

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2004**

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

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**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

OFFICIALS

Name -----	Title -----	Term Expires -----
Board of Education (Before September 2003 Election)		
M.J. Smith	President	2004
Larry Friedlein	Vice-President	2005
Greg Glawe	Board Member	2005
Christine Schroeder	Board Member	2004
Rose Eglseder	Board Member	2003

Board of Education (After September 2003 Election)		
M.J. Smith	President	2004
Larry Friedlein	Vice-President	2005
Greg Glawe	Board Member	2005
Christine Schroeder	Board Member	2004
Paul Kregel	Board Member	2006

School Officials		
Allan Nelson	Superintendent	2004
Joan Walke	District Secretary	2004
David Schlueter	Business Manager/Treasurer	2004

INDEPENDENT AUDITOR'S REPORT

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

We conducted our audit in accordance with United States of America 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Guttenberg Community School District at June 30, 2004 and the respective changes in financial position and cash flows, were applicable, for the year then ended in conformity with United States of America generally accepted accounting principles.

As described in Note 13 to the financial statements, during the year ended June 30, 2004, Guttenberg Community School District adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued a report dated September 9, 2004 on our consideration of the Guttenberg Community School District' s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management' s Discussion and Analysis and budgetary comparison information on page 4 through 12 and 41 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 Guttenberg Community School District' s basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 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.

O' CONNOR, BROOKS & CO., P.C.

Dubuque, Iowa
September 9, 2004

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

This section of the Guttenberg Community School District's Comprehensive Annual Financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2004. The analysis focuses on District financial performance as a whole.

Efforts have been made to provide comparison to prior year data when such data is available. In subsequent years comparison to prior year data will be provided for all key financial information.

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

Financial Highlights

- General fund revenues increased from \$4,509,982 in FY03 to \$4,566,391 in FY04 while general fund expenditures increased from \$4,305,253 in FY03 to \$4,379,826 in FY04. This resulted in the District's general fund balance to increase from \$454,011 on June 30, 2003 to \$641,341 on June 30, 2004.
- General fund revenues increased \$56,409 primarily due to increases in state aid and federal programs. The state aid increase is attributable to supplemental weighting resulting from reorganization incentives. The increase was less than anticipated due to a 2.5% across-the-board state aid reduction made in October, 2003.
- General fund expenditures increased \$74,573 primarily due to increases in special education tuition, technology, and textbook purchases.
- Local option sales tax collections in Clayton County began on January 1, 2004. The district began receiving funds in March, 2004. Total sales tax revenues for FY04 were \$51,810.
- The Board renewed the Instructional Support Levy in July, 2003. This levy generates an additional 10% of regular program district cost. The maximum income surtax rate was increased from 3% to 10%. The income surtax rate imposed for FY05 remained at 3%.
- The September, 2003 certified enrollment decreased 23.3 students versus September, 2002.
- Citizen petitions asking for reorganization of the Guttenberg Community School District with Garnavillo Community School District were submitted to the AEA in February, 2004. This merger was approved by the voters on September 14, 2004 and will take place on July 1, 2005.
- A resolution was adopted in June, 2004 asking the voters to approve a \$.51 Physical Plant and Equipment Levy for three years beginning with the FY06 budget year. The voters approved this levy at the September 14, 2004 election.

Overview of 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 Statement of Net Assets and Statement of Activities provide information on a government-wide basis. The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- 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 tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

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 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 is included here.

Fund Financial Statements

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 the 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.
- **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 funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. Internal service funds, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The District does not currently have any internal service funds.
- **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship fund. The District accounts for outside donations for specific District schools 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 table below provides a summary of the District's net assets for the year ended June 30, 2004 compared to 2003.

Figure A-1
Condensed Statement of Net Assets (\$000)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003-2004</u>
Current assets	\$3,694	\$3,844	\$25	\$23	\$3,719	\$3,867	4.0%
Capital assets	1,798	1,726	11	17	1,809	1,743	-3.6%
Total assets	5,492	5,570	36	40	5,528	5,610	1.5%
Current Liabilities	3,007	2,964	-	-	3,007	2,964	-1.4%
Non-current liabilities	3	62	-	-	3	62	1966.7%
Total liabilities	3,010	3,026	-	0	3,010	3,026	.5%
Net assets							
Invested in capital assets, net of related debt	1,787	1,681	11	17	1,798	1,698	-5.6%
Restricted	24	208	-	-	24	208	766.7%
Unrestricted	660	655	36	23	696	678	2.6%
Total net assets	\$2,471	\$2,544	\$47	\$40	\$2,518	\$2,584	2.6%

The District's combined net assets increased by 2.6% to \$2,583,757. The improvement in this financial position came from the increase in governmental activities net assets of approximately \$73,000, which was partially offset by an approximate \$7,000 decrease in the net assets of business type activities. The District's improved financial position is primarily due to the increase in restricted net assets, consisting of funds reserved for early retirement and physical plant and equipment.

Changes in net assets. The table below shows the changes in net assets for fiscal year 2004. Since this is the first year for preparation of financial statements in accordance with GASB Statement 34, revenue and expense comparisons to fiscal year 2003 are not available. Comparison data will be presented in subsequent years.

Figure A-2
Changes in Net Assets from Operating Results (\$000)

	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	Total School District <u>2004</u>
Revenues			
Program revenues			
Charges for services	1,017	108	1,125
Operating Grants & Contributions	437	69	506
Capital Grants & Contributions	0	-	-
General revenues			
Property taxes	1,767	-	1,767
State formula aid	1,712	-	1,712
Other	111	-	111
Total revenues	5044	177	5,221
Expenses			
Instruction	3,212	-	3,212
Pupil & Instructional Services	501	-	501
Administrative & Business	292	-	292
Maintenance & operations	236	-	236
Transportation	323	-	323
Other	260	173	433
Total expenses	4,824	173	4,997
Increase (decrease) in net assets	\$220	\$4	\$224

As shown in Figure A-2, property tax and state aid provide 69% of the funding required for governmental programs. Charges for services and operating grants provide 100% of the funding for business-type activities (food service program.)

Total District revenues exceeded total expenses, thereby increasing net assets \$224,000. Business-type activities contributed \$4,000 to this increase, with the remaining \$220,000 coming from governmental activities.

Approximately three-fourths of the district's expenses are instruction costs. Administration expenses account for 6%; maintenance accounts for 5%; transportation accounts for 6%; food service accounts for 3%; with the remaining other expenses accounting for 5%.

Governmental Activities

Revenues for governmental activities were \$5,044,000 while total expenses were \$4,824,000.

The table below presents the cost of six major district activities and each activities net cost. Net cost shows equals the total cost less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-3
Net Cost of Governmental Activities (\$000)

	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Instruction	\$ 3,212	\$ 1,998
Pupil & Instructional Services	501	496
Administrative & Business	292	291
Maintenance & operations	236	233
Transportation	323	256
Other	260	96
Total	\$ 4,824	\$ 3,370

The total cost of all governmental activities was \$4,824,000. The net cost is \$1,454,000 less due to funds received for instructional services provided to students from other districts, and due to funds received from the federal and state governments for certain programs they choose to subsidize (such as Title I.) Transportation aid is also received from the State for the non-public school in our district.

Business-Type Activities

Revenues of the District's business-type activities (food service) were comprised of charges for meals, federal and state reimbursements, and interest earnings. (See Figure A-2.)

Business-type activities revenues exceeded expenses by \$4,000. Charges for meals accounts for 61% of the total revenues, while contributions from the federal and state government for free and reduced meals and commodities accounts for the remaining 39%.

Financial Analysis of the District's Funds

Guttenberg Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2004, the governmental funds reported combined ending fund balances of \$3,843,068. Less than one-fourth of this balance, \$879,235, is unreserved fund balance. The remainder of the fund balance is reserved to show that it is not available for new spending because it has already been committed for encumbrances, student activities, and other restricted purposes.

The general fund is the chief operating fund of the District. At the end of fiscal year 2004, unreserved fund balance of the general fund was \$641,341. The total general fund balance increased \$188,369 during the fiscal year primarily due to an increase in accounts receivable from other governments and a higher beginning fund balance in FY04 versus FY03.

Budgetary Highlights

The District adopts a budget in April for the following year. A comparison of the District's budget amounts compared actual financial activity is provided in this report in the required supplementary information.

Total receipts exceeded the budget by \$47,741, or less than 1%. Total disbursements were \$757,448 under budget, which is 13.2%.

The total expenditures were less than budgeted due primarily to the District's general fund budget. It is the District's practice to budget expenditures at the maximum authorized spending authority for the general fund. The District then controls general fund spending through its line-item budget. As a result, the certified budget should always exceed actual expenditures for the year, as required by law.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2004 for its governmental and business-type activities was \$1,743,327 net accumulated depreciation. This investment includes land, buildings, and equipment. The total increase in capital assets of \$670,202 was primarily due to a prior period adjustment of \$665,564.

Figure A-4
Capital Assets (net of depreciation) (\$000)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2003-2004
	2003	2004	2003	2004	2003	2004	
Land	\$ 153	\$ 153	\$ -	\$ -	\$ 153	\$ 153	0.0%
Construction in progress	-	-	-	-	-	-	0.0%
Buildings	-	553	-	-	-	553	
Equipment & Furniture	909	1,020	11	17	920	1,037	12.7%
	\$ 1,062	\$ 1,726	\$ 11	\$ 17	\$ 1,073	\$ 1,743	62.4%

Long-Term Debt

At June 30, 2004 the District has no long-term debt outstanding.

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Guttenberg Community School District and Garnavillo Community School District voters approved a merger to be effective on July 1, 2005. Therefore, fiscal year 2005 will be the final year for Guttenberg Community School District.
- Voters also approved a three year levy of \$.51 per \$1,000 of assessed valuation for Physical Plant and Equipment needs. This levy will begin with the July 1, 2005 budget year, therefore it does not generate any additional funds for the Guttenberg Community School District.
- The District continues to experience declining enrollment. The September, 2004 enrollment decreased by 24 students. This trend is anticipated to continue for the next few years.
- Merger of the two districts will create a new district which will no longer be eligible for REAP funding. This federal funding has been used by the Guttenberg district for class size reduction in the elementary school. This funding contributed \$22,582 in FY04.
- All bargaining unit contracts are one-year contracts, and open for negotiation for next year. Salary and benefits represent 68% of general fund expenses. Since the district does not receive an increase in spending authority, any increase in settlements causes an adverse effect on the general fund budget and related fund balance.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives.

If you have questions about this report or need additional financial information, contact David Schlueter, Guttenberg Community School District, PO Box 520, Guttenberg, Iowa, 52052.

**BASIC
FINANCIAL
STATEMENTS**

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF NET ASSETS
JUNE 30, 2004**

	Governmental Activities	Business-Type Activities	Total
	-----	-----	-----
Assets			
Cash and cash equivalents:			
ISCAP	\$ 239,190	\$ ---	\$ 239,190
Other	1,344,567	20,908	1,365,475
Receivables:			
Property tax:			
Delinquent	29,774	---	29,774
Succeeding year	1,742,289	---	1,742,289
Income surtax	48,000	---	48,000
Accounts	---	1,704	1,704
Due from other governments	487,248	---	487,248
Inventories	---	662	662
Capital assets, net of depreciation	1,726,477	16,849	1,743,326
	-----	-----	-----
Total Assets	\$ 5,617,545	\$ 40,123	\$ 5,657,668
	-----	-----	-----
Liabilities			
Accounts payable	\$ 642,917	\$ ---	\$ 642,917
Salaries and benefits payable	337,514	---	337,514
Deferred revenue - succeeding year			
property tax	1,742,289	---	1,742,289
Deferred revenue - income surtax	48,000	---	48,000
ISCAP warrants payable	238,000	---	238,000
ISCAP unamortized premium	3,113	---	3,113
Long-term liabilities:			
Portion due within one year:			
Early retirement payable	34,702	---	34,702
Portion due after one year:			
Early retirement payable	27,376	---	27,376
	-----	-----	-----
Total Liabilities	\$ 3,073,911	\$ ---	\$ 3,073,911
	-----	-----	-----
Net Assets			
Invested in capital assets, net of			
related debt	\$ 1,726,477	\$ 16,849	\$ 1,743,326
Restricted for:			
Management levy	100,791	---	100,791
Physical plant and equipment levy	37,015	---	37,015
Other special revenue purposes	70,641	---	70,641
Local option sales and service tax			
(Capital Projects)	29,447	---	29,447
Unrestricted	579,263	23,274	602,537
	-----	-----	-----
Total Net Assets	\$ 2,543,634	\$ 40,123	\$ 2,583,757
	=====	=====	=====

See notes to financial statements.

EXHIBIT "B"

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular instruction	\$ 2,181,819	\$ 455,159	\$ 153,195	\$ 250	\$ (1,573,215.)	\$ ---	\$ (1,573,215.)
Special instruction	639,130	246,837	64,350	---	(327,943.)	---	(327,943.)
Other instruction	391,957	295,103	---	---	(96,854.)	---	(96,854.)
Total Instruction	\$ 3,212,906	\$ 997,099	\$ 217,545	\$ 250	\$ (1,998,012.)	\$ ---	\$ (1,998,012.)
Support Services:							
Student services	\$ 111,592	\$ ---	\$ ---	\$ ---	\$ (111,592.)	\$ ---	\$ (111,592.)
Instructional staff services	389,742	---	5,181	---	(384,561.)	---	(384,561.)
Administration services	291,724	---	1,000	---	(290,724.)	---	(290,724.)
Operation and maintenance of plant services	235,800	3,300	---	---	(232,500.)	---	(232,500.)
Transportation services	322,945	16,575	49,910	---	(256,460.)	---	(256,460.)
Central support services	16,394	---	---	---	(16,394.)	---	(16,394.)
Total Support Services	\$ 1,368,197	\$ 19,875	\$ 56,091	\$ ---	\$ (1,292,231.)	\$ ---	\$ (1,292,231.)

See notes to financial statements.

EXHIBIT "B" (Continued)

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Functions/Programs (Continued)							
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 47,165	\$ ---	\$ ---	\$ ---	\$ (47,165.)	\$ ---	\$ (47,165.)
AEA flowthrough	163,739	---	163,739	---	---	---	---
Depreciation (unallocated)*	32,842	---	---	---	(32,842.)	---	(32,842.)
Total Other Expenditures	\$ 243,746	\$ ---	\$ 163,739	\$ ---	\$ (80,007.)	\$ ---	\$ (80,007.)
Total Governmental Activities	\$ 4,824,849	\$ 1,016,974	\$ 437,375	\$ 250	\$ (3,370,250.)	\$ ---	\$ (3,370,250.)
Business-Type Activities:							
Non-instructional programs:							
Food service operations	172,793	161,995	14,802	---	---	4,004	4,004
Total	\$ 4,997,642	\$ 1,178,969	\$ 452,177	\$ 250	\$ (3,370,250.)	\$ 4,004	\$ (3,366,246.)

See notes to financial statements.

EXHIBIT "B" (Continued)

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,766,522	\$ ---	\$ 1,766,522
Local option sales tax and service tax					51,753	---	51,753
Unrestricted state grants					1,711,942	---	1,711,942
Unrestricted investment earnings					11,711	245	11,956
Other					48,440	---	48,440
Total General Revenues					\$ 3,590,368	\$ 245	\$ 3,590,613
Change in Net Assets					\$ 220,118	\$ 4,249	\$ 224,367
Net Assets Beginning of Year, as restated for GASB 34					\$ 1,657,952	\$ 35,874	\$ 1,693,826
Prior Period Adjustment					665,564	---	665,564
Net Asset Beginning of Year, as restated					\$ 2,323,516	\$ 35,874	\$ 2,359,390
Net Assets End of Year					\$ 2,543,634	\$ 40,123	\$ 2,583,757

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

See notes to financial statements.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

	General	Nonmajor Governmental Funds	Total
	-----	-----	-----
Assets			
Cash and pooled investments			
ISCAP	\$ 239,190	\$ ---	\$ 239,190
Other	1,098,657	245,910	1,344,567
Receivables:			
Property Tax:			
Delinquent	27,278	2,496	29,774
Succeeding year	---	---	---
Accounts	1,598,548	143,741	1,742,289
Due from other governments	475,515	11,733	487,248
	-----	-----	-----
Total Assets	\$ 3,439,188	\$ 403,880	\$ 3,843,068
	=====	=====	=====
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 620,672	\$ 22,245	\$ 642,917
Salaries and benefits payable	337,514	---	337,514
Due to other governments	---	---	---
ISCAP warrants payable	238,000	---	238,000
ISCAP unamortized premium	3,113	---	3,113
Deferred revenue:			
Succeeding year property tax	1,598,548	143,741	1,742,289
	-----	-----	-----
Total Liabilities	\$ 2,797,847	\$ 165,986	\$ 2,963,833
	-----	-----	-----
Fund Balances:			
Unreserved	\$ 641,341	\$ 237,894	\$ 879,235
	-----	-----	-----
Total Liabilities and Fund Balances	\$ 3,439,188	\$ 403,880	\$ 3,843,068
	=====	=====	=====

See notes to financial statements.

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total fund balances of governmental funds \$ 879,235

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

Capital assets of \$3,382,135, net of accumulated depreciation of
(\$1,655,658) are not financial resources and, therefore, are not
reported in the funds. 1,726,477

Long-term liabilities are not due and payable in the current
period and are not reported in the funds. (62,078.)

Net assets of governmental activities \$ 2,543,634
=====

See notes to financial statements.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004**

	General	Nonmajor Governmental Funds	Total
	-----	-----	-----
Revenues:			
Local sources:			
Local tax	\$ 1,615,376	\$ 195,274	\$ 1,810,650
Tuition	230,779	---	230,779
Other	518,154	282,360	800,514
State sources	2,051,016	177	2,051,193
Federal sources	151,066	---	151,066
	-----	-----	-----
Total Revenue	\$ 4,566,391	\$ 477,811	\$ 5,044,202
	-----	-----	-----
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 2,149,452	\$ 40,518	\$ 2,189,970
Special instruction	639,130	---	639,130
Other instruction	391,957	---	391,957
	-----	-----	-----
	\$ 3,180,539	\$ 40,518	\$ 3,221,057
	-----	-----	-----
Support Services:			
Student services	\$ 111,414	\$ 178	\$ 111,592
Instructional staff services	128,640	276,306	404,946
Administration services	288,228	3,496	291,724
Operation and maintenance of plant services	211,103	24,302	235,405
Transportation services	281,561	34,293	315,854
Central support services	14,602	1,792	16,394
	-----	-----	-----
	\$ 1,035,548	\$ 340,367	\$ 1,375,915
	-----	-----	-----

See notes to financial statements.

EXHIBIT "E"
(continued)

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	General	Nonmajor Governmental Funds	Total
	-----	-----	-----
Other Expenditures:			
Facilities acquisition	\$ ---	\$ 66,537	\$ 66,537
AEA flowthrough	163,739	---	163,739
	-----	-----	-----
	\$ 163,739	\$ 66,537	\$ 230,276
	-----	-----	-----
Total Expenditures	\$ 4,379,826	\$ 447,422	\$ 4,827,248
	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 186,565	\$ 30,389	\$ 216,954
	-----	-----	-----
Other Financing Sources (Uses):			
Sale of equipment and materials	\$ 765	\$ ---	\$ 765
	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 765	\$ ---	\$ 765
	-----	-----	-----
Net Change in Fund Balances	\$ 187,330	\$ 30,389	\$ 217,719
	-----	-----	-----
Fund Balances Beginning of Year, as restated	454,011	207,505	661,516
	-----	-----	-----
Fund Balances End of Year	\$ 641,341	\$ 237,894	\$ 879,235
	=====	=====	=====

See notes to financial statements.

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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 \$ 217,719

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

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation
expense. This is the amount by which depreciation of (\$80,663)
exceeded capital outlays of \$79,478 in the current period (1,185.)

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 governmental funds. This includes the net
decrease in the early retirement payable. 3,584

Change in net assets of governmental activities \$ 220,118
=====

See notes to financial statements.

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2004

	School Nutrition

Assets	
Cash and cash equivalents	\$ 20,908
Accounts receivable	1,704
Inventories	662
Capital assets, net of accumulated depreciation	16,849

Total Assets	\$ 40,123

Liabilities	
None	\$ ---

Net Assets	
Invested in capital assets, net of related debt	\$ 16,849
Unrestricted	23,274

Total Net Assets	\$ 40,123
	=====

See notes to financial statements.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2004**

	School Nutrition -----
Operating Revenue:	
Local sources:	
Charges for services	\$ 161,995 -----
Operating Expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	\$ 65,666
Benefits	10,823
Purchased services	230
Supplies	93,137
Depreciation	2,937 -----
Total Operating Expenses	\$ 172,793 -----
Operating Loss	\$ (10,798.) -----
Non-Operating Revenue:	
State sources	\$ ---
Federal sources	14,802
Interest income	245 -----
Total Non-Operating Revenue	\$ 15,047 -----
Changes in Net Assets	\$ 4,249
Net Assets Beginning of Year	35,874 -----
Net Assets End of Year	\$ 40,123 =====

See notes to financial statements.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2004**

	School Nutrition
Cash Flows From Operating Activities:	-----
Cash received from sale of lunches and breakfasts	\$ 160,291
Cash paid to employees for services	(76,489.)
Cash paid to suppliers for goods and services	(76,553.)

Net Cash Provided by Operating Activities	\$ 7,249

Cash Flows From Noncapital Financing Activities:	
Federal grants received	\$ 300

Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	\$ (8,760.)

Cash Flows From Investing Activities:	
Interest on investments	\$ 245

Net decrease in cash and cash equivalents	(966.)
Cash and Cash Equivalents Beginning of Year	21,874

Cash and Cash Equivalents End of Year	\$ 20,908
	=====
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (10,798.)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	14,502
Depreciation	2,937
Decrease in inventories	2,348
Increase in accounts receivable	(1,740.)

Net Cash Provided by Operating Activities	\$ 7,249
	=====
Non-Cash Investing, Capital and Financing Activities:	
During the year ended June 30, 2004, the District received \$14,502 of federal commodities.	

See notes to financial statements.

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	Private Purpose Trust	
	Scholarship	Agency
	-----	-----
Assets		
Cash and pooled investments	\$ 24,028	\$ 2,552
	-----	-----
Liabilities		
Due to other governments	\$ ---	\$ 2,552
	-----	-----
Net Assets		
Reserved for Scholarships	\$ 24,028	\$ ---
	=====	=====

See notes to financial statements.

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2004

	Private Purpose Trust
	----- Scholarship -----
Additions:	
Local sources:	
Gifts and contributions	\$ 5,975
Interest income	997

Total Additions	\$ 6,972
Deductions:	
Support services:	
Scholarships awarded	6,640

Change in Net Assets	\$ 332
Net Assets Beginning of Year	23,696

Net Assets End of Year	\$ 24,028
	=====

See notes to financial statements.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 1 - Summary of Significant Accounting Policies:

The Guttenberg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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, Guttenberg 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 Guttenberg 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 Clayton 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 services.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

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 activities:

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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The District reports the following major governmental fund:

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

The District reports the following major proprietary fund:

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

The District also reports fiduciary funds which focus on net 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 the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 non-negotiable certificates of deposit which are stated at cost.

For purposes of the statements of cash flows, all short-term cash deposits 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, they have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2004 included certificates of deposit of \$13,450 with maturity dates longer than three months.

Property Tax Receivable - Property tax in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year 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

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% 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 - Inventory items are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Land		All
Buildings	\$	1,500
Improvements other than buildings		1,500
Furniture and Equipment:		
School Nutrition Fund equipment		1,500
Other furniture and equipment		1,500

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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

Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-20 years

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

Compensated Absences - School District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently, no liability at June 30, 2004 has been accrued.

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

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

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.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted at the functional level or exceed the General Fund unspent authorized budget.

Note 2 - Cash and Pooled Investments:

The District' s deposits 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 has no investments meeting the disclosure requirements of Governmental Auditing Standard Board Statement Number 3.

Note 3 - Iowa School Cash Anticipation Program (ISCAP):

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 3 - Iowa School Cash Anticipation Program (ISCAP): (Continued)

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	06/30/04	06/30/05	\$ 239,190	\$ ---	\$ 238,000	\$ ---
			=====	=====	=====	=====

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:

Series	Balance Beginning of Year	Advances Received	Advance Repaid	Balance End of Year
-----	-----	-----	-----	-----
2003-04A	\$ 345,000	\$ ---	\$ 345,000	\$ ---
2004-05A	---	238,000	---	238,000
	-----	-----	-----	-----
Total	\$ 345,000	\$ 238,000	\$ 345,000	\$ 238,000
	=====	=====	=====	=====

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
-----	-----	-----
2003-04A	2.00%	2.603%
2004-05A	3.00%	2.463%

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 4 - Capital Assets:

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

	Balance Beginning of Year as restated	Prior Period Adjustment	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----	-----
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 153,176	\$ ---	\$ ---	\$ ---	\$ 153,176
	-----	-----	-----	-----	-----
Total capital assets not being depreciated	\$ 153,176	\$ ---	\$ ---	\$ ---	\$ 153,176
	-----	-----	-----	-----	-----
Capital assets being depreciated:					
Buildings	\$ 297,925	\$ 1,333,925	\$ 10,802	\$ ---	\$ 1,642,652
Furniture and equipment	1,346,624	216,815	68,676	45,808	1,586,307
	-----	-----	-----	-----	-----
Total capital assets being depreciated	\$ 1,644,549	\$ 1,550,740	\$ 79,478	\$ 45,808	\$ 3,228,959
	-----	-----	-----	-----	-----
Less accumulated depreciation for:					
Buildings	\$ 297,925	\$ 762,841	\$ 29,331	\$ ---	\$ 1,090,097
Furniture and equipment	437,702	122,335	51,332	45,808	565,561
	-----	-----	-----	-----	-----
Total accumulated depreciation	\$ 735,627	\$ 885,176	\$ 80,663	\$ 45,808	\$ 1,655,658
	-----	-----	-----	-----	-----
Total capital assets, being depreciated, net	\$ 908,922	\$ 665,564	\$ (1,185.)	\$ ---	\$ 1,573,301
	-----	-----	-----	-----	-----
Governmental activities capital assets, net	\$ 1,062,098	\$ 665,564	\$ (1,185.)	\$ ---	\$ 1,726,477
	=====	=====	=====	=====	=====
Business-type activities:					
Furniture and equipment	\$ 28,817	\$ ---	\$ 8,759	\$ ---	\$ 37,576
Less accumulated depreciation	17,790	---	2,937	---	20,727
	-----	-----	-----	-----	-----
Business-type activities capital assets, net	\$ 11,027	\$ ---	\$ 5,822	\$ ---	\$ 16,849
	=====	=====	=====	=====	=====

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 4 - Capital Assets: (Continued)

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular instruction	\$ 3,493
Support services:	
Instructional staff support services	11,254
Operation and maintenance of plant services	395
Transportation services	32,679
Unallocated	32,842

Total depreciation expense - governmental activities	\$ 80,663
	=====
Business-type activities:	
Food services	\$ 2,937
	=====

Note 5 - Long-Term Liabilities:

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

	Early Retirement

Balance Beginning of Year	\$ 65,662
Additions	62,078
Reductions	(65,662.)

Balance End of Year	\$ 62,078
	=====

Early Retirement:

The District offers a voluntary early retirement plan to its certified and non-certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible certified employee is equal to 25 percent of the employee' s final fiscal year wage. The early retirement incentive for non-certified employees is equal to 25 percent of their current annual base pay. Early retirement benefits paid during the year ended June 30, 2004, totaled \$65,662.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 6 - Pension and Retirement Benefits:

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

Plan members are required to contribute 3.70% of their annual 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 the state statute. The District' s contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$134,473, \$136,032, and \$135,443, respectively, equal to the required contributions for each year.

Note 7 - Risk Management:

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

Note 8 - Area Education Agency:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District' s actual amount for this purpose totaled \$163,739 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 9 - Operating Lease Commitment:

The District entered into noncancellable operating leases for three school buses.

Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2004, are as follows:

<u>Year Ending June 30</u>	
2005	\$ 171,507
	=====

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 10 - Prior Period Adjustment:

As a result of implementing GASB Statement No. 34, the District determined that the capital assets of the governmental activities were understated. This adjustment adds these items and their related accumulated depreciation. This causes the total assets and the total net assets of the governmental activities to increase \$665,564.

Note 11 - Subsequent Event - District Merger:

On September 14, 2004, a vote was held which approved the merger of the Guttenberg Community School District with the Garnavillo Community School District. The new, merged district will be named Clayton Ridge Community School District and is effective July 1, 2005.

Note 12 - Construction Commitment:

The District has entered into a contract totaling \$14,550 for the construction of a new remodeling project. As of June 30, 2004, no costs had been incurred against the contract. The balance of \$14,550 remaining at June 30, 2004 will be paid as work on the project progresses.

Note 13 - Accounting Change and Restatements:

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

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

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 13 - Accounting Change and Restatements: (Continued)

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

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

	Fund		
	General	Non-Major	Total
Net assets, June 30, 2003, as previous reported	\$ 454,011	\$ 206,440	\$ 660,451
GASB Interpretation No. 6 adjustments:			
Early retirement payable	---	1,065	1,065
Net Assets, July 1, 2003, as restated for governmental funds	\$ 454,011	\$ 207,505	\$ 661,516
GASB 34 adjustments:			
Capital assets, net			1,062,098
Long-term liabilities:			
Early retirement			(65,662.)
Net assets, as restated at July 1, 2003			\$ 1,657,952

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2004**

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Fund Actual		Original	Final	
Receipts:	-----	-----	-----	-----	-----	-----
Local sources	\$ 2,841,943	\$ 162,240	\$ 3,004,183	\$ 2,879,231	\$ 2,879,231	\$ 124,952
State sources	2,051,193	---	2,051,193	2,124,272	2,124,272	(73,079.)
Federal sources	151,066	14,802	165,868	170,000	170,000	(4,132.)
	-----	-----	-----	-----	-----	-----
Total Receipts	\$ 5,044,202	\$ 177,042	\$ 5,221,244	\$ 5,173,503	\$ 5,173,503	\$ 47,741
	-----	-----	-----	-----	-----	-----
Disbursements:						
Instruction	\$ 3,497,238	\$ ---	\$ 3,497,238	\$ 4,064,038	\$ 4,064,038	\$ 566,800
Support services	1,099,734	---	1,099,734	1,165,000	1,165,000	65,266
Non-instructional program	---	172,793	172,793	230,138	230,138	57,345
Other expenditures	230,276	---	230,276	298,313	298,313	68,037
	-----	-----	-----	-----	-----	-----
Total Disbursements	\$ 4,827,248	\$ 172,793	\$ 5,000,041	\$ 5,757,489	\$ 5,757,489	\$ 757,448
	-----	-----	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 216,954	\$ 4,249	\$ 221,203	\$ (583,986.)	\$ (583,986.)	\$ 805,189
Other Financing Sources, Net	765	---	765	---	---	765
	-----	-----	-----	-----	-----	-----
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ 217,719	\$ 4,249	\$ 221,968	\$ (583,986.)	\$ (583,986.)	\$ 805,954
Balances Beginning of Year	661,516	35,874	697,390	593,756	593,756	103,634
	-----	-----	-----	-----	-----	-----
Balances End of Year	\$ 879,235	\$ 40,123	\$ 919,358	\$ 9,770	\$ 9,770	\$ 909,588
	=====	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**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. Encumbrances are not recognized on the accrual basis budget and appropriations lapse at year end.

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

During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted at the functional level or exceed the General Fund unspent authorized budget.

SCHEDULE "1"

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Management	Student Activity	Physical Plant and Equipment Levy	Capital Projects	
Assets					
Cash and pooled investments	\$ 99,053	\$ 72,148	\$ 36,257	\$ 38,452	\$ 245,910
Receivables:					
Property tax:					
Delinquent	1,738	---	758	---	2,496
Succeeding year	100,000	---	43,741	---	143,741
Due from other governments	---	---	---	11,733	11,733
Total Assets	\$ 200,791	\$ 72,148	\$ 80,756	\$ 50,185	\$ 403,880
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ ---	\$ 1,507	\$ ---	\$ 20,738	\$ 22,245
Deferred revenue:					
Succeeding year property tax	100,000	---	43,741	---	143,741
Total Liabilities	\$ 100,000	\$ 1,507	\$ 43,741	\$ 20,738	\$ 165,986
Fund Equity:					
Unreserved fund balances	\$ 100,791	\$ 70,641	\$ 37,015	\$ 29,447	\$ 237,894
Total Liabilities and Fund Equity	\$ 200,791	\$ 72,148	\$ 80,756	\$ 50,185	\$ 403,880

See accompanying independent auditor's report.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004**

	Special Revenue Funds				
	Management	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total Nonmajor Governmental Funds
Revenues:					
Local Sources:					
Local tax	\$ 99,815	\$ ---	\$ 43,706	\$ 51,753	\$ 195,274
Other	720	281,118	465	57	282,360
State sources	122	---	55	---	177
Total Revenues	\$ 100,657	\$ 281,118	\$ 44,226	\$ 51,810	\$ 477,811
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 40,518	\$ ---	\$ ---	\$ ---	\$ 40,518
Support Services:					
Student services	\$ 178	\$ ---	\$ ---	\$ ---	\$ 178
Instructional staff services	125	276,181	---	---	276,306
Administration services	3,496	---	---	---	3,496
Operation and maintenance of plant services	24,302	---	---	---	24,302
Transportation services	10,650	---	23,643	---	34,293
Central support services	1,792	---	---	---	1,792
Total Support Services	\$ 40,543	\$ 276,181	\$ 23,643	\$ ---	\$ 340,367
Other Expenditures:					
Facilities acquisition	\$ ---	\$ ---	\$ 44,174	\$ 22,363	\$ 66,537
Total Expenditures	\$ 81,061	\$ 276,181	\$ 67,817	\$ 22,363	\$ 447,422

See accompanying independent auditor's report.

SCHEDULE "2"
(Continued)

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Management	Student Activity	Physical Plant and Equipment Levy	Capital Projects	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 19,596	\$ 4,937	\$ (23,591.)	\$ 29,447	\$ 30,389
Other Financing Sources (Uses):					
None	---	---	---	---	---
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 19,596	\$ 4,937	\$ (23,591.)	\$ 29,447	\$ 30,389
Fund Balances Beginning of Year, as restated	81,195	65,704	60,606	---	207,505
Fund Balances End of Year	\$ 100,791	\$ 70,641	\$ 37,015	\$ 29,447	\$ 237,894

See accompanying independent auditor's report.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2004**

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	-----	-----	-----	-----
Adult Pop - Elementary	\$ 404	\$ 2,311	\$ 2,160	\$ 555
Assemblies	(231.)	4,840	4,465	144
Athletic Club	41	---	41	--
Athletics	2,886	41,968	42,672	2,182
Baseball	(697.)	384	993	(1,306.)
Board & Administration Gifts	---	240	127	113
Boys Basketball	2,029	1,840	1,913	1,956
Cheerleaders	59	250	171	138
Class of 2004	18,223	34,028	52,480	(229.)
Class of 2005	11,247	17,881	7,004	22,124
Class of 2006	2,740	12,038	6,644	8,134
Class of 2007	---	10,708	5,931	4,777
Clayton Ridge Activities	---	250	---	250
Cross Country	(183.)	964	761	20
Dare Activity/Trip Account	3,131	---	---	3,131
Drama Club	219	2,362	2,538	43
Drill Team	4,286	19,917	21,486	2,717
Elementary Assemblies	2,248	3,320	3,393	2,175
Elementary Safety Patrol	159	177	214	122
FCCLA	732	1,083	874	941
FFA Environment Grant	3,500	---	607	2,893
FFA Memorial Fund	6,220	3,355	1,730	7,845
FFA Project Fund	1,786	18	301	1,503
FFA Trip Account	(325.)	14,634	14,678	(369.)
Fine Arts Division	744	1,568	1,970	342
Football	(1,280.)	166	56	(1,170.)
Girls Basketball	1,584	2,613	4,393	(196.)
Mass Media	396	10	239	167
National Honor Society	673	797	1,116	354
Parent Advisory Committee	75	2,062	1,804	333
Philanthropist Club	566	---	526	40
Random Act of Kindness Club	(159.)	757	409	189
Reading Month	1,834	518	343	2,009
Softball	(50.)	875	875	(50.)
Strength & Condition Camp	35	--	35	--
Student Senate	4,386	33,908	36,071	2,223
FFA Tri-Star	(2,085.)	40,994	40,575	(1,666.)
Volleyball	(70.)	12,482	9,703	2,709
Wrestling	289	720	--	1,009
Yearbook	292	11,080	6,883	4,489
	-----	-----	-----	-----
Total	\$ 65,704	\$ 281,118	\$ 276,181	\$ 70,641
	=====	=====	=====	=====

See accompanying independent auditor's report.

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2004

	Balance Beginning of Year -----	Additions -----	Deductions -----	Balance End of Year -----
Assets:				
Cash and deposits	\$ 2,556 =====	\$ 1,356 =====	\$ 1,360 =====	\$ 2,552 =====
Liabilities:				
Payable to others	\$ 2,556 =====	\$ 1,356 =====	\$ 1,360 =====	\$ 2,552 =====

See accompanying independent auditor's report.

GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues:				
Local Sources:				
Local tax	\$ 1,810,650	\$ 1,728,878	\$ 1,682,541	\$ 1,599,367
Tuition	230,779	235,837	210,661	108,880
Other	800,514	820,516	817,909	597,720
State Sources	2,051,193	2,011,316	1,923,710	2,026,336
Federal Sources	151,066	143,098	109,217	87,146
Total	\$ 5,044,202	\$ 4,939,645	\$ 4,744,038	\$ 4,419,449
Expenditures:				
Instruction:				
Regular instruction	\$ 2,189,970	\$ 2,148,636	\$ 2,494,191	\$ 2,060,072
Special instruction	639,130	557,022	608,445	462,742
Other instruction	391,957	659,521	449,275	437,186
Support Services:				
Student services	111,592	65,435	69,416	63,261
Instructional staff services	404,946	146,159	150,617	113,109
Administration services	291,724	286,889	272,336	330,090
Operation and maintenance of plant services	235,405	233,390	244,286	230,764
Transportation services	315,854	283,115	292,392	310,483
Central support services	16,394	22,357	18,540	71,118
Non-Instructional Programs	---	4,630	2,344	---
Other Expenditures:				
Facilities acquisition	66,537	23,007	40,110	38,938
AEA flowthrough	163,739	174,387	173,872	181,498
Total	\$ 4,827,248	\$ 4,604,548	\$ 4,815,824	\$ 4,299,261

See accompanying independent auditor's report.

**OTHER
SUPPLEMENTARY
INFORMATION**

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

To the Board of Education of the
Guttenberg Community School District

We have audited the financial statements of the Guttenberg Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated September 9, 2004. We conducted our audit in accordance with United States of America 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. Our report included an explanatory paragraph on the implementation on GASB Statements No. 34, 37, 38, and 41 and a disclaimer of opinion on the required supplementary information including Management' s Discussion and Analysis.

Compliance

As part of obtaining reasonable assurance about whether Guttenberg Community School District' s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 item II-K-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guttenberg Community School District' s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an 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 operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District' s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

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

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Guttenberg 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.

O' CONNOR, BROOKS & CO., P.C.

Dubuque, Iowa
September 9, 2004

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004**

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-04 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - We will consider this.

Conclusion - Response acknowledged. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Part II: Other Findings Related to Statutory Reporting:

II-A-04 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.

II-B-04 Certified Budget - Disbursements for the year ended June 30, 2004 did not exceed the amount budgeted.

II-C-04 Questionable Disbursements - No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General' s opinion dated April 25, 1979.

II-D-04 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

**GUTTENBERG COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2004**

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

- II-E-04 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-F-04 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-G-04 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- II-H-04 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-I-04 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District' s investment policy were noted.
- II-J-04 Certified Annual Report - The certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-04 Deficit Balances - The Student Activity Fund had seven accounts with deficit balances at June 30, 2004.

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

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.