

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2004

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Independent Auditor's Report

To the Board of Education of
Adair-Casey Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Adair-Casey Community School District, Adair, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Adair-Casey Community School District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 9 to the financial statements, during the year ended June 30, 2004, Adair-Casey Community School District adopted Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement Number 38, Certain Financial Statement Note Disclosures; Statement Number 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation Number 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated September 29, 2004, on our consideration of Adair-Casey Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 38 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Adair-Casey Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003, (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

September 29, 2004

Adair-Casey Community School District

Management Discussion & Analysis

This section of the Adair-Casey Community School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2004. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section. Because the Adair-Casey Community School District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

Financial Highlights

- The Adair-Casey CSD Board of Directors approved a Property Tax increase from \$13.43878 to \$13.54398 per \$1,000 taxable valuation; a 1% increase.
- The State of Iowa imposed a 2.5% reduction in State Foundation Aid, Instructional Support Programs, Educational Excellence Allocations, Teacher Compensation Allocations, and Iowa Early Intervention Allocations in November, which reduced state foundation aid FY04 revenues by \$29,037.
- Since the reduction occurred mid year, the District had already obligated the resources to fund fiscal 2004 salaries and programs. The District responded to the reduction by a combination of reducing expenditures in technology; purchased services; equipment and supplies.
- Even with the reduction in revenues and the increase in salaries, benefits, utilities and special education costs the District's Unspent Authorized Budget balance increased by \$18,789.
- In January of 2004 the voters of Adair County passed a one-cent Local Option Sales Tax. This will generate approximately \$60,000 per year for the next ten years for infrastructure use at Adair-Casey
- Revenue from the PPEL levies and income surtax has been adequate to make payment on loans for the installation of ground source heating/cooling in 2001. As of June 30, 2004, 34.5% of the debt has been repaid.
- Adair-Casey CSD received a \$25,000 Fire and Safety Grant to help offset \$28,000 in costs related to fire code deficiencies noted by the state fire marshal.

Overview of the Financial Statements

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 individual parts of the District, reporting the District’s operations in more detail than the Government-wide statements. The *governmental 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 funds statements* provide information about the relationships in which the District acts solely as a trustee or agent 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.

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

Figure A-1

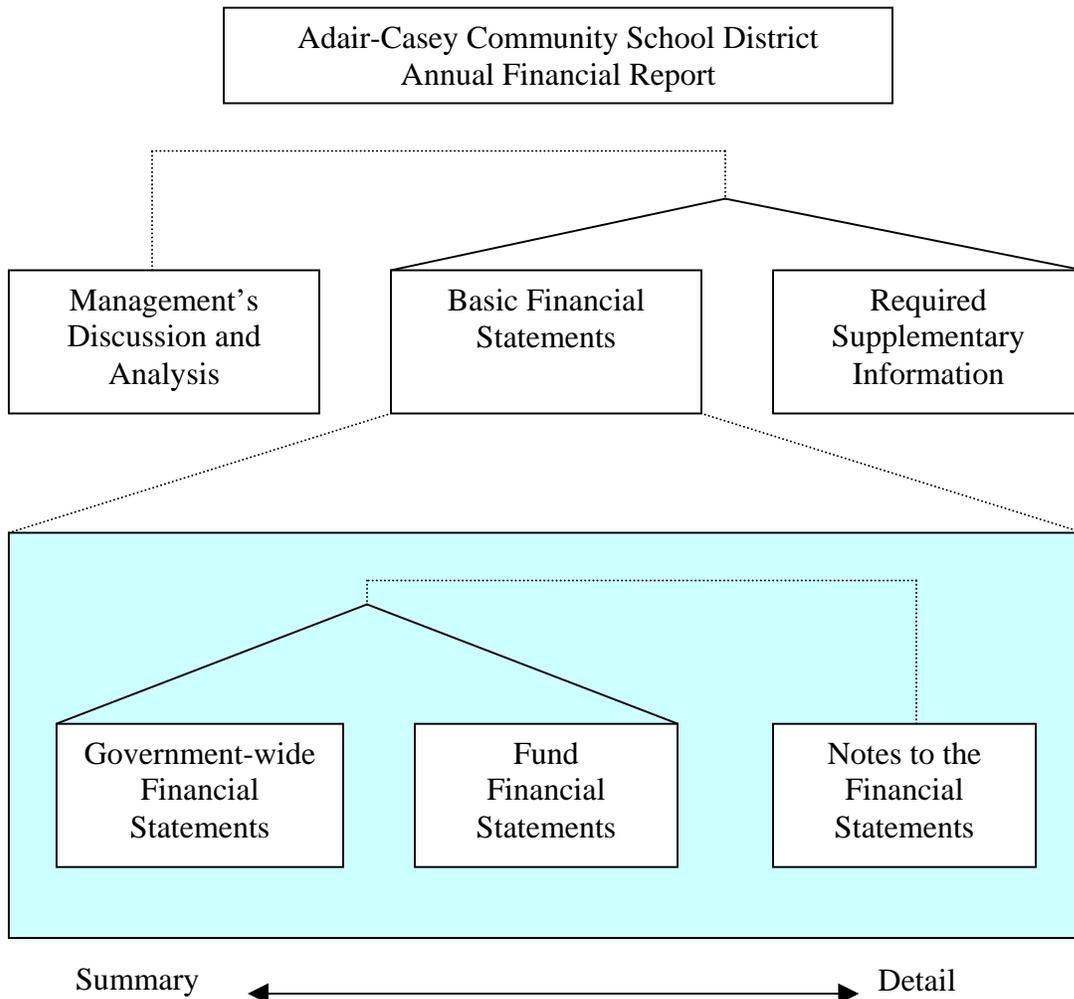


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private business: food services is included here	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 assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flow 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and

expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as 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:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the

Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements. The District's governmental funds include the General Fund and Special Revenue Funds that consist of Activity, Management, and Physical Plant and Equipment Levy funds.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's enterprise fund, one type of a proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship funds. The District accounts for outside donations for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these 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.

Financial Analysis of the District as a Whole

Net assets. The District's combined net assets were slightly larger on June 30, 2004, than they were the year before, increasing \$99,193 (*see Figure A-3*).

Figure A-3

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total School District</u>
	<u>2004</u>	<u>2004</u>	<u>2004</u>
Current and other assets	\$2,201,861	\$42,678	\$2,244,539
Capital assets	1,666,901	22,472	1,689,373
Total Assets	3,868,762	65,150	3,933,912
Long-term liabilities	936,288	-	936,288
Other liabilities	1,441,528	1,425	1,442,953
Total liabilities	2,377,816	1,425	2,379,241
Net Assets:			
Invested in capital assets, net of related debt	746,201	22,472	768,673
Restricted	246,124	-	246,124
Unrestricted	498,621	41,253	539,874
TOTAL NET ASSETS	\$1,490,946	\$63,725	\$1,554,671

Changes in net assets. Fiscal year 2003-2004 marks the initial District implementation of the GASB-34 financial reporting model. As a result, prior year comparisons are not available but will be provided in all subsequent years.

Governmental Activities -

Referring to *Figure A-4*, revenues for the District’s governmental activities were \$3,185,129 for fiscal year 2004. Total governmental expenditures were \$3,092,753.

In a difficult budget year, the District did a remarkable job limiting expenses to match available revenues.

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities	Business-type Activities	Total School District
	2004	2004	2004
Revenues			
Program Revenues			
Charges for services	\$330,392	\$95,421	\$425,813
Operating Grants & Contributions	352,536	65,898	418,434
Capital Grants & Contributions	19,645	-	19,645
General Revenues			
Property taxes & other taxes	1,357,898	-	1,357,898
Unrestricted State Grants	1,117,495	-	1,117,495
Unrestricted Investment Earnings	6,103	49	6,152
Other Revenue	1,060	-	1,060
Total Revenues	\$3,185,129	\$161,368	\$3,346,497
Expenses			
Instruction	1,836,291	-	1,836,291
Support Services	1,006,484	-	1,006,484
Non-Instructional Programs	-	154,551	154,551
Other Expenses	249,978	-	249,978
Total Expenses	\$3,092,753	\$154,551	\$3,247,304
Transfers	-	-	-
Change in Net Assets	\$92,376	\$6,817	\$99,193

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services 2004	Net Cost of Services 2004
Instruction	\$1,836,291	\$1,256,418
Support Services	1,006,484	1,006,085
Non-instructional Programs	-	-
Other Expenses	249,978	127,677
TOTAL	\$3,092,753	\$2,390,180

Figure A-5 presents the cost of the District’s major governmental activities: instruction, support services, non-instruction programs and other expenses. The table shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions. (As with Figure A-4, a two-year comparison with the prior fiscal year is not possible under the new GASB 34 format. In the future a two-year comparison will be provided.)

- The cost of all governmental activities this year was \$3,092,753.
- Some of the cost was financed by the users of the District’s programs (\$330,392).
- The federal and state governments and private contributors subsidized certain programs with grants and contributions (\$372,181).
- Most of the District’s costs (\$2,390,180), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$1,357,898 in property and other local taxes, and \$1,124,658 in unrestricted state aid (based in large part on the statewide education aid formula), investment earnings and miscellaneous revenues.

Business-Type Activities -

The District’s business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements, and investment income. The District’s business-type activities show a slight increase in net assets with revenues exceeding expenses \$6,817 (refer to Figure A-4). The Board of Education did not increase school meal prices for fiscal year 2004.

Financial Analysis of the District’s Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$638,348, slightly more than last year’s ending fund balances of \$622,794.

Governmental Fund Highlights

The General Fund balance increased from \$383,871 to \$393,693.

The Nonmajor Governmental (Management, Activity, PPEL and Debt Service) Funds balance increased from \$238,923 to \$244,655.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$56,908 at June 30, 2003 to \$63,725 at June 30, 2004, representing an increase of \$6,817.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. 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.

During FY04, total revenues were below expectations held when the FY04 budget was assembled in February, 2003. Ultimately, budgeted amounts exceeded actual revenue by \$162,849. This was due to a variety of factors that could not have been anticipated when a budget estimate was assembled. For example, in November, 2003, the Governor announced a 2.5% across the board cut. The District also found out after the budget was established that Phase III revenues were going to be eliminated. On the expense side, the District began adjusting to all of these factors, but did not succeed in keeping total disbursements (\$3,374,047) below total receipts (\$3,316,858). When a preliminary budget is set, the District always requests the ability to expend its full budget if necessary, but has the goal of keeping disbursements in line with revenues as actual revenue accumulates. As a result, the District's certified budget should always exceed the actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

By the end of 2004, the District had invested \$1,689,373, net of accumulated depreciation, in a broad range of assets, including school buildings, athletic facilities, transportation equipment, and computer and audio-visual equipment (see *Figure A-6*). This amount represents a net increase of \$3,761 from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Capital assets were purchased as revenue became available and included 2 buses and a 2003 automobile.

Figure A-6

	Governmental Activities 2004	Business Type Activities 2004	Total School District 2004
Land	3,714	-	3,714
Improvements	1,086,709	-	1,086,709
Buildings	401,186	-	401,186
Equipment & Furniture	175,292	22,472	197,764
TOTAL	<u>1,666,901</u>	<u>22,472</u>	<u>1,689,373</u>

Long-Term Debt

At June 30, 2004, the District had \$936,288 long-term debt outstanding (Figure A-7). This represents an increase of approximately 5.25% from last year. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7

	<i>Long-Term Debt</i>	
	<u>Balance End of 2004</u>	<u>Due Within One Year</u>
Capital Loans	838,700	127,115
Capital Lease	82,000	40,180
Early retirement	15,588	10,140
Total	<u>\$936,288</u>	<u>\$177,435</u>

Factors Bearing on the District's Future

The District is projected to remain in good financial health far into the future. Budgeting practices such as making sure disbursements do not exceed receipts, even during challenging years like FY04, combined with a solid foundation of cash balance and unspent balance, allow the District to provide the resources needed for excellent student achievement while still keeping the tax burden reasonable. However, costs outside of the Board's control such as continual increases in health insurance and utility costs are worrisome, and employee contract settlements will also have an effect on the District's financial viability.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact James Simmelink, Superintendent, Adair-Casey Community School District, 3384 Indigo Ave., Adair, Iowa 50002.

BASIC FINANCIAL STATEMENTS

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	796,481	42,054	838,535
Receivables:			
Property tax:			
Delinquent	25,635	-	25,635
Succeeding year	1,181,533	-	1,181,533
Accounts	2,315	13	2,328
Due from other governments	152,897	-	152,897
Inventories	-	611	611
Prepaid expenses	43,000	-	43,000
Capital assets, net of accumulated depreciation	1,666,901	22,472	1,689,373
Total assets	3,868,762	65,150	3,933,912
Liabilities			
Accounts payable	35,321	9	35,330
Salaries and benefits payable	217,321	-	217,321
Accrued interest payable	7,353	-	7,353
Deferred revenue:			
Succeeding year property tax	1,181,533	-	1,181,533
Other	-	1,416	1,416
Long-term liabilities			
Portion due within one year:			
Capital loan notes payable	127,115	-	127,115
Capital leases	40,180	-	40,180
Early retirement	10,140	-	10,140
Portion due after one year:			
Capital loan notes payable	711,585	-	711,585
Capital leases	41,820	-	41,820
Early retirement	5,448	-	5,448
Total liabilities	2,377,816	1,425	2,379,241
Net assets			
Invested in capital assets, net of related debt	746,201	22,472	768,673
Restricted for:			
Phase III	17,057	-	17,057
Management levy	134,874	-	134,874
Physical plant and equipment levy	25,586	-	25,586
Other special revenue purposes	68,607	-	68,607
Unrestricted	498,621	41,253	539,874
Total net assets	1,490,946	63,725	1,554,671

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2004

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Governmental activities:				
Instruction:				
Regular instruction	1,186,702	112,892	163,951	-
Special instruction	320,905	27,618	63,748	-
Other instruction	328,684	189,882	21,782	-
	<u>1,836,291</u>	<u>330,392</u>	<u>249,481</u>	<u>-</u>
Support services:				
Student services	53,200	-	-	-
Instructional staff services	74,319	-	-	-
Administration services	371,583	-	-	-
Operation and maintenance of plant services	292,847	-	-	-
Transportation services	214,535	-	399	-
	<u>1,006,484</u>	<u>-</u>	<u>399</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	7,631	-	-	19,645
Long-term debt interest	46,175	-	-	-
AEA flowthrough	102,656	-	102,656	-
Depreciation (unallocated)*	93,516	-	-	-
	<u>249,978</u>	<u>-</u>	<u>102,656</u>	<u>19,645</u>
Total governmental activities	3,092,753	330,392	352,536	19,645
Business type activities:				
Non-instructional programs:				
Food service operations	154,551	95,421	65,898	-
Total	<u>3,247,304</u>	<u>425,813</u>	<u>418,434</u>	<u>19,645</u>

General Revenues:

Property taxes levied for:
 General purposes
 Capital outlay
 Income surtax
 Unrestricted state grants
 Unrestricted investment earnings
 Other

Total general revenues

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

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

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2004

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
(909,859)	-	(909,859)
(229,539)	-	(229,539)
(117,020)	-	(117,020)
<u>(1,256,418)</u>	<u>-</u>	<u>(1,256,418)</u>
(53,200)	-	(53,200)
(74,319)	-	(74,319)
(371,583)	-	(371,583)
(292,847)	-	(292,847)
(214,136)	-	(214,136)
<u>(1,006,085)</u>	<u>-</u>	<u>(1,006,085)</u>
12,014	-	12,014
(46,175)	-	(46,175)
-	-	-
(93,516)	-	(93,516)
<u>(127,677)</u>	<u>-</u>	<u>(127,677)</u>
(2,390,180)	-	(2,390,180)
-	6,768	6,768
<u>(2,390,180)</u>	<u>6,768</u>	<u>(2,383,412)</u>
1,182,458	-	1,182,458
78,674	-	78,674
96,766	-	96,766
1,117,495	-	1,117,495
6,103	49	6,152
1,060	-	1,060
<u>2,482,556</u>	<u>49</u>	<u>2,482,605</u>
92,376	6,817	99,193
<u>1,398,570</u>	<u>56,908</u>	<u>1,455,478</u>
<u>1,490,946</u>	<u>63,725</u>	<u>1,554,671</u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2004

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Assets			
Cash and pooled investments	598,222	197,075	795,297
Receivables:			
Property tax:			
Delinquent	22,590	3,045	25,635
Succeeding year	1,066,725	114,808	1,181,533
Accounts	2,182	133	2,315
Prepaid expenses	-	43,000	43,000
Due from other governments	81,829	71,068	152,897
	<u>1,771,548</u>	<u>429,129</u>	<u>2,200,677</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	15,894	18,243	34,137
Salaries and benefits payable	217,321	-	217,321
Deferred revenue:			
Succeeding year property tax	1,066,725	114,808	1,181,533
Other	77,915	51,423	129,338
Total liabilities	<u>1,377,855</u>	<u>184,474</u>	<u>1,562,329</u>
Fund balances:			
Reserved for:			
Prepaid expenses	-	43,000	43,000
Phase III	17,057	-	17,057
Unreserved	376,636	201,655	578,291
Total fund balances	<u>393,693</u>	<u>244,655</u>	<u>638,348</u>
	<u>1,771,548</u>	<u>429,129</u>	<u>2,200,677</u>
Total liabilities and fund balances			

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2004

Total fund balances of governmental funds (Exhibit C)	638,348
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,666,901
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	129,338
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	(7,353)
Long-term liabilities, including capital loan notes payable, capital leases and early retirement benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(936,288)</u>
Net assets of governmental activities (Exhibit A)	<u><u>1,490,946</u></u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2004

	General Fund	Nonmajor Governmental	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	1,163,405	188,419	1,351,824
Tuition	93,516	-	93,516
Other	49,768	193,211	242,979
Intermediate sources	137	-	137
State sources	1,357,496	-	1,357,496
Federal sources	92,779	19,645	112,424
Total revenues	<u>2,757,101</u>	<u>401,275</u>	<u>3,158,376</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	1,191,614	9,908	1,201,522
Special instruction	320,905	-	320,905
Other instruction	145,577	183,107	328,684
	<u>1,658,096</u>	<u>193,015</u>	<u>1,851,111</u>
Support services:			
Student services	53,200	-	53,200
Instructional staff services	74,319	-	74,319
Administration services	345,728	25,855	371,583
Operation and maintenance of plant services	282,737	10,110	292,847
Transportation services	162,772	111,243	274,015
	<u>918,756</u>	<u>147,208</u>	<u>1,065,964</u>
Other expenditures:			
Facilities acquisition	-	36,516	36,516
Long-term debt:			
Principal	-	123,344	123,344
Interest and fiscal charges	-	46,291	46,291
AEA flowthrough	102,656	-	102,656
	<u>102,656</u>	<u>206,151</u>	<u>308,807</u>
Total expenditures	<u>2,679,508</u>	<u>546,374</u>	<u>3,225,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77,593</u>	<u>(145,099)</u>	<u>(67,506)</u>
Other financing sources (uses):			
Compensation for loss of fixed assets	440	-	440
Proceeds from long-term loans	-	82,000	82,000
Sales of materials and equipment	620	-	620
Operating transfers in	-	177,266	177,266
Operating transfers out	(68,831)	(108,435)	(177,266)
Total other financing sources (uses)	<u>(67,771)</u>	<u>150,831</u>	<u>83,060</u>
Net change in fund balances	9,822	5,732	15,554
Fund balances beginning of year, as restated	<u>383,871</u>	<u>238,923</u>	<u>622,794</u>
Fund balances end of year	<u><u>393,693</u></u>	<u><u>244,655</u></u>	<u><u>638,348</u></u>

ADAIR-CASEY 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, 2004

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		15,554
<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 Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the year as follows:		
Expenditures for capital assets	150,636	
Depreciation expense	<u>(151,506)</u>	(870)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.		
		25,693
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
		123,344
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.		
		116
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:		
Early retirement		10,539
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.		
		<u>(82,000)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>92,376</u></u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2004

	Nonmajor School Nutrition	Governmental Activities - Internal Service Fund
	\$	\$
Assets		
Cash and cash equivalents	42,054	1,184
Accounts receivable	13	-
Inventories	611	-
Capital assets, net of accumulated depreciation	<u>22,472</u>	<u>-</u>
Total assets	<u>65,150</u>	<u>1,184</u>
Liabilities		
Accounts payable	9	1,184
Deferred revenue	<u>1,416</u>	<u>-</u>
Total liabilities	<u>1,425</u>	<u>1,184</u>
Net assets		
Invested in capital assets, net of related debt	22,472	-
Unrestricted	<u>41,253</u>	<u>-</u>
Total net assets	<u><u>63,725</u></u>	<u><u>-</u></u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2004

	(Nonmajor) School Nutrition	Governmental Activities - Internal Service Fund
	<u>\$</u>	<u>\$</u>
Operating revenue:		
Local sources:		
Charges for service	<u>95,421</u>	<u>8,054</u>
Operating expenses:		
Non-instructional programs:		
Salaries	56,940	-
Benefits	12,788	8,054
Purchased services	1,859	-
Supplies	80,335	-
Depreciation	2,289	-
Other	340	-
	<u>154,551</u>	<u>8,054</u>
Operating gain (loss)	<u>(59,130)</u>	<u>-</u>
Non-operating revenue:		
State sources	2,224	-
Federal sources	63,674	-
Interest income	49	-
Total non-operating revenue	<u>65,947</u>	<u>-</u>
Change in net assets	6,817	-
Net assets beginning of year	<u>56,908</u>	<u>-</u>
Net assets end of year	<u><u>63,725</u></u>	<u><u>-</u></u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2004

	Nonmajor School Nutrition Fund	Governmental Activities - Internal Service Fund
	\$	\$
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	95,445	-
Cash received from other services	-	8,886
Cash payments to employees for services	(69,728)	(6,870)
Cash payments to suppliers for goods or services	(72,934)	-
Net cash used by operating activities	<u>(47,217)</u>	<u>2,016</u>
Cash flows from non-capital financing activities:		
State grants received	2,224	-
Federal grants received	54,966	-
Net cash provided by non-capital financing activities	<u>57,190</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(6,920)</u>	
Cash flows from investing activities:		
Interest on investments	<u>49</u>	
Net increase (decrease) in cash and cash equivalents	3,102	2,016
Cash and cash equivalents at beginning of year	<u>38,952</u>	<u>(832)</u>
Cash and cash equivalents at end of year	<u><u>42,054</u></u>	<u><u>1,184</u></u>
Reconciliation of operating gain (loss) to net cash used by operating activities:		
Operating gain (loss)	(59,130)	-
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Commodities used	8,708	
Depreciation	2,289	-
Decrease (increase) in inventories	883	-
Decrease (increase) in accounts receivable	23	832
(Decrease) increase in accounts payable	9	1,184
(Decrease) increase in deferred revenue	1	-
Net cash used in operating activities:	<u><u>(47,217)</u></u>	<u><u>2,016</u></u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2004, the District received \$8,708 of federal commodities.

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2004

	Private Purpose Trust Scholarship
	<u>\$</u>
Assets	
Cash and pooled investments	173,828
Liabilities	
	<u>-</u>
Net Assets	
Reserved for scholarships	<u><u>173,828</u></u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2004

	Private Purpose Trust Scholarship
	<u>\$</u>
Additions:	
Local sources:	
Interest	4,623
Deductions:	
Support services:	
Scholarships awarded	<u>10,000</u>
Change in net assets	(5,377)
Net assets beginning of year	<u>179,205</u>
Net assets end of year	<u><u>173,828</u></u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

Year ended June 30, 2004

1. Summary of Significant Accounting Policies

Adair-Casey Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Adair and Casey, Iowa and the predominately agricultural territory in a portion of Adair, Guthrie and Audubon Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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's internal service fund is also reported as a proprietary fund. The internal service fund is used to account for the District's medical reimbursement plan.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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 balance sheet:

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003, through June 30, 2004, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2003.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	5,000
Buildings	5,000
Improvements other than buildings	5,000
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	50 years
Improvements other than buildings	5-20 years
Furniture and equipment	3-15 years

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the

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

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

[Compensated Absences](#) - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

[Long-term Liabilities](#) – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

[Fund Equity](#) – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

E. [Budgeting and Budgetary Control](#)

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2004 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.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

3. **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount \$
Debt Service	Special Revenue:	
	Physical Plant and Equipment Levy Fund	108,435
Special Revenue:	General Fund	7,631
Physical Plant and Equipment Levy Fund		
Debt Service	General Fund	61,200

These transfers reflect payments for debt service requirements.

4. Capital Assets

Capital assets activity for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year, as Restated \$	Increases \$	Decreases \$	Balance End of Year \$
Governmental activities:				
Capital assets not being depreciated:				
Land	3,714	-	-	3,714
Capital assets being depreciated:				
Buildings	1,472,664	-	-	1,472,664
Improvements other than buildings	2,360,560	28,885	-	2,389,445
Furniture and equipment	490,993	121,751	74,756	537,988
Total capital assets being deprec.	<u>4,324,217</u>	<u>150,636</u>	<u>74,756</u>	<u>4,400,097</u>
Less accumulated depreciation for:				
Buildings	1,042,025	29,453	-	1,071,478
Improvements other than buildings	1,238,673	64,063	-	1,302,736
Furniture and equipment	379,462	57,990	74,756	362,696
Total accumulated depreciation	<u>2,660,160</u>	<u>151,506</u>	<u>74,756</u>	<u>2,736,910</u>
Total capital assets being Depreciated, net	<u>1,664,057</u>	<u>(870)</u>	-	<u>1,663,187</u>
Governmental activities capital assets, net	<u>1,667,771</u>	<u>(870)</u>	-	<u>1,666,901</u>
	Balance Beginning of Year \$	Increases \$	Decreases \$	Balance End of Year \$
Business type activities:				
Furniture and equipment	107,133	6,920	3,587	110,466
Less accumulated depreciation	<u>89,292</u>	<u>2,289</u>	<u>3,587</u>	<u>87,994</u>
Business type activities capital assets, net	<u>17,841</u>	<u>4,631</u>	-	<u>22,472</u>

Depreciation expense was charged by the District to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	1,070
Transportation	56,920
	57,990
Unallocated depreciation	93,516
Total depreciation expense – governmental activities	151,506
Business type activities:	
Food service operations	2,289

5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2004, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Capital loan notes	962,044	-	123,344	838,700	127,115
Capital leases	-	82,000	-	82,000	40,180
Early retirement	26,127	-	10,539	15,588	10,140
Total	988,171	82,000	133,883	936,288	177,435

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age **fifty-five** and must have completed **fifteen** years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives are based on salary. Early retirement expenditures for the year ended June 30, **2004** totaled \$10,539.

Capital Loan Notes

The District issued **\$305,500** of capital loan notes during the year ended **June 30, 1999**. The interest rate on the notes is 4.25%. Payment will be made from the Special Revenue, Physical Plant and Equipment Levy Fund. Payments are due as follows:

Year ended June 30,	Interest	Principal	Total
	\$	\$	\$
2005	6,662	31,500	38,162
2006	5,292	33,000	38,292
2007	3,857	34,500	38,357
2008	2,359	36,000	38,359
2009	797	37,500	38,297
	18,967	172,500	191,467

Energy Management Capital Loan Notes

The District issued \$525,000 of energy management improvement capital loan notes during the year ended June 30, 2000. The interest rate on the notes is 5.71%. Payments will be made from the Special Revenue, Physical Plant and Equipment Levy Fund. Payments are due as follows:

Year ended June 30,	Interest	Principal	Total
	\$	\$	\$
2005	19,341	50,615	69,956
2006	16,410	53,546	69,956
2007	13,309	56,647	69,956
2008	10,028	59,928	69,956
2009	6,558	63,398	69,956
2010	2,890	67,066	69,956
	<u>68,536</u>	<u>351,200</u>	<u>419,736</u>

The District issued \$450,000 of energy management improvement capital loan notes during the year ended June 30, 2002. The interest rate on the notes is 4.50%. Payments will be made from the General Fund. Payments are due as follows:

Year ended June 30,	Interest	Principal	Total
	\$	\$	\$
2005	14,175	45,000	59,175
2006	12,150	45,000	57,150
2007	10,125	45,000	55,125
2008	8,100	45,000	53,100
2009	6,075	45,000	51,075
2010-2011	6,075	90,000	96,075
	<u>56,700</u>	<u>315,000</u>	<u>371,700</u>

During the year ended June 30, 2004 the District made principal and interest payments totaling \$169,636 under the note agreements.

Capital Leases

The District has leased 2 buses under a capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2004.

	Year Ending June 30,	Amount
		\$
	2005	43,526
	2006	43,526
Minimum Lease Payments		87,052
Less Amount Representing Interest		5,052
Present Value of Minimum Lease Payments		<u>82,000</u>

6. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$94,644, \$96,034, and \$100,067 respectively, equal to the required contributions for each year.

7. Risk Management

Adair-Casey Community School District is a member in the Iowa School Employees Benefits Association, an Iowa Code Chapter 28E organization. The Iowa School Employees Benefits Association (ISEBA) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. ISEBA was formed July 1999 for the purpose of managing and funding employee benefits. ISEBA provides coverage and protection in the following categories: medical, dental, vision, and prescription drugs.

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

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. The District's annual contributions to ISEBA for the year ended June 30, 2004, were \$257,304.

Payments from participating members are the sole source for paying claims and establishing reserves for the ISEBA self-funded programs. Stop loss insurance is purchased by ISEBA to protect against large claims but the potential exists for claims to exceed the premium payments made by members into the program. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the District's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw. ISEBA will pay claims incurred before the termination date.

Adair-Casey 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.

8. 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 \$102,656 for the year ended June 30, 2004, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

9. Accounting Change and Restatement

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements separate the District's programs between governmental and business type activities. The beginning net assets for governmental activities has been restated to include capital assets, long-term liabilities, and the changes in assets and liabilities at July 1, 2003 caused by the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	Fund		
	General	Nonmajor	Total
	\$	\$	\$
Net assets, June 30, 2003, as previously reported	383,871	237,338	621,209
GASB Interpretation 6 adjustments	-	1,585	1,585
Net assets, July 1, 2003, as restated for governmental funds	<u>383,871</u>	<u>238,923</u>	622,794
GASB 34 adjustments:			
Capital assets net of accumulated depreciation of \$2,660,160			1,667,771
Long-term liabilities:			
Capital loans notes			(962,044)
Early retirement			(26,127)
Accrued interest payable			(7,469)
Deferred revenue			<u>103,645</u>
Net assets, July 1, 2003, as restated			<u>1,398,570</u>

REQUIRED SUPPLEMENTARY INFORMATION

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2004

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$		\$	\$
Receipts:						
Local sources	1,674,436	95,494	1,769,930	1,845,881	1,845,881	(75,951)
Intermediate sources	1,234	-	1,234	1,000	1,000	234
State sources	1,355,421	2,224	1,357,645	1,427,826	1,427,826	(70,181)
Federal sources	124,375	63,674	188,049	205,000	205,000	(16,951)
Total receipts	<u>3,155,466</u>	<u>161,392</u>	<u>3,316,858</u>	<u>3,479,707</u>	<u>3,479,707</u>	<u>(162,849)</u>
Disbursements:						
Instruction	1,850,613	-	1,850,613	2,131,580	2,131,580	280,967
Support services	1,069,435	-	1,069,435	1,152,000	1,152,000	82,565
Non-instructional programs	-	158,290	158,290	194,881	194,881	36,591
Other expenditures	295,709	-	295,709	305,032	305,032	9,323
Total disbursements	<u>3,215,757</u>	<u>158,290</u>	<u>3,374,047</u>	<u>3,783,493</u>	<u>3,783,493</u>	<u>409,446</u>
Excess (deficiency) of receipts over (under) disbursements	(60,291)	3,102	(57,189)	(303,786)	(303,786)	246,597
Other financing sources (uses) net	<u>83,060</u>	<u>-</u>	<u>83,060</u>	<u>5,000</u>	<u>5,000</u>	<u>78,060</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements	22,769	3,102	25,871	(298,786)	(298,786)	324,657
Balance beginning of year	<u>772,528</u>	<u>38,952</u>	<u>811,480</u>	<u>848,541</u>	<u>848,541</u>	<u>(37,061)</u>
Balance end of year	<u><u>795,297</u></u>	<u><u>42,054</u></u>	<u><u>837,351</u></u>	<u><u>549,755</u></u>	<u><u>549,755</u></u>	<u><u>287,596</u></u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
	\$	\$	\$
Revenues	3,155,466	2,910	3,158,376
Expenditures	3,215,757	10,125	3,225,882
Net	(60,291)	(7,215)	(67,506)
Other financing sources (uses) net	83,060	-	83,060
Beginning fund balances	772,528	(149,734)	622,794
Ending fund balances	795,297	(156,949)	638,348

	Proprietary Fund		
	Enterprise		
	Cash Basis	Accrual Adjustments	Accrual Basis
	\$	\$	\$
Revenues	161,392	(24)	161,368
Expenditures	158,290	(3,739)	154,551
Net	3,102	3,715	6,817
Beginning fund balances	38,952	17,956	56,908
Ending fund balances	42,054	21,671	63,725

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2004

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the [cash basis](#). Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

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

OTHER SUPPLEMENTARY INFORMATION

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2004

Assets	Special Revenue Funds			Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	
	\$	\$	\$	
Cash and pooled investments	106,274	73,619	17,182	197,075
Receivables:				
Property tax:				
Delinquent	1,188	-	1,857	3,045
Succeeding year	45,000	-	69,808	114,808
Accounts	-	133	-	133
Due from other governments	-	-	71,068	71,068
Prepaid expenses	43,000	-	-	43,000
Total assets	195,462	73,752	159,915	429,129
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	-	5,145	13,098	18,243
Deferred revenue:				
Succeeding year property tax	45,000	-	69,808	114,808
Other	-	-	51,423	51,423
Total liabilities	45,000	5,145	134,329	184,474
Fund balances:				
Reserved for prepaid expenses	43,000	-	-	43,000
Unreserved fund balance	107,462	68,607	25,586	201,655
Total fund equity	150,462	68,607	25,586	244,655
Total liabilities and fund balances	195,462	73,752	159,915	429,129

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2004

	Special Revenue Funds				Total
	Management	Student	Physical	Debt	
	Levy	Activity	Plant and	Service	
		Equipment			
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	59,064	-	129,355	-	188,419
Other	992	190,665	1,554	-	193,211
Federal sources	-	-	19,645	-	19,645
Total revenues	<u>60,056</u>	<u>190,665</u>	<u>150,554</u>	<u>-</u>	<u>401,275</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	9,908	-	-	-	9,908
Other instruction	-	183,107	-	-	183,107
Support services:					
Administration services	25,855	-	-	-	25,855
Operation and maintenance of plant services	10,110	-	-	-	10,110
Transportation services	7,843	-	103,400	-	111,243
Other expenditures:					
Facilities acquisition	-	-	36,516	-	36,516
Long-term debt:					
Principal	-	-	-	123,344	123,344
Interest and fiscal charges	-	-	-	46,291	46,291
Total expenditures	<u>53,716</u>	<u>183,107</u>	<u>139,916</u>	<u>169,635</u>	<u>546,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,340</u>	<u>7,558</u>	<u>10,638</u>	<u>(169,635)</u>	<u>(145,099)</u>
Other financing sources (uses):					
Proceeds from long-term loans	-	-	82,000	-	82,000
Operating transfers in	-	-	7,631	169,635	177,266
Operating transfers out	-	-	(108,435)	-	(108,435)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(18,804)</u>	<u>169,635</u>	<u>150,831</u>
Changes in fund balances	6,340	7,558	(8,166)	-	5,732
Fund balances beginning of year, as restated	<u>144,122</u>	<u>61,049</u>	<u>33,752</u>	<u>-</u>	<u>238,923</u>
Fund balances end of year	<u>150,462</u>	<u>68,607</u>	<u>25,586</u>	<u>-</u>	<u>244,655</u>

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2004

Account	Balance	Revenues	Expenditures	Balance End
	Beginning of Year			of Year
	\$	\$	\$	\$
Academic bowl	23	42	65	-
Annual	2,224	4,190	5,541	873
After prom	1,389	11,691	11,592	1,488
Art	136	72	208	-
Art club	67	-	67	-
Athletics	9,487	76,360	57,427	28,420
Ath. CD 11249	20,000	465	-	20,465
Band	55	797	737	115
Cheer BB	1,695	2,587	3,590	692
Cheer FB	1,096	1,684	2,750	30
Jr. High cheerleaders	453	-	453	-
Class of 2003	550	-	550	-
Class of 2004	2,271	24,507	26,778	-
Class of 2005	-	11,207	9,676	1,531
D Petersen	-	1,409	1,409	-
Drama	2,350	980	1,249	2,081
Drill team	1,790	3,064	3,687	1,167
Drill team JH	388	-	388	-
FFA	1,143	29,544	28,073	2,614
FFA video	554	12,321	12,875	-
FFA CD #9279	4,373	58	-	4,431
FFA CD #1004506	3,067	54	-	3,121
Interest	-	312	312	-
Music boosters	6,765	1,425	2,494	5,696
National Honor Society	811	654	760	705
Science	182	659	839	2
Student council	582	7,991	8,573	-
Vocal	84	369	265	188
Beginning accruals	(486)	(1,910)	(2,396)	-
Ending accruals	-	133	5,145	(5,012)
Total	61,049	190,665	183,107	68,607

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,351,824	1,332,226	1,255,368	1,243,219
Tuition	93,516	74,174	78,841	86,937
Other	242,979	240,077	299,579	263,353
Intermediate sources	137	1,797	2,473	2,980
State sources	1,357,496	1,448,916	1,389,091	1,449,454
Federal sources	112,424	123,686	86,358	77,618
	<u>3,158,376</u>	<u>3,220,876</u>	<u>3,111,710</u>	<u>3,123,561</u>
Total revenues				
Expenditures:				
Instruction:				
Regular instruction	1,201,522	1,221,771	1,259,366	1,098,592
Special instruction	320,905	277,734	313,498	329,907
Other instruction	328,684	330,590	333,461	321,058
Support services:				
Student services	53,200	52,198	51,109	48,606
Instructional staff services	74,319	81,842	158,657	148,551
Administration services	371,583	361,919	357,504	305,876
Operation and maintenance of plant services	292,847	252,309	265,562	464,713
Transportation services	274,015	176,807	167,300	218,090
Non-instructional programs	-	156	-	135
Other expenditures:				
Facilities acquisition	36,516	-	615,410	471,377
Long-term debt:				
Principal	123,344	134,294	130,002	123,644
Interest and other charges	46,291	52,869	50,903	46,043
AEA flowthrough	102,656	111,246	110,478	115,855
	<u>3,225,882</u>	<u>3,053,735</u>	<u>3,813,250</u>	<u>3,692,447</u>
Total expenditures				

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting

To the Board of Education of the
[Adair-Casey](#) Community School District:

We have audited the financial statements of the [Adair-Casey](#) Community School District as of and for the year ended June 30, [2004](#), and have issued our report thereon September 29, [2004](#). We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether [Adair-Casey](#) 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 grants, noncompliance 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 noncompliance that are required to be reported under Government Auditing Standards. [However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.](#)

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, [2004](#) 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. Prior year statutory comments have all been resolved.

Internal Control over Financial Reporting

In planning and performing our audit, we considered [Adair-Casey](#) Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items [04-I-A](#) and [04-I-B](#) are material weaknesses. Prior year reportable conditions have all been resolved except for items [04-I-A](#) and [04-I-B](#).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the [Adair-Casey](#) Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of [Adair-Casey](#) 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

September 29, [2004](#)

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Reportable Conditions:

04-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, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

District Response: The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion: Response accepted.

04-I-B Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The stamp is under the care, custody, and control of the Administrative office. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: We recommend that this practice cease. The Board may designate a person other than the Board President to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

ADAIR-CASEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting:

- 04-II-A Official Depositories: Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.
- 04-II-B Certified Budget: Disbursements for the year ended June 30, 2004, did not exceed the amounts budgeted.
- 04-II-C Questionable Expenditures: We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 04-II-D 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.
- 04-II-E Business Transactions: Business transactions between the District and District officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Brian Plowman, Board Member Co-owner of Plowman & Stanley Trenching	Trenching services	9,240
Barry Orness, Board Member	Substitute bus driver	897
Jim Moore, Board Member	Baseball umpire	50

Since the amount is less than the \$2,500 limit provided by Iowa law, it is not a conflict of interest. The trenching services were awarded thru a bidding process which is not a conflict of interest.

- 04-II-F Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 04-II-G Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 04-II-H Certified Enrollment: We noted no variances in the basic enrollment data certified to the Department of Education.
- 04-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.
- 04-II-J Certified Annual Report (CAR): The CAR was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.