
CEDAR FALLS COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INTERNAL CONTROLS AND COMPLIANCE

JUNE 30, 2005

 **CARNEY,
ALEXANDER,
MAROLD & CO., L.L.P.**
Certified Public Accountants

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September, 2004 Election)		
Marlene W. Behn	President	2004
Deon E. Senchina	Vice President	2006
Richard Vande Kieft	Board Member	2004
Joyce E. Coil	Board Member	2005
Duane L. Hamilton	Board Member	2005
James R. Kenyon	Board Member	2005
Dan Battcher	Board Member	2006

Board of Education
(After September, 2004 Election)

Deon E. Senchina	President	2006
James R. Kenyon	Vice President	2005
Richard Vande Kieft	Board Member	2007
Joyce E. Coil	Board Member	2005
Duane L. Hamilton	Board Member	2005
Dan Battcher	Board Member	2006
Susan Lantz	Board Member	2007

School Officials

Dr. Daniel H. Smith	Superintendent	2005
Craig Hansel	District Secretary	2005
John Steen	District Treasurer	2005
John C. Larsen	Attorney	Indefinite

Cedar Falls Community School District

Independent Auditors' Report

To the Board of Education of the
Cedar Falls Community School District

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Cedar Falls Community School District, Iowa, as of and for the year ended June 30, 2005, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards 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 Cedar Falls Community School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2005 on our consideration of Cedar Falls Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 pages 4 through 26 and 49 through 51 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cedar Falls 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, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included on pages 52 through 59, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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.

October 12, 2005

Carney, Alexander, Marold & Co., L.L.P.

Management Discussion and Analysis Year Ending June 30, 2005

This section of the Cedar Falls Community School District's Annual Financial Report presents our discussion and analysis of the CFCSD financial performance during the fiscal year that ended on June 30, 2005. Please read it in conjunction with the CFCSD financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information (RSI) specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June of 1999.

Financial Highlights

- The District's unreserved / undesignated general fund balance decreased from \$1,527,334 to \$1,348,908. This lowered the district's financial solvency ratio from 4.97% in FY2004 to 4.29% for FY2005 which is still under the target range of 5%-10%.
- The CFCSD certified enrollment count taken on September 17, 2004, was 4,267.1. This enrollment level represents 69.2 students more than the prior year. This student increase is the third consecutive year enrollment has increased. This comes on the heels of a large and extended enrollment decline that had taken place since September 20, 1991, when student enrollment levels were recorded at 5,002 students.
- Interest rates made a remarkable improvement during FY2005. Rates on district investments climbed from .92% in July of 2004 to 2.81% in June of 2005. Interest earnings in the General Fund increased from \$91,615 in FY2004 to \$175,730 in FY2005.
- The District ended FY2004 with a fund balance of \$1,535,197. For FY2005 this balance declined to \$1,357,543. This decrease of \$177,654 is primarily due to increased spending in special education programming.
- FY2005 cash-flow needs did not require the District to participate in (ISCAP) or incur other debt for this purpose. However, due to the 60 day post fiscal year close accrual period, it should be noted that the Board of Directors did approve the sale of \$5,000,000 school infrastructure local option sales and service tax bond and revenue anticipation notes, series 2005 at their August meeting.
- Capital project revenue totaled for FY2005 \$3,739,296 compared to \$3,716,141 for FY2004 and expenditures of \$3,983,234 for FY2005 compared to \$1,250,748 made from the Local Option Sales Tax funds during FY2004.
- A contract in the amount of \$8,279,000 was approved in May 2005 to construct the new Lincoln elementary building. The High School continued work on the English, administration, and front 1/2 building renovations started in April of 2004. This project is to be substantially completed by August 23, 2005 for a cost of \$3,677,106.
- The Special Education program fund balance ended FY2005 with a balance of (\$267,597) compared to FY2004 with a (\$39,260) balance. This results in a decrease of \$228,337 from the prior year. The largest deficit balances accrued for Level 1 services where \$539,082 more was spent than revenue received.
- The contribution ratio shows that the District continues to move toward increased local revenue effort while decreasing state contribution levels. This is a result of the district's growing tax base. The District's taxable valuation in January of 2005 was \$1,154,839,247 compared to \$1,120,580,846 an increase of \$34,258,401 or 3.06%.
- The Day's Net Cash Ratio shows that the General fund cash flow capacity remained relatively constant. On June 30, 2005 the District had a combination General Fund cash and investments on hand totaling \$6,199,874. This amount, when divided by FY2005 average daily expenditures of \$86,596, yields 72 days of operating cash flow.

Management Discussion and Analysis
Year Ending June 30, 2005

Table 1 summarizes the major features of the CFCSD financial statements, including the portion of the CFCSD activities they cover and the types of information they contain. The remainder of this overview section highlights the structure and contents of these statements.

Table 1 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 District activities that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: Internal service funds (insurance), food service, and community education	Instances in which the District administers resources on behalf of someone else, such as flexible benefit plans, scholarships, and other trust and agency accounts
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows 	<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 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, capital, and short-term and long-term	All assets and liabilities, both short 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 dedications 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 CFCSD net assets and how they have changed. Net assets, the difference between the CFCSD assets and liabilities, are one way to measure the district's financial health or condition.

Management Discussion and Analysis Year Ending June 30, 2005

- Over time, increases or decreases in net assets can be an indicator of whether the financial position is improving or deteriorating, respectively.
- To accurately assess the overall health of the district consideration needs to be given to additional non-financial factors such as changes in the property tax base, conditions of school facilities, local and state regulations, economic, political climates, student enrollment, etc.

In the government-wide financial statements the activities are shown in two categories:

- **Governmental activities** - Most of the basic services are included here, such as regular and special education, transportation, operation and maintenance, 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 we provide. An example would be the Nutrition Fund.

Fund Financial Statements

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

- Some funds are required by state law and debt requirements.
- The District establishes other funds to control and manage money for particular purposes (i.e., instructional support levy) or to show that it is properly using certain revenues (i.e., Title I, teacher compensation).

The District has three kinds of funds:

- *Governmental Funds* – As mentioned before, most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance district programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements.

This information explains the relationship (or differences) between them. Specific funds in use during this report include:

- *General Fund*
 - *Operating Fund - 10*
 - *Special Education – 12*
 - *Teacher Compensation and Phase Program – 14*
 - *Instructional Support Levy (ISL) – 16*
 - *Twenty-first Century Learning Grant (ECHOES) – 18*
 - *Student Fees - 77*
 - *Miscellaneous Agency – 78*

**Management Discussion and Analysis
Year Ending June 30, 2005**

- *Special Revenue Funds*
 - *Student Activity Fund – 21*
 - *Management Fund – 22*
 - *Regular Physical Plant & Equipment Levy (PPEL) – 23*
 - *Public Purpose Trust / Expendable - 27*
- *Capital Projects Fund – 33*
- *Debt Service – 40*
- *Permanent Fund / Public Purpose Trust / Non-Expendable - 45*
- *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 uses internal service funds to report activities that provide supplies or services for other district programs and activities. Specific funds in use during this report year include:
 - *Enterprise Funds*
 - *Nutrition – 51*
 - *Internal Service Funds*
 - *Insurance Benefits – 62*
 - *Central Warehouse – 64*
 - *Flexible Spending Accounts - 79*
- *Fiduciary Funds* - The district is the trustee or fiduciary for assets that belong to others. The district is responsible for ensuring that the assets reported in these funds are used for their intended purposes and only by those whom the assets belong. All of the district's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the government-wide financial statements because the district cannot use these assets to finance its operations. Specific funds in use during FY2005 include:
 - *Private Purpose Trust / Non-Expendable – 73*
 - *Agency Funds:*
 - *Private Purpose / Expendable - 71*
 - *Community Admin Fund – 76*

**Management Discussion and Analysis
Year Ending June 30, 2005**

Financial Analysis of the District as a Whole

Assets / Liabilities

The district listed net assets of \$32,139,737 on June 30, 2004 and \$34,847,223 on June 30, 2005. This is a net change of \$2,707,486 or 8.4% increase.

Table 2 Condensed Statement of Net Assets

<u>Description</u>	Governmental Activities		Business type Activities		Total School District	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Current and other assets	\$ 29,576,476	\$ 28,182,505	\$ 481,748	\$ 427,870	\$ 30,058,224	\$ 28,610,375
Capital assets	\$ 22,975,321	\$ 25,763,343	\$ 167,728	\$ 175,096	\$ 23,143,049	\$ 25,938,439
Total assets	\$ 52,551,797	\$ 53,945,848	\$ 649,476	\$ 602,966	\$ 53,201,273	\$ 54,548,814
Long-term Liabilities	\$ 113,532	\$ 96,805	\$ -	\$ -	\$ 113,532	\$ 96,805
Other Liabilities	\$ 20,864,543	\$ 19,486,937	\$ 83,461	\$ 117,849	\$ 20,948,004	\$ 19,604,786
Total Liabilities	\$ 20,978,075	\$ 19,583,742	\$ 83,461	\$ 117,849	\$ 21,061,536	\$ 19,701,591
Net assets:					\$ -	\$ -
Investment in Capital assets, net of related debt	\$ 22,975,321	\$ 25,763,343	\$ 167,728	\$ 175,096	\$ 23,143,049	\$ 25,938,439
Restricted	\$ 2,934,011	\$ 3,310,408	\$ -	\$ -	\$ 2,934,011	\$ 3,310,408
Unrestricted	\$ 5,664,390	\$ 5,288,355	\$ 398,287	\$ 310,021	\$ 6,062,677	\$ 5,598,376
Total net assets	\$ 31,573,722	\$ 34,362,106	\$ 566,015	\$ 485,117	\$ 32,139,737	\$ 34,847,223

Asset changes result from many factors. Some major changes occur as a result of taking a physical inventory. FY2003 was a scheduled inventory year however, much of the cleanup and recording of the assets did not occur until FY2004 and FY2005. The district's procedures are to conduct a physical inventory every three years. FY2006 will again be a year to conduct this physical inventory. Capital asset inventory totals are adjusted based on actual items found. Along with these inventory adjustments asset totals increased this year due to the additions of movable equipment, facility capitalization amounts from new construction activity, and an increase in cash investments due to the cash reserve levy.

**Management Discussion and Analysis
Year Ending June 30, 2005**

The following table shows the changes in net assets for the year ended June 30, 2005.

Table 3 **Changes in Net Assets**

Description (All Amounts listed in Thousands of Dollars)	Governmental Activities	Business Activities	Total School District
Revenues:			
Program revenues:			
Charges for service and sales	\$ 3,063	\$ 1,064	\$ 4,127
Operating grants, contributions and restricted interest	\$ 3,577	\$ 468	\$ 4,046
Capital grants, contributions and restricted interest	\$ -	\$ -	\$ -
General revenues:			
Property tax	\$ 13,300	\$ -	\$ 13,300
Local Option tax	\$ 3,419		\$ 3,419
Unrestricted state grants	\$ 13,996	\$ -	\$ 13,996
Unrestricted investment earnings	\$ 298	\$ 8	\$ 306
Other	\$ 6	\$ -	\$ 6
Total revenues	\$ 37,660	\$ 1,541	\$ 39,200
Program expenses:			
Governmental activities:			
Instruction	\$ 22,605	\$ -	\$ 22,605
Support services	\$ 9,180	\$ -	\$ 9,180
Non-instructional programs	\$ -	\$ 1,622	\$ 1,622
Other expenses	\$ 3,086	\$ -	\$ 3,086
Total expenses	\$ 34,871	\$ 1,622	\$ 36,493
Change in net assets	\$ 2,788	\$ (81)	\$ 2,707

Governmental Activities

Revenues for governmental activities were \$37,659,614 and expenses were \$34,871,230. Revenue exceeded expenses by \$2,788,384. The total revenue was relatively consistent with the amounts from last fiscal year. The expenditures this year are much higher than the prior year due almost exclusively to the increase in spending on capital projects costs by over 2.7 million.

Business type Activities

Revenues of the District's business type activities were \$1,540,731 and expenses were \$1,621,629. The District's business type activities include the School Nutrition Fund. Income for these activities is comprised of charges for service, federal and state reimbursements and investment income. The Board of Education did vote in February of 2005 to increase meal prices for fiscal year 2006. Higher fuel prices, food costs, and large capital equipment expenditures combined to produce the third consecutive year the Nutrition Fund has ended the year with a lower fund balance.

**Management Discussion and Analysis
Year Ending June 30, 2005**

Revenues

The total revenues were \$42,720,396 (See Table 4) for the year ended June 30, 2005 an increase of \$60, 443 or 0.14%. Local and state revenues represent 96% of the total (See Figure 2). Within the general fund resources, property taxes and state foundation aid account for 85%, while open enrollment tuition, investment earnings, building rentals, and other miscellaneous fees represent the rest. Federal sources are 3% of the total pie received primarily in the form of grants. Total combined revenues divided by the September 2004 certified enrollment of 4,267.1 yields \$10,011.58 received per pupil in FY2005.

**Figure 2 Sources of Cedar Falls Community School Revenues
Fiscal Year 2005**

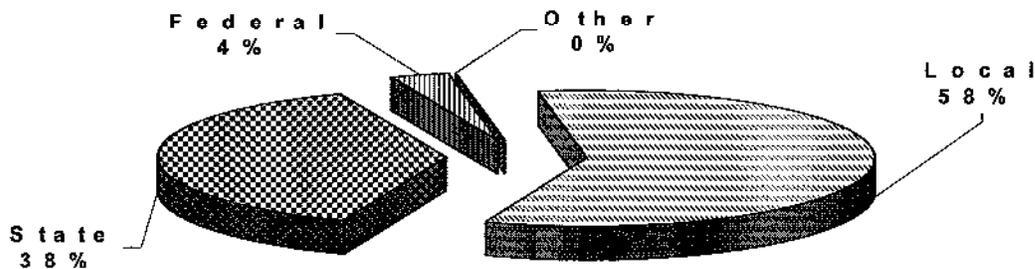


Table 4 Combined Statement of Revenue

	Local Source codes 1000-2999	State Source codes 3000-3999	Federal Source codes 4000-4999	Other Source codes 5000-9999	Fund Totals
Governmental:					
General	\$ 14,114,876	\$ 16,263,475	\$ 1,045,266	\$ 6,204	\$ 31,429,821
Management	\$ 476,494	\$ 373	\$ -	\$ -	\$ 476,867
Student Activity	\$ 841,550	\$ -	\$ -	\$ -	\$ 841,550
PPEL	\$ 1,133,460	\$ 845	\$ -	\$ -	\$ 1,134,305
Public Purp. / expend.	\$ 15,824	\$ -	\$ -	\$ -	\$ 15,824
Public Purp. Perm. / nonexpend.	\$ 34,676	\$ -	\$ -	\$ -	\$ 34,676
Capital Projects	\$ 3,739,296	\$ -	\$ -	\$ -	\$ 3,739,296
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
SubTotal Governmental	\$ 20,356,176	\$ 16,264,693	\$ 1,045,266	\$ 6,204	\$ 37,672,339
Proprietary					
Nutrition	\$ 1,072,468	\$ 15,348	\$ 452,915	\$ -	\$ 1,540,731
Internal Service	\$ 3,495,958	\$ -	\$ -	\$ -	\$ 3,495,958
SubTotal Proprietary	\$ 4,568,426	\$ 15,348	\$ 452,915	\$ -	\$ 5,036,689
Fiduciary					
Private purp. / nonexpend.	\$ 11,368	\$ -	\$ -	\$ -	\$ 11,368
Agency	\$ -	\$ -	\$ -	\$ -	\$ -
SubTotal Fiduciary	\$ 11,368	\$ -	\$ -	\$ -	\$ 11,368
Totals	\$ 24,935,970	\$ 16,280,041	\$ 1,498,181	\$ 6,204	\$ 42,720,396

Management Discussion and Analysis
Year Ending June 30, 2005

Expenditures

Total expenditures for all funds are \$42,785,047 (See Table 5) for the year ended June 30, 2005. The "other" category (See Figure 3) which includes AEA flow through and employee expenses predominantly related to staff members educating and caring for students. This staff cost represents 73% of the total expenditures for all funds. Purchased services included \$3,945,372 spent in the capital projects fund for new construction and renovation of district facilities specifically the high school and new Lincoln elementary. Total combined expenditures divided by the 2004 certified enrollment of 4,267.1 yields \$10,026.73 per pupil in FY2005.

Figure 3 Sources of Cedar Falls Community School Expenditures
Fiscal Year 2005

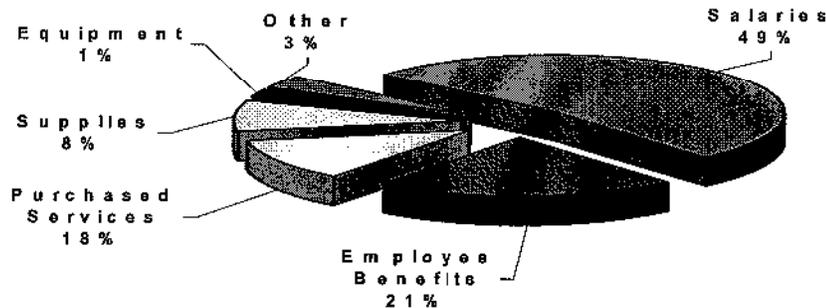


Table 5 Combined Statement of Expenditures

	Salaries	Employee Benefits	Purchased Services	Supplies	Equipment	Other	Fund Totals
Governmental:							
General	\$ 20,409,598	\$ 5,056,516	\$ 2,171,571	\$ 2,180,572	\$ 496,284	\$ 1,285,586	\$ 31,600,127
Management	\$ -	\$ 193,201	\$ 205,227	\$ -	\$ -	\$ -	\$ 398,428
Student Activity	\$ -	\$ -	\$ 251,754	\$ 504,418	\$ 33,014	\$ -	\$ 789,186
PPEL	\$ -	\$ -	\$ 934,909	\$ -	\$ -	\$ -	\$ 934,909
Public Purp. / expend.	\$ -	\$ -	\$ -	\$ 3,858	\$ 7,349	\$ -	\$ 11,207
Public Purp. Perm. / nonexpend	\$ -	\$ 443	\$ -	\$ -	\$ -	\$ -	\$ 443
Capital Projects	\$ -	\$ -	\$ 3,945,372	\$ 1,221	\$ 36,641	\$ -	\$ 3,983,234
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SubTotal Governmental	\$ 20,409,598	\$ 5,250,160	\$ 7,508,833	\$ 2,690,069	\$ 573,288	\$ 1,285,586	\$ 37,717,534
Proprietary							
Nutrition	\$ 504,815	\$ 118,447	\$ 28,163	\$ 927,973	\$ 42,231	\$ -	\$ 1,621,629
Internal Service	\$ -	\$ 3,444,134	\$ -	\$ -	\$ -	\$ -	\$ 3,444,134
SubTotal Proprietary	\$ 504,815	\$ 3,562,581	\$ 28,163	\$ 927,973	\$ 42,231	\$ -	\$ 5,065,763
Fiduciary							
Private purp. / nonexpend	\$ -	\$ -	\$ 1,750	\$ -	\$ -	\$ -	\$ 1,750
Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SubTotal Fiduciary	\$ -	\$ -	\$ 1,750	\$ -	\$ -	\$ -	\$ 1,750
Totals	\$ 20,914,413	\$ 8,812,741	\$ 7,538,746	\$ 3,618,042	\$ 615,519	\$ 1,285,586	\$ 42,785,047

Management Discussion and Analysis
Year Ending June 30, 2005

Changes in Fund Balances or Retained Earnings

Comparative data was available for both FY2004 and FY2005. Below is listed a table illustrating the changes in retained earnings or fund balances between those two years.

Table 6
Combined Statement of Revenues, Expenditures, & Changes in Retained Earnings or Fund Balance

<u>All Amounts listed in Thousands of Dollars</u>	Governmental Activities		Proprietary Activities		Fiduciary Activities		Total School District		Total Percentage Change
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	
Revenues:									
Local sources	\$ 20,779.1	\$ 20,362.4	\$ 4,217.1	\$ 4,568.4	\$ 2.5	\$ 11.4	\$ 24,998.7	\$ 24,942.2	-0.2%
State Sources	\$ 16,132.0	\$ 16,264.7	\$ 15.6	\$ 15.3	\$ -	\$ -	\$ 16,147.6	\$ 16,280.0	0.8%
Federal sources	\$ 1,085.4	\$ 1,045.3	\$ 428.2	\$ 452.9	\$ -	\$ -	\$ 1,513.6	\$ 1,498.2	-1.0%
Total revenues	\$ 37,996.5	\$ 37,672.3	\$ 4,660.9	\$ 5,036.7	\$ 2.5	\$ 11.4	\$ 42,659.9	\$ 42,720.4	0.1%
Expenditures:									
Instruction	\$ 21,316.7	\$ 22,405.6	\$ -	\$ -	\$ -	\$ -	\$ 21,316.7	\$ 22,405.6	5.1%
Support services	\$ 8,733.9	\$ 9,172.1	\$ -	\$ -	\$ -	\$ 1.8	\$ 8,733.9	\$ 9,173.9	5.0%
Other expenditures	\$ 3,363.5	\$ 6,139.8	\$ 4,699.6	\$ 5,065.8	\$ -	\$ -	\$ 8,063.1	\$ 11,205.6	39.0%
Total expenditures	\$ 33,414.0	\$ 37,717.5	\$ 4,699.6	\$ 5,065.8	\$ -	\$ 1.8	\$ 38,113.7	\$ 42,785.0	12.3%
Excess (deficiency) of revenues over (under) expenditures	\$ 4,582.5	\$ (45.2)	\$ (38.7)	\$ (29.1)	\$ 2.5	\$ 9.6	\$ 4,546.3	\$ (64.7)	-101.4%
Other financing sources (uses):									
Sale of equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfers & non-operating - in	\$ -	\$ 7.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.3	
Transfers & non-operating - out	\$ -	\$ (7.3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7.3)	
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	\$ 4,582.5	\$ (45.2)	\$ (38.7)	\$ (29.1)	\$ 2.5	\$ 9.6	\$ 4,546.3	\$ (64.7)	-101.4%
Fund Balance, beginning of year	\$ 4,102.7	\$ 8,685.2	\$ 607.0	\$ 568.3	\$ 40.6	\$ 43.0	\$ 4,750.3	\$ 9,296.6	95.7%
Fund Balance, end of year	\$ 8,685.2	\$ 8,640.0	\$ 568.3	\$ 539.2	\$ 43.0	\$ 52.7	\$ 9,296.5	\$ 9,231.9	-0.7%

Note: Totals may not add due to rounding.

**Management Discussion and Analysis
Year Ending June 30, 2005**

Financial Analysis of District Funds

The financial performance of the District as a whole is reflected in its combined statement of revenues, expenditures, and changes in retained earnings. In fiscal year 2005 the District reported a combined fund balance of \$9,231,901. This balance is \$64,651 lower than the prior year balance which for all practical purposes is very stable.

Revenues and expenditures for the combined statements of fund activities were \$42,720,396 and \$42,785,047, respectively. Again, while individual funds did increase or decrease the net effect was the revenue and expenditures were evenly matched for the year. The nutrition fund posted one of the largest decreases in balance due to escalating food and equipment costs. Fees were increased beginning with the fall of 2005 school year to address this situation.

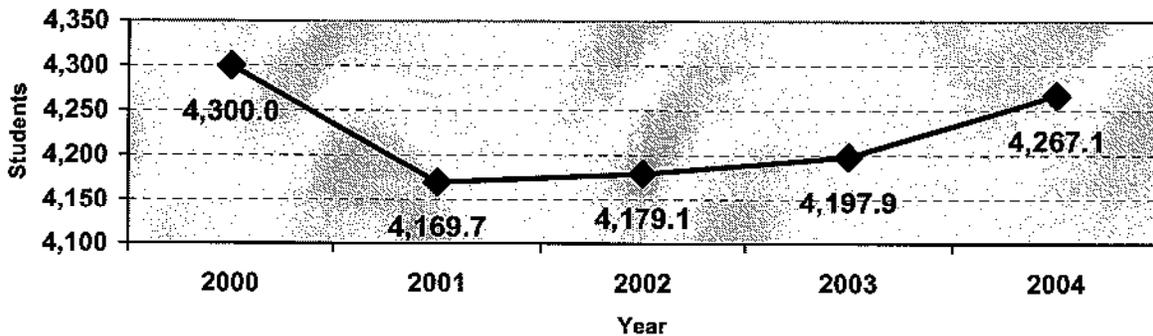
General Fund

The General Fund includes the primary operations of the District in providing educational services to students from K-12, including pupil transportation activities, facility care and maintenance.

The following graph shows that the number of students has decreased by 32.9 students over the last five years.

Figure 4

STUDENTS (Certified Enrollment)



Over the last five years, the District has averaged a loss of over 6.6 students per year. Since the state aid formula is pupil driven, the financial impact of this enrollment decline has not been financially beneficial. This trend, however, is changing. FY2001 is the first year of the past eight the certified enrollment as increased. Although this 9.4 student increase is small it does end a cycle of enrollment decline where since 1991 the District lost 832 students or approximately 20% of the total student population.

Management Discussion and Analysis
Year Ending June 30, 2005

Revenue

The following schedule presents a summary of General Fund Revenues.

Table 8

Source Description	Year Ended June 30, 2005	Year Ended June 30, 2004	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources:				
Property Taxes	\$ 11,698,702	\$ 11,502,245	\$ 196,457	1.71%
Tuition	\$ 1,824,553	\$ 1,626,894	\$ 197,659	12.15%
Transportation Fees	\$ 10,134	\$ 12,752	\$ (2,618)	-20.53%
Investment Interest	\$ 175,730	\$ 91,615	\$ 84,115	91.81%
Rentals	\$ 33,746	\$ 28,187	\$ 5,559	19.72%
Other local sources	\$ 378,215	\$ 358,671	\$ 19,544	5.45%
Total Local Sources	\$ 14,121,080	\$ 13,620,364	\$ 500,716	3.68%
State Sources:				
Foundation Aid	\$ 13,996,444	\$ 13,866,139	\$ 130,305	0.94%
Phase Programs	\$ 364,297	\$ 362,208	\$ 2,089	0.58%
AEA Flowthrough	\$ 1,221,698	\$ 1,211,772	\$ 9,926	0.82%
Nonpublic Transportation	\$ 72,344	\$ 75,844	\$ (3,500)	-4.61%
Teach. Quality / Vocational Aid	\$ 361,246	\$ 41,414	\$ 319,832	772.28%
Other state sources	\$ 247,446	\$ 573,563	\$ (326,117)	-56.86%
Total State Sources	\$ 16,263,475	\$ 16,130,940	\$ 132,535	0.82%
Federal Sources:				
Title I	\$ 233,776	\$ 432,134	\$ (198,358)	-45.90%
Other Grants and Aids	\$ 811,490	\$ 535,077	\$ 276,413	51.66%
Total Federal Sources	\$ 1,045,266	\$ 967,211	\$ 78,055	8.07%
Total General Fund Revenue	\$ 31,429,821	\$ 30,718,515	\$ 711,306	2.32%

Total General Fund revenues increased \$711,306 or 2.32% from the previous year. Basic General Fund revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. As the school district's assessed valuation base increases, equalized mix of property tax and state aid revenue shifts from the state to a greater local effort. Therefore, the mix of property tax and state aid can change from year to year without any net change in revenue. The FY2005 state formula regular program cost per pupil for CFCSD was \$4,748. Total General Fund revenue divided by the certified enrollment yields \$7,365.62 received in FY2005 compared to \$7,350.51 received per pupil in FY2004.

Tuition revenues increased due to higher open enrollment and special education numbers. Earnings on idle funds increased significantly due to a decline in the interest rates. Rates on district investments climbed from .92% in July of 2004 to 2.81% in June of 2005.

Federal funding to the District increased when compared with one year ago. The district continues to receive Title II funding for use in reducing class size, Perkins vocational, Drug free, and Transition Alliance Programs. The District also received \$208,462 additional aid under Part B of the special education program. Title I funding also decreased by \$198,358. If this funding reduction is permanent it will require an extensive service reduction in the Title I program buildings of North Cedar, Lincoln, and Orchard Hill.

**Management Discussion and Analysis
Year Ending June 30, 2005**

Expenditures

The following schedule presents a summary of General Fund expenditures.

Table 9

Source Description	Year Ended June 30, 2005	Year Ended June 30, 2004	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	\$ 20,409,598	\$ 19,529,591	\$ 880,007	4.51%
Employees Benefits	\$ 5,056,516	\$ 4,834,499	\$ 222,017	4.59%
Purchased Services	\$ 2,171,571	\$ 1,999,318	\$ 172,253	8.62%
Supplies	\$ 2,173,224	\$ 2,030,509	\$ 142,715	7.03%
Property Equipment	\$ 496,284	\$ 486,152	\$ 10,132	2.08%
Dues, Fees, & Interest Charges	\$ 71,236	\$ 150,862	\$ (79,626)	-52.78%
AEA Flowthrough & Other	\$ 1,221,698	\$ 1,211,772	\$ 9,926	0.82%
Total General Fund Expenditures	\$ 31,600,127	\$ 30,242,703	\$ 1,357,424	4.49%

Total General Fund expenditures increased \$1,357,424 or 4.49% from the previous year. Over 81% of this increase in cost is represented in the wages benefits paid. The negotiated agreement for the teachers increased the salary schedule base by \$770 for FY2005 with a total package increase of 4.19%. Because of stable to increasing student enrollment levels, staff reductions were only minimal leading to a substantial increase wage and related benefit expense. The total general fund expenditures divided by the certified enrollment yields \$7,405.53 spent per pupil in FY2005 compared to \$7,228.94 spent per pupil in FY2004.

In FY2005 salaries increased 4.51% and employee benefits increased by 4.59%. The larger increase in benefits is primarily due to double-digit increases in the cost of health insurance premiums. In FY2002 premium increase in health insurance to the district were 12%, FY2003 25%, FY2004 15%, and FY2005 11.4%. The District continues to look at various cost containment measures to minimize the effect of rising health insurance premiums have on the costs of the district's employee compensation packages.

The debt interest charges decreased from \$110,220 in FY2004 to \$43,100 in FY2005, a net change of \$67,120. For many years the District has participated in the ISCAP program in order to borrow money for cash flow purposes and has benefited from the program economics it provides. In FY2005 the District did not need to borrow short-term funds from the ISCAP program.

**Management Discussion and Analysis
Year Ending June 30, 2005**

Current Ratio (CR):

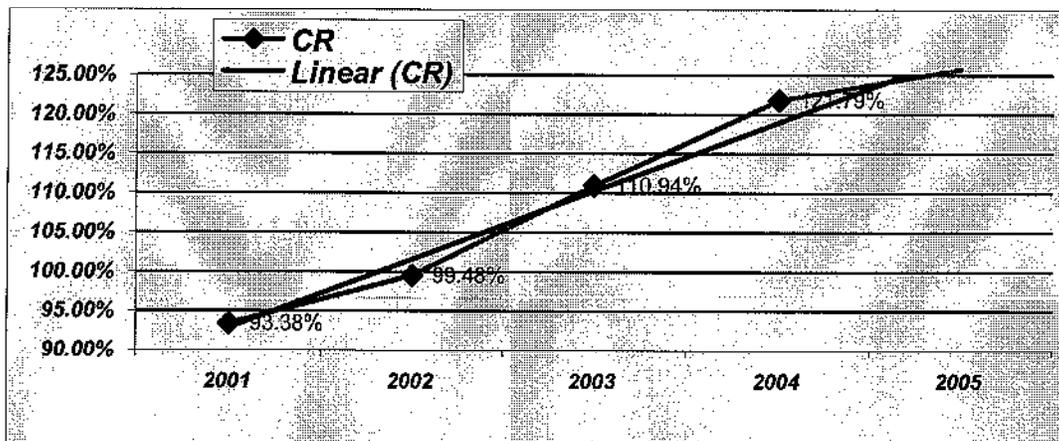
The Current Ratio is one of the most widely used measures of short-term liquidity for both public and private sector organizations. It is used to predict the schools ability to meet its current obligations from current assets from continuing operations. If this were a private business it would in essence measure working capital. The minimum target range for this indicator is 100%. An indicator of less than 100% would indicate a condition where the district has more current liabilities than assets.

The operational equation is: $CR = \text{current assets} / \text{current liabilities}$

Table 10 **Current Ratio**

Year	Total Current Assets	Total Current Liabilities	Current Ratio
2001	\$ 9,057,044	\$ 9,698,833	93.38%
2002	\$ 9,530,692	\$ 9,580,717	99.48%
2003	\$ 10,414,470	\$ 9,387,337	110.94%
2004	\$ 8,580,025	\$ 7,044,828	121.79%
2005	\$ 6,635,639	\$ 5,278,096	125.72%

CR



For FY2005 the District Current Ratio was 125.72%. Simply stated, at the close of the business year the District balance shows more assets than liabilities. This financial indicator has improved consistently over the past five years primarily due to use of the cash reserve levy. This ratio along with the Creditors Equity Ratio illustrates that the district may be in a position to reduce the amount requested in cash reserve in subsequent budget cycles.

**Management Discussion and Analysis
Year Ending June 30, 2005**

Day's Net Cash Ratio (DCR):

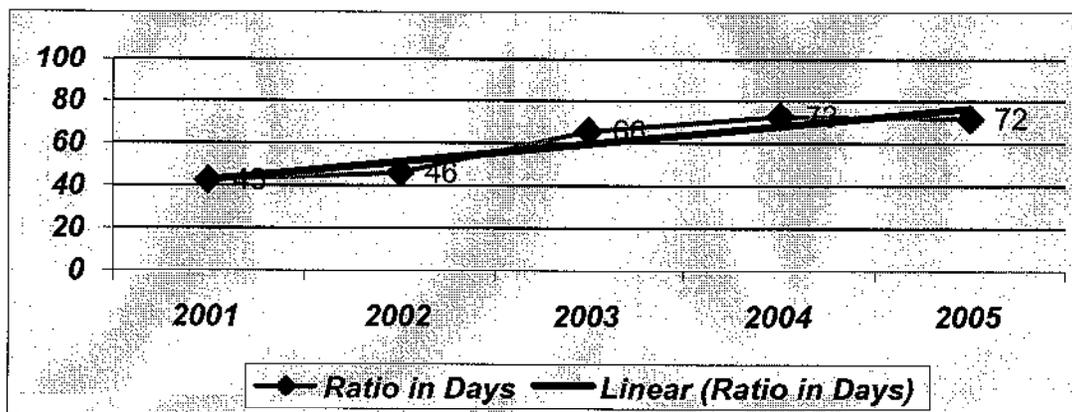
The Day's Net Cash Ratio is typically calculated at the end of a fiscal period and gives a good indication of how long a district can operate without the additional infusion of revenue. One of the limitations of this indicator is that district expenditures are most generally made in large amounts on only a few days each month. An example would be monthly or bi-monthly payroll and board approved vendor payments once or twice per month. At the same time, most schools receive revenue in large amounts only a few times per month. An example would be state aid distributions, which are received once per month, or property tax distributions that are received twice per year. The timing of these receipts and expenditures is important to maintaining effective business operations. For this reason the Day's Net Cash Ratio is important. Inadequate cash on hand to service expenditure obligations requires the school to borrow funds creating added debt expense not directly tied to student instruction. An over abundance of cash, however, is also irresponsible management. Excessive accumulations of cash from community taxpayers' does not fit well within the purpose of most K-12 school operations. The target range for this indicator is 90 to 120 days. In Iowa, it is especially important to note that state foundation aid to schools ends each fiscal year in mid June. The first payment of state aid for the new fiscal year does not begin again until mid September, a full 90 day gap. In addition to this gap, districts typically secure new fiscal year supplies during the summer months so expenditures increase during a time when revenue is not received.

This indicator is calculated by using the following formula:

$$[\text{day's net cash ratio} = (\text{general fund cash} + \text{investments}) / (\text{total general fund expenditures} / 365)].$$

Table 11 Day's Net Cash Ratio

Year	Cash & Investments	Total Expenditures	Daily (365) Expenditures	Ratio in Days
2001	\$ 3,426,318	\$ 29,409,143	\$ 80,573	43
2002	\$ 3,703,599	\$ 29,441,862	\$ 80,663	46
2003	\$ 5,341,951	\$ 29,739,540	\$ 81,478	66
2004	\$ 6,018,433	\$ 30,242,703	\$ 82,857	73
2005	\$ 6,199,874	\$ 31,600,127	\$ 86,576	72



The trend as illustrated above is stable to slightly higher. The District remained stable dropping only one day from 73 DCR to 72 DCR. Levying cash reserve is primarily responsible for improving this financial indicator.

**Management Discussion and Analysis
Year Ending June 30, 2005**

Receivables and Inventory Ratio (RIR):

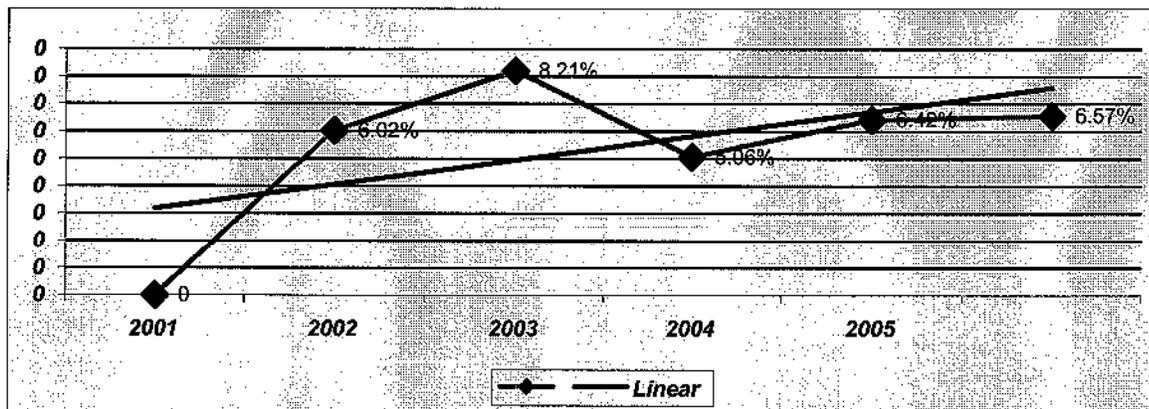
The Receivables and Inventory Ratio provides a measure of total current assets tied up in accounts receivable and inventory. Accounts receivable and inventory items are not truly available as working capital and are not available for the district to pay bills with. It is possible that when a greater proportion of the current assets are in receivables and inventory, the district balance sheet would look healthy but the district does not have the ability to meet immediate expenditure needs. This ratio may also provide insight on the timeliness' of state aid payments and other intergovernmental obligations owed to the district. The ratio also gives an indication of how well the district is managing accounts receivable and if inventory stockpiling is occurring. The target for this ratio should be as close to zero as possible.

The indicator is calculated by using the following formula:

$$[\text{general fund receivables and inventory ratio} = (\text{receivables} + \text{inventories}) / \text{current general fund assets}].$$

Table 12 Receivables and Inventory Ratio

Year	Receivables and Inventory	Current Assets	RIR
2001	\$ 545,654	\$ 9,057,044	6.02%
2002	\$ 782,878	\$ 9,530,692	8.21%
2003	\$ 526,656	\$ 10,414,470	5.06%
2004	\$ 550,752	\$ 8,580,025	6.42%
2005	\$ 435,765	\$ 6,635,639	6.57%



Accounts receivables and inventory levels for FY2005 remained relatively stable. June is a key month for managing inventory levels such as transportations fuels and warehouse supplies. June is also the month for generating the special education billings to be sent to other districts. Both the timely distribution of these invoices and returned payments factor significantly into receivable levels.

**Management Discussion and Analysis
Year Ending June 30, 2005**

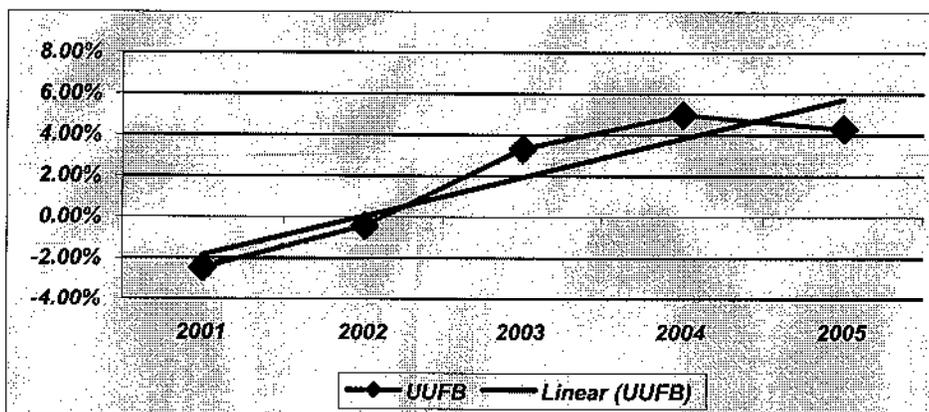
Financial Solvency

This is a measure of financial health that resulted from the “Study of School Corporation Financial Operations” study conducted in 1990 by Ehlers. The ratio of unreserved undesignated general fund balance to actual revenues is defined in the following operational equation: (financial solvency ratio = unreserved undesignated general fund balance / general fund revenues). The target ranges and classification criteria established by the Ehlers study are as follows: (a) target solvency position equals 5.00% through 10.00%, (b) acceptable solvency position equals 0.00% through 4.99%, (c) solvency alert equals -3.00% through -0.01%, and (d) solvency concern equals less than -3.00% (ISCAP, 1991).

The following graph shows the general fund unreserved/undesignated fund balance as a percentage of total revenues.

Table 13 Financial Solvency Ratio

Year	UUFB	Total Revenue	Ratio
2001	\$ (712,613)	\$ 28,890,034	-2.47%
2002	\$ (127,394)	\$ 30,033,626	-0.42%
2003	\$ 1,022,746	\$ 30,823,936	3.32%
2004	\$ 1,527,334	\$ 30,718,515	4.97%
2005	\$ 1,348,908	\$ 31,429,821	4.29%



General fund expenditures exceeded revenue by \$170,306 for FY2005. This decreased the positive unreserved/undesignated fund balance to \$1,348,908 at June 30, 2005. Other asset factors affecting the fund balance were reductions in receivables of \$115,759 and ISCAP of \$2,010,840. Liabilities factors include a corresponding offsetting ISCAP entry and a small reduction in the “other” liabilities category.

**Management Discussion and Analysis
Year Ending June 30, 2005**

Spending Authority

The Unspent Balance Ratio is an important indicator for Iowa schools. It measures the remaining amount of spending authority available to be carried forward into the next budget cycle. The indicator is calculated by using the following formulas:

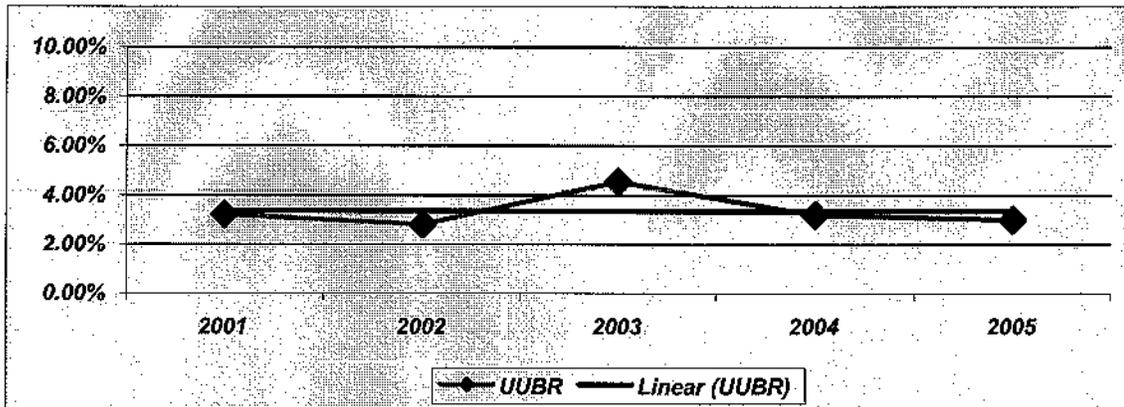
$$\text{Unspent Balance Ratio (UBR)} = \text{total unspent authority} / \text{maximum budget authority}$$

$$\text{Unreserved Unspent Balance Ratio (UUBR)} = \text{unreserved unspent authority} / \text{maximum budget authority}$$

Since Iowa schools are financed by the state foundation aid formula, fund balances shown on these financial statements do not necessarily reflect the district's true financial condition. Including this indicator in these financial statements provides a more complete picture of the district's financial health. Since ratios are proven to be more reliable when reviewed over time, a five-year table has been provided.

Table 14 Unspent Balance Ratio

Year	Maximum Authorized Budget	Regular Unspent Balance	Unreserved Unspent Balance	UBR	UUBR
2001	\$ 31,391,757	\$ 2,222,500	\$ 1,011,416	7.08%	3.22%
2002	\$ 31,716,533	\$ 2,157,092	\$ 894,987	6.80%	2.82%
2003	\$ 32,280,328	\$ 2,867,298	\$ 1,466,452	8.88%	4.54%
2004	\$ 32,525,973	\$ 2,475,911	\$ 1,037,777	7.61%	3.19%
2005	\$ 33,314,221	\$ 2,036,758	\$ 1,001,868	6.11%	3.01%



As illustrated by the flat trendline above, the CFCSD spending authority carried from one budget year to the next has been very stable. The ratio had been declining except for the improvement seen in FY2003. Since the district does budget this unused authority in the next budget cycle, this stability is very important. It allows the district to have some flexibility in dealing with unanticipated or emergency type expenditures. The ratio indicator for FY2005 did decline slightly.

The target range for this financial indicator is 5%-10%. For FY05 the CFCSD UUBR = 2.96% down .23% from last year.

**Management Discussion and Analysis
Year Ending June 30, 2005**

General Fund Budgetary Highlights

- District converted to the GAAP basis of budgeting for FY2005.
- Two types of budget authority exists: (1) Authorizing only the statutorily set maximum spending authority and (2) Authorizing the certified budget which can include budgeting fund balances beyond spending authority. The district uses the second approach philosophy of budgeting the fund balance to develop the legal maximum authorization for each one of the four monitored budget compliance areas of instruction, support, non-instructional, and other. This helps to reduce the possibility of overspending a budget area by mistake. That is why the percent of budget spent is lower than if the first method was used.
- One budget amendment was required for FY2005 to account for change to GAAP basis of budgeting.
- Expenditures did not exceed budget in the four mandatory areas of compliance. (See Table 15)
- Budgeted expenditures include both unspent spending authority from the prior year and general fund cash balance.
- SBRC additional allowable growth was approved in the amount of \$4,894,174 for conversion to GAAP.
- \$ 1,151,049 was levied for cash reserve.
- The Management Fund levy amount remained the same as last year.

**Table 15
General Fund Combined Statement of Legal Budget Compliance – GAAP Basis**

	2004 Budget	2004 Actual	% of Budget	2005 Budget	2005 Actual	% of Budget
Total Revenues	\$ 38,550,110	\$ 38,414,368	100%	\$ 38,033,057	\$ 39,162,570	103%
Expenditures:						
Instruction	\$ 25,505,070	\$ 21,087,882	83%	\$ 27,289,455	\$ 22,393,929	82%
Support Services	\$ 10,021,522	\$ 8,806,078	88%	\$ 10,979,833	\$ 9,172,114	84%
Noninstructional Programs	\$ 1,930,714	\$ 1,465,586	76%	\$ 2,101,802	\$ 1,621,629	77%
Other	\$ 6,880,600	\$ 3,011,692	44%	\$ 7,783,311	\$ 6,139,841	79%
Total Expenditures	\$ 44,337,906	\$ 34,371,238	78%	\$ 48,154,401	\$ 39,327,513	82%

Capital Projects

The Capital Projects expenditures exceeded revenue and other financing sources by \$243,938, resulting in a fund balance of \$3,972,043 at June 30, 2005. Major projects carried forward from FY2005 include: the High School parking lot, gymnasium lobby, English/administration additions, and first floor renovations. Peters Construction is the general contractor for this project that has an expected completion date of August 23, 2005. The contract cost for this project including change orders is \$3,677,106. A new major construction project was initiated in June of 2005. The contract for the construction of Lincoln Elementary was awarded to Larsen Construction from Independence Iowa in the amount of \$8,281,600.

Management Discussion and Analysis Year Ending June 30, 2005

Debt Service Fund

The District had no bonded indebtedness during FY2005, however, due to the 60 day post fiscal year close accrual period, it should be noted that the Board of Directors did approve the sale of \$5,000,000 school infrastructure local option sales and service tax bond and revenue anticipation notes, series 2005 at their August meeting for the Lincoln construction project cash flow purposes.

Management Fund

The Management Fund consists of pure property tax and is levied according to the Board of Education's discretion. Allowable fund expenditures include property, liability, and workers compensation insurance. The district can also pay for any self-insurance exposures or legal judgments charged to the district. The district carries a \$25,000 deductible on all property claims and a \$5,000 deductible for workers compensation claims. As a result of these high deductibles, the district paid \$35,366 in property and \$25,441 in workers compensation losses. Fund revenues totaled \$476,867 while expenditures were \$398,428. Revenue exceeded expenditures by \$78,439. Total property and liability insurance premiums increased from \$294,236 in FY2004 to \$374,157 in FY2005. The major factor contributing to this increase is a total workers compensation insurance cost increase of \$71,566.

Student Activities Fund

The Student Activities Fund contains 91 sub-accounts tracking activities including athletics, school pictures, student clubs, and building fund raising events. Of those 91 accounts eight ended the year with a negative balance. All revenue is in the form of local fees, contributions, and event gate receipts. No state aid or property tax funds are spent through these accounts. Fund revenues totaled \$841,550 while expenditures totaled \$789,186. Revenues exceeded expenditures by \$52,364.

Nutrition Fund

The Nutrition Fund tracks all activities related to district-wide food service operations. The primary source of revenue comes from student meal ticket sales. Participation in the national school lunch program does bring state and federal meal reimbursements for free or reduced status students. Fund revenues totaled \$1,540,731 while expenditures were \$1,621,629. Expenditures exceeded revenues by \$80,898. This decreased the fund balance to \$485,117. Student meal prices remained the same as the previous year. The current rates for elementary lunches are \$1.40, secondary \$1.50, and adult \$2.25. Major equipment, repair, and implementation of the new school dining computer system expenses are primarily responsible for the higher expenditures. The Board of Education did vote in February of 2005 to increase meal prices for FY2006.

Physical Plant and Equipment Fund (PPEL)

The PPEL Fund consists of two funding components. One part is the \$.33 property tax levied according to the Board of Education's discretion; the second part is the voter approved \$.67 property tax portion. Combined, these taxes total \$1.00 per \$1,000 in assessed valuation. This fund is used to renovate and maintain all school facilities. Major projects during FY2005 include: Roof replacement work at the High School over the business area, Holmes pool and locker rooms, and Peet kitchen. Multiple buildings received major roof flashing repairs. Major PPEL projects completed include: Southdale replacement windows and new drive, North Cedar restrooms renovation, Peet pool HVAC system replacement, Holmes student locker replacements, new parking lot construction at Orchard Hill, and placement of a portable classroom on the Lincoln elementary site. Revenue exceeded expenditures by \$199,396. This increased the fund balance to \$733,103.

**Management Discussion and Analysis
Year Ending June 30, 2005**

Internal Service Fund

The Internal Service Fund is used to track employee health, dental, life, and long-term disability insurance. When payrolls are generated, these employee benefit costs are transferred from the General Fund and combined with revenues collected from individual retirees. The total is then sent to the insurance company in the form of premium payments. The District has a self-funded arrangement for dental coverage, but carries a fully insured policy for health coverage. Fund revenues totaled \$3,495,958 while expenditures totaled \$3,444,134. Revenue exceeded expenditures by \$51,824. This increased the fund balance to \$54,126. This fund has no independent source of revenue and is designed to carry a low balance for transfer in and out activity.

Private Purpose Trust and Agency Funds

Activity within these funds is consistent with the provisions established for individual expendable and non-expendable scholarships and employee flexible spending accounts. Since the District only acts as a custodial manager for the Agency accounts, neither revenue or expenditures in these funds are recognized, therefore no effect is realized in the financial condition of the District. Private purpose non-expendable gifts and contributions totaled \$11,368 for this report year while scholarships awarded equaled \$1,750. The report year ending fund balance was \$52,664.

Public Purpose Permanent and Special Revenue Funds

Activity within these funds is consistent with the provisions established from individual benefactors. Current designated funds held were gifted from: Christensen, Carlson, Gibson, and Eason. Funds are to provide for teachers scholarships and classroom supplies and equipment. These funds are a mixture of expendable and non-expendable funds. FY2005 revenue equaled \$50,500 while expenditures totaled \$11,650.

Capital Assets

By the end of FY2005, the District's governmental funds showed an investment of \$44,500,939 in a broad range of capital assets, including school buildings, athletic facilities, computer, audio-visual equipment, and administrative offices. (See Table 16.) (More detailed information about capital assets can be found in Note 4 and 1D to the audit financial statements.) Total accumulated depreciation expense equals \$18,737,596.

Table 16 Summary of Changes in Property and Equipment

	2004 Ending Balance	2005 Ending Balance	Dollar Change	Percent Change
Land	\$ 1,014,181	\$ 1,014,181	\$ -	0%
Land Improvements	\$ 2,449,209	\$ 2,517,109	\$ 67,900	3%
Building and Improvements	\$ 28,988,459	\$ 30,666,297	\$ 1,677,838	5%
Machinery and equipment	\$ 8,657,805	\$ 7,183,497	\$ (1,474,308)	-21%
Construction in progress	\$ 856,112	\$ 3,119,855	\$ 2,263,743	73%
Total	\$ 41,965,766	\$ 44,500,939	\$ 2,535,173	6%

Management Discussion and Analysis Year Ending June 30, 2005

Construction - Next Four Years

The Local Option Sales Tax (LOST) long-range facility plan calls over \$36,000,000 in major new construction and renovation projects to be staged in various parts of the district in the ten fiscal year period beginning July 1, 1999. The LOST is scheduled to expire on June 30, 2009. Consideration should be given in the near future to the possibility of extending this infrastructure resource through county referendum. During FY2006: (1) Lincoln Elementary is scheduled to be finished by August 15, 2006. (2) Complete master planning for both Peet and Holmes Junior High Schools and North Cedar Elementary. FY2007 projects include: modest building renovations for Southdale, Hansen, and North Cedar Elementary schools. FY2008 is scheduled to begin renovations on both Peet and Holmes Junior High schools. A vote has been established for February 7, 2006 for the community to consider extending the Local Option Sales Tax until 2019. The outcome of this vote will have a major impact on what the district is able to do for improving facilities.

Factors bearing on the District's Future

Student enrollment will have the greatest bearing on district finances in the near future. From 1991 to 2001 the certified enrollment declined from 5002 to 4,169.7 an 832.3 student drop. This represents a full 20% of the entire student population. FY2004 is the base year for the new school aid formula. This new formula has a "scale down" provision that will allow less money during the projected year than the current budget year. This is a dramatic change from the old formula that contained a guarantee provision to maintain the same regular program cost per pupil from one year to the next despite an enrollment decline. The positive news is signs of enrollment stabilization or even modest growth. For FY2004 budget year the certified enrollment increased by 9.4 students. For FY2005 budget year student numbers increased by 18.8 and FY2006 budget year student numbers increased by 69.2. For fiscal year 2007 however, the certified student enrollment declined by 14.7 students which causes a tempering of enrollment growth enthusiasm.

The 2004 Legislature approved an increase in the General Education formula for 2005-2006 of 4%. The 2005 Legislature set FY2007 allowable growth also at 4%.

Target Inc. opened a regional distribution center in the Cedar Falls industrial park in 2003. Although there is a period of tax holiday for this facility, the 100 million dollar complex is scheduled to phase back onto the tax rolls over the next 10 years. This represents approximately 10% of the district's current total assessed valuation. This will have a very beneficial long-term impact to our local economy.

Contacting the Cedar Falls Community School District Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Cedar Falls Community School District, 1002 West 1st Street, Cedar Falls Iowa 50613. Telephone number is 319-553-3000.

Basic Financial Statements

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2005

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents:			
ISCAP	\$ -	\$ -	\$ -
Other	13,536,150	370,109	13,906,259
Receivables:			
Property tax:			
Delinquent	90,566	-	90,566
Succeeding year	13,590,460	-	13,590,460
Accounts	186,561	5,869	192,430
Accrued interest:			
ISCAP	-	-	-
Other	31,251	917	32,168
Due from other governments	738,882	2,424	741,306
Inventories	8,635	48,551	57,186
Capital assets, net of accumulated depreciation	25,763,343	175,096	25,938,439
Total assets	<u>53,945,848</u>	<u>602,966</u>	<u>54,548,814</u>
Liabilities			
Accounts payable	1,136,675	42,221	1,178,896
Salaries and benefits payable	4,759,802	75,628	4,835,430
Deferred revenue, succeeding year property tax	13,590,460	-	13,590,460
ISCAP warrants payable	-	-	-
ISCAP accrued interest payable	-	-	-
ISCAP unamortized premium	-	-	-
Long-term liabilities:			
Portion due within one year:			
Compensated absences	96,805	-	96,805
Portion due more than one year:			
Compensated absences	-	-	-
Total liabilities	<u>19,583,742</u>	<u>117,849</u>	<u>19,701,591</u>
Net assets			
Invested in capital assets, net of related debt	25,763,343	175,096	25,938,439
Restricted for:			
Management levy	649,799	-	649,799
Physical plant and equipment levy	733,103	-	733,103
Other special revenue purposes	500,952	-	500,952
Permanent fund	1,426,554	-	1,426,554
Debt service	-	-	-
Unrestricted	5,288,355	310,021	5,598,376
Total net assets	<u>\$34,362,106</u>	<u>\$ 485,117</u>	<u>\$34,847,223</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities				
Instruction:				
Regular instruction	\$ 15,166,230	\$ 1,145,379	\$ 1,771,515	\$ -
Special instruction	4,859,319	895,786	208,462	-
Other instruction	2,579,950	831,188	67,963	-
	<u>22,605,499</u>	<u>2,872,353</u>	<u>2,047,940</u>	<u>-</u>
Support services:				
Student services	1,107,739	-	-	-
Instructional staff services	1,163,138	-	-	-
Administration services	3,063,973	20,181	-	-
Operation and maintenance of plant services	3,150,907	160,187	235,256	-
Transportation services	693,893	10,134	72,344	-
	<u>9,179,650</u>	<u>190,502</u>	<u>307,600</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	942,562	-	-	-
Long-term debt interest	-	-	-	-
AEA flowthrough	1,221,698	-	1,221,698	-
Depreciation (unallocated)	921,821	-	-	-
	<u>3,086,081</u>	<u>-</u>	<u>1,221,698</u>	<u>-</u>
Total governmental activities	<u>34,871,230</u>	<u>3,062,855</u>	<u>3,577,238</u>	<u>-</u>
Business Type Activities				
Non-instructional programs:				
Nutrition services	1,621,629	1,064,081	468,263	-
Total	<u>\$ 36,492,859</u>	<u>\$ 4,126,936</u>	<u>\$ 4,045,501</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Local option taxes, levied for capital outlay				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ (12,249,336)	\$ -	\$ (12,249,336)
(3,755,071)	-	(3,755,071)
(1,680,799)	-	(1,680,799)
<u>(17,685,206)</u>	<u>-</u>	<u>(17,685,206)</u>
(1,107,739)	-	(1,107,739)
(1,163,138)	-	(1,163,138)
(3,043,792)	-	(3,043,792)
(2,755,464)	-	(2,755,464)
(611,415)	-	(611,415)
<u>(8,681,548)</u>	<u>-</u>	<u>(8,681,548)</u>
-	-	-
(942,562)	-	(942,562)
-	-	-
-	-	-
(921,821)	-	(921,821)
<u>(1,864,383)</u>	<u>-</u>	<u>(1,864,383)</u>
<u>(28,231,137)</u>	<u>-</u>	<u>(28,231,137)</u>
-	(89,285)	(89,285)
<u>\$(28,231,137)</u>	<u>(89,285)</u>	<u>(28,320,422)</u>
13,300,442	-	13,300,442
3,418,807	-	3,418,807
13,996,444	-	13,996,444
297,624	8,387	306,011
6,204	-	6,204
<u>31,019,521</u>	<u>8,387</u>	<u>31,027,908</u>
2,788,384	(80,898)	2,707,486
<u>31,573,722</u>	<u>566,015</u>	<u>32,139,737</u>
<u>\$ 34,362,106</u>	<u>\$ 485,117</u>	<u>\$ 34,847,223</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2005

Assets	General	Debt Service
Cash and pooled investments:		
ISCAP	\$ -	\$ -
Other	6,199,874	-
Receivables:		
Property tax:		
Delinquent	78,754	-
Succeeding year	11,987,731	-
Accounts	168,163	-
Accrued interest - ISCAP	-	-
Accrued interest - other	15,950	-
Due from other governments	164,263	-
Prepaid expenses	-	-
Inventories	8,635	-
	<u>18,623,370</u>	<u>-</u>
Total assets	<u>\$ 18,623,370</u>	<u>\$ -</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 516,846	\$ -
Salaries and benefits payable	4,759,802	-
Compensated absences	1,448	-
ISCAP warrants payable	-	-
ISCAP accrued interest payable	-	-
ISCAP unamortized premium	-	-
Deferred revenue:		
Succeeding year property tax	11,987,731	-
Total liabilities	<u>17,265,827</u>	<u>-</u>
Fund balance:		
Reserved for:		
Inventories	8,635	-
Debt service	-	-
Unreserved:		
Undesignated	1,348,908	-
Reported in nonmajor Governmental funds	-	-
Total fund balances	<u>1,357,543</u>	<u>-</u>
	<u>\$ 18,623,370</u>	<u>\$ -</u>

See notes to financial statements.

Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -
3,751,141	3,531,009	13,482,024
-	11,812	90,566
-	1,602,729	13,590,460
-	18,398	186,561
-	-	-
9,820	5,481	31,251
574,619	-	738,882
-	-	-
-	-	8,635
<u>\$ 4,335,580</u>	<u>\$ 5,169,429</u>	<u>\$ 28,128,379</u>
\$ 363,537	\$ 256,292	\$ 1,136,675
-	-	4,759,802
-	-	1,448
-	-	-
-	-	-
-	-	-
-	1,602,729	13,590,460
<u>363,537</u>	<u>1,859,021</u>	<u>19,488,385</u>
-	-	8,635
-	-	-
3,972,043	-	5,320,951
-	3,310,408	3,310,408
<u>3,972,043</u>	<u>3,310,408</u>	<u>8,639,994</u>
<u>\$ 4,335,580</u>	<u>\$ 5,169,429</u>	<u>\$ 28,128,379</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

June 30, 2005

Total governmental fund balances	\$ 8,639,994
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	25,763,343
An internal service fund is used by the District's management to charge the costs of insurance to the individual fund. The assets and liabilities of the internal service fund are included with governmental activities.	54,126
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	<u>(95,357)</u>
Net assets of governmental activities	<u><u>\$34,362,106</u></u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2005

	General	Debt Service
Revenues:		
Local sources:		
Local tax	\$ 11,719,222	\$ -
Tuition	1,830,999	-
Other	570,859	-
Intermediate sources	-	-
State sources	16,263,475	-
Federal sources	1,045,266	-
Total revenues	<u>31,429,821</u>	<u>-</u>
Expenditures:		
Current:		
Instruction:		
Regular instruction	14,871,971	-
Special instruction	4,861,934	-
Other instruction	1,716,612	-
	<u>21,450,517</u>	<u>-</u>
Support services:		
Student services	1,100,889	-
Instructional staff services	1,121,670	-
Administration services	3,083,707	-
Operation and maintenance of plant services	3,030,945	-
Transportation services	590,701	-
	<u>8,927,912</u>	<u>-</u>
Other expenditures:		
Facilities acquisition and construction	-	-
AEA flowthrough	1,221,698	-
	<u>1,221,698</u>	<u>-</u>
Total expenditures	<u>31,600,127</u>	<u>-</u>
Excess (deficit) of revenues over (under) expenditures	<u>(170,306)</u>	<u>-</u>
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	(7,348)	-
Total other financing sources (uses)	<u>(7,348)</u>	<u>-</u>
Net change in fund balances	(177,654)	-
Fund balances beginning of year	1,535,197	-
Fund balances end of year	<u>\$ 1,357,543</u>	<u>\$ -</u>

See notes to financial statements.

Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,418,807	\$ 1,570,278	\$ 16,708,307
-	-	1,830,999
320,489	931,726	1,823,074
-	-	-
-	1,218	16,264,693
-	-	1,045,266
<u>3,739,296</u>	<u>2,503,222</u>	<u>37,672,339</u>
-	165,876	15,037,847
-	-	4,861,934
-	789,186	2,505,798
<u>-</u>	<u>955,062</u>	<u>22,405,579</u>
-	7,086	1,107,975
-	3,543	1,125,213
-	16,142	3,099,849
-	170,944	3,201,889
-	46,487	637,188
<u>-</u>	<u>244,202</u>	<u>9,172,114</u>
3,983,234	934,909	4,918,143
-	-	1,221,698
<u>3,983,234</u>	<u>934,909</u>	<u>6,139,841</u>
<u>3,983,234</u>	<u>2,134,173</u>	<u>37,717,534</u>
<u>(243,938)</u>	<u>369,049</u>	<u>(45,195)</u>
-	7,348	7,348
-	-	(7,348)
<u>-</u>	<u>7,348</u>	<u>-</u>
<u>(243,938)</u>	<u>376,397</u>	<u>(45,195)</u>
4,215,981	2,934,011	8,685,189
<u>\$ 3,972,043</u>	<u>\$ 3,310,408</u>	<u>\$ 8,639,994</u>

CEDAR FALLS 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, 2005

Net change in fund balances - total governmental funds \$ (45,195)

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, for governmental activities
those costs are shown in the statement of net assets and allocated over their
estimated useful lives as depreciation expense in the statement of activities.
This is the amount by which capital outlays exceed depreciation in the
period:

Capital outlays	\$ 4,502,582	
Depreciation expense	<u>(1,714,560)</u>	2,788,022

Certain revenue not collected for several months after year end is not
considered available in the governmental funds and is deferred. However, it
is recorded as revenue in the statement of activities. (12,725)

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:

Compensated absences	6,458
----------------------	-------

An internal service fund is used by the District's management to charge the
costs of insurance to individual funds. The net revenue of the internal
service fund is included with the governmental activities. 51,824

Change in net assets of governmental activities \$ 2,788,384

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2005

	Enterprise Fund - School Nutrition	Internal Service Fund
Assets		
Cash and pooled investments	\$ 370,109	\$ 54,126
Accounts receivable	5,869	-
Accrued interest receivable	917	-
Due from other governments	2,424	-
Inventories	48,551	-
Capital assets, net of accumulated depreciation	175,096	-
	<hr/>	<hr/>
Total assets	602,966	54,126
Liabilities		
Accounts payable	42,221	-
Salaries and benefits payable	75,628	-
	<hr/>	<hr/>
Total liabilities	117,849	-
Net assets		
Invested in capital assets, net of related debt	175,096	-
Unrestricted	310,021	54,126
	<hr/>	<hr/>
Total net assets	\$ 485,117	\$ 54,126

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2005

	Enterprise Fund - School Nutrition	Internal Service Fund
Operating revenue:		
Local sources:		
Charges for service	\$ 1,064,081	\$ -
Other	-	3,495,958
Total operating revenue	1,064,081	3,495,958
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Salaries	504,815	-
Benefits	118,447	3,444,134
Purchased services	28,163	-
Supplies	927,973	-
Depreciation	42,231	-
Total operating expenses	1,621,629	3,444,134
Operating income (loss)	(557,548)	51,824
Non-operating revenue:		
State sources	15,348	-
Federal sources	452,915	-
Interest on investments	8,387	-
Total non-operating revenue	476,650	-
Change in net assets	(80,898)	51,824
Net assets beginning of year	566,015	2,302
Net assets end of year	\$ 485,117	\$ 54,126

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2005

	Enterprise Fund - School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 1,055,473	\$ -
Cash received from assessments made to other funds	-	3,495,958
Cash payments to employees for services	(605,882)	-
Cash payments to suppliers for goods or services	(847,690)	(3,444,134)
Net cash provided by (used in) operating activities	<u>(398,099)</u>	<u>51,824</u>
Cash flows from non-capital financing activities:		
State grants received	15,348	-
Federal grants received	357,822	-
Net cash provided by non-capital financing activities	<u>373,170</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(49,599)	-
Net cash used in capital and related financing activities	<u>(49,599)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	8,387	-
Net increase (decrease) in cash and cash equivalents	(66,141)	51,824
Cash and cash equivalents at beginning of year	436,250	2,302
Cash and cash equivalents at end of year	<u>\$ 370,109</u>	<u>\$ 54,126</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (557,548)	\$ 51,824
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities used	91,355	-
Depreciation	42,231	-
Increase in receivables	(8,608)	-
Decrease in inventories	83	-
Increase in accounts payable	17,008	-
Increase in salaries and benefits payable	17,380	-
Net cash Provided by (used in) operating activities	<u>\$ (398,099)</u>	<u>\$ 51,824</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received \$95,093 of federal commodities.

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2005

	Private Purpose Trust - Non-expendable Scholarships	Private Purpose Trust - Expendable Scholarships	Agency Funds	
			Other Agency Funds	Total Agency Funds
Assets				
Cash and pooled investments	\$ 51,632	\$ 8,972	\$ 20,636	\$ 29,608
Accrued interest receivable	1,032	-	-	-
Due from others	-	14	10,565	10,579
Total assets	<u>\$ 52,664</u>	<u>\$ 8,986</u>	<u>\$ 31,201</u>	<u>\$ 40,187</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 3,712	\$ 3,712
Due to others	-	8,986	27,489	36,475
Total liabilities	<u>-</u>	<u>\$ 8,986</u>	<u>\$ 31,201</u>	<u>\$ 40,187</u>
Net assets				
Reserved for scholarships	<u>\$ 52,664</u>			

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2005

	Private Purpose Trust - Non-expendable Scholarships
Additions:	
Local sources:	
Gifts and contributions	\$ 10,004
Interest	1,364
Total additions	<u>11,368</u>
Deductions:	
Support services:	
Scholarships awarded	<u>1,750</u>
Change in net assets	9,618
Net assets beginning of year	<u>43,046</u>
Net assets end of year	<u>\$ 52,664</u>

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

The Cedar Falls Community School District, which was incorporated under Chapter 274 of the State Code of Iowa, is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreation courses. The geographic area served includes the City of Cedar Falls, Iowa and the predominate agricultural territory in Black Hawk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, account groups, 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 Cedar Falls Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

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 attributable to the acquisition, construction, or improvement of those assets.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies - (continued)

B. Basis of Presentation - (continued)

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions of 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 which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for the 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 instructional, support and other costs.

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

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

The District reports the following major proprietary fund:

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

Additionally, the District reports the following funds:

The Internal Service Fund is used to account for services provided by one department to other departments of the District on a cost reimbursement basis.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies - (continued)

B. Basis of Presentation - (continued)

The District fiduciary funds which focus on net assets and changes in net assets of the District 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.

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 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies - (continued)

C. Measurement Focus and Basis of Accounting - (continued)

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 Principals 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, they have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy of 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 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 to the County Auditor by April 15 of each year for the subsequent fiscal year.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies - (continued)

D. Assets, Liabilities and Fund Equity - (continued)

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 becomes 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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

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 column 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	\$ 500
Buildings and improvements	500
Improvements other than buildings	500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500
Vehicles	500

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

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

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies - (continued)

D. Assets, Liabilities and Fund Equity - (continued)

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. 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, 2005. 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 statement, 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 balances 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies - (continued)

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted in any functional area and the District did not exceed its General Fund unspent authorized budget.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses, as appropriate during the reporting period. Actual results could differ from those estimates.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2005, 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. However, the Board policy is to only invest in obligations of the United States government, its agencies and public funds instrumentalities and certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa.

At June 30, 2005, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	<u>\$1,060,005</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(2) Cash and Pooled Investments - (continued)

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

(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 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, 2005 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2004-05A	6/30/2004	6/30/2005	\$ -	\$ -	\$ -	\$ -

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, 2005 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2004-05A	\$ -	\$ -	\$ -	\$ -

The warrants bear an interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2004-05A	3.00%	2.463%

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(4) Capital Assets

Capital assets activity for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,014,181	\$ -	\$ -	\$ 1,014,181
Construction in progress	856,112	2,849,089	585,346	3,119,855
Total capital assets not being depreciated	1,870,293	2,849,089	585,346	4,134,036
Capital assets being depreciated:				
Buildings and improvements	28,988,459	1,677,838	-	30,666,297
Improvements other than buildings	2,449,209	67,900	-	2,517,109
Furniture and equipment	6,830,293	378,281	1,920,685	5,287,889
Vehicles	1,827,512	114,820	46,724	1,895,608
Total capital assets being depreciated	40,095,473	2,238,839	1,967,409	40,366,903
Less accumulated depreciation for:				
Buildings and improvements	11,220,986	819,482	-	12,040,468
Improvements other than buildings	1,119,487	104,574	-	1,224,061
Furniture and equipment	5,376,689	632,259	1,920,685	4,088,263
Vehicles	1,273,283	158,245	46,724	1,384,804
Total accumulated depreciation	18,990,445	1,714,560	1,967,409	18,737,596
Total capital assets being depreciated, net	21,105,028	524,279	-	21,629,307
Governmental activities capital assets, net	\$ 22,975,321	\$ 3,373,368	\$ 585,346	\$ 25,763,343
Business type activities:				
Furniture, equipment, vehicles	\$ 796,347	\$ 49,599	\$ 10,851	\$ 835,095
Less accumulated depreciation	628,619	42,231	10,851	659,999
Business type activities capital assets, net	\$ 167,728	\$ 7,368	\$ -	\$ 175,096

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(4) Capital Assets - (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 421,651
Special	6,666
Other	84,758

Support services:

Support staff	976
Instructional staff	83,113
Administration	24,488
Operation and maintenance of plant	42,140
Transportation	128,947
	792,739

Unallocated depreciation	921,821
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Total depreciation expense - governmental activities	\$ 1,714,560
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Business type activities:

School nutrition	\$ 42,231
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(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2005 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Compensated absences	\$ 113,532	\$ 96,805	\$ 113,532	\$ 96,805	\$ 96,805
Total	\$ 113,532	\$ 96,805	\$ 113,532	\$ 96,805	\$ 96,805

(6) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and education services provided through the area education agency. The District's actual amount for this purpose totaled \$1,221,698 for the year ended June 30, 2005, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. District's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$1,169,445, \$1,127,768, and \$1,113,512, respectively, equal to required contributions for each year.

(8) Construction Commitment

The District has entered into contracts for various building improvement and roofing projects totaling \$12,273,429. As of June 30, 2005, costs of \$3,119,854 on these contracts had been incurred, \$2,604,504 had been paid, and \$515,350 was included in the accounts payable on the balance sheet. The balance of \$9,153,575 remaining at June 30, 2005 will be paid as work on the various projects progresses.

(9) Contingencies and Risk Management

At June 30, 2005, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, many of which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time. The District is also 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) Interfund Transfers

The District made a transfer from the General Fund to the Management Fund of \$7,348, to reimburse the risk management fee for the year ended June 30, 2004, which had originally been paid out of the Management Fund.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2005

(11) Subsequent Events

Subsequent to year end, on October 1, 2005, the District issued \$5,000,000 School Infrastructure Local Option Sales and Services Tax Bond and Revenue Anticipatory Notes, Series 2005. These notes were issued to (i) finance the construction and renovation of certain school facilities within the District and (ii) pay the cost of issuance of the Notes. Interest on the notes will be paid each June 1 and December 1, commencing June 1, 2006 at a rate of 3.50% per annum. The notes will mature June 1, 2008.

Required Supplementary Information

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2005

	Governmental Fund Types Actual	Proprietary Fund Type Actual
Receipts:		
Local sources	\$ 20,362,380	\$ 1,072,468
Intermediate sources	-	-
State sources	16,264,693	15,348
Federal sources	1,045,266	452,915
Total receipts	<u>37,672,339</u>	<u>1,540,731</u>
Disbursements:		
Instruction	22,405,579	-
Support services	9,172,114	-
Non-instructional programs	-	1,621,629
Other expenditures	6,139,841	-
Total disbursements	<u>37,717,534</u>	<u>1,621,629</u>
Excess (deficiency) of receipts over (under) disbursements	(45,195)	(80,898)
Other financing sources, net	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(45,195)	(80,898)
Balance beginning of year	<u>8,685,189</u>	<u>566,015</u>
Balance end of year	<u>\$ 8,639,994</u>	<u>\$ 485,117</u>

See accompanying independent auditors' report.

Budget Adjustments	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
		Original	Final	
\$ 50,500	\$ 21,384,348	\$ 20,508,320	\$ 20,508,320	\$ 876,028
-	-	-	-	-
-	16,280,041	16,464,737	16,464,737	(184,696)
-	1,498,181	1,060,000	1,060,000	438,181
<u>50,500</u>	<u>39,162,570</u>	<u>38,033,057</u>	<u>38,033,057</u>	<u>1,129,513</u>
11,650	22,393,929	23,909,629	27,289,455	4,895,526
-	9,172,114	9,619,970	10,979,833	1,807,719
-	1,621,629	1,841,492	2,101,802	480,173
-	6,139,841	7,783,311	7,783,311	1,643,470
<u>11,650</u>	<u>39,327,513</u>	<u>43,154,402</u>	<u>48,154,401</u>	<u>8,826,888</u>
38,850	(164,943)	(5,121,345)	(10,121,344)	9,956,401
-	-	-	-	-
38,850	(164,943)	(5,121,345)	(10,121,344)	9,956,401
<u>1,407,608</u>	<u>7,843,596</u>	<u>9,671,345</u>	<u>9,671,345</u>	<u>(1,827,749)</u>
<u>\$ 1,446,458</u>	<u>\$ 7,678,653</u>	<u>\$ 4,550,000</u>	<u>\$ (449,999)</u>	<u>\$ 8,128,652</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2005

This budgetary comparison is presented as Required Supplementary Information in accordance with *Government Accounting Standards Board* Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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 now prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four 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 at the 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 to change from cash to GAAP basis of accounting, increasing budgeted disbursements by \$4,999,999.

During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted in any functional area and the District did not exceed its General Fund unspent authorized budget.

Other Supplementary Information

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2005

Assets	Management Levy	Student Activity	Special Revenue Physical Plant and Equipment Levy
Cash and pooled investments	\$ 646,070	\$ 479,628	\$ 959,840
Receivables:			
Property tax:			
Delinquent	3,024	-	8,788
Succeeding year	452,326	-	1,150,403
Accounts	-	18,398	-
Accrued interest	1,251	1,225	2,018
	<u>1,251</u>	<u>1,225</u>	<u>2,018</u>
Total assets	<u>\$ 1,102,671</u>	<u>\$ 499,251</u>	<u>\$ 2,121,049</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 546	\$ 18,203	\$ 237,543
Salaries and benefits payable	-	-	-
Interfund payable	-	-	-
Deferred revenue:			
Succeeding year property tax	452,326	-	1,150,403
Other	-	-	-
Total liabilities	<u>452,872</u>	<u>18,203</u>	<u>1,387,946</u>
Fund balances:			
Unreserved, undesignated fund balance	<u>649,799</u>	<u>481,048</u>	<u>733,103</u>
Total liabilities and fund balances	<u>\$ 1,102,671</u>	<u>\$ 499,251</u>	<u>\$ 2,121,049</u>

See accompanying independent auditors' report.

Public Purpose Trust Fund	Total Special Revenue	Permanent Fund	Total
\$ 19,836	\$ 2,105,374	\$ 1,425,635	\$ 3,531,009
-	11,812	-	11,812
-	1,602,729	-	1,602,729
-	18,398	-	18,398
68	4,562	919	5,481
<u>\$ 19,904</u>	<u>\$ 3,742,875</u>	<u>\$ 1,426,554</u>	<u>\$ 5,169,429</u>
\$ -	\$ 256,292	\$ -	\$ 256,292
-	-	-	-
-	-	-	-
-	1,602,729	-	1,602,729
-	-	-	-
-	1,859,021	-	1,859,021
<u>19,904</u>	<u>1,883,854</u>	<u>1,426,554</u>	<u>3,310,408</u>
<u>\$ 19,904</u>	<u>\$ 3,742,875</u>	<u>\$ 1,426,554</u>	<u>\$ 5,169,429</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2005

	Management Levy	Student Activity	Special Revenue Physical Plant and Equipment Levy
Revenues:			
Local sources:			
Local tax	\$ 449,994	\$ -	\$ 1,120,284
Other	26,500	841,550	13,176
State sources	373	-	845
Total revenues	<u>476,867</u>	<u>841,550</u>	<u>1,134,305</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	154,226	-	-
Special instruction	-	-	-
Other instruction	-	789,186	-
Support services:			
Student services	7,086	-	-
Instructional staff services	3,543	-	-
Administration services	16,142	-	-
Operating and maintenance of plant services	170,944	-	-
Transportation services	46,487	-	-
Other expenditures:			
Facilities acquisition and construction	-	-	934,909
Total expenditures	<u>398,428</u>	<u>789,186</u>	<u>934,909</u>
Excess of revenues over expenditures	<u>78,439</u>	<u>52,364</u>	<u>199,396</u>
Other financing sources (uses):			
Operating transfers in	7,348	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>7,348</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	85,787	52,364	199,396
Fund balances beginning of year	<u>564,012</u>	<u>428,684</u>	<u>533,707</u>
Fund balances end of year	<u>\$ 649,799</u>	<u>\$ 481,048</u>	<u>\$ 733,103</u>

See accompanying independent auditors' report.

Public Purpose Trust Fund	Total Special Revenue Funds	Permanent Fund	Total
\$ -	\$ 1,570,278	\$ -	\$ 1,570,278
15,824	897,050	34,676	931,726
-	1,218	-	1,218
<u>15,824</u>	<u>2,468,546</u>	<u>34,676</u>	<u>2,503,222</u>
11,607	165,833	43	165,876
-	-	-	-
-	789,186	-	789,186
-	7,086	-	7,086
-	3,543	-	3,543
-	16,142	-	16,142
-	170,944	-	170,944
-	46,487	-	46,487
-	934,909	-	934,909
<u>11,607</u>	<u>2,134,130</u>	<u>43</u>	<u>2,134,173</u>
<u>4,217</u>	<u>334,416</u>	<u>34,633</u>	<u>369,049</u>
-	7,348	-	7,348
-	-	-	-
<u>-</u>	<u>7,348</u>	<u>-</u>	<u>7,348</u>
4,217	341,764	34,633	376,397
15,687	1,542,090	1,391,921	2,934,011
<u>\$ 19,904</u>	<u>\$ 1,883,854</u>	<u>\$ 1,426,554</u>	<u>\$ 3,310,408</u>

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2005

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen- ditures	Intra- Fund Transfers	Balance End of Year
Investment income	\$ 48,922	\$ 10,362	\$ 414	\$ -	\$ 58,870
Miscellaneous	18,235	31,331	23,214	-	26,352
Drama arts	5,305	7,367	8,527	-	4,145
Speech	1,294	1,138	1,775	-	657
Recog.-music/speech	28	-	-	-	28
Yearbook	24,278	6,223	7,057	-	23,444
Music/vocal	13,935	58,906	64,167	-	8,674
Music/orchestra	1,393	4,136	4,457	-	1,072
Music/band	2,402	17,294	18,756	-	940
Athletics	23,472	158,172	94,112	(28,500)	59,032
Volleyball	3,001	6,017	4,522	-	4,496
Track meets	1,380	7,242	8,152	1,000	1,470
Tennis	(74)	69	1,955	2,000	40
Golf	531	288	3,233	2,500	86
Cheerleaders	18,445	63,886	80,723	2,000	3,608
Color guard	352	2,926	2,358	-	920
Pom poms	478	11,416	11,586	1,500	1,808
Basketball-boys	9,410	12,273	14,297	-	7,386
Football	9,648	47,486	50,629	5,000	11,505
Soccer-boys	1,244	1,037	2,248	1,500	1,533
Baseball	(2,656)	4,702	10,043	6,000	(1,997)
Track-boys	(2,411)	1,745	2,297	2,000	(963)
Swimming-boys	3,562	2,390	4,135	-	1,817
Wrestling	156	7,563	7,807	-	(88)
Basketball-girls	3,354	6,117	7,527	2,000	3,944
Soccer-girls	44	2,427	4,093	5,000	3,378
Softball	4,914	3,375	8,031	4,000	4,258
Track-girls	(853)	1,008	3,566	2,500	(911)
Swimming-girls	2,839	2,533	3,085	2,000	4,287
Concessions-Robinsen/Dresser	(1,183)	6,760	2,926	-	2,651
A.P.A.	(2,892)	5,863	17,100	7,500	(6,629)
Area 7 Student Forum	75	-	-	-	75
A.V. Dept.	74	-	-	-	74
P.C.B.C.	57,567	4,888	90	(7,500)	54,865
Campus improvement	14,829	1,500	428	-	15,901
CFHS Memorial Fund	478	-	36	-	442
CHAT	608	500	775	-	333
Chess club	38	-	-	-	38
DECA	541	7,617	6,910	-	1,248
Drug/alcohol prevention	478	-	30	-	448
English resource center	5,431	15,340	17,566	-	3,205
FBLA	302	(140)	4	-	158
Food service	(860)	(77)	-	-	(937)
General store	1,141	-	-	-	1,141
Activity tickets/Jr. high	-	11,040	-	(10,500)	540
Jr/Sr prom	(986)	5,560	5,979	-	(1,405)
Library	9,342	1,788	2,696	-	8,434

(continued)

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2005

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen- ditures	Intra- Fund Transfers	Balance End of Year
Mc Elroy Fund	1,189	1,336	576	-	1,949
Office education	(893)	6,650	6,101	-	(344)
M.R.C.	339	485	345	-	479
Pop	5,325	2,564	4,091	-	3,798
AP textbooks	580	144	-	-	724
Programs	622	1,013	-	-	1,635
Revolving	26,939	82,659	85,248	-	24,350
Science club	1,067	1,450	1,663	-	854
Faculty	1,227	3,617	2,908	-	1,936
T & I Club	941	1,198	950	-	1,189
Tiger Hi-Line	78	-	-	-	78
Y.F.U.	227	-	63	-	164
Student forum	2,062	8,485	8,373	-	2,174
Renaissance	582	444	-	-	1,026
Class of 2001	284	-	-	-	284
Class of 2003	819	-	-	-	819
Class of 2004	691	-	-	-	691
Class of 2005	770	2,930	2,096	-	1,604
Class of 2006	-	-	-	-	-
PTA	(5,414)	6,341	702	-	225
Student council	13,961	25,605	24,235	-	15,331
Pictures	13,036	14,988	16,178	-	11,846
Lego League	-	350	214	-	136
Student activities	9,072	12,370	13,473	-	7,969
Special Olympics	-	-	-	-	-
Math club	565	-	65	-	500
Magazines	58,499	88,778	84,235	-	63,042
Student fundraisers club	2,006	-	-	-	2,006
Gym padlocks	416	329	410	-	335
Recycling	5,374	616	625	-	5,365
Alpha	460	5,065	4,875	-	650
Robotics	923	12,560	10,214	-	3,269
TJ-TR Account	450	596	1,021	-	25
SADD	1	450	145	-	306
Video yearbook	121	-	-	-	121
Weight room	2,512	2,055	2,250	-	2,317
Culture Fair	7	-	-	-	7
PLAAD	905	645	1,309	-	241
Drama clubs	3,816	10,810	6,881	-	7,745
Tech clubs	45	-	-	-	45
Choral/Dramatic	-	5,535	2,264	-	3,271
Echoes concessions	1,469	1,088	370	-	2,187
Amnesty International	-	125	-	-	125
PATT concessions	-	201	-	-	201
	<u>\$ 428,684</u>	<u>\$ 841,550</u>	<u>\$ 789,186</u>	<u>\$ -</u>	<u>\$ 481,048</u>

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year ended June 30, 2005

Assets	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Cash and pooled investments	\$ 48,496	\$ 54,214	\$ 73,102	\$ 29,608
Due from others	1,366	10,579	1,366	10,579
Total assets	\$ 49,862	\$ 64,793	\$ 74,468	\$ 40,187
Liabilities				
Accounts payable	\$ 7,772	\$ 3,712	\$ 7,772	\$ 3,712
Due to others	42,090	66,509	72,124	36,475
Total liabilities	\$ 49,862	\$ 70,221	\$ 79,896	\$ 40,187

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function

All Governmental Fund Types

For the Last Four Years

	Modified Accrual Basis Years ended June 30,			
	2005	2004	2003	2002
Revenues:				
Local sources:				
Local tax	\$ 16,708,307	\$ 16,520,308	\$ 16,003,368	\$ 14,832,828
Tuition	1,830,999	1,626,894	1,526,842	1,525,918
Other	1,823,074	2,631,928	1,800,949	2,120,001
Intermediate sources	-	-	-	-
State sources	16,264,693	16,132,001	16,165,932	16,494,066
Federal sources	1,045,266	1,085,395	1,516,393	1,169,893
Total revenues	\$ 37,672,339	\$ 37,996,526	\$ 37,013,484	\$ 36,142,706
Expenditures:				
Instruction:				
Regular instruction	\$ 15,037,847	\$ 14,200,102	\$ 14,384,887	\$ 14,389,215
Special instruction	4,861,934	4,469,541	4,933,571	3,925,935
Other instruction	2,505,798	2,647,017	1,777,260	2,675,291
Support services:				
Student services	1,107,975	1,073,346	1,102,026	1,046,622
Instructional staff services	1,125,213	1,092,475	1,151,890	1,398,485
Administration services	3,099,849	3,206,356	3,023,114	2,987,775
Operation and maintenance of plant services	3,201,889	2,738,832	2,569,879	2,304,314
Transportation services	637,188	622,904	569,884	532,250
Other expenditures:				
Facilities acquisition and construction	4,918,143	2,151,702	4,386,440	6,583,904
Long-term debt:				
Principal	-	-	5,000,000	-
Interest and other charges	-	-	250,300	250,300
AEA flowthrough	1,221,698	1,211,772	1,279,580	1,288,214
Total expenditures	\$ 37,717,534	\$ 33,414,047	\$ 40,428,831	\$ 37,382,305

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Grantor/Program	CFDA Number	Grant Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture: Iowa Department of Education: Food Distribution (non-cash)	10.550	N/A	<u>\$ 91,355</u>
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	N/A	1,389
National School Lunch Program	10.555	N/A	349,987
Fresh Fruit & Vegetable Pilot Program	10.555	N/A	6,446
			<u>357,822</u>
U.S. Total Department of Agriculture			<u>449,177</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY04	24,376
Title I Grants to Local Education Agencies	84.010	FY04C	53,439
Title I Grants to Local Education Agencies	84.010	FY05	344,506
			<u>422,321</u>
Special Education - Grants to States (IDEA)	84.027	FY05	<u>208,462</u>
Vocational Education - Basic Grants to States	84.048A	FY04	8,773
Vocational Education - Basic Grants to States	84.048A	FY05	24,092
			<u>32,865</u>
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY05	<u>52,164</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186A	FY05	<u>19,789</u>
State Grants for Innovative Programs (Title V)	84.298A	FY05	<u>16,717</u>
Reading First State Grants	84.357	FY05	<u>67</u>
Improving Teacher Quality State Grants	84.367	FY05	<u>186,879</u>
Grants for State Assessments and Related Activities	84.369	FY05	<u>26,322</u>

(continued)

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Grantor/Program	CFDA Number	Grant Number	Program Expenditures
Indirect:			
U.S. Department of Education (continued):			
Iowa Department of Education (continued):			
Waterloo Community School District:			
Twenty-First Century Community Learning Centers	84.287	FY05	\$ 15,680
Total U.S. Department of Education			981,266
U.S. Department of Health & Human Services:			
Tri-County Child & Family Development Council, Inc.:			
Head Start	93.600	FY05	64,000
Total U.S. Department of Health & Human Services			64,000
Total Expenditures of Federal Awards			\$ 1,494,443

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the Cedar Falls Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditors' report.

Internal Controls and Compliance

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

To the Board of Education
Cedar Falls 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 Cedar Falls Community School District, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cedar Falls 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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by errors or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar Falls 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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Cedar Falls Community School District, and other parties to whom Cedar Falls Community School District may report, including federal awarding agencies and pass-through entities. 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 Cedar Falls 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.

Carney, Alexander, Marold & Co., L.L.P.

October 12, 2005

Independent Auditors' Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education
Cedar Falls Community School District

Compliance

We have audited the compliance of Cedar Falls Community School District, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Cedar Falls Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Cedar Falls Community School District's management. Our responsibility is to express an opinion on Cedar Falls Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cedar Falls Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cedar Falls Community School District's compliance with those requirements.

In our opinion, Cedar Falls Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Cedar Falls Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Cedar Falls Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Cedar Falls Community School District, and other parties to whom Cedar Falls Community School District may report, including federal award agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

October 12, 2005

Carney, Alexander, Macold & Co., L.L.P.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) The audit did not disclose any reportable conditions in internal control over financial reporting.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit did not disclose any reportable conditions in internal control over major programs.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.010 Title I Grants to Local Educational Agencies
 - Clustered Programs:
 - CFDA Number 10.553 School Breakfast Program
 - CFDA Number 10.555 National School Lunch Program
 - CFDA Number 10.555 Fresh Fruit & Vegetable Pilot Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Cedar Falls Community School District did qualify as a low-risk auditee.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

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

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No matters were reported.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No matters were reported.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-05 Official Depositories - Official depositories have been adopted by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.
- IV-B-05 Certified Budget - District disbursements for the year ended June 30, 2005, did not exceed the amounts budgeted.
- IV-C-05 Questionable Disbursements - We noted no disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-D-05 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.
- IV-E-05 Business Transactions - We noted no business transactions between the District and District officials or employees.
- IV-F-05 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.
- IV-G-05 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- IV-H-05 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- IV-I-05 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-05 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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Audit Staff

This audit was performed by:

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Monica M. Haag, CPA, Manager

Jeanne K. Alcantara, CPA

Alicia J. Wemark, CPA

Ryan R. England

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