \$15,313.

12. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
	\$
Gifted and talented	25,586
At-risk dropout prevention	13,287
Mentoring	3,789
Teacher salary supplement	5,575
Core curriculum	8,480
Educator quality, professional development	33,744
Statewide voluntary preschool program	<u>102,231</u>
	<u>192,692</u>

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2013

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Amended Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	3,255,906	127,234	3,383,140	3,278,405	3,278,405	104,735
Intermediate sources	-	-	-	5,000	5,000	(5,000)
State sources	1,929,804	1,737	1,931,541	1,905,727	1,905,727	25,814
Federal sources	131,836	96,152	227,988	280,935	280,935	(52,947)
Total revenues	<u>5,317,546</u>	<u>225,123</u>	<u>5,542,669</u>	<u>5,470,067</u>	<u>5,470,067</u>	<u>72,602</u>
Expenditures/Expenses:						
Instruction	2,862,976	-	2,862,976	3,367,968	3,367,968	504,992
Support services	1,446,106	-	1,446,106	1,577,500	1,577,500	131,394
Non-instructional programs	1,277	247,519	248,796	287,366	362,366	113,570
Other expenditures	840,520	-	840,520	1,037,033	1,037,033	196,513
Total expenditures/expenses	<u>5,150,879</u>	<u>247,519</u>	<u>5,398,398</u>	<u>6,269,867</u>	<u>6,344,867</u>	<u>946,469</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	166,667	(22,396)	144,271	(799,800)	(874,800)	1,019,071
Other financing sources (uses) net	<u>(10,614)</u>	<u>10,614</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>(1,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	156,053	(11,782)	144,271	(798,800)	(873,800)	1,018,071
Balance beginning of year	<u>5,047,220</u>	<u>24,385</u>	<u>5,071,605</u>	<u>1,003,186</u>	<u>1,003,186</u>	<u>4,068,419</u>
Balance end of year	<u><u>5,203,273</u></u>	<u><u>12,603</u></u>	<u><u>5,215,876</u></u>	<u><u>204,386</u></u>	<u><u>129,386</u></u>	<u><u>5,086,490</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$75,000.

During the year ended June 30, 2013, expenditures did not exceed the amended amounts budgeted.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	122,746	122,746	0.0%	1,300,000	9.4%
2011	July 1, 2009	-	120,633	120,633	0.0%	1,340,000	9.0%
2012	July 1, 2009	-	112,957	112,957	0.0%	1,240,000	9.1%
2013	July 1, 2012	-	161,126	161,126	0.0%	1,350,000	11.9%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2013

Assets	Special Revenue Funds			Total
	Management	Student	District	
	Levy	Activity	Support Trust	
	\$	\$	\$	\$
Cash, cash equivalents and pooled investments	149,813	30,584	37,000	217,397
Receivables:				
Property tax:				
Delinquent	1,097	-	-	1,097
Succeeding year	149,999	-	-	149,999
Accounts	-	2,444	-	2,444
Accrued interest	-	-	31	31
Prepaid expenditures	1,589	-	-	1,589
Total assets	302,498	33,028	37,031	372,557
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	-	792	-	792
Deferred revenue:				
Succeeding year property tax	149,999	-	-	149,999
Total liabilities	149,999	792	-	150,791
Fund balances:				
Nonspendable prepaid expenditures	1,589	-	-	1,589
Restricted for:				
Special purposes by donor	-	-	37,031	37,031
Management levy	150,910	-	-	150,910
Student activities	-	32,236	-	32,236
Total fund balances	152,499	32,236	37,031	221,766
Total liabilities and fund balances	302,498	33,028	37,031	372,557

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	Special Revenue Funds			Total
	Management	Student	District	
	Levy	Activity	Support Trust	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	160,859	-	-	160,859
Other	3,994	134,470	169	138,633
State sources	86	-	-	86
Total revenues	<u>164,939</u>	<u>134,470</u>	<u>169</u>	<u>299,578</u>
Expenditures:				
Current:				
Instruction:				
Regular	98,772	-	-	98,772
Other	-	128,077	-	128,077
Support services:				
Student	319	-	-	319
Instructional staff	958	-	-	958
Administration	5,240	-	-	5,240
Operation and maintenance of plant	41,543	-	-	41,543
Transportation	15,745	-	-	15,745
Non-instructional programs	1,277	-	-	1,277
Total expenditures	<u>163,854</u>	<u>128,077</u>	<u>-</u>	<u>291,931</u>
Net change in fund balances	1,085	6,393	169	7,647
Fund balances beginning of year	<u>151,414</u>	<u>25,843</u>	<u>36,862</u>	<u>214,119</u>
Fund balances end of year	<u><u>152,499</u></u>	<u><u>32,236</u></u>	<u><u>37,031</u></u>	<u><u>221,766</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets	\$	\$	\$
Cash and pooled investments	174,687	95,352	270,039
Receivables:			
Property tax:			
Delinquent	-	414	414
Succeeding year	-	61,836	61,836
Interfund receivable	3,326	-	3,326
Due from other governments	83,919	-	83,919
Total assets	261,932	157,602	419,534
Liabilities & Fund Balances			
Liabilities:			
Accounts payable	-	16,801	16,801
Deferred revenue:			
Succeeding year property tax	-	61,836	61,836
Total liabilities	-	78,637	78,637
Fund balances:			
Restricted for:			
Debt service	135,000	-	135,000
School infrastructure	126,932	-	126,932
Physical plant and equipment	-	78,965	78,965
Total fund balances	261,932	78,965	340,897
Total liabilities and fund balances	261,932	157,602	419,534

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	Capital Projects		Total \$
	Statewide Sales, Services and Use Tax \$	Physical Plant and Equipment Levy \$	
Revenues:			
Local sources:			
Local tax	283,691	60,879	344,570
Other	2,278	3,070	5,348
State sources	41,338	33	41,371
Total revenues	<u>327,307</u>	<u>63,982</u>	<u>391,289</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	1,066	10,903	11,969
Support services:			
Instructional staff services	6,904	19,153	26,057
Operation and maintenance of plant	-	7,452	7,452
Transportation services	34,121	-	34,121
Other expenditures:			
Facilities acquisition	35,707	22,820	58,527
Total expenditures	<u>77,798</u>	<u>60,328</u>	<u>138,126</u>
Excess (deficiency) of revenues over (under) expenditures	249,509	3,654	253,163
Other financing sources (uses):			
Operating transfers out	<u>(217,066)</u>	<u>-</u>	<u>(217,066)</u>
Net change in fund balance	32,443	3,654	36,097
Fund balances beginning of year	<u>229,489</u>	<u>75,311</u>	<u>304,800</u>
Fund balance end of year	<u>261,932</u>	<u>78,965</u>	<u>340,897</u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2013

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra-Fund Transfers</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$	\$
KHS					
Class of 2011	(58)	-	-	58	-
Class of 2012	636	-	31	-	605
Class of 2013	3,640	32,325	34,947	-	1,018
Class of 2014	-	5,863	3,749	-	2,114
Art club	790	5,814	5,625	80	1,059
Annual	86	10,837	11,080	691	534
Boys basketball	377	445	261	-	561
Baseball	(584)	350	61	595	300
Girls basketball	-	837	792	-	45
Volleyball	881	1,220	1,425	-	676
Athletics	(424)	34,848	27,811	539	7,152
Band	36	1,349	608	(776)	1
Speech	(1,084)	3,912	3,714	1,290	404
Drama	5,001	5,195	4,425	-	5,771
Juice machine	6,227	2,763	1,672	(4,086)	3,232
Family and consumer science	1,162	3,406	3,401	(27)	1,140
Music parents	363	-	-	-	363
National Honor Society	1,464	80	495	-	1,049
Pep club	328	-	-	-	328
Spanish club	2,867	10,808	10,926	75	2,824
Student council	(152)	702	999	459	10
Talon newspaper	273	-	-	-	273
Weightlifting	233	50	-	-	283
Prom	1,937	1,787	2,251	-	1,473
FFA	1	5,148	4,787	-	362
Vocal music	1,056	2,534	4,128	911	373
LMS					
Athletics	(2,161)	-	2,393	4,554	-
Student council	316	-	-	(215)	101
Concessions	310	-	-	(275)	35
Magazine sales	2,161	4,197	2,479	(3,873)	6
Audubon Ark Adventure	161	-	17	-	144
Total	25,843	134,470	128,077	-	32,236

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

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

For the Last Ten Years

Modified Accrual Basis

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	2,763,081	2,768,631	2,584,283	2,479,893	2,346,953	2,217,545	2,287,411	2,110,102	1,883,323	1,786,569
Tuition	234,350	208,728	193,731	161,113	167,374	129,721	85,388	56,451	36,030	30,613
Other	258,475	236,978	269,886	215,320	218,190	228,755	224,713	360,521	336,031	229,960
Intermediate sources	-	1,107	8,695	3,607	4,976	-	-	350	1,820	-
State sources	1,929,804	1,923,865	1,870,414	1,568,829	2,066,872	2,096,412	1,895,214	1,925,835	1,782,395	1,615,572
Federal sources	131,836	256,803	402,011	414,452	173,309	231,759	304,277	269,100	194,916	135,862
Total revenues	5,317,546	5,396,112	5,329,020	4,843,214	4,977,674	4,904,192	4,797,003	4,722,359	4,234,515	3,798,576
Expenditures:										
Instruction:										
Regular	1,810,598	1,765,173	1,842,336	1,821,127	1,834,727	1,841,036	1,813,272	1,781,150	1,491,721	1,707,671
Special	394,875	370,794	375,425	365,905	393,117	370,806	339,058	307,871	356,590	437,691
Other	657,503	641,530	555,387	608,184	455,561	504,077	528,051	432,610	489,739	379,177
Support services:										
Student	134,328	168,343	173,502	186,650	195,985	133,478	88,481	88,435	82,832	102,811
Instructional staff	130,936	98,090	102,118	58,382	145,331	150,029	174,453	266,487	155,797	69,352
Administration	395,734	474,043	399,482	407,208	444,116	386,997	373,817	410,312	422,530	343,133
Operation and maintenance	467,784	462,201	435,634	415,353	445,857	398,201	384,833	357,797	320,418	288,364
Transportation	317,324	294,700	322,110	307,315	283,111	382,069	336,681	365,943	343,822	293,306
Non-instructional programs	1,277	4,133	3,828	3,105	26,006	12,476	3,418	1,131	783	1,280
Other expenditures:										
Facilities acquisition	58,527	230,078	572,622	634,700	163,125	114,860	1,272,807	4,704,442	589,262	264,333
Long-term debt:										
Principal	380,000	345,000	320,000	230,000	215,000	210,000	200,000	95,000	-	-
Interest and other charges	249,370	212,144	224,174	224,151	198,514	206,914	215,014	312,667	-	-
AEA flowthrough	152,623	154,095	175,700	172,401	161,933	153,280	149,311	146,395	144,861	146,843
Total expenditures	5,150,879	5,220,324	5,502,318	5,434,481	4,962,383	4,864,223	5,879,196	9,270,240	4,398,355	4,033,961

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

To the Board of Education of
Eastern Allamakee Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental 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 Eastern Allamakee Community School District and of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Allamakee 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 an opinion on the effectiveness of Eastern Allamakee Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Allamakee 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 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 and Responses, we identified deficiencies in internal control we consider to be material weaknesses and 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 described in Part I of the accompanying Schedule of Findings and Responses as items 13-I-A and 13-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Allamakee Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Finding and Responses.

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.

Eastern Allamakee Community School District's Responses to Findings

Eastern Allamakee Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Eastern Allamakee 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 of 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 Eastern Allamakee Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

May 30, 2014

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

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

Recommendation: We realize 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.

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

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

Part II: Other Findings Related to Required Statutory Reporting:

- 13-II-A Certified Budget: Expenditures for the year ended June 30, 2013 did not exceed the amounts budgeted.
- 13-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 13-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 13-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.
- 13-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 13-II-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.
- 13-II-G Certified Enrollment: The basic enrollment data certified to the Department of Education was understated by 2 students.
- Recommendation: The District should review its control procedures to ensure accurate counts in the future.
- District Response: We will continue to review our procedures and implement additional controls where possible.
- Conclusion: Response accepted.
- 13-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.
- 13-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 13-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.
- 13-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 13-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. 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	\$	\$
		229,489
Revenues/transfers in:		
Statewide sales, services and use tax revenue	283,691	
Other local revenues	<u>43,616</u>	327,307
Expenditures/transfers out:		
School infrastructure construction	35,707	
Other	42,091	
Transfers to debt service fund	<u>217,066</u>	<u>294,864</u>
Ending balance		<u><u>261,932</u></u>

13-II-M Deficit Balances: The District has a deficit unrestricted net assets of \$15,313 in the School Nutrition Fund at June 30, 2013.

Recommendation: The District should continue to monitor this account and investigate alternatives to eliminate the deficit.

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

Conclusion: Response accepted.