

CENTER POINT-URBANA COMMUNITY SCHOOL
DISTRICT

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

June 30, 2004

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Independent Auditor's Report

To the Board of Education of
[Center Point-Urbana](#) 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 [Center Point-Urbana](#) Community School District, [Center Point](#), Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of [Center Point-Urbana](#) 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 12 to the financial statements, during the year ended June 30, 2004, [Center Point-Urbana](#) Community School District adopted Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement Number 38, Certain Financial Statement Note Disclosures; Statement Number 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation Number 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated September 14, 2004, on our consideration of [Center Point-Urbana](#) 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 considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 39 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Center Point-Urbana Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003, (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 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.

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

September 14, 2004

Center Point-Urbana Community School District

Management Discussion & Analysis

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

Financial Highlights

- The State of Iowa imposed a 1.3% reduction in State Foundation Aid, Instructional Support Programs, Educational Excellence Allocations, Teacher Compensation Allocations, and Iowa Early Intervention Allocations in November, which reduced state FY04 revenues by \$57,332 in the General Fund.
- Since the reduction occurred mid year, the District had already obligated the resources to fund fiscal 2004 salaries and programs. The District responded to the reduction by a combination of reducing expenditures in technology; purchased services; equipment and supplies; and using a portion of fund balance.
- Because of the reduction in revenues and the increase in salaries, benefits, utilities and special education costs the District's General Fund balance decreased by \$95,162.

Overview of the Financial Statements

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

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

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The *governmental funds statements* explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Proprietary funds statements* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- *Fiduciary funds statements* provide information about the relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

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

Figure A-1

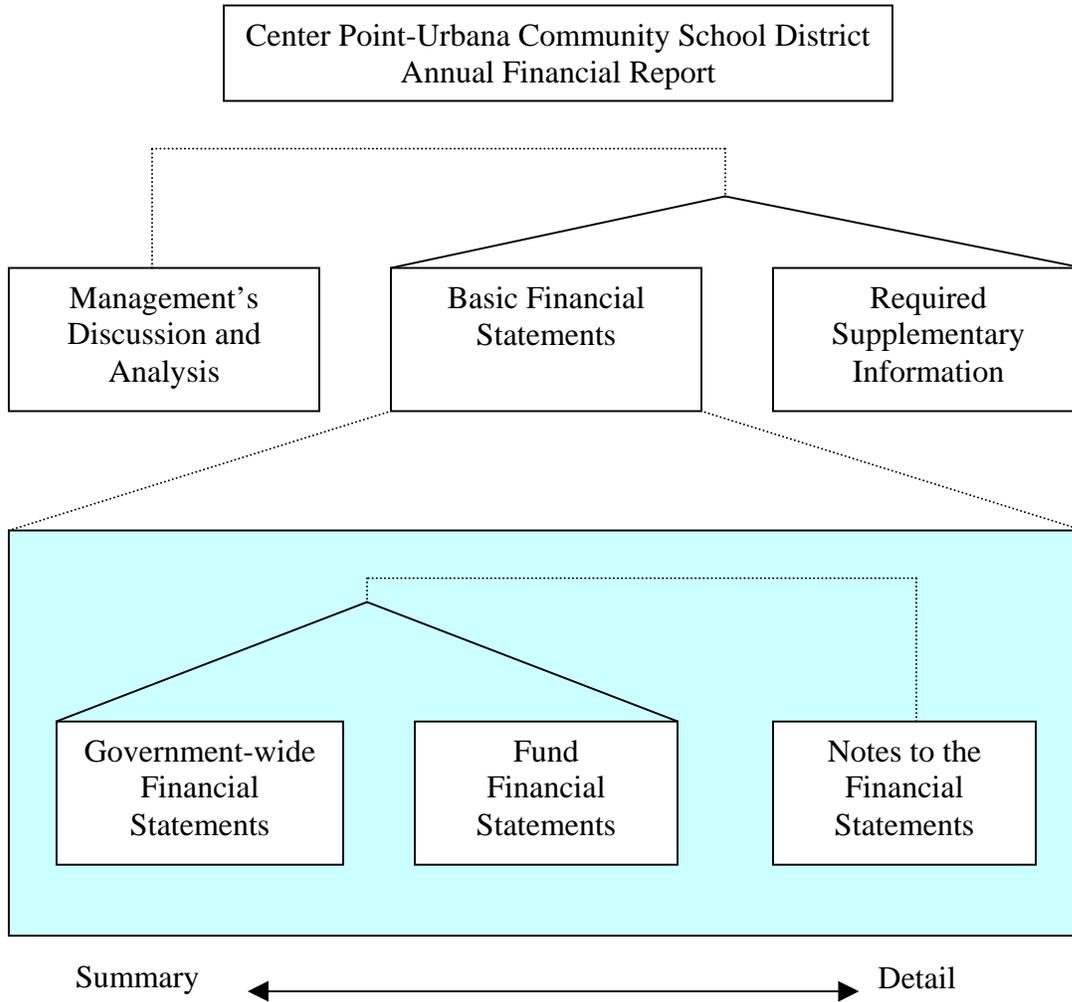


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents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

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements. The District's governmental funds include the General Fund and Special Revenue Funds that consist of Activity, Management, and Physical Plant and Equipment Levy funds.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's enterprise fund, one type of a proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship funds. The District accounts for outside donations for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets. The District's combined net assets were less on June 30, 2004, than they were the year before, decreasing 605,778 (see Figure A-3).

Figure A-3

Condensed Statement of Net Assets

	<u>Governmental Activities</u> 2004	<u>Business Type Activities</u> 2004	<u>Total School District</u> 2004
Current and other assets	\$4,230,409	\$59,281	\$4,289,690
Capital assets	<u>7,079,417</u>	<u>19,858</u>	<u>7,099,275</u>
Total Assets	<u>11,309,826</u>	<u>79,139</u>	<u>11,388,965</u>
Long-term liabilities	6,306,720	-	6,306,720
Other liabilities	<u>3,347,528</u>	<u>11,076</u>	<u>3,358,604</u>
Total liabilities	<u>9,654,248</u>	<u>11,076</u>	<u>9,665,324</u>
Net Assets:			
Invested in capital assets, net of related debt	872,417	19,958	892,375
Restricted	108,694	-	108,694
Unrestricted	<u>674,467</u>	<u>48,105</u>	<u>722,572</u>
TOTAL NET ASSETS	<u>\$1,655,578</u>	<u>\$68,063</u>	<u>\$1,723,641</u>

Changes in net assets. Fiscal year 2003-2004 marks the initial District implementation of the GASB-34 financial reporting model. As a result, prior year comparisons are not available but will be provided in all subsequent years. *Figure A-4* reflects only totals from the current fiscal year ending June 30, 2004.

Governmental Activities -

Referring to *Figure A-4*, revenues for the District's governmental activities were \$8,688,774 for fiscal year 2004. Total governmental expenditures were \$9,276,573.

Figure A-4

Changes in Net Assets from Operating Results

	<u>Governmental Activities</u> <u>2004</u>	<u>Business-type Activities</u> <u>2004</u>	<u>Total School District</u> <u>2004</u>
Revenues			
Program Revenues			
Charges for services	\$1,019,004	\$329,379	\$1,348,383
Operating Grants & Contributions	772,567	151,894	924,461
Capital Grants & Contributions	138,000	-	138,000
General Revenues			
Property taxes & other taxes	2,775,206	-	2,775,206
Unrestricted State Grants	3,954,143	-	3,954,143
Unrestricted Investment Earnings	16,189	255	16,444
Other Revenue	13,665	-	13,665
Total Revenues	\$8,688,774	\$481,528	\$9,170,302
Expenses			
Instruction	5,351,711	-	5,351,711
Support Services	2,240,455	-	2,240,455
Non-Instructional Programs	-	499,507	499,507
Other Expenses	1,684,407	-	1,684,407
Total Expenses	\$9,276,573	\$499,507	\$9,776,080
Transfers	11,042	(11,042)	-
Change in Net Assets	\$(576,757)	\$(29,021)	\$(605,778)

Figure A-5

Net Cost of Governmental Activities

	<u>Total Cost Of Services</u> <u>2004</u>	<u>Net Cost of Services</u> <u>2004</u>
Instruction	\$5,351,711	\$4,018,717
Support Services	2,240,455	2,079,610
Non-instructional Programs	-	-
Other Expenses	1,684,407	1,248,675
TOTAL	\$9,276,573	\$7,347,002

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

- The cost of all governmental activities this year was \$9,276,573.
- Some of the cost was financed by the users of the District's programs (\$1,019,004).
- The federal and state governments and private contributors subsidized certain programs with grants and contributions (\$910,567).
- Most of the District's costs (\$7,347,002), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$2,775,206 in property taxes and income surtaxes, and \$3,983,997 in unrestricted state aid (based in large part on the statewide education aid formula), investment earnings and miscellaneous revenues.

Business-Type Activities -

The District's business-type activities include the School Nutrition Fund and Child Day Care. Revenues of these activities were comprised of charges for services, federal and state reimbursements, and investment income. The District's business-type activities shows a decrease in net assets with expenses exceeding revenues \$29,021 (refer to *Figure A-4*). The \$11,042 transfer from Business Type Activities to Governmental Activities was due to closing of the day care. The Board of Education did not increase school meal prices for fiscal year 2004, but made a decision to increase meal prices \$0.20 for fiscal year 2005.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$697,482 which is less than last year's ending fund balances of \$1,665,261.

Governmental Fund Highlights

The General Fund balance decreased from \$728,680 to \$633,518, due in part to the negotiated salary and benefit settlement and events such as the Governor's 2.5% rollback; and the elimination of Phase III funding. The Board chose to use carryover fund balance to maintain obligations and student programming.

The Nonmajor Governmental (Management and Activity) Funds balance increased \$16,518 to \$38,193.

The Physical Plant and Equipment Levy (PPEL) Fund balance increased \$140,355 to \$222,920. Revenues increased due to \$138,000 federal grant funds.

The Debt Service Fund balance decreased due to principal and interest charges on bonds.

The Capital Projects Fund balance decreased due to the completion of a construction project.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$92,773 at June 30, 2003 to \$68,063 at June 30, 2004, representing a decrease of \$24,710. Increased enrollment produced a slight increase in free/reduced meals served that contributed to an increase in federal aid reimbursement.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The District's budget is prepared on the modified accrual basis.

The District amended its budget once during the year, increasing budgeted expenses by \$345,349. The budget was amended to allow for additional construction costs and additional expenditures for food services. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

During FY04, total revenues were above expectations held when the FY04 budget was assembled in February, 2003. Ultimately, actual amounts exceeded budgeted revenue by \$304,362. This was due to a variety of factors that could not have been anticipated when a budget estimate was assembled. Lower revenues in state sources, due to mid-year cuts, were more that offset by additional local and federal revenues.

When a preliminary budget is set, the District always requests the ability to expend its full budget if necessary, but has the goal of keeping disbursements in line with revenues as actual revenue accumulates. As a result, the District's certified budget should always exceed the actual expenditures during the year. During fiscal year 2004 expenditures exceeded revenues due to the current year expenditure of bond proceeds that were received in a prior year. Total actual expenditures were \$551,055 lower than budgeted expenditures. However, the budget was exceeded in two of the functional areas due to timing of year-end expenditures.

Capital Asset and Debt Administration

Capital Assets

By the end of 2004, the District had invested \$7,099,275, net of accumulated depreciation, in a broad range of assets, including school buildings, athletic facilities, transportation equipment, and computer and audio-visual equipment (see *Figure A-6*). This amount represents a net increase of \$386,672 from last year. (More detailed information about capital assets can be found in Note 6 to the financial statements.). Capital assets were purchased as revenue became available and included completion of construction projects.

Figure A-6

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities 2004	Business Type Activities 2004	Total School District 2004
Land	50,000	-	50,000
Improvements	357,426	-	357,426
Buildings	6,630,345	-	6,630,345
Equipment & Furniture	41,646	19,858	61,504
TOTAL	<u>7,079,417</u>	<u>19,858</u>	<u>7,099,275</u>

Long-Term Debt

At June 30, 2004, the District had \$6,306,720 in general obligation and other long-term debt outstanding (Figure A-7). Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

Figure A-7

Long-Term Debt

	Balance End of 2004	Due Within One Year
General obligation bonds	\$5,922,000	\$277,000
Capital loan notes	285,000	100,000
Compensated absences	99,720	19,994
Total	<u>6,306,720</u>	<u>396,994</u>

Factors Bearing on the District's Future

The District is projected to remain in good financial health far into the future. Budgeting practices such as making sure disbursements do not exceed receipts, even during challenging years like FY04, combined with a solid foundation of cash balance and unspent balance, allow the District to provide the resources needed for excellent student achievement while still keeping the tax burden reasonable. In FY05, the District received additional new money for the first time in years, and FY06 looks even brighter for additional new money when an enrollment increase is combined with projected 4% allowable growth. The District's Elementary P.E. Classroom will be completed in mid 2005. A new truck stop and strip mall will be constructed in early 2005,

which should increase the tax base. However, costs outside of the Board's control such as continual increases in health insurance and utility costs are worrisome, and employee contract settlements will also have an effect on the District's financial viability.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact John Rothlisberger, Superintendent, Center Point-Urbana Community School District, 102 Trader Street, Center Point, Iowa 52213.

BASIC FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2004

	Governmental Activities \$	Business Type Activities \$	Total \$
Assets			
Cash and cash equivalents:			
ISCAP	401,163	-	401,163
Other	831,766	42,881	874,647
Receivables:			
Property tax:			
Delinquent	43,634	-	43,634
Succeeding year	2,547,776	-	2,547,776
Accounts	22,373	-	22,373
Accrued interest:			
Other	372	-	372
Due from other governments	379,653	4,677	384,330
Interfund receivable/payable	(795)	795	-
Inventories	-	10,928	10,928
Prepaid expenses	4,467	-	4,467
Capital assets, net of accumulated depreciation	7,079,417	19,858	7,099,275
Total assets	11,309,826	79,139	11,388,965
Liabilities			
Warrants issued in excess of bank balance	220,247	-	220,247
Accounts payable	65,746	58	65,804
Salaries and benefits payable	60,929	2,289	63,218
Accrued interest payable	48,296	-	48,296
Deferred revenue:			
Succeeding year property tax	2,547,776	-	2,547,776
Other	-	8,729	8,729
ISCAP warrants payable	399,000	-	399,000
ISCAP premium	5,534	-	5,534
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	277,000	-	277,000
Capital loan notes	100,000	-	100,000
Compensated absences	19,994	-	19,994
Portion due after one year:			
General obligation bonds payable	5,645,000	-	5,645,000
Capital loan notes	185,000	-	185,000
Compensated absences	79,726	-	79,726
Total liabilities	9,654,248	11,076	9,665,324
Net assets			
Invested in capital assets, net of related debt	872,417	19,958	892,375
Restricted for:			
Capital outlay	60,611	-	60,611
Other special revenue purposes	48,083	-	48,083
Unrestricted	674,467	48,105	722,572
Total net assets	1,655,578	68,063	1,723,641

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2004

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Governmental activities:				
Instruction:				
Regular instruction	3,604,238	673,151	355,865	-
Special instruction	1,022,362	-	93,509	-
Other instruction	725,111	208,284	2,185	-
	<u>5,351,711</u>	<u>881,435</u>	<u>451,559</u>	<u>-</u>
Support services:				
Student services	238,722	-	20,468	-
Instructional staff services	130,564	83,862	-	-
Administration services	819,307	-	-	-
Operation and maintenance of plant services	753,508	2,640	-	-
Transportation services	298,354	51,067	2,808	-
	<u>2,240,455</u>	<u>137,569</u>	<u>23,276</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	620,446	-	-	138,000
Long-term debt interest	292,493	-	-	-
AEA flowthrough	297,732	-	297,732	-
Depreciation (unallocated)*	473,736	-	-	-
	<u>1,684,407</u>	<u>-</u>	<u>297,732</u>	<u>138,000</u>
Total governmental activities	<u>9,276,573</u>	<u>1,019,004</u>	<u>772,567</u>	<u>138,000</u>
Business type activities:				
Non-instructional programs:				
Food service operations	485,790	308,962	151,894	-
Daycare	13,717	20,417	-	-
Total business type activities	<u>499,507</u>	<u>329,379</u>	<u>151,894</u>	<u>-</u>
Total	<u>9,776,080</u>	<u>1,348,383</u>	<u>924,461</u>	<u>138,000</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Transfers				
Total general revenues and transfers				

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

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

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2004

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
(2,575,222)	-	(2,575,222)
(928,853)	-	(928,853)
(514,642)	-	(514,642)
<u>(4,018,717)</u>	<u>-</u>	<u>(4,018,717)</u>
(218,254)	-	(218,254)
(46,702)	-	(46,702)
(819,307)	-	(819,307)
(750,868)	-	(750,868)
(244,479)	-	(244,479)
<u>(2,079,610)</u>	<u>-</u>	<u>(2,079,610)</u>
(482,446)	-	(482,446)
(292,493)	-	(292,493)
-	-	-
(473,736)	-	(473,736)
<u>(1,248,675)</u>	<u>-</u>	<u>(1,248,675)</u>
<u>(7,347,002)</u>	<u>-</u>	<u>(7,347,002)</u>
-	(24,934)	(24,934)
-	6,700	6,700
-	(18,234)	(18,234)
<u>(7,347,002)</u>	<u>(18,234)</u>	<u>(7,365,236)</u>
1,803,450	-	1,803,450
557,717	-	557,717
161,768	-	161,768
252,271	-	252,271
3,954,143	-	3,954,143
16,189	255	16,444
13,665	-	13,665
6,759,203	255	6,759,458
11,042	(11,042)	-
<u>6,770,245</u>	<u>(10,787)</u>	<u>6,759,458</u>
(576,757)	(29,021)	(605,778)
<u>2,232,335</u>	<u>97,084</u>	<u>2,329,419</u>
<u>1,655,578</u>	<u>68,063</u>	<u>1,723,641</u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2004

	General Fund	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$	\$
Assets						
Cash and pooled investments:						
ISCAP	401,163	-	-	-	-	401,163
Other	315,754	-	-	467,451	48,561	831,766
Receivables:						
Property tax:						
Delinquent	26,608	12,123	-	3,518	1,385	43,634
Succeeding year	1,831,797	437,735	-	164,376	113,868	2,547,776
Accounts	22,373	-	-	-	-	22,373
Accrued interest - other	372	-	-	-	-	372
Interfund receivable/payable	204,754	-	-	(205,549)	-	(795)
Prepaid expenses	4,467	-	-	-	-	4,467
Due from other governments	379,653	-	-	-	-	379,653
Total assets	3,186,941	449,858	-	429,796	163,814	4,230,409
Liabilities and Fund Balances						
Liabilities:						
Warrants issued in excess of bank balance	-	46,663	162,309	-	11,275	220,247
Accounts payable	22,768	-	-	42,500	478	65,746
Salaries and benefits payable	60,929	-	-	-	-	60,929
ISCAP warrants payable	399,000	-	-	-	-	399,000
ISCAP premium	5,534	-	-	-	-	5,534
Deferred revenue:						
Succeeding year property tax	1,831,797	437,735	-	164,376	113,868	2,547,776
Other	233,395	-	-	-	-	233,395
Total liabilities	<u>2,553,423</u>	<u>484,398</u>	<u>162,309</u>	<u>206,876</u>	<u>125,621</u>	<u>3,532,627</u>
Fund balances:						
Reserved for:						
Prepaid expenses	4,467	-	-	-	-	4,467
Debt service	-	(34,540)	-	-	-	(34,540)
Unreserved	629,051	-	(162,309)	222,920	38,193	727,855
Total fund balances	<u>633,518</u>	<u>(34,540)</u>	<u>(162,309)</u>	<u>222,920</u>	<u>38,193</u>	<u>697,782</u>
Total liabilities and fund balances	3,186,941	449,858	-	429,796	163,814	4,230,409

CENTER POINT-URBANA 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)	697,782
<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.	7,079,417
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	233,395
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	(48,296)
Long-term liabilities, including bonds payable, capital loan notes and compensated absences benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(6,306,720)</u>
Net assets of governmental activities (Exhibit A)	<u><u>1,655,578</u></u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2004

	General Fund	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	1,952,647	557,717	5,805	161,768	89,263	2,767,200
Tuition	518,066	-	-	-	-	518,066
Other	306,837	42	-	41,288	175,543	523,710
State sources	4,563,153	552	-	160	92	4,563,957
Federal sources	162,718	-	-	138,000	-	300,718
Total revenues	<u>7,503,421</u>	<u>558,311</u>	<u>5,805</u>	<u>341,216</u>	<u>264,898</u>	<u>8,673,651</u>
Expenditures:						
Current:						
Instruction:						
Regular instruction	3,592,606	-	-	-	-	3,592,606
Special instruction	1,022,362	-	-	-	-	1,022,362
Other instruction	545,302	-	-	-	179,809	725,111
	<u>5,160,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,809</u>	<u>5,340,079</u>
Support services:						
Student services	238,722	-	-	-	-	238,722
Instructional staff services	130,564	-	-	-	-	130,564
Administration services	761,956	-	-	15,289	42,062	819,307
Operation and maintenance of plant services	712,613	-	-	-	37,200	749,813
Transportation services	285,744	-	-	-	12,610	298,354
	<u>2,129,599</u>	<u>-</u>	<u>-</u>	<u>15,289</u>	<u>91,872</u>	<u>2,236,760</u>
Other expenditures:						
Facilities acquisition	-	-	1,029,939	470,572	-	1,500,511
Long-term debt:						
Principal	-	270,000	-	-	-	270,000
Interest and fiscal charges	-	293,367	-	-	-	293,367
AEA flowthrough	297,732	-	-	-	-	297,732
	<u>297,732</u>	<u>563,367</u>	<u>1,029,939</u>	<u>470,572</u>	<u>-</u>	<u>2,361,610</u>
Total expenditures	<u>7,587,601</u>	<u>563,367</u>	<u>1,029,939</u>	<u>485,861</u>	<u>271,681</u>	<u>9,938,449</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,180)</u>	<u>(5,056)</u>	<u>(1,024,134)</u>	<u>(144,645)</u>	<u>(6,783)</u>	<u>(1,264,798)</u>
Other financing sources (uses):						
Proceeds from long-term loans	-	-	-	285,000	-	285,000
Sales of materials and equipment	1,277	-	-	-	-	1,277
Operating transfers in	11,042	-	-	-	23,301	34,343
Operating transfers out	(23,301)	-	-	-	-	(23,301)
Total other financing sources (uses)	<u>(10,982)</u>	<u>-</u>	<u>-</u>	<u>285,000</u>	<u>23,301</u>	<u>297,319</u>
Net change in fund balances	<u>(95,162)</u>	<u>(5,056)</u>	<u>(1,024,134)</u>	<u>140,355</u>	<u>16,518</u>	<u>(967,479)</u>
Fund balances beginning of year, as restated	<u>728,680</u>	<u>(29,484)</u>	<u>861,825</u>	<u>82,565</u>	<u>21,675</u>	<u>1,665,261</u>
Fund balances end of year	<u>633,518</u>	<u>(34,540)</u>	<u>(162,309)</u>	<u>222,920</u>	<u>38,193</u>	<u>697,782</u>

CENTER POINT-URBANA 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)		(967,479)

**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 year as follows:

Expenditures for capital outlay	880,065	
Depreciation expense	<u>(493,393)</u>	386,672

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.

13,846

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

270,000

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.

874

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:

Compensated absences		4,330
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Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.

(285,000)**Changes in net assets of governmental activities (Exhibit B)**(576,757)

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2004

	School Nutrition	Nonmajor Enterprise	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	42,881	-	42,881
Due from other governments	4,677	-	4,677
Interfund receivable/payable	795	-	795
Inventories	10,928	-	10,928
Capital assets, net of accumulated depreciation	19,858	-	19,858
Total assets	<u>79,139</u>	<u>-</u>	<u>79,139</u>
Liabilities			
Accounts payable	58	-	58
Salaries and benefits payable	2,289	-	2,289
Deferred revenue	8,729	-	8,729
Total liabilities	<u>11,076</u>	<u>-</u>	<u>11,076</u>
Net assets			
Invested in capital assets, net of related debt	19,958	-	19,958
Unrestricted	48,105	-	48,105
Total net assets	<u><u>68,063</u></u>	<u><u>-</u></u>	<u><u>68,063</u></u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2004

	School Nutrition	Nonmajor Enterprise	Total
	\$	\$	\$
Operating revenue:			
Local sources:			
Charges for service	308,962	20,417	329,379
Operating expenses:			
Non-instructional programs:			
Salaries	171,117	12,213	183,330
Benefits	35,499	1,403	36,902
Purchased services	9,412	66	9,478
Supplies	266,114	10	266,124
Depreciation	3,648	-	3,648
Other	-	25	25
	<u>485,790</u>	<u>13,717</u>	<u>499,507</u>
Operating gain (loss)	<u>(176,828)</u>	<u>6,700</u>	<u>(170,128)</u>
Non-operating revenue:			
State sources	6,990	-	6,990
Federal sources	144,904	-	144,904
Interest income	224	31	255
Total non-operating revenue	<u>152,118</u>	<u>31</u>	<u>152,149</u>
Gain (loss) before transfers	(24,710)	6,731	(17,979)
Transfers out	<u>-</u>	<u>(11,042)</u>	<u>(11,042)</u>
Change in net assets	(24,710)	(4,311)	(29,021)
Net assets beginning of year	<u>92,773</u>	<u>4,311</u>	<u>97,084</u>
Net assets end of year	<u><u>68,063</u></u>	<u><u>-</u></u>	<u><u>68,063</u></u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2004

	School Nutrition \$	Nonmajor Enterprise \$	Total \$
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	315,364	-	315,364
Cash received from daycare services	-	20,417	20,417
Cash payments to employees for services	(205,949)	(19,947)	(225,896)
Cash payments to suppliers for goods or services	<u>(238,962)</u>	<u>(128)</u>	<u>(239,090)</u>
Net cash used by operating activities	<u>(129,547)</u>	<u>342</u>	<u>(129,205)</u>
Cash flows from non-capital financing activities:			
State grants received	6,990	-	6,990
Federal grants received	<u>111,279</u>	<u>-</u>	<u>111,279</u>
Net cash provided by non-capital financing activities	<u>118,269</u>	<u>-</u>	<u>118,269</u>
Cash flows from capital and related financing activities:			
Interfund loans	-	(11,042)	(11,042)
Acquisition of capital assets	<u>(6,377)</u>	<u>-</u>	<u>(6,377)</u>
Net cash used by capital and related financing activities	<u>(6,377)</u>	<u>(11,042)</u>	<u>(17,419)</u>
Cash flows from investing activities:			
Interest on investments	<u>224</u>	<u>31</u>	<u>255</u>
Net increase (decrease) in cash and cash equivalents	(17,431)	(10,669)	(28,100)
Cash and cash equivalents at beginning of year	<u>60,312</u>	<u>10,669</u>	<u>70,981</u>
Cash and cash equivalents at end of year	<u>42,881</u>	<u>-</u>	<u>42,881</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating gain (loss)	(176,828)	6,700	(170,128)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities used	33,625	-	33,625
Depreciation	3,648	-	3,648
Decrease (increase) in inventories	3,215	-	3,215
Decrease (increase) in accounts receivable	640	-	640
(Decrease) increase in accounts payable	(276)	(27)	(303)
(Decrease) increase in salaries and benefits payable	667	(6,331)	(5,664)
(Decrease) increase in deferred revenue	2,495	-	2,495
(Decrease) increase in due to other governments	<u>3,267</u>	<u>-</u>	<u>3,267</u>
Net cash used in operating activities	<u>(129,547)</u>	<u>342</u>	<u>(129,205)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received \$33,625 of federal commodities.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2004

	Private Purpose Trust Scholarship <u> </u> \$	Agency <u> </u> \$
Assets		
Cash and pooled investments	17,821	80,971
Accrued interest receivable	-	19
	<u> </u>	<u> </u>
Total assets	<u>17,821</u>	<u>80,990</u>
Liabilities		
Accounts payable	-	5,717
Other payables	-	75,273
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>80,990</u>
Net Assets		
Reserved for scholarships	<u>17,821</u>	<u>-</u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2004

	Private Purpose Trust Scholarship
	<u>\$</u>
Additions:	
Local sources:	
Interest	227
Deductions:	
Support services:	
Scholarships awarded	<u>781</u>
Change in net assets	(554)
Net assets beginning of year	<u>18,375</u>
Net assets end of year	<u><u>17,821</u></u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

Year ended June 30, 2004

1. Summary of Significant Accounting Policies

Center Point-Urbana Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of **Center Point and Urbana**, Iowa and the predominately agricultural territory in a portion of **Linn and Benton 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, **Center Point-Urbana** Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) The potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The **Center Point-Urbana** Community School District **has no component units that** meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The Property Plant and Equipment fund is used to account for resources used in the acquisition and construction and repair of capital facilities.

The Debt Service fund is utilized to account for the payments on long term liabilities.

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

The District's other proprietary fund is the Enterprise Day Care Fund. This fund was closed during the year.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use 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 the 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. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in the non-instructional programs function exceeded the amount budgeted.

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 \$125,024 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. Interfund Receivables and Payables

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

Receivable Fund	Payable Fund	Amount
		\$
General Fund	Special Revenue: Physical Plant and Equipment Levy Fund	205,549
Enterprise: School Nutrition Fund	General Fund	795

These represent loans/advances to the PPEL Fund which are to be repaid in the following year. Also the General Fund had amount owing to Nutrition Fund at end of the year which will be repaid in following year.

4. Interfund Transfers

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

Transfer to	Transfer from	Amount
		\$
Special Revenue: Student Activity Fund	General Fund	23,301
General Fund	Enterprise: Day care	11,042

These transfers reflect Student balance transfer to the General Fund when Day Care Fund was closed and reimbursement of allowable expenses to Activity Fund from the General Fund.

5. Iowa School Cash Anticipation Program (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. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of [June 30, 2004](#), is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2004-05A	6/30/04	6/30/05	401,163	-	399,000	-

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 25th 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. ISCAP advance activity in the General Fund for the year ended June 30, 2004, is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	275,000	275,000	-

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

Series	Interest Rates on Warrants %	Interest Rates on Investments %
2004-05A	3.000	2.463

6. Capital Assets

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

	Balance Beginning of Year, as Restated	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	50,000	-	-	50,000
Capital assets being depreciated:				
Buildings	12,486,110	880,065	-	13,366,175
Improvements other than buildings	787,823	-	-	787,823
Furniture and equipment	833,874	-	17,371	816,503
Total capital assets being deprec.	14,107,807	880,065	17,371	14,970,501
Less accumulated depreciation for:				
Buildings	6,297,001	438,829	-	6,735,830
Improvements other than buildings	395,490	34,907	-	430,397
Furniture and equipment	772,571	19,657	17,371	774,857
Total accumulated depreciation	7,465,062	493,393	17,371	7,941,084
Total capital assets being depreciated, net	6,642,745	386,672	-	7,029,417
Governmental activities capital assets, net	6,692,745	386,672	-	7,079,417

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	184,587	6,377		190,964
Less accumulated depreciation	167,458	3,648	-	171,106
Business type activities capital assets, net	17,129	2,729	-	19,858

Depreciation expense was charged by the District as follows:

	\$
Governmental activities:	
Instruction:	
Regular	15,962
Support Services:	
Operation and maintenance of plant services	3,695
	19,657
Unallocated depreciation	473,736
Total governmental activities depreciation expense	493,393
Business-type activities:	
Food services	3,648

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
	\$	\$	\$	\$	\$
General obligation bonds	6,192,000	-	270,000	5,922,000	277,000
Capital loan notes	-	285,000	-	285,000	100,000
Compensated absences	104,050	-	4,330	99,720	19,994
Total	6,296,050	285,000	274,330	6,306,720	396,994

General Obligation Bonds Payable

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

Year Ended June 30,	May 1, 1999 Refunding Issue			
	Interest Rate	Principal	Interest	Total
	%	\$	\$	\$
2005	4.50	27,000	1,215	28,215

Year Ending June 30,	May 1, 1998 Refunding Issue			May 1, 2002 Bond Issue		
	Interest Rates	Principal	Interest	Principal	Interest	Total
	%	\$	\$	\$	\$	\$
2005	4.30-4.35	250,000	210,020	-	69,500	529,520
2006	4.35-4.40	260,000	199,068	-	69,500	528,568
2007	4.40-4.45	270,000	187,550	-	69,500	527,050
2008	4.45-4.55	280,000	175,458	-	69,500	524,958
2009	4.55-4.60	295,000	162,674	-	69,500	527,174
2010-2014	4.60-4.85	1,705,000	589,936	-	347,500	2,642,436
2015-2019	4.85-5.00	1,440,000	147,472	400,000	342,600	2,330,072
2020-2022	5.00	-	-	995,000	101,750	1,096,750
		<u>4,500,000</u>	<u>1,672,178</u>	<u>1,395,000</u>	<u>1,139,350</u>	<u>8,706,528</u>

Capital Loan Notes

The District issued \$285,000 of capital loan notes during the year ended [June 30, 2004](#). These notes and the interest will be paid from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the capital loan notes are as follows:

Year Ended June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2005	2.00	100,000	6,892	106,892
2006	2.25	105,000	4,362	109,362
2007	2.50	80,000	2,000	82,000
		<u>285,000</u>	<u>13,254</u>	<u>298,254</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 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 \$290,371, [\\$267,969](#), and [\\$262,156](#) respectively, equal to the required contributions for each year.

9. Risk Management

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

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

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. The District's annual contributions to ISEBA for the year ended June 30, 2004, were \$573,816.

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

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

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

Center Point-Urbana 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 \$297,732 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 contracts totaling \$814,621. As of June 30, 2004 costs of \$791,117 had been incurred against the contracts. The balances remaining at June 30, 2004 will be paid as work on the project progresses.

12. Accounting Change and Restatement

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

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include government-wide financial

statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements separate the District's programs between governmental and business type activities. The beginning net asset amount 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	Capital Projects	Property Plant and Equipment Levy	Nonmajor	
	\$	\$	\$	\$	\$	\$
Net assets, June 30, 2003, as previously reported	728,680	(29,484)	861,825	82,565	21,675	1,665,261
GASB Interpretation 6 adjustments	-	-	-	-	-	-
Net assets, July 1, 2003, as restated for governmental funds	<u>728,680</u>	<u>(29,484)</u>	<u>861,825</u>	<u>82,565</u>	<u>21,675</u>	<u>1,665,261</u>
GASB 34 adjustments:						
Capital assets net of accumulated depreciation of \$7,465,062						6,692,745
Long-term liabilities:						
Bonds						(6,192,000)
Compensated absences						(104,050)
Accrued interest payable						(49,170)
Deferred revenue						<u>219,549</u>
Net assets, July 1, 2003, as restated						<u>2,232,335</u>

13. Deficit Fund Balance

The Capital Projects Fund, Debt Service Fund and Management Levy Fund have deficit fund balances of \$162,309, \$34,540 and \$9,890, respectively at June 30, 2004.

REQUIRED SUPPLEMENTARY INFORMATION

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures, 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	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$		\$	\$
Revenues						
Local sources	3,808,976	329,634	4,138,610	4,012,760	4,012,760	125,850
State sources	4,563,957	6,990	4,570,947	4,611,057	4,611,057	(40,110)
Federal sources	300,718	144,904	445,622	227,000	227,000	218,622
Total revenues	<u>8,673,651</u>	<u>481,528</u>	<u>9,155,179</u>	<u>8,850,817</u>	<u>8,850,817</u>	<u>304,362</u>
Expenditures						
Instruction	5,340,079	-	5,340,079	5,391,501	5,391,501	51,422
Support services	2,236,760	-	2,236,760	2,107,510	2,107,510	(129,250)
Non-instructional programs	-	499,507	499,507	450,000	495,000	(4,507)
Other expenditures	2,361,610	-	2,361,610	2,694,651	2,995,000	633,390
Total expenses	<u>9,938,449</u>	<u>499,507</u>	<u>10,437,956</u>	<u>10,643,662</u>	<u>10,989,011</u>	<u>551,055</u>
Excess (deficiency) of revenues over (under) expenditures	(1,264,798)	(17,979)	(1,282,777)	(1,792,845)	(2,138,194)	855,417
Other financing sources (uses) net	<u>297,319</u>	<u>(11,042)</u>	<u>286,277</u>	<u>-</u>	<u>-</u>	<u>286,277</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(967,479)	(29,021)	(996,500)	(1,792,845)	(2,138,194)	1,141,694
Balance beginning of year	<u>1,665,261</u>	<u>97,084</u>	<u>1,762,345</u>	<u>2,281,963</u>	<u>2,281,963</u>	<u>(519,618)</u>
Balance end of year	<u><u>697,782</u></u>	<u><u>68,063</u></u>	<u><u>765,845</u></u>	<u><u>489,118</u></u>	<u><u>143,769</u></u>	<u><u>622,076</u></u>

CENTER POINT-URBANA 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 accrual [basis](#).

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by [\\$345,349](#).

During the year ended June 30, [2004](#), disbursements in the support services and non-instructional programs functions exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2004

Assets	<u>Management Levy</u>	<u>Student Activity Fund</u>	<u>Total</u>
	\$	\$	\$
Cash and pooled investments	-	48,561	48,561
Receivables:			
Property tax:			
Delinquent	1,385	-	1,385
Succeeding year	113,868	-	113,868
	<u>115,253</u>	<u>48,561</u>	<u>163,814</u>
Total assets	<u>115,253</u>	<u>48,561</u>	<u>163,814</u>
Liabilities & Fund Balances			
Liabilities:			
Warrants issued in excess of bank balance	11,275	-	11,275
Accounts payable	-	478	478
Deferred revenue:			
Succeeding year property tax	113,868	-	113,868
Total liabilities	<u>125,143</u>	<u>478</u>	<u>125,621</u>
Fund balances:			
Unreserved fund balance	<u>(9,890)</u>	<u>48,083</u>	<u>38,193</u>
Total liabilities and fund balances	<u>115,253</u>	<u>48,561</u>	<u>163,814</u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2004

	Management Levy	Student Activity Fund	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	89,263	-	89,263
Other	85	175,458	175,543
State sources	92	-	92
Total revenues	<u>89,440</u>	<u>175,458</u>	<u>264,898</u>
Expenditures:			
Current:			
Instruction:			
Other instruction	-	179,809	179,809
Support services:			
Administration services	42,062	-	42,062
Operation and maintenance of plant services	37,200	-	37,200
Transportation services	12,610	-	12,610
Total expenditures	<u>91,872</u>	<u>179,809</u>	<u>271,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,432)</u>	<u>(4,351)</u>	<u>(6,783)</u>
Other financing sources (uses):			
Operating transfers in		23,301	23,301
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,432)	18,950	16,518
Fund balances beginning of year, as restated	<u>(7,458)</u>	<u>29,133</u>	<u>21,675</u>
Fund balances end of year	<u>(9,890)</u>	<u>48,083</u>	<u>38,193</u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2004

Account	Balance	Revenues	Expenditures	Balance End
	Beginning of			of Year
	Year			
	\$	\$	\$	\$
Golf	-	1,634	-	1,634
Boys Baseball	-	5,424	-	5,424
Boys Track	-	2,578	-	2,578
Boys Wrestling	-	1,092	-	1,092
Girls Track	-	474	-	474
Banners	603	-	-	603
High school annual	838	12,111	5,107	7,842
Change	-	1,500	1,500	-
Now account	5	4	-	9
Drama	709	6,473	3,817	3,365
HS musical	2,734	918	2,391	1,261
MS musical	330	894	820	404
HS computer club	-	449	-	449
Storm troopers	-	905	687	218
Show choir	1,426	4,728	4,056	2,098
Cross country	-	500	483	17
Co-ed golf	-	309	1,943	(1,634)
Boys basketball	-	8,657	6,099	2,558
Football	952	22,324	19,653	3,623
Baseball	140	4,290	8,275	(3,845)
Boys track	(111)	420	2,827	(2,518)
Wrestling	668	2,534	4,294	(1,092)
Girls Basketball	-	6,711	3,679	3,032
Volleyball	1,041	3,054	1,405	2,690
Softball	17	7,860	7,422	455
Girls track	583	2,012	3,070	(475)
Girls basketball tourney	-	3,101	3,101	-
Boys basketball tournaments	-	5,736	5,736	-
Baseball tournaments	-	3,906	3,446	460
Softball tournaments	-	3,709	3,091	618
Middle school yearbook	244	2,016	1,836	424
Jump rope for heart	15	301	301	15
Elementary pop	1,340	2,491	3,125	706
HS pop	358	1,828	1,765	421
Senior science trip	126	6,463	6,547	42
Boys basketball camp	225	1,660	1,072	813
Rain forest	42	-	-	42
Home economics	478	1,437	1,445	470
Model UN scholarship fund	36	-	-	36
National Honor Society	323	223	317	229

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2004

<u>Account</u>	Balance	Revenues	Expenditures	Balance End
	Beginning of			of Year
	Year			
	\$	\$	\$	\$
Student council	3,776	18,780	19,737	2,819
Spanish club	1,752	999	2,087	664
MS pop	171	1,345	1,454	62
Cheerleaders	166	2,608	4,220	(1,446)
Drill team	2,736	3,206	5,760	182
Drill team fundraiser	-	2,212	806	1,406
Middle school pep club	74	2,888	2,630	332
Cheerleaders fundraiser	-	6,304	2,312	3,992
Softball clinic	34	670	200	504
Football clinic	632	-	70	562
Volleyball clinic	944	1,650	3,405	(811)
Senior class trip	20	2,385	2,405	-
Girls basketball camp	640	1,250	506	1,384
Baseball clinic	670	450	1,951	(831)
Class of 2003	1,564	-	1,564	-
Class of 2004	2,832	545	(205)	3,582
Class of 2005	-	22,716	21,119	1,597
Class of 2007	-	25	-	25
Ending accruals	-	-	478	(478)
Total	29,133	198,759	179,809	48,083

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund

Year ended June 30, 2004

	<u>Parent Organizations</u>
	\$
Balance beginning of year	82,540
Additions:	
Collections	173,947
Deductions:	
Miscellaneous	<u>175,497</u>
Balance end of year	<u><u>80,990</u></u>

CENTER POINT-URBANA 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	2,767,200	2,656,542	2,450,487	2,085,536
Tuition	518,066	476,898	382,159	330,297
Other	523,710	482,587	499,555	657,298
Intermediate sources	-	-	-	3,370
State sources	4,563,957	4,511,238	5,254,706	4,069,281
Federal sources	300,718	274,080	120,303	161,100
Total revenues	<u>8,673,651</u>	<u>8,401,345</u>	<u>8,707,210</u>	<u>7,306,882</u>
Expenditures:				
Instruction:				
Regular instruction	3,592,606	3,319,978	3,319,096	3,041,477
Special instruction	1,022,362	891,447	787,729	752,392
Other instruction	725,111	624,340	720,837	834,512
Support services:				
Student services	238,722	232,546	212,869	199,089
Instructional staff services	130,564	124,013	122,570	130,543
Administration services	819,307	818,815	765,748	619,968
Operation and maintenance of plant services	749,813	587,625	562,903	685,275
Transportation services	298,354	279,175	297,955	361,149
Other expenditures:				
Facilities acquisition	1,500,511	1,689,157	235,572	98,407
Long-term debt:				
Principal	270,000	299,000	288,000	273,000
Interest and other charges	293,367	306,756	249,981	261,692
AEA flowthrough	297,732	308,105	292,990	289,450
Total expenditures	<u>9,938,449</u>	<u>9,480,957</u>	<u>7,856,250</u>	<u>7,546,954</u>

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

To the Board of Education of the
Center Point-Urbana Community School District:

We have audited the financial statements of the Center Point-Urbana Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated September 14, 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 Center Point-Urbana Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.

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

Internal Control over Financial Reporting

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

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

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of [Center Point-Urbana](#) Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

September 14, [2004](#)

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year Ended June 30, 2004

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Reportable Conditions:

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

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

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

Conclusion: Response accepted.

04-I-B Computer Generated Signatures: We noted that the District's checks are automatically signed by computer software when the checks are printed. The same person who imputes all of the invoices is also printing the checks. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: The Board may designate a person other than the Board President to cosign checks. If the computer program is used to generate signatures, controls should be implemented to limit access to the computer program by a single person.

District Response: We will discuss methods to limit access to the computer program.

Conclusion: Response accepted.

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year Ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting

- 04-II-A** Official Depositories: Official depositories have been approved by the District. The maximum deposit amounts approved were exceeded during the year ended June 30, 2004.
- Recommendation: The District should increase the official depository so it is not exceeded during the times when cash flow of the District is the greatest.
- District Response: We will increase our depository resolution.
- Conclusion: Response accepted.
- 04-II-B** Certified Budget: Expenditures for the year ended June 30, 2004, exceeded the amounts budgeted in the support services and non-instructional program functional areas.
- 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.
- District Response: We did amend our budget but year end expenses were more than anticipated in those functions.
- Conclusion: Response accepted.
- 04-II-C** Questionable Expenditures: We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 04-II-D** Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 04-II-E** Business Transactions: We noted no transactions between the District and District officials or employees.
- 04-II-F** Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 04-II-G** Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 04-II-H** Certified Enrollment: We noted no variances in the basic enrollment data certified to the Department of Education.
- 04-II-I** Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 04-II-J** Certified Annual Report (CAR): The CAR was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year Ended June 30, 2004

Part II: Other Findings Related to Statutory Reporting (Continued):

04-II-K Financial Condition: The Debt Service Fund had a deficit fund balance of \$35,540, the Capital Projects Fund had a deficit fund balance of \$162,309 and the Special Revenue – Management Fund had a deficit fund balance of 9,890 at June 30, 2004 and the Student Activity Fund has several accounts with a deficit balances.

Recommendation: The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

District Response: We are working on ways to eliminate these deficits.

Conclusion: Response accepted.