

ANAMOSA COMMUNITY SCHOOL DISTRICT  
ANAMOSA, IOWA

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

JUNE 30, 2004

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ANAMOSA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2003 Election)		
Jim Mitchel	President	2004
Sharon Weideman	Vice President	2003
Scott Werling	Board Member	2003
Jay Willems	Board Member	2003
Brian Darrow	Board Member	2005
Dan Hopfensperger	Board Member	2004
Julie Fall	Board Member	2005
<u>Board of Education</u>		
(After September 2003 Election)		
Jim Mitchel	President	2004
Sharon Weideman	Vice President	2006
LeAnne Ridgeway	Board Member	2006
Scott Werling	Board Member	2006
Brian Darrow	Board Member	2005
Dan Hopfensperger	Board Member	2004
Julie Fall	Board Member	2005
<u>School Officials</u>		
Carol Lensing	Superintendent	2004
Don L. Folkerts	District Secretary	2004
Linda Von Behren	District Treasurer	2004
Brian Gruhn	Attorney (Personnel Matters)	2004
Adrian Knuth Law Firm	Attorney (Non-Personnel Matters)	2004

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Anamosa Community School District:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Anamosa Community School District, 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 basic 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 basic 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 that 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, business-type activities, each major fund, and the aggregate remaining fund information of Anamosa 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 11 to the financial statements, during the year ended June 30, 2004, Anamosa Community School District adopted Governmental Accounting Standards Board 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 Disclosure; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 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 report dated August 27, 2004 on our consideration of Anamosa Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 through 20 and 54 through 55 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. However, 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 Anamosa 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 supplementary information included in Schedules 1 through 5 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.

Oskaloosa, Iowa  
August 27, 2004

## Management's Discussion and Analysis

Anamosa Community School District provides this discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2004. Please consider this information in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- The State of Iowa imposed a 2.5% across-the-board cut in October 2003. 10% of this cut was restored in June 2004, resulting in a state revenue cut of 2.25% for the fiscal year. This resulted in a decrease in expected state revenues by \$111,899 in the General Fund.
- The District's new Fitness Center located at the High School is complete. The majority of the construction costs associated with this center was funded by contributions from the community.
- The District implemented an At Risk levy for 2003-2004 to support a summer reading initiative that began in July 2004.
- The Nutrition program purchased a new state of the art point of sale cashiering system to improve services to students and overall financial accountability in the program. Implementation occurred at the beginning of the 2003-2004 school year.

### Overview of the Financial Statements

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

- The first two statements are *district-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 District-wide statements.
- The *governmental funds statements* tell 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- and long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial 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 related to one another.

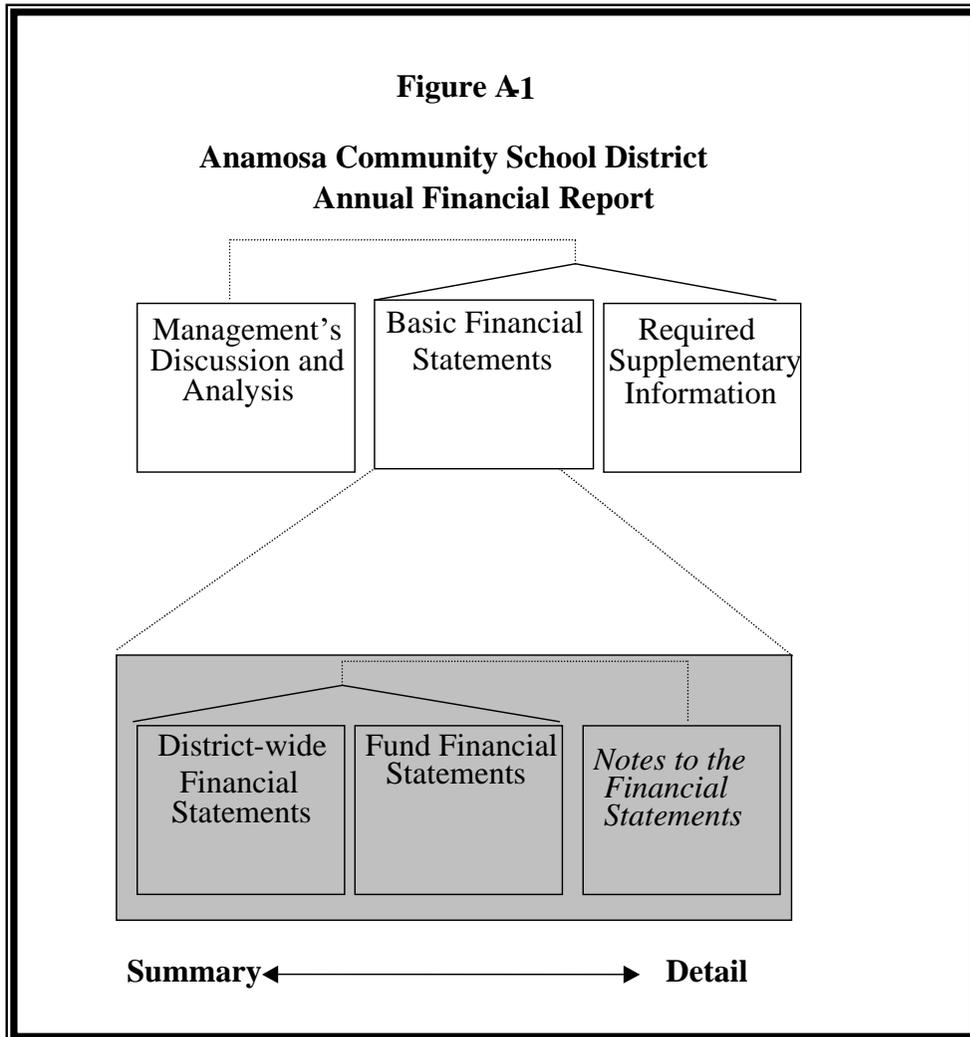


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

<b>Figure A-2: Major Features of the District Wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and agency fund monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-wide Financial Statements

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

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

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

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

## Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has 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 the reader 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 District-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, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District’s *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Construction Trades Fund. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The District has one internal service fund, the Employee Group Health Fund.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
  - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
  - Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other entities.

The District is responsible for ensuring that 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 District-wide financial statements because it cannot use these assets to finance its operations.

### **Financial Analysis of the District as a Whole**

Because the 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 made to the prior year and will go further in explaining the District’s financial position and results of operations.

**Figure A-3****Condensed Statement of Net Assets**

	<b>Governmental Activities <u>2004</u></b>	<b>Business-type Activities <u>2004</u></b>	<b>Total School District <u>2004</u></b>
Current and other assets	\$ 6,771,561	\$ 49,085	\$ 6,820,646
Capital assets	<u>7,374,920</u>	<u>83,977</u>	<u>7,458,897</u>
<b>Total assets</b>	<u>14,146,481</u>	<u>133,062</u>	<u>14,279,543</u>
Long-term obligations	4,590,635	-	4,590,635
Other liabilities	<u>4,127,925</u>	<u>530</u>	<u>4,128,455</u>
Total liabilities	<u>8,718,560</u>	<u>530</u>	<u>8,719,090</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	2,880,920	83,977	2,964,897
Restricted	453,957	-	453,957
Unrestricted	<u>2,093,044</u>	<u>48,555</u>	<u>2,141,599</u>
<b>Total net assets</b>	<u>\$ 5,427,921</u>	<u>\$ 132,532</u>	<u>\$ 5,560,453</u>

Most of this improvement in the District's financial position came from its governmental activities, the net assets of which grew \$813,689. The net assets of the District's business-type activities increased \$8,787. (See Figure A-4)

**Figure A-4****Changes in Net Assets from Operating Results**

	<b>Governmental Activities <u>2004</u></b>	<b>Business-type Activities <u>2004</u></b>	<b>Total School District <u>2004</u></b>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 884,562	\$ 306,899	\$ 1,191,461
Operating Grants & Contributions	1,177,747	182,811	1,360,558
Capital Grants & Contributions	161,948	-	161,948
General revenues			
Property taxes	3,222,943	-	3,222,943
Other taxes	731,447	-	731,447
Unrestricted Grants/Entitlements & interest	4,819,743	253	4,819,996
<b>Total revenues</b>	<b>10,998,390</b>	<b>489,963</b>	<b>11,488,353</b>
<b>Expenses</b>			
Instruction	6,617,295	-	6,617,295
Support Services	2,712,042	-	2,712,042
Debt Service, interest on long-term debt	244,876	-	244,876
Other	610,488	481,176	1,091,664
<b>Total expenses</b>	<b>10,184,701</b>	<b>481,176</b>	<b>10,665,877</b>
Change in net assets	\$ 813,689	\$ 8,787	\$ 822,476

Figure A-5 shows the sources of revenues of governmental funds for 2004. State Aid made up 41.5% of total revenues, an increase from 40.91% the previous year. Property Taxes made up 26.9% of revenues down from 28.12% last year. Federal & State categorical grants and contributions made up a larger portion of revenues than the previous year 13.25% compared to 10.49% last year. An increase in IDEA Part B funds and Medicaid reimbursements contributed to this increase.

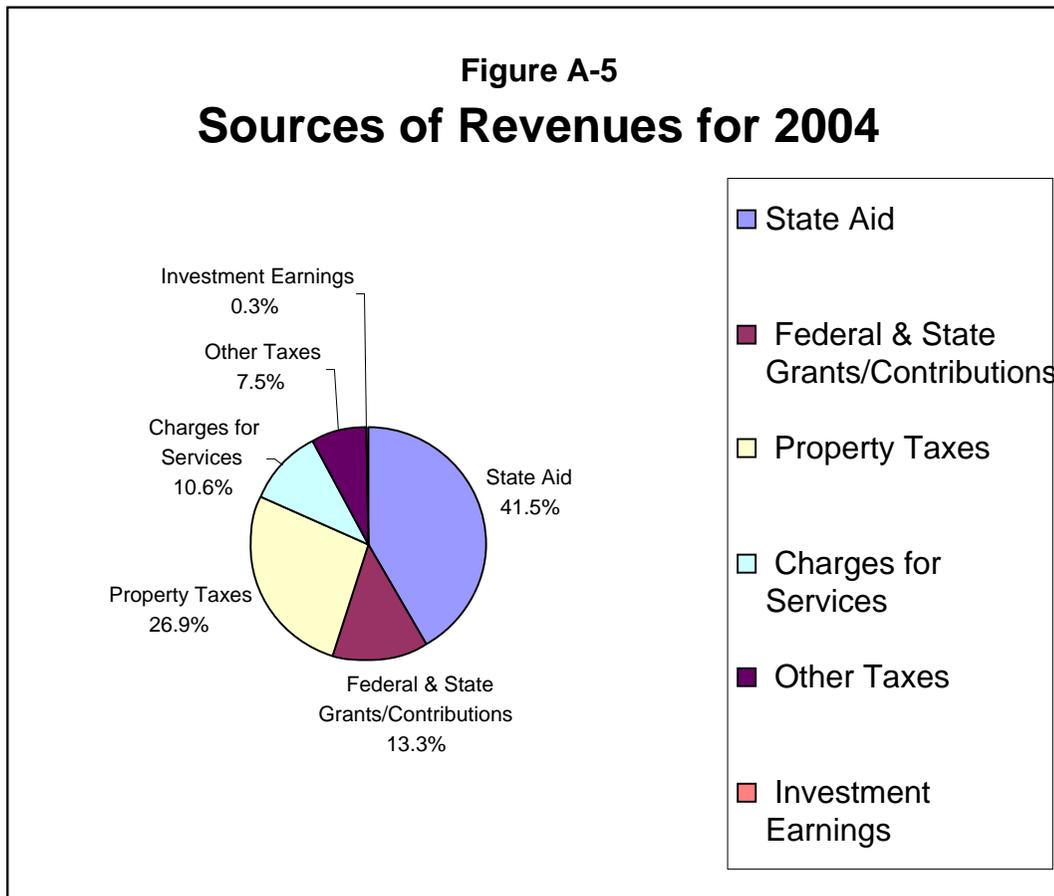


Figure A-6 presents the expenses of the District’s governmental funds divided into seven categories and presents them as a percent all governmental funds expenses. Instructional expenses made up 61.1% of all expenses. Pupil and Instructional Support, which includes media, guidance and technology support made up 6.3% of all expenses. Administration represented 7.5% of all expenses, while Maintenance and Transportation accounts for 6.6% and 5.0% respectively. Debt Service accounted for 5.1% and All Other was 8.3% of total expenses.

**Figure A-6  
Expenses for 2004**

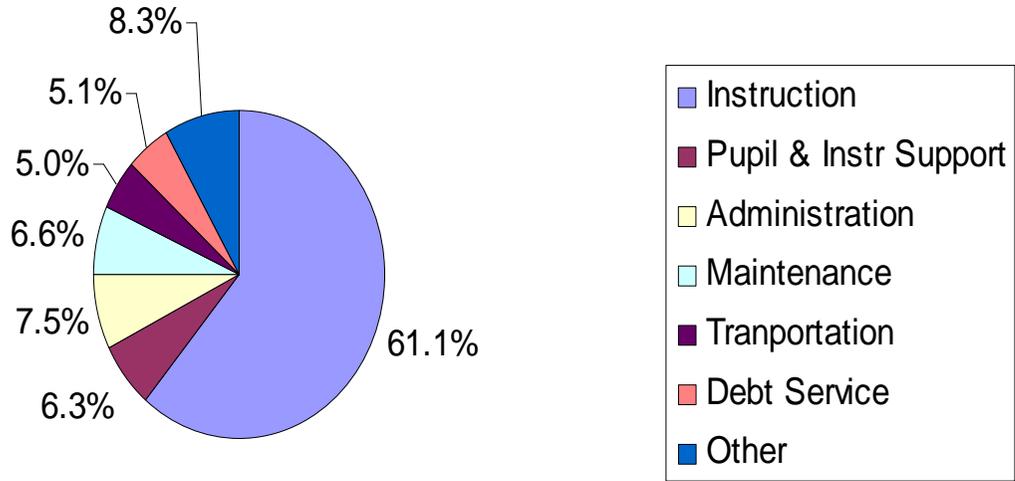


Figure A-7 presents the cost of four major district activities: instruction, support services including maintenance and transportation, debt service, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7

**Total and Net Cost of Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 6,617,295	\$ 4,932,569
Support Services	2,712,042	2,699,464
Debt Service	244,876	244,876
Other	610,488	83,535
<b>Total</b>	<b>\$10,184,701</b>	<b>\$ 7,960,444</b>

- The cost of all governmental activities this year was \$10,184,701
- Some of the cost was financed by the users of the District’s programs (see FigureA-4)
- The federal and state governments subsidized certain programs with grants and contributions (\$1,339,695), and charges for district services financed \$884,562
- Most of the District’s costs (\$7,960,444), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$3.2 million in property taxes, \$4.8 million of unrestricted state aid based on the statewide finance formula, and investment earnings.

**Business-Type Activities**

Program revenues of the District’s business-type activities increased 6.7 percent to \$489,711, while expenses totaled \$481,176, an increase of 7.3 percent. (Refer to Figure A-4.) Factors contributing to these results include an increase in meal prices of \$.10 or 6.25%. Also, the number of free meals served increased by 8.5%, resulting in an increase in federal nutrition reimbursements of \$6,712 or 5%.

The District began planning for a new construction trades course for the fall of 2004 that had some activity in 2003-2004. Program revenues from this activity, which were comprised of donations from community businesses and organizations, totaled \$3,350 while expenses through June 30, 2004 totaled \$3,843. The District has secured a line of credit from a local bank to help finance this project.

## **Financial Analysis of the District's Funds**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of approximately \$2,315,000, well above last year's ending fund balances of approximately \$1,903,000. The general fund's fund balance experienced most of this increase.

### **Governmental Fund Highlights**

- The District's strengthening General Fund balance is the product of various factors. The General Fund balance increased from approximately \$1,490,000 to approximately \$1,884,000. Growth in taxes and grants resulted in an increase in revenues. At risk funds of \$100,000 were levied primarily for the implementation of a Second Grade Summer Reading Academy. This Academy took place in July 2004, resulting in unexpended at-risk funds of approximately \$85,000. The District started claiming Medicaid dollars for health services provided to its Medicaid eligible students in 2002. The reimbursements received for these claims have increased from \$1,038 in Fiscal Year 2002 to \$118,710 in Fiscal Year 2004. Also contributing to the increased fund balance was a mild winter, saving the District in utility costs.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$93,535 to \$137,209. While tax revenues remained approximately the same, the District's spending was reduced.
- The Activity Fund balance decreased from \$100,116 to \$79,996. This was primarily the result of two reasons, smaller gate receipts with a change to a different conference and the use of carryover fund balance to meet its financial obligations during the year.

### **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased from \$123,745 at June 30, 2003 to \$133,025 at June 30, 2004, representing an increase of approximately 7.5%. As previously noted, the District increased meal prices, resulting in the increase in net assets. The District also served more free meals resulting in a related increase in federal nutrition revenues and net assets.

### **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, except its private-purpose trust and agency 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 a basis consistent with generally accepted accounting principles (GAAP). Over the course of the year, the District amended its annual

operating budget one time to reflect additional revenue and expenditures associated with the construction of the new fitness center as well as for instructional costs and school nutrition increased costs. 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.

### **Legal Budgetary Highlights**

The District's total actual receipts were approximately \$403,000 more than the total budgeted receipts, a variance of 3.6%. The most significant differences occurring in tuition and transportation revenues received and federal grant revenues.

Total expenditures were less than budgeted primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures near 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 exceed the actual expenditures during the year.

## Capital Asset and Debt Administration

### Capital Assets

At the end of 2004, the District had invested approximately \$7.4 million in a broad range of assets, including school buildings, athletic facilities, transportation, and technology equipment. (See Figure A-8) This amount represents a slight net decrease from last year. **(More detailed information about capital assets can be found in Note 5 to the financial statements.)**

Depreciation expense for the year was \$326,059. The significant increase in Buildings for the year is due to the completion of the Fitness Center at the High School at a total cost of \$275,800.

**Figure A-8**  
**Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2003-2004
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	
	Land	\$70,250	\$70,250	\$ -	\$ -	\$70,250	
Land Improvements	389,719	374,260			389,719	374,260	-3.97%
Construction in progress	82,023	-	-	-	82,023	-	-100.00%
Buildings	6,542,158	6,649,495	-	-	6,542,158	6,649,495	+1.64%
Equipment & Furniture	269,774	280,915	85,808	83,977	355,582	364,892	-2.62%
	<b>\$7,353,924</b>	<b>\$7,374,920</b>	<b>\$85,808</b>	<b>\$83,977</b>	<b>\$7,439,732</b>	<b>\$7,458,897</b>	-0.00%

The District's first fitness center, located at the High School, was complete as of June 30, 2004. Other major construction projects during the year included:

- Completion of the Middle School parking lot
- Completion of the remodeling of the Middle School boys' locker room

## Long-Term Debt

At year-end, the District had \$4,470,000 in general obligation bonds and other long-term debt outstanding. This represents a decrease of 5.6% from the previous fiscal year as can be seen in Figure A-9 below. More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District also had total outstanding School

Equipment Notes payable from the General Fund and Physical Plant and Equipment Levy Fund of \$24,000 at June 30, 2004

	<b>Total School District</b>		<b>Total Percentage Change</b>
	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2003-2004</u></b>
Early retirement	\$ 167,155	\$ 99,635	-40.4%
General obligation bonds & notes (financed with property taxes)	4,735,000	4,470,000	-5.6%
Notes payable	61,000	24,000	-60.7%
<b>Total</b>	<b>\$ 4,963,155</b>	<b>\$ 4,590,635</b>	<b>-6.3%</b>

Equipment Notes payable from the General Fund and Physical Plant and Equipment Levy Fund of \$24,000 at June 30, 2004

## Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of three existing circumstances that will affect its financial condition in the future:

- The district was the recipient of a three year Alcohol Abuse Reduction Grant Program, CFDA #84.184A. The district is collaborating with three other school districts within Jones County and the local substance abuse council to implement a substance abuse/prevention model across middle and high schools. The award is \$556,734 in the first year. Continued funding is considered on an annual basis.
- Fiscal year 2004 was the second year of a two-year contract with the Anamosa Education Association (AEA). The District will negotiate a new agreement during fiscal year 2005. Certified teaching staff, represented by the Anamosa Education Association, make up \$4,598,000 in wages and benefits or 49.7% of all General Fund expenditures. Salary and benefit settlements with any employee group in excess of "new money" or allowable

growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

- The district has designated \$30,000 of fund balance for the specific purpose of certified staff professional development during fiscal year 2005.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Von Behren, Business Manager, Anamosa Community School District, 200 S Garnavillo Street, Anamosa, Iowa, 52205.

## Basic Financial Statements

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 3,184,397	\$ 33,380	\$ 3,217,777
Receivables:			
Property tax:			
Current year	51,849	-	51,849
Succeeding year	2,940,266	-	2,940,266
Income surtax	257,357	-	257,357
Accrued interest	12,945	-	12,945
Accounts	45,347	-	45,347
Due from other governments	232,241	-	232,241
Inventories	-	15,705	15,705
Prepaid expenses	47,159	-	47,159
Capital assets, net of accumulated depreciation (note 5)	7,374,920	83,977	7,458,897
	<hr/>	<hr/>	<hr/>
Total assets	14,146,481	133,062	14,279,543
Liabilities			
Accounts payable	236,113	530	236,643
Salaries and benefits payable	875,167	-	875,167
Accrued interest payable	19,283	-	19,283
Deferred revenue:			
Succeeding year property tax	2,940,266	-	2,940,266
Compensated absences	41,240	-	41,240
Early retirement payable	15,856	-	15,856
Long-term liabilities (note 6):			
Portion due within one year:			
Bonds payable	280,000	-	280,000
Notes payable	24,000	-	24,000
Early retirement payable	48,245	-	48,245
Portion due after one year:			
Bonds payable	4,190,000	-	4,190,000
Early retirement payable	48,390	-	48,390
	<hr/>	<hr/>	<hr/>
Total liabilities	8,718,560	530	8,719,090

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 2,880,920	\$ 83,977	\$ 2,964,897
Restricted for:			
State grants	100,404	-	100,404
Physical plant and equipment levy	137,209	-	137,209
Other special revenue purposes	79,996	-	79,996
Debt service	2,075	-	2,075
Capital projects	134,273	-	134,273
Unrestricted	<u>2,093,044</u>	<u>48,555</u>	<u>2,141,599</u>
Total net assets	<u>\$ 5,427,921</u>	<u>\$ 132,532</u>	<u>\$ 5,560,453</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Governmental Activities:</b>				
Instruction:				
Regular instruction	\$ 4,226,113	\$ 359,055	\$ 396,035	\$ -
Special instruction	1,600,157	182,927	397,386	-
Other instruction	791,025	341,865	7,458	-
	<u>6,617,295</u>	<u>883,847</u>	<u>800,879</u>	<u>-</u>
Support services:				
Student services	397,562	-	-	-
Instructional staff services	289,550	-	-	-
Administration services	812,152	-	-	-
Operation and maintenance of plant services	705,145	715	-	-
Transportation services	502,911	-	11,863	-
Central support	4,722	-	-	-
	<u>2,712,042</u>	<u>715</u>	<u>11,863</u>	<u>-</u>
Non-instructional programs	<u>33,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	19,073	-	-	161,948
Long-term debt interest and fiscal charges	244,876	-	-	-
AEA flowthrough	365,005	-	365,005	-
Depreciation (unallocated) *	192,539	-	-	-
	<u>821,493</u>	<u>-</u>	<u>365,005</u>	<u>161,948</u>
Total governmental activities	10,184,701	884,562	1,177,747	161,948
<b>Business-Type Activities:</b>				
Non-instructional programs:				
Food service operations	477,333	306,899	179,461	-
Other programs	3,843	-	3,350	-
Total business-type activities	<u>481,176</u>	<u>306,899</u>	<u>182,811</u>	<u>-</u>
Total	<u>\$ 10,665,877</u>	<u>\$ 1,191,461</u>	<u>\$ 1,360,558</u>	<u>\$ 161,948</u>

Net (Expense) Revenue  
and Changes in Net Assets

---

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (3,471,023)	\$ -	\$ (3,471,023)
(1,019,844)	-	(1,019,844)
(441,702)	-	(441,702)
<u>(4,932,569)</u>	<u>-</u>	<u>(4,932,569)</u>
(397,562)	-	(397,562)
(289,550)	-	(289,550)
(812,152)	-	(812,152)
(704,430)	-	(704,430)
(491,048)	-	(491,048)
(4,722)	-	(4,722)
<u>(2,699,464)</u>	<u>-</u>	<u>(2,699,464)</u>
<u>(33,871)</u>	<u>-</u>	<u>(33,871)</u>
142,875	-	142,875
(244,876)	-	(244,876)
-	-	-
(192,539)	-	(192,539)
<u>(294,540)</u>	<u>-</u>	<u>(294,540)</u>
(7,960,444)	-	(7,960,444)
-	9,027	9,027
-	(493)	(493)
<u>-</u>	<u>8,534</u>	<u>8,534</u>
<u>(7,960,444)</u>	<u>8,534</u>	<u>(7,951,910)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2004

Functions/Programs

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Income surtax

Local option sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year, as restated (note 11)

Net assets end of year

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

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

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<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ 2,924,809	\$ -	\$ 2,924,809
72,004	-	72,004
226,130	-	226,130
257,357	-	257,357
474,090	-	474,090
4,772,577	-	4,772,577
32,406	253	32,659
14,760	-	14,760
<hr/>		
8,774,133	253	8,774,386
<hr/>		
813,689	8,787	822,476
<hr/>		
4,614,232	123,745	4,737,977
<hr/>		
<u>\$ 5,427,921</u>	<u>\$ 132,532</u>	<u>\$ 5,560,453</u>

## ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2004

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and pooled investments	\$ 2,674,817	\$ 419,181	\$ 3,093,998
Receivables:			
Property tax:			
Current year	43,957	7,892	51,849
Succeeding year	2,344,896	595,370	2,940,266
Income surtax	257,357	-	257,357
Accrued interest	12,535	410	12,945
Accounts	43,897	1,450	45,347
Due from other governments	197,033	35,208	232,241
Prepaid expenses	47,159	-	47,159
	<u>5,621,651</u>	<u>1,059,511</u>	<u>6,681,162</u>
<b>Total assets</b>	<b>\$ 5,621,651</b>	<b>\$ 1,059,511</b>	<b>\$ 6,681,162</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 218,409	\$ 17,704	\$ 236,113
Salaries and benefits payable	875,167	-	875,167
Deferred revenue:			
Succeeding year property tax	2,344,896	595,370	2,940,266
Other	257,357	-	257,357
Compensated absences	41,240	-	41,240
Early retirement payable (note 6)	-	15,856	15,856
<b>Total liabilities</b>	<u>3,737,069</u>	<u>628,930</u>	<u>4,365,999</u>
<b>Fund balance:</b>			
Reserved for:			
State grants	100,404	-	100,404
Debt service	-	21,358	21,358
Unreserved:			
Designated for professional development	30,000	-	30,000
Reported in nonmajor Special Revenue Funds	-	274,950	274,950
Undesignated	1,754,178	134,273	1,888,451
<b>Total fund balances</b>	<u>1,884,582</u>	<u>430,581</u>	<u>2,315,163</u>
<b>Total liabilities and fund balances</b>	<b>\$ 5,621,651</b>	<b>\$ 1,059,511</b>	<b>\$ 6,681,162</b>

See notes to financial statements.

## ANAMOSA 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	\$ 2,315,163
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,374,920
Other long-term assets, including income surtax receivable, are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	257,357
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.	(19,283)
Long-term liabilities, including bonds and notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(4,590,635)
The Internal Service Fund is used to charge the costs of the District's self-funded insurance plan to the governmental funds. The net assets of the Internal Service Fund are therefore included under governmental activities.	<u>90,399</u>
Net assets of governmental activities	<u><u>\$ 5,427,921</u></u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2004

	General	Nonmajor Governmental Funds	Total
<b>Revenues:</b>			
Local sources:			
Local tax	\$ 2,979,492	\$ 964,638	\$ 3,944,130
Tuition	486,184	-	486,184
Other	143,890	466,011	609,901
State sources	5,515,457	1,607	5,517,064
Federal sources	440,649	-	440,649
Total revenues	<u>9,565,672</u>	<u>1,432,256</u>	<u>10,997,928</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular instruction	4,201,444	104,814	4,306,258
Special instruction	1,591,485	-	1,591,485
Other instruction	455,472	320,237	775,709
	<u>6,248,401</u>	<u>425,051</u>	<u>6,673,452</u>
Support services:			
Student services	397,562	-	397,562
Instructional staff services	231,676	58,387	290,063
Administration services	812,152	-	812,152
Operation and maintenance of plant services	645,251	63,935	709,186
Transportation services	410,879	107,031	517,910
Central and other support services	-	4,722	4,722
	<u>2,497,520</u>	<u>234,075</u>	<u>2,731,595</u>
Non-instructional programs	<u>33,871</u>	<u>-</u>	<u>33,871</u>
Other expenditures:			
Facilities acquisition	-	234,161	234,161
Long term debt:			
Principal	-	302,000	302,000
Interest and fiscal charges	-	246,590	246,590
AEA flowthrough	365,005	-	365,005
	<u>365,005</u>	<u>782,751</u>	<u>1,147,756</u>
Total expenditures	<u>9,144,797</u>	<u>1,441,877</u>	<u>10,586,674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>420,875</u>	<u>(9,621)</u>	<u>411,254</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2004

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses):			
Sale of equipment	\$ 540	\$ -	\$ 540
Interfund transfers in	-	453,794	453,794
Interfund transfers out	(26,851)	(426,943)	(453,794)
Total other financing sources (uses)	<u>(26,311)</u>	<u>26,851</u>	<u>540</u>
Net change in fund balances	394,564	17,230	411,794
Fund balances beginning of year	<u>1,490,018</u>	<u>413,351</u>	<u>1,903,369</u>
Fund balances end of year	<u>\$ 1,884,582</u>	<u>\$ 430,581</u>	<u>\$ 2,315,163</u>

See notes to financial statements.

## ANAMOSA 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 \$ 411,794

Amounts reported for governmental activities in the statement of activities  
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the statement of net assets and are allocated over their estimated useful lives as depreciation expense in the statement of activities. The amounts of capital outlays and depreciation expense in the year are as follows:

	Capital outlays	\$ 333,769	
	Depreciation expense	<u>(312,773)</u>	20,996

Certain income surtax not received until several months after the District's fiscal year ends is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the statement of activities. (605)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets. 302,000

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, however, interest expense is recognized as the interest accrues, regardless of when it is due. 1,714

Some expenses, including early retirement, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds 70,520

The change in net assets of the Internal Service Fund is reported with governmental activities in the statement of activities. 7,270

Change in net assets of governmental activities \$ 813,689

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

June 30, 2004

	Enterprise Funds			Internal Service - Employee Group Health
	School Nutrition	Nonmajor - Construction and Trades	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 33,385	\$ -	\$ 33,385	\$ 90,399
Inventories	15,705	-	15,705	-
Capital assets, net of accumulated depreciation	83,977	-	83,977	-
Total assets	<u>133,067</u>	<u>-</u>	<u>133,067</u>	<u>90,399</u>
<b>Liabilities</b>				
Excess of warrants issued over bank balance	-	5	5	-
Accounts payable	42	488	530	-
Total liabilities	<u>42</u>	<u>493</u>	<u>535</u>	<u>-</u>
<b>Net Assets</b>				
Invested in capital assets	83,977	-	83,977	-
Unrestricted	49,048	(493)	48,555	90,399
Total net assets	<u>\$ 133,025</u>	<u>\$ (493)</u>	<u>\$ 132,532</u>	<u>\$ 90,399</u>

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
Year Ended June 30, 2004

	Enterprise Funds			Internal Service - Employee Group Health
	School Nutrition	Nonmajor - Construction and Trades	Total	
Operating revenues:				
Local sources:				
Charges for services	\$ 306,899	\$ -	\$ 306,899	\$ 36,699
Operating expenses:				
Non-instructional programs:				
Non-instructional operations:				
Salaries	178,895	-	178,895	-
Benefits	53,449	-	53,449	-
Purchased services	-	827	827	-
Supplies	231,703	36	231,739	-
Small equipment	-	2,980	2,980	-
Depreciation	13,286	-	13,286	-
Other	-	-	-	29,956
	<u>477,333</u>	<u>3,843</u>	<u>481,176</u>	<u>29,956</u>
Operating income (loss)	<u>(170,434)</u>	<u>(3,843)</u>	<u>(174,277)</u>	<u>6,743</u>
Non-operating revenues:				
Interest on investments	253	-	253	527
Contributions	-	3,350	3,350	-
State sources	6,148	-	6,148	-
Federal sources	173,313	-	173,313	-
Total non-operating revenues	<u>179,714</u>	<u>3,350</u>	<u>183,064</u>	<u>527</u>
Change in net assets	9,280	(493)	8,787	7,270
Net assets beginning of year	<u>123,745</u>	<u>-</u>	<u>123,745</u>	<u>83,129</u>
Net assets end of year	<u>\$ 133,025</u>	<u>\$ (493)</u>	<u>\$ 132,532</u>	<u>\$ 90,399</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2004

	Enterprise Funds			Internal Service - Employee Group Health
	School Nutrition	Nonmajor - Construction and Trades	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 306,899	\$ -	\$ 306,899	\$ -
Cash received from miscellaneous operating activities	-	-	-	33,980
Cash payments to employees for services	(232,344)	-	(232,344)	-
Cash payments to suppliers for goods or services	(191,062)	(3,355)	(194,417)	(23,357)
Net cash provided by (used in) operating activities	(116,507)	(3,355)	(119,862)	10,623
Cash flows from non-capital financing activities:				
Contributions received	-	3,350	3,350	-
State grants received	6,148	-	6,148	-
Federal grants received	139,896	-	139,896	-
Net cash provided by non-capital financing activities	146,044	3,350	149,394	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(11,455)	-	(11,455)	-
Cash flows from investing activities:				
Interest on investments	253	-	253	527
Net increase (decrease) in cash and cash equivalents	18,335	(5)	18,330	11,150
Cash and cash equivalents beginning of year	15,050	-	15,050	79,249
Cash and cash equivalents end of year	\$ 33,385	\$ (5)	\$ 33,380	\$ 90,399

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2004

	Enterprise Funds			Internal Service - Employee Group Health
	School Nutrition	Nonmajor - Construction and Trades	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (170,434)	\$ (3,843)	\$ (174,277)	\$ 6,743
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	13,286	-	13,286	-
Commodities used	33,417	-	33,417	-
Decrease in prepaid expenses	4,386	-	4,386	47,094
Decrease in inventories	2,796	-	2,796	-
Increase (decrease) in accounts payable	42	488	530	(40,495)
(Decrease) in deferred revenues	-	-	-	(2,719)
Net cash provided by (used in) operating activities	\$ <u>(116,507)</u>	\$ <u>(3,355)</u>	\$ <u>(119,862)</u>	\$ <u>10,623</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received \$33,417 of federal commodities.

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 June 30, 2004

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Cash and pooled investments	\$ <u>69,998</u>	\$ <u><u>66,927</u></u>
Liabilities:		
Other payables	<u>-</u>	\$ <u><u>66,927</u></u>
Net assets:		
Reserved for scholarships	\$ <u><u>69,998</u></u>	

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2004

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 4,300
Interest	2,350
Total additions	6,650
Deductions:	
Support services:	
Scholarships awarded	4,542
Change in net assets	2,108
Net assets beginning of year	67,890
Net assets end of year	\$ 69,998

See notes to financial statements.

# ANAMOSA COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### Note 1. Summary of Significant Accounting Policies

Anamosa 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. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Anamosa, Martelle, Viola, Morley, Fairview, and Stone City, Iowa, and the agricultural territory in Jones 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, Anamosa 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. Anamosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

#### B. Basis of Presentation

District-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.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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 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 that are 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 that are 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 District-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 other nonmajor governmental funds.

The District reports the following major governmental fund:

The General Fund is the main 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 expenses, including instructional, support and other costs.

The District reports the following major proprietary fund:

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

Under 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.

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the statement of net assets and 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 that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year property tax receivable represents unpaid taxes from the current year. 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 to the County Auditor by April 15 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 District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes 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 contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment are reported in the applicable governmental or business-type activities columns in the District-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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	5 years

Salaries and Benefits Payable – Payroll and related expenses 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 collectible 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current 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, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. The cost of vacation payments expected to be liquidated currently is recorded as a liability of the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004.

Long-term Liabilities – In the District-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 Balances – 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.

Invested in capital assets, net of related debt – In the District-wide statement of net assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-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. Budgets and Budgetary Control

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

Note 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.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 2. Cash and Pooled Investments (continued)

The District had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$2,581,060 pursuant to Rule 2a-7 under the Investment Company Act of 1940. Governmental Accounting Standards Board Statement No. 3 requires investments to be categorized to give an indication of the level of risk assumed by the District at year end. The District's investment in the Iowa Schools Joint Investment Trust is not subject to risk categorization.

Note 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	General	\$ 26,851
	Special Revenue:	
	Physical Plant and Equipment Levy	13,443
	Capital Projects	<u>413,500</u>
Total		<u>\$ 453,794</u>

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

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2004.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 4. Iowa Schools Cash Anticipation Program (ISCAP) (continued)

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2003-04A	2.000%	1.050%

Note 5. Capital Assets

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

	<u>Balance Beginning of Year, as Restated (note 11)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 70,250	\$ -	\$ -	\$ 70,250
Construction in progress	82,023	-	82,023	-
Total capital assets not being depreciated	<u>152,273</u>	<u>-</u>	<u>82,023</u>	<u>70,250</u>
Capital assets being depreciated:				
Buildings	8,068,425 *	288,810	-	8,357,235
Improvements other than buildings	483,091	8,301	-	491,392
Furniture and equipment	1,323,587	118,681	91,252	1,351,016
Total capital assets being depreciated	<u>9,875,103</u>	<u>415,792</u>	<u>91,252</u>	<u>10,199,643</u>
Less accumulated depreciation for:				
Buildings	1,526,267	181,473	-	1,707,740
Improvements other than buildings	93,372	23,760	-	117,132
Furniture and equipment	1,053,813	107,540	91,252	1,070,101
Total accumulated depreciation	<u>2,673,452</u>	<u>312,773</u>	<u>91,252</u>	<u>2,894,973</u>
Total capital assets being depreciated, net	<u>7,201,651</u>	<u>103,019</u>	<u>-</u>	<u>7,304,670</u>
Governmental activities capital assets, net	<u>\$ 7,353,924</u>	<u>\$ 103,019</u>	<u>\$ 82,023</u>	<u>\$ 7,374,920</u>

\* = The beginning balance of buildings was increased by \$4,215 to accurately reflect capital assets which were not included in last years reported balance.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 5. Capital Assets (continued)

	Balance Beginning of Year		Increases		Decreases		Balance End of Year
Business-type activities:							
Furniture and equipment	\$ 194,024	*	\$ 11,455	\$	-	\$	205,479
Less accumulated depreciation	108,216	*	13,286		-		121,502
Business-type activities capital assets, net	<u>\$ 85,808</u>		<u>\$ (1,831)</u>	\$	<u>-</u>	\$	<u>83,977</u>

\* = The beginning balances of furniture and equipment and accumulated depreciation were increased by \$825 to accurately reflect capital assets which were not included in last years reported balances.

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

Governmental activities:

Instruction:

Regular	\$ 15,738
Special	8,672
Other	17,948

Support services:

Instructional staff	912
Operation and maintenance of plant services	13,554
Transportation	63,410

120,234

Unallocated depreciation 192,539

Total governmental activities depreciation expense \$ 312,773

Business-type activities:

    Food service operations \$ 13,286

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	Early Retirement	General Obligation Bonds	Capital Loan Notes	Total
Balance beginning of year	\$ 167,155	\$ 4,735,000	\$ 61,000	\$ 4,963,155
Additions	-	-	-	-
Reductions	70,520	265,000	37,000	372,520
Balance end of year	\$ 96,635	\$ 4,470,000	\$ 24,000	\$ 4,590,635
Due within one year	\$ 48,245	\$ 280,000	\$ 24,000	\$ 352,245

Early Retirement

The District offers a voluntary early retirement plan to its classified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 45% of the employee's annualized wage, excluding any overtime. Early retirement benefits paid during the year ended June 30, 2004, totaled \$74,588. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund in the fund financial statements and as a liability of the Governmental Activities in the District-wide financial statements. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 6. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2004 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 280,000	\$ 230,011	\$ 510,011
2006	290,000	216,291	506,291
2007	305,000	202,081	507,081
2008	320,000	186,984	506,984
2009	340,000	170,984	510,984
2010	355,000	153,644	508,644
2011	375,000	135,450	510,450
2012	395,000	115,762	510,762
2013	415,000	95,025	510,025
2014	440,000	73,238	513,238
2015	465,000	50,138	515,138
2016	490,000	25,725	515,725
	<u>\$ 4,470,000</u>	<u>\$ 1,655,333</u>	<u>\$ 6,125,333</u>

During the year ended June 30, 2004, the District retired \$265,000 of bonds.

Capital Loan Notes

Details of the District's June 30, 2004 capital loan note indebtedness are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2005	5.75 %	\$ 10,000	\$ 575	\$ 10,575
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2005	5.75 %	\$ 14,000	\$ 805	\$ 14,805
Total		<u>\$ 24,000</u>	<u>\$ 1,380</u>	<u>\$ 25,380</u>

During the year ended June 30, 2004, the District retired \$37,000 of capital loan notes.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 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 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$353,806, \$342,132, and \$344,202 respectively, equal to the required contributions for each year.

Note 8. Risk Management

Anamosa 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.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$365,005 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.

Note 10. Line of Credit

The Enterprise, Construction and Trades Fund has a \$150,000 line of credit available until October 1, 2005 at a 3% interest rate. As of June 30, 2004, no amounts have been drawn down.

Note 11. Accounting Change

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during 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 Disclosure; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; were implemented during the year June 30, 2004. The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include District-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.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 11. Accounting Change (continued)

The District-wide financial statements separate the District's programs between business-type and governmental 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		Total
	General	Nonmajor	
Net assets, June 30, 2003, as previously reported	\$ <u>1,490,018</u>	\$ <u>413,351</u>	\$ 1,903,369
GASB 34 adjustments:			
Capital assets, net of accumulated depreciation of \$2,673,452			7,353,924
Long-term liabilities:			
Bonds and notes		(4,796,000)	
Early retirement		<u>(167,155)</u>	(4,963,155)
Accrued interest payable			(20,997)
Deferred revenue			257,962
Internal Service Fund			<u>83,129</u>
Net assets, July 1, 2003, as restated			\$ <u>4,614,232</u>

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Required Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances –  
 Budget and Actual (Accrual Basis) – All Governmental Funds  
 and Proprietary Funds  
 Required Supplementary Information  
 Year Ended June 30, 2004

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 5,040,215	\$ 310,502	\$ 5,350,717	\$ 5,123,298	\$ 5,123,298	\$ 227,419
State sources	5,517,064	6,148	5,523,212	5,624,317	5,624,317	(101,105)
Federal sources	440,649	173,313	613,962	337,750	337,750	276,212
<b>Total revenues</b>	<b>10,997,928</b>	<b>489,963</b>	<b>11,487,891</b>	<b>11,085,365</b>	<b>11,085,365</b>	<b>402,526</b>
<b>EXPENDITURES:</b>						
Instruction	6,673,452	-	6,673,452	6,580,572	6,709,489	36,037
Support services	2,731,595	-	2,731,595	3,068,311	3,068,311	336,716
Non-instructional programs	33,871	481,176	515,047	467,526	549,790	34,743
Other expenditures	1,147,756	-	1,147,756	1,059,614	1,249,819	102,063
<b>Total expenditures</b>	<b>10,586,674</b>	<b>481,176</b>	<b>11,067,850</b>	<b>11,176,023</b>	<b>11,577,409</b>	<b>509,559</b>
Excess (deficiency) of revenues over (under) expenditures	411,254	8,787	420,041	(90,658)	(492,044)	912,085
Other financing sources, net	540	-	540	250	250	290
Excess (deficiency) of revenues and other financing sources over (under) expenditures	411,794	8,787	420,581	(90,408)	(491,794)	912,375
Balance beginning of year	1,903,369	123,745	2,027,114	1,635,115	1,635,115	391,999
Balance end of year	<u>\$ 2,315,163</u>	<u>\$ 132,532</u>	<u>\$ 2,447,695</u>	<u>\$ 1,544,707</u>	<u>\$ 1,143,321</u>	<u>\$ 1,304,374</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

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 accrual basis. Encumbrances are not recognized on the 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 functional areas, not by fund or fund type. These four functional areas 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 at the fund or fund type level. The Code of Iowa also provides that 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 \$401,386.

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Other Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2004

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Assets				
Cash and pooled investments	\$ 70,660	\$ 89,194	\$ 135,084	\$ 20,188
Receivables:				
Property tax:				
Current year	3,163	-	3,587	1,142
Succeeding year	155,606	-	199,980	239,784
Accrued interest	56	-	187	28
Accounts	-	1,450	-	-
Due from other governments	-	-	-	-
Total assets	\$ 229,485	\$ 90,644	\$ 338,838	\$ 261,142
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 278	\$ 10,648	\$ 1,649	\$ -
Deferred revenue:				
Succeeding year property tax	155,606	-	199,980	239,784
Early retirement payable	15,856	-	-	-
Total liabilities	171,740	10,648	201,629	239,784
Fund equity:				
Fund balances:				
Reserved for:				
Debt service	-	-	-	21,358
Unreserved:				
Undesignated	57,745	79,996	137,209	-
Total fund equity	57,745	79,996	137,209	21,358
Total liabilities and fund equity	\$ 229,485	\$ 90,644	\$ 338,838	\$ 261,142

See accompanying independent auditor's report.

<u>Capital Projects</u>	<u>Total</u>
\$ 104,055	\$ 419,181
-	7,892
-	595,370
139	410
-	1,450
<u>35,208</u>	<u>35,208</u>
<u>\$ 139,402</u>	<u>\$ 1,059,511</u>

\$ 5,129	\$ 17,704
-	595,370
-	15,856
<u>5,129</u>	<u>628,930</u>

-	21,358
<u>134,273</u>	<u>409,223</u>
<u>134,273</u>	<u>430,581</u>
<u>\$ 139,402</u>	<u>\$ 1,059,511</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2004

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Revenues:				
Local sources:				
Local tax	\$ 193,363	\$ -	\$ 225,410	\$ 71,775
Other	203	300,117	890	338
State sources	658	-	720	229
Total revenues	<u>194,224</u>	<u>300,117</u>	<u>227,020</u>	<u>72,342</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	104,814	-	-	-
Other instruction	-	320,237	-	-
Support services:				
Instructional staff services	-	-	58,387	-
Operation and maintenance of plant services	53,339	-	10,596	-
Transportation services	28,622	-	78,409	-
Central and other support services	4,722	-	-	-
Other expenditures:				
Facilities acquisition	-	-	22,511	-
Long term debt:				
Principal	-	-	-	302,000
Interest and fiscal charges	-	-	-	246,590
Total expenditures	<u>191,497</u>	<u>320,237</u>	<u>169,903</u>	<u>548,590</u>
Excess (deficiency) of revenues over (under) expenditures	2,727	(20,120)	57,117	(476,248)
Other financing sources (uses):				
Interfund transfers in	-	-	-	453,794
Interfund transfers out	-	-	(13,443)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(13,443)</u>	<u>453,794</u>

	<u>Capital Projects</u>	<u>Total</u>
\$	474,090	\$ 964,638
	164,463	466,011
	-	1,607
	<u>638,553</u>	<u>1,432,256</u>
	-	104,814
	-	320,237
	-	58,387
	-	63,935
	-	107,031
	-	4,722
	211,650	234,161
	-	302,000
	-	246,590
	<u>211,650</u>	<u>1,441,877</u>
	426,903	(9,621)
	-	453,794
	<u>(413,500)</u>	<u>(426,943)</u>
	<u>(413,500)</u>	<u>26,851</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2004

	<u>Special Revenue</u>			
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Debt Service</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 2,727	\$ (20,120)	\$ 43,674	\$ (22,454)
Fund balances beginning of year	<u>55,018</u>	<u>100,116</u>	<u>93,535</u>	<u>43,812</u>
Fund balances end of year	<u><u>\$ 57,745</u></u>	<u><u>\$ 79,996</u></u>	<u><u>\$ 137,209</u></u>	<u><u>\$ 21,358</u></u>

See accompanying independent auditor's report.

<u>Capital Projects</u>	<u>Total</u>
\$ 13,403	\$ 17,230
<u>120,870</u>	<u>413,351</u>
<u><u>\$ 134,273</u></u>	<u><u>\$ 430,581</u></u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2004

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS Store	\$ 555	\$ 3,475	\$ 4,030	\$ -
Annual	5,952	16,870	16,840	5,982
Middle School Student Council	13,118	35,034	40,271	7,881
Class of:				
2004	-	4,908	4,908	-
2005	-	3,916	2,810	1,106
Drama Club	3,409	1,831	1,082	4,158
Spanish Club	1,478	962	1,248	1,192
French Club	1,349	848	1,197	1,000
Interact Club	1,182	1,442	1,374	1,250
High School Art Club	1,697	6	234	1,469
Cheerleading Resale	4,001	8,628	9,604	3,025
Future Farmers of America	11,564	25,310	29,752	7,122
Instrumental Music	1,963	3,968	4,511	1,420
General Athletics	-	14,670	14,670	-
Middle School Concessions	5,239	10,334	14,921	652
Dance Squad	1,213	10,501	9,824	1,890
Football	534	25,673	25,543	664
Boys Soccer	1,131	2,069	2,734	466
Girls Soccer	1,198	3,378	3,900	676
Baseball	3,338	9,637	12,757	218
Softball	5,102	4,012	8,892	222
Girls Track	422	4,691	5,043	70
Boys Track	127	5,293	5,420	-
Boys Golf	134	3,168	2,673	629
Wrestling	1,611	5,515	6,432	694
Cross Country	-	710	710	-
Girls Golf	379	2,273	2,114	538
Volleyball	3,016	3,921	5,791	1,146
Girls Basketball	1,725	14,150	15,197	678
Boys Basketball	2,103	11,331	13,020	414
Vocal Music	2,444	2,773	4,311	906
Musicals	1,939	2	-	1,941
Strawberry Hill - Miscellaneous	17,923	44,758	31,789	30,892
Strawberry Hill Service Project	27	-	-	27
Science Club	146	-	11	135
ELP/SCI Store	372	993	1,161	204
Trapshoot Club	-	1,090	685	405

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2004

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Parent Partner	\$ 358	\$ -	\$ -	\$ 358
Vending Machine	3,367	11,977	14,778	566
 Total	 <u>\$ 100,116</u>	 <u>\$ 300,117</u>	 <u>\$ 320,237</u>	 <u>\$ 79,996</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2004

	<u>Empowerment Fund</u>
Assets and Liabilities	
Balances beginning of year	\$ <u>48,904</u>
Additions:	
Early Childhood Program	29,315
School Ready Children	106,857
Interest	716
Total additions	<u>136,888</u>
Deductions:	
Agency remittances:	
Trusts paid out	<u>118,865</u>
Balances end of year	\$ <u><u>66,927</u></u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST FOUR YEARS

	Modified Accrual Basis Years Ended June 30,			
	2004	2003	2002	2001
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 3,944,130	\$ 3,901,213	\$ 3,517,188	\$ 3,231,052
Tuition	486,184	443,154	455,350	316,611
Other	609,901	508,524	399,822	394,281
State sources	5,517,064	5,468,925	5,540,303	5,433,367
Federal sources	440,649	264,028	243,199	189,873
	<hr/>			
Total revenues	<u>\$ 10,997,928</u>	<u>\$ 10,585,844</u>	<u>\$ 10,155,862</u>	<u>\$ 9,565,184</u>
<b>Expenditures:</b>				
Instruction:				
Regular instruction	\$ 4,306,258	\$ 4,063,328	\$ 4,082,445	\$ 3,867,226
Special instruction	1,591,485	1,388,499	1,339,439	1,223,787
Other instruction	775,709	704,933	724,816	700,613
Support services:				
Student services	397,562	385,144	376,678	342,664
Instructional staff services	290,063	225,354	353,767	296,169
Administration services	812,152	793,028	872,400	793,310
Operation and maintenance of plant services	709,186	728,271	641,923	758,438
Transportation services	517,910	386,334	393,198	459,777
Central and other support services	4,722	-	-	-
Non-instructional programs	33,871	32,397	30,546	29,255
Other expenditures:				
Facilities acquisition	234,161	315,916	117,380	307,036
Long-term debt:				
Principal	302,000	291,000	275,000	248,000
Interest and fiscal charges	246,590	261,015	273,114	283,734
AEA flowthrough	365,005	389,223	393,023	393,773
	<hr/>			
Total expenditures	<u>\$ 10,586,674</u>	<u>\$ 9,964,442</u>	<u>\$ 9,873,729</u>	<u>\$ 9,703,782</u>

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Education of  
Anamosa Community School District:

We have audited the financial statements of Anamosa Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated August 27, 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 Anamosa Community School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 Anamosa Community School 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 been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anamosa Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions 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 judgment, 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Anamosa Community School District and other parties to whom Anamosa Community School 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 Anamosa 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.

Oskaloosa, Iowa  
August 27, 2004

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2004

Part I: Findings Related to the General Purpose Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

I-A-04 Nontimely Deposits – We noted two receipts out of 22 examined that were not deposited to the bank on a timely basis.

Recommendation – All receipts should be deposited as soon as possible to safeguard the asset and avoid any possible irregularities and to earn the interest revenue on the public funds. Deposits should be made daily if possible and no more than 5 days at the latest.

Response – We will ensure that all receipts are deposited timely in the future.

Conclusion – Response accepted.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting:

- II-A-04 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.
- II-B-04 Certified Budget – Disbursements for the year ended June 30, 2004, did not exceed the amounts budgeted.
- II-C-04 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-D-04 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-E-04 Business Transactions – We noted no business transactions between the District and District officials or employees.
- II-F-04 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.
- II-G-04 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-H-04 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-I-04 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-04 Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-04 Financial Condition – The Enterprise, Construction and Trades Fund has negative net assets of \$493 at June 30, 2004.

Recommendation – The District needs to explore alternatives to restore the Construction and Trades Fund to a sound financial condition.

Response – This is the first year for this fund and they have not sold anything yet. A line of credit is available to finance this program.

Conclusion – Response accepted.

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