

BOYDEN-HULL COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2004

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Boyden-Hull Community School District

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2003 Election)		
Mark Warntjes	President	September, 2003
Brenda Westra	Vice President	September, 2004
Joel Heitritter	Board Member	September, 2005
Douglas Beukelman	Board Member	September, 2003
Nancy Dykstra	Board Member	September, 2002
Board of Education		
(After September 2003 Election)		
Mark Warntjes	President	September, 2006
Brenda Westra	Vice President	September, 2004
Joel Heitritter	Board Member	September, 2005
Douglas Beukelman	Board Member	September, 2006
Nancy Dykstra	Board Member	September, 2005
School Officials		
Dennis Ohde	Superintendent	June 30, 2004
Sue Huls	District Secretary/Treasurer/ Business Manager	June 30, 2004
John De Koster	Attorney	Indefinite

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Independent Auditor's Report

To the Board of Education of
Boyden-Hull Community School District:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boyden-Hull Community School District at 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 12 to the financial statements, during the year ended June 30, 2004, Boyden-Hull 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 Disclosures; 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 reports dated October 31, 2004, on our consideration of Boyden-Hull Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 14 and 37 through 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boyden-Hull 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. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SIEBRECHT SPITLER & DE NOBLE PC
Certified Public Accountants

Sioux Center, Iowa
October 31, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Boyden-Hull Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

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 more meaningful and will go further in explaining the District's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,999,600 in fiscal 2003 to \$4,367,560 in fiscal 2004, while General Fund expenditures increased from \$4,055,148 in fiscal 2003 to \$4,337,598 in fiscal 2004. The District's General Fund balance increased from \$298,563 in fiscal 2003 to \$332,605 in fiscal 2004, a 11% increase.
- The increase in General Fund revenues was attributable to an increase in property tax and state grant revenue in fiscal 2004. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Boyden-Hull Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Boyden-Hull Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Boyden-Hull Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

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

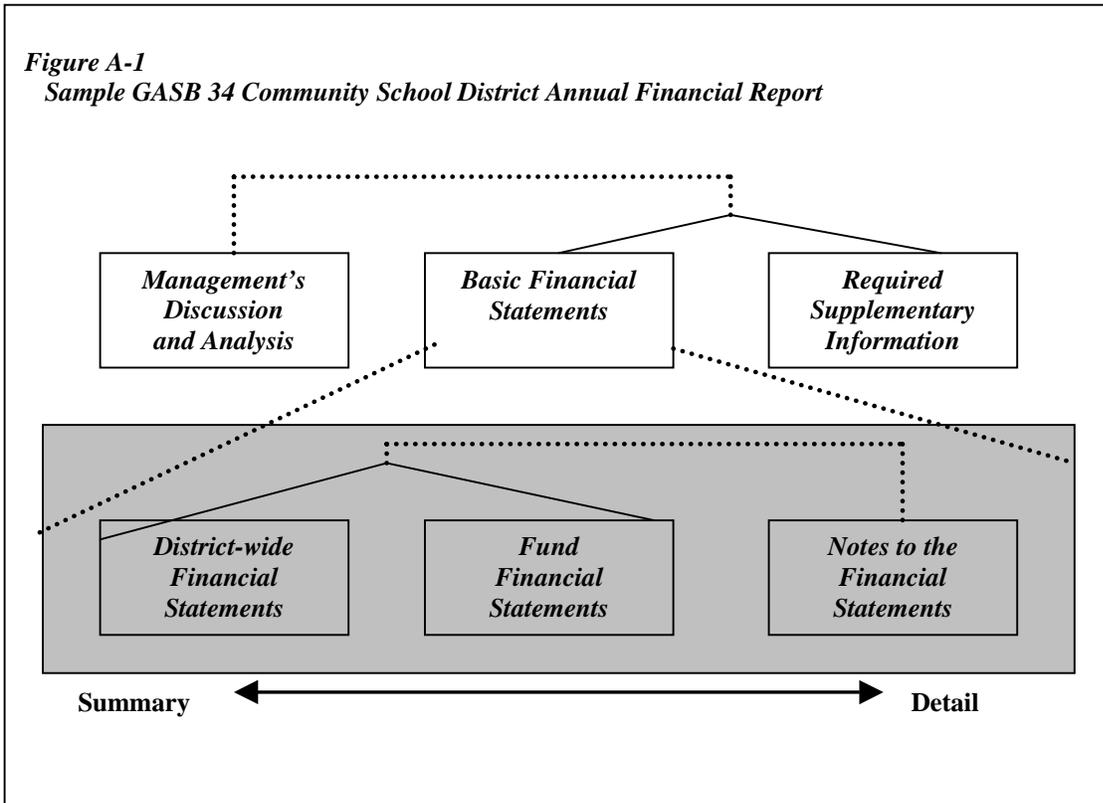


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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 and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Types of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District’s net assets and how they have changed. Net assets – the difference between the District’s assets and liabilities – in one way to measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net assets are an indicator of whether financial position is improving or deteriorating. To assess the District’s overall health, additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities, need to be considered.

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

- *Governmental activities:* Most of the District’s basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

- 1) *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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial 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 Employee Cafeteria Fund (section 125 plan).

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2004, compared to June 30, 2003.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2004	2003	2004	2003	2004	2003	2003-2004
Current and other assets	\$2,712,313	2,942,846	\$39,782	28,229	\$2,752,095	2,971,075	-7.4%
Capital assets	<u>4,027,596</u>	<u>4,150,127</u>	<u>796</u>	<u>427</u>	<u>4,028,392</u>	<u>4,150,554</u>	<u>-2.9%</u>
Total assets	<u>6,739,909</u>	<u>7,092,973</u>	<u>40,578</u>	<u>28,656</u>	<u>6,780,487</u>	<u>7,121,629</u>	<u>-4.8%</u>
Long-term liabilities	2,622,771	2,709,370	0	0	2,622,771	2,709,370	-3.2%
Other liabilities	<u>2,144,123</u>	<u>2,516,106</u>	<u>7,518</u>	<u>71</u>	<u>2,151,641</u>	<u>2,516,177</u>	<u>-14.5%</u>
Total liabilities	<u>4,766,894</u>	<u>5,225,476</u>	<u>7,518</u>	<u>71</u>	<u>4,774,412</u>	<u>5,225,547</u>	<u>-8.6%</u>
Net assets:							
Invested in capital assets, net of related debt	1,387,346	1,330,127	796	427	1,388,142	1,330,554	4.3%
Restricted	280,031	152,495	0	0	280,031	152,495	86.6%
Unrestricted	<u>305,638</u>	<u>384,875</u>	<u>32,264</u>	<u>28,158</u>	<u>337,902</u>	<u>413,033</u>	<u>-18.2%</u>
Total net assets	<u>\$1,973,015</u>	<u>1,867,497</u>	<u>\$ 33,060</u>	<u>28,585</u>	<u>\$2,006,075</u>	<u>1,896,082</u>	<u>5.8%</u>

The District's combined net assets increased by nearly 5.8%, or approximately \$110,000, over the prior year. The largest portion of the District's net assets is the investment in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$127,500, or 84% over the prior year. The increase was primarily a result of decreased expenditures in the Physical Plant and Equipment Levy Fund and the collection of School Infrastructure Local Option Sales and Services Tax.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$75,000, or 18%. This reduction in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

Figure A-4 shows the change in net assets for the year ended June 30, 2004.

Figure A-4 Changes in Net Assets			
	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	\$ 411,795	180,557	592,352
Operating grants, contributions and restricted interest	580,882	107,226	688,108
Capital grants, contributions and restricted interest	731	0	731
General revenues:			
Property tax	2,049,295	0	2,049,295
Local option sales and services tax	149,473	0	149,473
Unrestricted state grants	1,886,821	0	1,886,821
Unrestricted investment earnings	11,860	30	11,890
Other	8,809	0	8,809
Total revenues	5,099,666	287,813	5,387,479
Program expenses:			
Governmental activities:			
Instruction	3,125,868	0	3,125,868
Support services	1,210,547	0	1,210,547
Non-instructional programs	7,176	228,856	236,032
Other expenses	641,718	52,205	693,923
Total expenses	4,985,309	281,061	5,266,370
Change in net assets	\$ 114,357	6,752	121,109

Property tax and unrestricted state grants account for 73% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 87% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$5,099,666 and expenses were \$4,985,309. The District was able to balance the budget.

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

Figure A-5 Total and Net Cost of Governmental Activities		
	Total Cost of Services	Net Cost of Services
Instruction	\$ 3,125,868	2,340,460
Support services	1,210,547	1,201,561
Non-instructional programs	7,176	7,176
Other expenses	641,718	442,704
Totals	\$ 4,985,309	3,991,901

- The cost financed by users of the District's programs was \$411,795.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$580,882.
- The net cost of governmental activities was financed with \$2,198,768 in property and other taxes and \$1,886,821 in unrestricted state grants.

Business Type Activities

Revenues for business type activities (food service) were \$235,608 and expenses were \$228,856. Revenues for the business type activities (employee cafeteria) were \$52,205 and expenses were \$52,205. The District's business type activities include the School Nutrition Fund and the Employee Cafeteria Fund (section 125 plan). Revenues of the Nutrition Fund include charges for service, federal and state reimbursements and investment income. Revenues of the Employee Cafeteria Fund include withholding from employees' paychecks to cover out-of-pocket medical expense and child care.

INDIVIDUAL FUND ANALYSIS

As previously noted, Boyden-Hull 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 the District completed the year, its governmental funds reported a combined fund balance of \$718,282, well above last year's ending fund balance of \$538,703. The primary reason for the increase is the accumulation of the local option sales and services tax and a decrease in expenditures in the Property Plant and Equipment Levy Fund.

Governmental Fund Highlights

- The District's General Fund financial position improved by approximately 10% due to the revenues in the General Fund increasing more than the expenditures.
- The Physical Plant and Equipment Levy (PEEL) Fund balance increased from \$32,880 to \$130,557 in fiscal 2004. The District decreased expenditures out of this fund to repay a loan from General Fund.
- The Capital Projects Fund balance increased from \$116,605 to \$156,471. The District spent \$110,000 for capital improvements and collected \$149,000 in Local Option Sales and Services Tax.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$26,308 at June 30, 2003 to \$33,060 at June 30, 2004, representing an increase of approximately 25%. The District increased meal prices several years ago to make up for a deficit balance.

BUDGETARY HIGHLIGHTS

The District did not amend its budget during the year.

The District's receipts were \$113,130 more than budgeted receipts a variance of 2%. The most significant variance resulted from the District not budgeting for the Local Option Sales and Services Tax.

The expenditures were less than budgeted. It is the District's practice to budget expenditures at or just above anticipated expenditures. The District then manages or controls General Fund spending through its line-item budget. If the District believes it may exceed the budget, then a budget amendment is done.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instruction program functional area. The District's overall budget was not exceeded during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the District had invested \$4,028,392, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 3% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$183,263.

The original cost of the District's capital assets was \$6,528,931. Governmental funds account for \$6,484,864, with the remainder of \$44,067 accounted for in the Proprietary, School Nutrition Fund.

The 3% decrease in capital assets, net of accumulated depreciation is due to depreciation expense for the year. The District only had small additions to capital assets this year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2004	2003	2004	2003	2004	2003	2003-2004
Land	\$ 318,751	318,751	\$ 0	0	\$ 318,751	318,751	0.0%
Land improvements	3,085	3,388	0	0	3,085	3,388	-8.9%
Buildings	233,906	219,021	0	0	233,906	219,021	6.8%
Improvements and other buildings	3,112,110	3,193,425	0	0	3,112,110	3,193,425	-2.5%
Furniture and equipment	359,744	415,542	796	427	360,540	415,969	-13.3%
Totals	\$ 4,027,596	4,150,127	\$ 796	427	\$ 4,028,392	4,150,554	-2.9%

Long-Term Debt

At June 30, 2004, the District had \$2,700,000 in general obligation bond debt. This represents a decrease of approximately 4% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The only activity in the long-term debt was the retirement of the current bonds payable, which amounted to \$120,000.

	Total District		Total Change
	June 30,		June 30,
	2004	2003	2003-2004
General obligation bonds	\$ 2,700,000	2,820,000	-4.3%
Early retirement	23,105	47,771	-51.6%
Totals	\$ 2,723,105	2,867,771	-5.0%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could have a positive or negative affect on the financial heath in the future:

In the last three years, the District has seen an increase in enrollment and anticipates that trend to continue in the future.

The District has evaluated the condition of its transportation equipment and all vehicles appear to be in good to excellent condition. The District has also evaluated other capital assets and the only problem found is the roof on the gym in Boyden. This repair most likely will be paid for using tax dollars from the Property, Plant & Equipment Levy. Other than the roof, all buildings and major equipment and furnishings appear to be in good to excellent condition.

The District has an on going one-year contract with the Boyden-Hull Education Association. The District is in current negotiations with the Association and anticipates that any additional payroll costs should be covered by an increase in funding from the state.

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 Sue Huls, District Secretary/Treasurer and Business Manager, Boyden-Hull Community School District, 801 1st Street, Hull, Iowa 51239.

Basic Financial Statements

Boyden-Hull Community School District
Statement of Net Assets
June 30, 2004

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents:			
Other	\$ 596,703	25,558	622,261
Receivables:			
Property tax:			
Delinquent	32,766	0	32,766
Succeeding year	1,827,051	0	1,827,051
Income surtax:			
Succeeding year	96,855	0	96,855
Accounts	765	230	995
Due from other governments	158,173	0	158,173
Due from other funds	0	150	150
Inventories	0	13,844	13,844
Capital assets, net of accumulated depreciation	4,027,596	796	4,028,392
Total assets	6,739,909	40,578	6,780,487
Liabilities			
Accounts payable	54,812	7,518	62,330
Due to other governments	12,567	0	12,567
Due to other funds	150	0	150
Accrued interest payable	10,471	0	10,471
Accrued compensated absences	3,370	0	3,370
Deferred revenue:			
Succeeding year property tax	1,827,051	0	1,827,051
Succeeding year income surtax	96,855	0	96,855
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	125,000	0	125,000
Early retirement payable	13,847	0	13,847
Portion due after one year:			
General obligation bonds payable	2,575,000	0	2,575,000
Early retirement payable	47,771	0	47,771
Total liabilities	4,766,894	7,518	4,774,412
Net assets			
Investment in capital assets, net of related debt	1,387,346	796	1,388,142
Restricted for:			
Physical plant and equipment levy	130,558	0	130,558
Capital projects - Local option sales tax	149,473	0	149,473
Unrestricted	305,638	32,264	337,902
Total net assets	\$1,973,015	33,060	2,006,075

See notes to financial statements.

Boyden-Hull Community School District
Statement of Activities
Year ended June 30, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$2,217,007	203,204	344,237	0	(1,669,566)	0	(1,669,566)
Special instruction	741,219	78,000	33,228	0	(629,991)	0	(629,991)
Other instruction	287,642	121,605	5,134	0	(160,903)	0	(160,903)
	3,245,868	402,809	382,599	0	(2,460,460)	0	(2,460,460)
Support services:							
Student services	67,200	0	0	0	(67,200)	0	(67,200)
Instructional staff services	137,932	0	0	0	(137,932)	0	(137,932)
Administration services	526,046	0	0	0	(526,046)	0	(526,046)
Operation and maintenance of plant services	296,643	8,986	0	0	(287,657)	0	(287,657)
Transportation services	170,991	0	0	0	(170,991)	0	(170,991)
Central support services	11,735	0	0	0	(11,735)	0	(11,735)
	1,210,547	8,986	0	0	(1,201,561)	0	(1,201,561)
Non-instructional programs	7,176	0	0	0	(7,176)	0	(7,176)
Other expenditures:							
Facilities acquisition	175,627	0	0	731	(174,896)	0	(174,896)
Long-term debt interest	142,429	0	0	0	(142,429)	0	(142,429)
AEA flowthrough	198,283	0	198,283	0	0	0	0
Depreciation (unallocated) *	5,379	0	0	0	(5,379)	0	(5,379)
	521,718	0	198,283	731	(322,704)	0	(322,704)
Total governmental activities	4,985,309	411,795	580,882	731	(3,991,901)	0	(3,991,901)
Business type activities:							
Non-instructional programs:							
Food service operations	228,856	128,352	107,226	0	0	6,722	6,722
Other expenses:							
Medical claims for employees	52,205	52,205	0	0	0	0	0
Total business type activities	281,061	180,557	107,226	0	0	6,722	6,722
Total	\$5,266,370	592,352	688,108	731	(3,991,901)	6,722	(3,985,179)
General Revenues:							
Property tax levied for:							
General purposes					\$1,640,999	0	1,640,999
Debt service					248,439	0	248,439
Capital outlay					159,857	0	159,857
Local option sales and services tax					149,473	0	149,473
Unrestricted state grants					1,886,821	0	1,886,821
Unrestricted investment earnings					11,860	30	11,890
Other					8,809	0	8,809
Total general revenues					4,106,258	30	4,106,288
Change in net assets					114,357	6,752	121,109
Net assets beginning of year, as restated					1,858,658	26,308	1,884,966
Net assets end of year					\$1,973,015	33,060	2,006,075

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

See notes to financial statements.

Boyden-Hull Community School District
Balance Sheet
Governmental Funds
June 30, 2004

	General	Debt Service	Property, Plant and Equipment Levy	Capital Projects	Other Governmental Funds	Total
Assets						
Cash and pooled investments:						
Other	\$ 259,326	2,266	128,541	104,727	101,843	596,703
Receivables:						
Property tax:						
Delinquent	25,599	4,141	2,016	0	1,010	32,766
Succeeding year	1,458,401	203,558	105,092	0	60,000	1,827,051
Income Surtax:						
Succeeding year	58,113	0	38,742	0	0	96,855
Accounts	313	0	0	0	452	765
Due from other funds	8,412	0	0	0	0	8,412
Due from other governments	106,429	0	0	51,744	0	158,173
Total assets	\$ 1,916,593	209,965	274,391	156,471	163,305	2,720,725
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 54,757	0	0	0	55	54,812
Salaries and benefits payable	0	0	0	0	2,596	2,596
Due to other governments	12,567	0	0	0	0	12,567
Due to other funds	150	0	0	0	8,412	8,562
Deferred revenue:						
Succeeding year property tax	1,458,401	203,558	105,092	0	60,000	1,827,051
Succeeding year income surtax	58,113	0	38,742	0	0	96,855
Total liabilities	1,583,988	203,558	143,834	0	71,063	2,002,443
Fund balances:						
Reserved for:						
Debt service	0	6,407	0	0	0	6,407
Property plant and equipment levy	0	0	130,557	0	0	130,557
Capital project (local option sales tax)	0	0	0	149,473	0	149,473
Unreserved	332,605	0	0	6,998	92,242	431,845
Total fund balances	332,605	6,407	130,557	156,471	92,242	718,282
Total liabilities and fund balances	\$ 1,916,593	209,965	274,391	156,471	163,305	2,720,725

See notes to financial statements.

Boyden-Hull Community School District
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Assets
 June 30, 2004

Total fund balances of governmental funds (Exhibit C)	\$ 718,282
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,027,596
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	-
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.	(10,471)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,762,392)
Net assets of governmental activities (Exhibit A)	<u><u>\$ 1,973,015</u></u>

See notes to financial statements.

Boyden-Hull Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2004

	General	Debt Service	Property, Plant and Equipment Levy	Capital Projects	Nonmajor Special Revenue	Total
Revenues:						
Local sources:						
Local tax	\$ 1,582,641	248,439	159,857	149,473	58,358	2,198,768
Tuition	216,390	0	0	0	0	216,390
Other	84,633	234	3,022	731	124,104	212,724
State sources	2,302,694	182	89	0	44	2,303,009
Federal sources	181,202	0	0	0	0	181,202
Total revenues	4,367,560	248,855	162,968	150,204	182,506	5,112,093
Expenditures:						
Current:						
Instruction:						
Regular instruction	2,104,063	0	0	0	0	2,104,063
Special instruction	741,219	0	0	0	0	741,219
Other instruction	176,308	0	0	0	112,761	289,069
	3,021,590	0	0	0	112,761	3,134,351
Support services:						
Student services	67,200	0	0	0	0	67,200
Instructional staff services	137,832	0	0	0	0	137,832
Administration services	428,084	0	0	0	58,649	486,733
Operation and maintenance of plant services	294,707	0	0	0	0	294,707
Transportation services	170,991	0	0	0	0	170,991
Central support services	11,735	0	0	0	0	11,735
	1,110,549	0	0	0	58,649	1,169,198
Non-instructional programs	7,176					7,176
Other expenditures:						
Facilities acquisition	0	0	65,291	110,338	0	175,629
Long-term debt:						
Principal	0	120,000	0	0	0	120,000
Interest and fiscal charges	0	131,957	0	0	0	131,957
AEA flowthrough	198,283	0	0	0	0	198,283
	198,283	251,957	65,291	110,338	0	625,869
Total expenditures	4,337,598	251,957	65,291	110,338	171,410	4,936,594
Excess (deficiency) of revenues over (under) expenditures	29,962	(3,102)	97,677	39,866	11,096	175,499
Other financing sources (uses):						
Other	4,080	0	0	0	0	4,080
Total other financing sources (uses)	4,080	0	0	0	0	4,080
Net change in fund balances	34,042	(3,102)	97,677	39,866	11,096	179,579
Fund balances beginning of year, as restated (Note 12)	298,563	9,509	32,880	116,605	81,146	538,703
Fund balances end of year	\$ 332,605	6,407	130,557	156,471	92,242	718,282

See notes to financial statements.

Boyden-Hull Community School District
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances – Governmental Funds
 to the Statement of Activities
 Year ended June 30, 2004

Net change in fund balances – total governmental funds (Exhibit E) \$179,579

**Amounts reported for governmental activities in the
 Statement of Activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$60,555	
Depreciation expense	<u>(183,086)</u>	(122,531)

Certain delinquent property tax not collected for several months after year end is not considered available revenue and is deferred in the governmental funds. 0

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	0	
Repaid	<u>120,000</u>	120,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (500)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	(58,821)	
Compensated absences	<u>(3,370)</u>	<u>(62,191)</u>

Change in net assets of governmental activities (Exhibit B) \$114,357

See notes to financial statements.

Boyden-Hull Community School District
Statement of Net Assets
Proprietary Funds
June 30, 2004

	School Nutrition	Employee Cafeteria	Total
Assets			
Cash and cash equivalents	\$ 18,420	7,138	25,558
Accounts receivable	0	230	230
Due from other fund	0	150	150
Inventories	13,844	0	13,844
Capital assets, net of accumulated depreciation	796	0	796
Total assets	33,060	7,518	40,578
Liabilities			
Accounts payable	0	7,518	7,518
Salaries and benefits payable	0	0	0
Total liabilities	0	7,518	7,518
Net Assets			
Invested in capital assets, net of related debt	796	0	796
Unrestricted	32,264	0	32,264
Total net assets	\$ 33,060	0	33,060

See notes to financial statements.

Boyden-Hull Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2004

	School Nutrition	Employee Cafeteria	Total
Operating revenues:			
Local sources:			
Charge for service	\$ 128,385	0.00	128,385
Reimbursement from employees	0	52,205	52,205
Total operating revenues	128,385	52,205	180,590
Operating expenses:			
Non-instructional programs:			
Salaries and benefits	97,612	0	97,612
Purchased services	866	0	866
Supplies	128,766	0	128,766
Deprecation	1,645	0	1,645
Total operating expenses	228,889	0	228,889
Other expenses:			
Medical claims for employees	0	52,205	52,205
Total expenses	228,889	52,205	281,094
Operating loss	(100,504)	0	(100,504)
Non-operating revenues:			
Local sources	30	0	30
State sources	3,834	0	3,834
Federal sources	103,392	0	103,392
Total non-operating revenues	107,256	0	107,256
Change in net assets	6,752	0	6,752
Net assets beginning of year	26,308	0	26,308
Net assets end of year	\$ 33,060	0	33,060

See notes to financial statements.

Boyden-Hull Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2004

	School Nutrition	Employee Cafeteria	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 128,386	0	128,386
Cash received from employee reimbursements	0	59,959	59,959
Cash paid to employees for medical claims	0	(47,001)	(47,001)
Cash paid to employees for services	(97,612)	0	(97,612)
Cash paid to suppliers for goods and services	(106,118)	0	(106,118)
Net cash provided by (used in) operating activities	<u>(75,344)</u>	<u>12,958</u>	<u>(62,386)</u>
Cash flows from non-capital financing activities:			
State grants received	3,834	0	3,834
Federal grants received	78,594	0	78,594
Net cash provided by (used in) non-capital financing activities	<u>82,428</u>	<u>0</u>	<u>82,428</u>
Cash flows from investing activities:			
Interest on investments	30	0	30
	<u>30</u>	<u>0</u>	<u>30</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,114	12,958	20,072
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	11,306	(5,820)	5,486
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 18,420</u>	<u>7,138</u>	<u>25,558</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (100,504)		(100,504)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	1,645	0	1,645
(Increase) Decrease in inventories	(1,282)	0	(1,282)
Commodities used	24,797	0	24,797
Increase (Decrease) in due to other funds	0	(150)	(150)
(Increase) Decrease in accounts receivable	0	7,905	7,905
Increase (Decrease) in accounts payable	0	5,203	5,203
Net cash provided by (used in) operating activities	<u>\$ (75,344)</u>	<u>12,958</u>	<u>(62,386)</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:			
Current assets:			
Cash and investments	\$ 18,420	7,138	25,558
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 18,420</u>	<u>7,138</u>	<u>25,558</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received Federal commodities valued at \$24,797.

See notes to financial statements.

Boyden-Hull Community School District

Notes to Financial Statements

June 30, 2004

(1) **Summary of Significant Accounting Policies**

Boyden-Hull Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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 Hull and Boyden, Iowa, and the predominate agricultural territory in Sioux and Lyon Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Boyden-Hull 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. Boyden-Hull Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – 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 Sioux and Lyon County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non fiduciary 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 non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The Property, Plant and Equipment Levy Fund is used to account for the taxes levied and the expenditures of building and equipment repair and maintenance.

The District does not report on any major proprietary or business type funds.

The Gifts and Trust Fund is used to account for donations made to the District for a specific purpose or for general use and is reflected in the non major special revenue activity.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	Any
Depreciable land improvements	\$1,000
Buildings and building additions	\$1,000
Building improvements	\$1,000
Machinery and equipment	\$1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and building additions	50 years
Building improvements	up to 20 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, were paid in June of 2004.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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 as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in the non-instruction programs functional area exceeded the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

(2) **Cash and Pooled Investments**

The District’s deposits in banks at June 30, 2004, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$42,796 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.

(3) **Due From and Due To Other Funds**

The detail of interfund receivables and payables at June 30, 2004, is as follow:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Management Levy	\$8,412
Proprietary Fund: Employee Cafeteria	General	\$150

The Management Levy Fund is repaying the General Fund for health insurance paid for former employees who took early retirement. This balance was paid in July 2004.

The General Fund is repaying the Employee Cafeteria Fund for the amount paid to the General Fund by a former employee.

(4) **Interfund Transfers**

The only transfers found were from the Nutrition Fund reimbursing the General Fund for employee wages and benefits. No other transfers were found.

(5) Iowa School Cash Anticipation Programs (ISCAP)

The District participates in the Iowa School 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. Bankers Trust Co. NA is the trustee for the program. The District did not participate in any issuances during this fiscal year.

(6) Capital Assets

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

	Balance Beginning of Year, As Restated (Note 12)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 318,751	0	0	318,751
Construction in progress	0	0	0	0
Total capital assets not being depreciated	318,751	0	0	318,751
Capital assets being depreciated:				
Land improvements	443,642	0	0	443,642
Buildings	552,529	25,936	0	578,465
Improvements and other buildings	4,065,758	0	0	4,065,758
Furniture and equipment	536,184	34,619	0	570,803
Vehicles	507,445	0	0	507,445
Total capital assets being depreciated	6,105,558	60,555	0	6,166,113
Total governmental capital assets	6,424,309	60,555	0	6,484,864
Less accumulated depreciation for:				
Land improvements	440,254	303	0	440,557
Buildings	333,508	11,051	0	344,559
Improvements and other buildings	872,333	81,315	0	953,648
Furniture and equipment	263,301	57,891	0	321,192
Vehicles	364,786	32,526	0	397,312
Total accumulated depreciation	2,274,182	183,086	0	2,457,268
Total capital assets being depreciated, net	3,831,376	(122,531)	0	3,708,845
Governmental activities capital assets, net	\$ 4,150,127	(122,531)	0	4,027,596

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Furniture and equipment	\$ 43,521	546	0	44,067
Less accumulated depreciation	43,094	177	0	43,271
Business type activities capital assets, net	<u>\$ 427</u>	<u>369</u>	<u>0</u>	<u>796</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:	\$ 133,346
Regular	211
Special	2,089
Other	
Support services:	
Instructional staff	0
Administration	2,002
Operation and maintenance of plant	7,535
Transportation	<u>32,526</u>
	177,709
Unallocated	<u>5,377</u>
Total depreciation expense - governmental activities	<u>\$ 183,086</u>

Business type activities:

Food service operations	<u>\$ 177</u>
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(7) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year	Due After One Year
General obligation bonds	\$ 2,820,000	0	120,000	2,700,000	125,000	2,575,000
Early retirement	23,105	44,329	8,412	59,022	13,847	45,175
Compensated absences	1,681	10,488	8,799	3,370	3,370	0
Total	<u>\$ 2,844,786</u>	<u>54,817</u>	<u>137,211</u>	<u>2,762,392</u>	<u>142,217</u>	<u>2,620,175</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five. 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 the number of years of service multiplied by 2.25% times the employee's final salary and subject to a maximum of \$25,600 per individual. Early retirement benefits paid during the year ended June 30, 2004, totaled \$8,412. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the District's commitment to fund non-current early retirement.

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of June 1999			
	Interest Rate	Principal	Interest	Total
2005	5.00%	\$125,000	\$125,657	\$250,657
2006	5.00%	135,000	119,408	254,408
2007	5.00%	140,000	112,658	252,658
2008	5.00%	145,000	105,657	250,657
2009	4.90%	155,000	98,408	253,408
2010	4.30%	160,000	90,813	250,813
2011	4.30%	170,000	83,932	253,932
2012	4.40%	180,000	76,623	256,623
2013	4.40%	185,000	68,702	253,702
2014	4.50%	195,000	60,563	255,563
2015	4.50%	205,000	51,787	256,787
2016	4.60%	210,000	42,562	252,562
2017	4.70%	220,000	32,903	252,903
2018	4.75%	230,000	22,562	252,562
2019	4.75%	245,000	11,637	256,637
		<u>\$2,700,000</u>	<u>\$1,103,872</u>	<u>\$3,803,872</u>

(8) 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 a 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$142,800, \$140,725 and \$138,846, respectively, equal to the required contributions for each year.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$198,283 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.

(11) Construction Commitment

The District has entered into seven contracts for various repairs, maintenance and upgrades. The total of these contracts is \$56,404, none of which exceed the threshold for required bidding. As of June 30, 2004, none of the work on these contracts has been completed.

(12) Accounting Change and Restatements

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

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

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

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

	Fund					Total
	General	Debt Service	Property, Plant and Equipment Levy	Capital Projects & LOSST	Nonmajor Special Revenue	
Net assets June 30, 2003, as previously reported	\$ 298,563	9,509	32,880	116,605	81,146	538,703
GASB Interpretation 6 adjustments	0	0	0	0	1,962	1,962
Net assets July 1, 2003, as restated for governmental funds	<u>\$ 298,563</u>	<u>9,509</u>	<u>32,880</u>	<u>116,605</u>	<u>83,108</u>	<u>540,665</u>
GASB 34 adjustments						
Capital assets, net of accumulated depreciation of \$2,274,182						4,150,127
Long-term liabilities:						
Bonds and notes					2,820,000	
Early retirement					23,105	
Compensated absences					<u>0</u>	
Accrued interest payable						(2,843,105)
Deferred revenue						<u>10,971</u>
Net assets July 1, 2003, as restated						<u>\$ 1,858,658</u>

(13) Operating Leases

The District has entered in a lease for two Riso duplicators. Monthly payments are \$534 ending January 2005. Lease expense for the year ended June 30, 2004, totaled \$6,408 and is included in support services in the accompanying financial statements. Future minimum lease payments under this operating lease for the year ending June 30 is as follows:

2005	<u>\$3,738</u>
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Required Supplementary Information

Boyden-Hull Community School District
 Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
 Budget and Actual – All Governmental Funds and Proprietary Fund
 Required Supplementary Information
 Year ended June 30, 2004

	Governmental Funds Actual	Proprietary Fund Actual	Funds not Required to be Budgeted	Total Actual	Budgeted Amounts		Final to Actual Variance
					Original	Final	
Receipts:							
Local sources	\$ 2,627,882	180,620	52,205	2,756,297	2,620,799	2,620,799	135,498
Intermediate sources	0	0	0	0	3,565	3,565	(3,565)
State sources	2,303,009	3,834	0	2,306,843	2,383,041	2,383,041	(76,198)
Federal sources	181,202	103,392	0	284,594	227,199	227,199	57,395
Total receipts	5,112,093	287,846	52,205	5,347,734	5,234,604	5,234,604	113,130
Disbursements:							
Instruction	3,134,351	0	0	3,134,351	3,196,814	3,196,814	(62,463)
Support services	1,169,198	0	0	1,169,198	1,411,240	1,411,240	(242,042)
Non-instructional programs	7,176	228,889	0	236,065	209,508	209,508	26,557
Other expenditures	625,869	52,205	52,205	625,869	677,531	677,531	(51,662)
Total disbursements	4,936,594	281,094	52,205	5,165,483	5,495,093	5,495,093	(329,610)
Excess (deficiency) of receipts over (under) disbursements	175,499	6,752	0	182,251	(260,489)	(260,489)	442,740
Other financing sources, net	4,080	0	0	4,080	0	0	
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	179,579	6,752	0	186,331	(260,489)	(260,489)	
Balances beginning of year	538,703	26,308	0	565,011	(864,163)	(864,163)	
Balances end of year	\$ 718,282	33,060	0	751,342	(1,124,652)	(1,124,652)	

See accompanying independent auditor's report.

Boyden-Hull Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2004

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

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

During the year end June 30, 2004, disbursements in the non-instructional programs function exceeded the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

Funds not required to be budgeted include the Employee Cafeteria Fund which is only a holding account for employee withholdings to pay out-of-pocket medical and child care expenses. They are not the District's funds and only if the employee does not use the funds within 60 days of the end of the plan fiscal year will the District show any income.

Boyden-Hull Community School District

Other Supplementary Information

Boyden-Hull Community School District

Boyden-Hull Community School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Management Levy	Student Activity	Expendable Trust	Total
Assets				
Cash and pooled investments	\$ 37,418	59,060	5,365	101,843
Receivables:				
Property tax:				
Delinquent	1,010	0	0	1,010
Succeeding year	60,000	0	0	60,000
Accounts	452	0	0	452
Accrued interest	0	0	0	0
Total assets	\$ 98,880	59,060	5,365	163,305
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 0	55	0	55
Salaries and benefits payable	2,596	0	0	2,596
Interfund payables	8,412	0	0	8,412
Deferred revenue:				
Succeeding year property tax	60,000	0	0	60,000
Other	0	0	0	0
Total liabilities	71,008	55	0	71,063
Fund equity:				
Unreserved fund balances	27,872	59,005	5,365	92,242
Total liabilities and fund equity	\$ 98,880	59,060	5,365	163,305

See accompanying independent auditor's report.

Boyden-Hull Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year ended June 30, 2004

	Management Levy	Student Activity	Expendable Trust Funds	Total
Revenues:				
Local sources:				
Local tax	\$58,358	0	0	58,358
Other	2,502	116,015	5,587	124,104
State sources	44	0	0	44
Total revenues	60,904	116,015	5,587	182,506
Expenditures:				
Current:				
Instruction:				
Regular instruction	0	0	0	0
Special instruction	0	0	0	0
Other instruction	0	109,471	3,290	112,761
Support services:				
Administration services	58,649	0	0	58,649
Operation and maintenance of plant services	0	0	0	0
Other expenditures:				
Facilities acquisition	0	0	0	0
Total expenditures	58,649	109,471	3,290	171,410
Excess (deficiency) of revenues over (under) expenditures	2,255	6,544	2,297	11,096
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers out	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,255	6,544	2,297	11,096
Fund balances beginning of year, as restated	25,617	52,461	3,068	81,146
Fund balances end of year	\$27,872	59,005	5,365	92,242

See accompanying independent auditor's report.

Boyden-Hull 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	Intrafund Transfers	Balance End of Year
General	\$ 19	13	840	808	0
Interest on CD and NOW	22,433	293	319	(952)	21,455
Magazines	0	4,742	4,742	0	0
Resale Industrial Arts	83	1,496	1,132	(1)	446
Resale FCS	2	0	0	0	2
Resale media products	276	0	0	(276)	0
Resale music supplies	4	286	226	0	64
Elementary band resale	0	712	728	16	0
Marketing	3,245	2,282	1,558	276	4,245
Drama/Speech	0	648	844	196	0
All school play	381	1,862	1,479	(197)	567
Music vocal	155	719	1,189	315	0
Choir robes	0	413	0	0	413
Musical	0	2,314	1,867	(439)	8
Music band-High School	172	519	881	190	0
Music-Junior High	0	216	149	(67)	0
Band uniform maintenance	525	520	818	0	227
High School athletic general	628	13,792	3,207	(7,561)	3,652
Cross country	0	0	939	939	0
Golf	0	115	1,640	1,525	0
Boys basketball	0	7,215	4,170	(3,045)	0
Football	0	4,050	9,486	5,436	0
Baseball	0	0	665	665	0
Boys track	0	1,041	5,022	3,981	0
Girls basketball	0	4,715	2,517	(2,198)	0
Volleyball	0	2,960	2,725	(235)	0
Softball	0	0	(3,250)	(3,250)	0
Girls track	0	991	2,797	1,806	0
Adult education	0	0	0	0	0
Annual	0	7,341	9,244	1,903	0
Pep club	1,256	3,025	3,483	0	798
Student Council-High School	1,464	6,360	6,444	0	1,380
Class of 2007	99	1,651	0	0	1,750
Class of 2006	1,781	1,921	0	0	3,702
Class of 2005	1,619	4,878	5,092	2,501	3,906
Class of 2004	4,120	0	1,223	(2,501)	396
Quiz Bowl	728	905	1,125	0	508
National Honor Society	0	0	34	34	0
Student Council-Junior High	255	0	110	0	145
Cheerleading	846	4,997	3,550	(3)	2,290
Spanish Club	843	3,346	3,340	0	849
Pep Bus/Students	277	82	48	(311)	0
Photo Club	0	0	451	451	0
FCCLA	1,472	2,475	2,071	0	1,876
FFA	1,961	11,955	10,529	0	3,387
6th grade trip	5,403	6,190	6,464	(1)	5,128
Recycling	2,062	3,880	4,395	3	1,550
Student miscellaneous	168	5,045	5,029	(107)	77
Elementary Student Council	184	0	0	0	184
Elementary band	0	50	149	99	0
Total	\$ 52,461	116,015	109,471	0	59,005

See accompanying independent auditor's report.

Boyden-Hull Community School District
 Schedule of Revenues by Source and Expenditures by Function
 All Governmental Funds
 For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues:				
Local sources:				
Local tax	\$ 2,198,768	1,928,743	1,839,129	1,737,757
Tuition	216,390	181,023	171,248	145,883
Other	212,724	200,194	214,233	338,760
Intermediate sources	0	2,490	1,972	2,052
State sources	2,303,009	2,110,867	2,081,220	2,052,350
Federal sources	181,202	179,514	140,167	101,995
Total	\$ 5,112,093	4,602,831	4,447,969	4,378,797
Expenditures:				
Instruction:				
Regular instruction	\$ 2,104,063	1,932,015	1,959,024	1,832,405
Special instruction	741,219	676,568	560,959	585,332
Other instruction	289,069	288,329	340,800	336,432
Support services:				
Student services	67,200	71,080	89,903	82,865
Instructional staff services	137,832	134,234	127,452	117,506
Administration services	486,733	472,605	461,778	438,240
Operation and maintenance of plant services	294,707	307,559	286,410	302,496
Transportation services	170,991	145,568	147,031	154,714
Central support services	11,735	4,695	4,659	0
Non-instructional programs	7,176	6,947	8,147	14,535
Other expenditures:				
Facilities acquisition	175,629	228,993	183,298	2,064,513
Long-term debt:				
Principal	120,000	115,000	110,000	115,000
Interest and other charges	131,957	137,708	143,208	148,308
AEA flowthrough	198,283	198,517	198,609	199,712
Total	\$ 4,936,594	4,719,818	4,621,278	6,392,058

See accompanying independent auditor's report.

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

To the Board of Education of
Boyden-Hull Community School District:

We have audited the financial statements of Boyden-Hull Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated October 31, 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 Boyden-Hull Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved except for item III-B-04.

Internal Control over Financial Reporting

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

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

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

SIEBRECHT SPITLER & DE NOBLE PC
Certified Public Accountants

Sioux Center, Iowa
October 31, 2004

Boyden-Hull Community School District
SCHEDULE OF FINDINGS
Year ended June 30, 2004

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-04 Segregation of Duties

Comment – One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. As in the prior year, we noted that control of blank purchase orders, processing of approved invoices, warrant preparation, access to cash and accounting records are handled in many cases by the same person. We also noted that responsibility for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting of cash receipts. Invoices were many times not cancelled to prevent repayment.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, one procedure to help improve internal control would be to have another person control purchase orders. Also another person could prepare bank deposits. Invoices paid from all funds should be clearly cancelled to prevent resubmission for payment.

Response – We will attempt to implement the recommendations and continue to monitor the internal control procedures.

Conclusion – Response accepted.

Part III: Other Findings Related To Required Statutory Reporting:

III-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.

III-B-04

Certified Budget – Disbursements for the year ended June 30, 2004, exceeded the amount budgeted in the non-instructional functional area.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – In the future, we will amend the budget before disbursements exceed the budget.

Conclusion – Response accepted.

III-C-04

Questionable Expenditures – We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

III-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.

III-E-04

Business Transactions – The District and Board President engaged in six transactions totaling \$3,120. This is in violation of Iowa Code Section 279.7A.

Recommendation – The District should monitor the amounts paid to District officials so violations of the Code do not happen in the future.

Response – We will keep track of the amounts paid to District officials.

Conclusion – Response accepted.

III-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 the coverage is adequate for current operations.

III-G-04

Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

III-H-04

Certified Enrollment – We noted no variances in the basic enrollment data certified to the Department of Education.

III-I-04

Deposits and Investments – We noted 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.

III-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.

Boyden-Hull Community School District

Staff

This audit was performed by:

Myron C. Siebrecht, CPA, Senior Auditor
Robert S. Ferreira, CPA, Senior Auditor
Gregg Miller, Assistant Auditor

SIEBRECHT SPITLER & DE NOBLE PC
Certified Public Accountants