CENTRAL COMMUNITY SCHOOL DISTRICT

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

June 30, 2005

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CENTRAL COMMUNITY SCHOOLS

Officials

Name	Title	Term Expires
	Board of Education (Before Septemeber 2004 Election)	
Christopher Grau	President	2005
Lori Bouska	Board Member	2004
Susan Ruhser	Board Member	2004
Gregory Hach	Board Member	2004
Richard Bahls	Board Member	2005
Thomas Healy	Board Member	2005
Billy Armstrong	Board Member	2006
	Board of Education (After September 2004 Election)	
Christopher Grau	President	2005
Richard Bahls	Board Member	2005
Thomas Healy	Board Member	2005
Billy Armstrong	Board Member	(Resigned Apr. 2)
Tracy Schroeder	Board Member (Appointed Apr. 26)	2005
Gregory Hach	Board Member	2006
Lori Bouska	Board Member	2007
Susan Ruhser	Board Member	2007
	School Officials	
Brian Rodenberg	Superintendent	2005
Julie Moody	District Secretary	2005
Alan J. Johnson	Treasurer	2005
Stephen D. Saunders	Attorney	2005

Dietz, Donald & Company
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Education of
Central 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 Central Community School District, Elkader, 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. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 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 Central Community School District at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated January 30, 2006 on our consideration of Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regu-

lations, 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 7 through 15 and 40 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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

Elkader, Iowa 52043

January 30, 2006

Dietz, Donald & Company

Dietz, Donald & Company, CPAs
FEIN 42-1172392

CENTRAL COMMUNITY SCHOOL DISTRICT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

General Fund revenues increased from $ 4,496,972 in fiscal 2004 to $ 4,641,344 in fiscal 2005, while General Fund expenditures decreased from $ 4,677,712 in fiscal 2004 to $ 4,524,588 in fiscal 2005. The District's General Fund balance increased from $ 29,987 in fiscal 2004 to $ 147,087 in fiscal 2005, a 391% increase.

The increase in General Fund revenues was attributable to an increase in state grant revenue in fiscal 2005. The decrease in expenditures was due primarily to the closing of the Volga facility. As a result the general fund balance increased for the first time since fiscal 1996.

With the closing of Volga, expenditures for instruction decreased by nearly $ 95,000 and instructional staff services decreased by nearly $ 36,000.

USING THIS ANNUAL REPORT

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School District's

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor Governmental Funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond convenants. The District established other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as the management levy.

The District has three kinds of funds:

1) Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

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

2) Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

3) Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. The District currently has one Fiduciary Fund, a Private Purpose Trust Fund.

    Private-Purpose Trust Fund-The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the District's net assets at June 30, 2005 compared to June 30, 2004, is provided below.

Condensed Statement of Net Assets
(Expressed in Thousands)

	Government Activities June 30,		Business type Activities June 30,		Total District June 30,		Total Change June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	$ 2,431	3,146	$ 52	50	$ 2,483	3,196	-22.3%
Capital assets	1,485	1,508	11	14	1,496	1,522	- 1.7%
Total assets	3,916	4,654	63	64	3,979	4,718	-15.7%
Long-term liabilities	21	14	-	-	21	14	50.0%
Other liabilities	1,736	2,774	3	4	1,739	2,778	-37.4%
Total liabilities	1,757	2,788	3	4	1,760	2,792	-37.0%
Net assets							
Invested in capital assets	1,485	1,508	11	14	1,496	1,522	- 1.7%
Restricted	533	338	-	-	533	338	57.7%
Unrestricted	141	20	49	46	190	66	187.9%
Total net assets	$ 2,159	1,866	$ 60	60	$ 2,219	1,926	15.2%

The District's combined net assets increased by over 15%, or approximately $ 293,000 from the prior year. The largest portion of the Districts net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The restricted net assets increased approximately $ 195,000.

Unrestricted net assets-the part of net assets that can be used to finance day-to-day operations without constraints established by debt convenants, enabling legislation or other legal requirements-increased approximately $ 124,000, or 188%. This increase in unrestricted net assets was a result of the District receiving nearly $ 193,000 more in state aid and spending $ 153,000 less in fiscal 2005.

The following schedule shows the change in net assets for the year ended June 30, 2005.

	Change in Net Assets (Expressed in Thousands)		
	Governmental Activities	Business type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	$ 339	102	441
Operating grants, contributions and related interest	552	118	670
General revenues:			
Property tax	1,762	-	1,762
Local option sales and service tax	328	-	328
Income tax surtax	147	-	147
Unrestricted state grants	2,146	-	2,146
Unrestricted investment earnings	15	-	15
Other	2	-	2
Total revenues	5,291	220	5,511
Program expenses:			
Governmental activities:			
Instruction	3,213	-	3,213
Support services	1,450	-	1,450
Non-instructional programs	-	222	222
Other expenses	334	-	334
Total expenses	4,997	222	5,219
Change in net assets	$ 294	(2)	292

Property tax and unrestricted state grants account for 74% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 89% of the total expenses.

Governmental Activities

Revenues for governmental activities were $ 5,292,804 and expenses were $ 4,997,639. In a difficult budget year, the District was able to increase its governmental activities net assets with an increase in state funding and trimming expenses by closing the Volga facility.

The following table presents the total and net costs of the District's major governmental activities: instruction, support services and other expenses.

	Total and Net Cost of Governmental Activities (Expressed in Thousands)	
	Total Cost of Services	Net Cost of Services
Instruction	$ 3,213	$ 2,561
Support services	1,451	1,434
Other expenses	334	112
Total	$ 4,998	$ 4,107

The cost financed by users of the District's programs was $ 338,312.

Federal and state governments subsidized certain programs with grants and contributions totaling $ 552,306.

The net cost of governmental activities was financed with $ 2,237,330 in property and other taxes and $ 2,145,957 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were $ 220,961 and expenses were $ 221,754. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of $ 695,214 well above last year's ending fund balances of $ 398,249.

Governmental Fund Highlights

The District's improved General Fund financial position is the result of two main factors. General Fund revenues increased by $ 144,372. This in addition to the District's decrease in General Fund expenditures of $ 153,124, resulted in the District increasing its General Fund Balance by $ 117,100.

The Management Levy Fund balance increased from $ 76,193 in fiscal 2004 to $ 90,140 in fiscal 2005. While revenues increased $ 11,739, disbursements increased $ 16,392 much of this due to more employees taking advantage of early retirement.

The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from a balance of $ 94,206 in fiscal 2004 to $ 43,369 in fiscal 2005. The main reason for this was a decrease in $ 85,000 as the voted PPEL levy expired at June 30, 2004.

The Capital Projects Fund was started in 2004 to account for revenues from local option sales tax. In six months in fiscal 2004, the District collected $ 46,472. For a full year in fiscal 2005 the District had revenues of $ 328,370 and expenditures of $ 95,687.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from $ 60,529 at June 30, 2004 to $ 59,736 at June 30, 2005, representing a decrease of approximately 1.3%. For fiscal 2005, the District's cost increased by $ 14,407. Most of this increased cost was met by an increase in federal grants of $ 27,536.

BUDGETARY HIGHLIGHTS

The District's receipts were $ 238,158 less than budgeted receipts, a variance of 4%. The most significant variance resulted from the District receiving less in local revenues than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in both the non-instructional programs and other expenditures functions. The over expenditure in non-instructional programs was due to federal funding of a healthful eating program in the Nutrition Fund. Facilities acquistion expenditures caused the over expenditure in the other expenditures function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had invested nearly $ 1.5 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transporation equipment. This represents a net decrease of 1.7%

from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was $ 156,613.

The original cost of the District's capital assets was 3.9 million. Governmental funds account for $ 3.8 million, with the remainder of $ 0.1 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category, which increased by $ 54,491 which was due to the reroofing of the gymnasium, which was not completed at June 30, 2005.

	Capital Assets, net of Depreciation (expressed in thousands)						
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Land	$ 100	100	$ -	-	$ 100	100	0.0%
Construction in progress	54	-	-	-	54	-	-
Buildings	1,034	1,093	-	-	1,034	1,093	-5.4%
Furniture and equipment	297	315	11	14	308	329	-6.4%
Totals	$ 1,485	1,508	$ 11	14	$ 1,496	1,522	-1.7%

Long-term Debt

At June 30, 2005 the District had $ 21,572 in other long-term debt outstanding. This represents a decrease of approximately 46% from last year. Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

	Outstanding Long-Term Obligation (expressed in thousands)		
	Total District		Total Change
	June 30,		June 30,
	2005	2004	2004-2005
Early retirement	$ 14	31	-54.8%
Compensated absences	8	10	-20.0%
Total	$ 22	41	-46.3

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has experienced declining enrollment for the past three years and expects that trend to continue.

Budgeted disbursements for fiscal 2006 are $ 112,000 more than the final budgeted amount for fiscal 2005 a 2.1% increase. The proposed property tax rate for 2006 is 13.94983 (per $ 1,000 taxable valuation) a 1.2% decrease from fiscal 2005.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julie Moody, District Secretary, Central Community School District, 400 First Street NW, Elkader, Iowa 52034.

BASIC FINANCIAL STATEMENTS

Exhibit A

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash	$ 517,371	45,330	562,701
Receiviables:			
Property tax:			
Delinquent	48,738	0	48,738
Succeeding year	1,714,603	0	1,714,603
Accounts	5,398	0	5,398
Due from other governments	144,973	0	144,973
Inventories	0	6,824	6,824
Capital assets, net of accumulated depreciation	1,485,092	11,058	1,496,150
TOTAL ASSETS	3,916,175	63,212	3,979,387
LIABILITIES			
Accounts payable	13,622	150	13,772
Salaries and benefits payable	7,644	0	7,644
Deferred revenue:			
Succeeding year property tax	1,714,603	0	1,714,603
Other	0	3,326	3,326
Long-term liabilities:			
Portion due within one year:			
Compensated absences	7,981	0	7,981
Early retirement	6,087	0	6,087
Portion due after one year:			
Early retirement	7,504	0	7,504
TOTAL LIABILITIES	1,757,441	3,476	1,760,917
NET ASSETS			
Invested in capital assets, net of related debt	1,485,092	11,058	1,496,150
Restricted for:			
Management levy	74,547	0	74,547
Physical plant and equipment levy	43,369	0	43,369
Local option sales tax capital projects	277,268	0	277,268
Other special revenue purposes	137,530	0	137,530
Unrestricted	140,928	48,678	189,606
TOTAL NET ASSETS	$ 2,158,734	59,736	2,218,470

See notes to financial statements.

Exhibit B

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS:						
Governmental activities:						
Instruction:						
Regular instruction	$ 2,212,904	173,050	209,574	(1,830,280)	0	(1,830,280)
Special instruction	481,758	20,386	98,741	(362,631)	0	(362,631)
Other instruction	518,061	142,421	7,641	(367,999)	0	(367,999)
	3,212,723	335,857	315,956	(2,560,910)	0	(2,560,910)
Support services:						
Student services	128,372	0	3,552	(124,820)	0	(124,820)
Instructional staff services	153,412	0	10,768	(142,644)	0	(142,644)
Administration services	475,760	112	0	(475,648)	0	(475,648)
Operation and maintenance of plant services	368,132	510	0	(367,622)	0	(367,622)
Transportation services	324,849	1,833	0	(323,016)	0	(323,016)
	1,450,525	2,455	14,320	(1,433,750)	0	(1,433,750)
Other expenditures						
Facilities acquisition	88,696	0	41,893	(46,803)	0	(46,803)
AEA flow through	180,137	0	180,137	0	0	0
Depreciation (unallocated)	65,558	0	0	(65,558)	0	(65,558)
	334,391	0	222,030	(112,361)	0	(112,361)
Total governmental activities	4,997,639	338,312	552,306	(4,107,021)	0	(4,107,021)
Business type activities:						
Non-instructional programs:						
Food service operations	221,754	102,178	118,160	0	(1,416)	(1,416)
Total	$ 5,219,393	440,490	670,466	(4,107,021)	(1,416)	(4,108,437)
GENERAL REVENUES:						
Property tax levied for:						
General purposes				1,719,649	0	1,719,649
Capital outlay				42,695	0	42,695
Local option sales and service tax				328,370	0	328,370
Income tax surtax				146,616	0	146,616
Unrestricted state grants				2,145,957	0	2,145,957
Unrestricted investment earnings				14,667	623	15,290
Other				2,232	0	2,232
Total general revenues				4,400,186	623	4,400,809
Change in net assets				293,165	(793)	292,372
Net assets beginning of year				1,865,569	60,529	1,926,098
Net assets end of year				$ 2,158,734	59,736	2,218,470

See notes to financial statements.

Exhibit C

CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General	Capital Projects	Nonmajor Special Revenue	Total
ASSETS				
Cash	$ 57,737	180,866	278,768	517,371
Receivables:				
Property tax:				
Delinquent	44,957	0	3,781	48,738
Succeeding year	1,586,900	0	127,703	1,714,603
Accounts	5,349	49	0	5,398
Due from other funds	11,432	0	0	11,432
Due from other governments	48,620	96,353	0	144,973
TOTAL ASSETS	$ 1,754,995	277,268	410,252	2,442,515
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 13,364	0	258	13,622
Salaries and benefits payable	7,644	0	0	7,644
Due to other funds	0	0	11,432	11,432
Deferred revenue:				
Succeeding year property tax	1,586,900	0	127,703	1,714,603
TOTAL LIABILITIES	1,607,908	0	139,393	1,747,301
Fund balances: Unreserved	147,087	277,268	270,859	695,214
TOTAL LIABILITIES AND FUND BALANCES	$ 1,754,995	277,268	410,252	2,442,515

See notes to financial statements.

Exhibit D

CENTRAL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2005

Total fund balances of governmental funds (page 19)	$ 695,214
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	1,485,092
Long-term liabilities, including compensated absences and early retirement, are not due and payable in the current period and, therefore are not reported in the funds	(21,572)
Net assets of governmental activities (page 17)	$ 2,158,734

See notes to financial statements.

Exhibit E

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	General	Capital Projects	Nonmajor Special Revenues	Total
Revenues:				
Local sources:				
Local tax	$ 1,771,477	328,370	137,482	2,237,329
Tuition	185,009	0	0	185,009
Other	33,817	0	141,267	175,084
Intermediate sources	1,509	0	0	1,509
State sources	2,490,662	0	4,901	2,495,563
Federal sources	158,870	0	37,132	196,002
Total revenues	4,641,344	328,370	320,782	5,290,496
Expenditures:				
Current:				
Instruction:				
Regular instruction	2,154,142	0	58,298	2,212,440
Special instruction	484,282	0	0	484,282
Other instruction	364,775	0	154,169	518,944
	3,003,199	0	212,467	3,215,666
Support services:				
Student services	126,412	0	0	126,412
Instructional staff services	140,527	0	15,760	156,287
Administration services	479,063	0	0	479,063
Operation and maintenance of plant services	342,241	0	24,641	366,882
Transportation services	253,009	0	0	253,009
	1,341,252	0	40,401	1,381,653
Other expenditures:				
Facilities acquisition	0	95,687	120,732	216,419
AEA flowthrough	180,137	0	0	180,137
	180,137	95,687	120,732	396,556
Total expenditures	4,524,588	95,687	373,600	4,993,875
Excess (deficiency) of revenues over (under) expenditures	116,756	232,683	(52,818)	296,621
Other financing sources:				
Sale of equipment	344	0	0	344
Net change in fund balances	117,100	232,683	(52,818)	296,965
Fund balances beginning of year	29,987	44,585	323,677	398,249
Fund balances end of year	$ 147,087	277,268	270,859	695,214

See notes to financial statements.

Exhibit F

CENTRAL 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 (page 21)		$ 296,965
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, these costs are capitalized in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:		
Expenditures for capital assets	$ 127,723	
Depreciation expense	(150,618)	(22,895)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Early retirement	17,181	
Compensated absences	1,950	
Loss on trade of vehicles	(36)	19,095
Change in net assets of governmental activities (page 18)		$ 293,165

See notes to financial statements.

Exhibit G

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2005

	School Nutrition
ASSETS	
Cash	$ 45,330
Inventories	6,824
Capital assets, net of accumulated depreciation	11,058
TOTAL ASSETS	63,212
LIABILITIES	
Accounts payable	150
Deferred revenue	3,326
TOTAL LIABILITIES	3,476
NET ASSETS	
Invested in capital assets, net of related debt	11,058
Unrestricted	48,678
TOTAL NET ASSETS	$ 59,736

See notes to financial statements.

Exhibit H

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2004

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	$ 102,178
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	78,411
Benefits	18,464
Purchased services	3,265
Supplies	115,619
Depreciation	5,995
Total operating expenses	221,754
Operating loss	(119,576)
Non-operating revenue:	
State sources	2,949
Federal sources	115,211
Interest income	623
Total non-operating revenue	118,783
Change in net assets	(793)
Net assets beginning of year	60,529
Net assets end of year	$ 59,736

See notes to financial statements.

Exhibit I

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2005

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	$ 101,994
Cash paid to employees for services	(96,875)
Cash paid to suppliers for goods or services	(104,292)
Net cash used by operating activities	(99,173)
Cash flows from non-capital financing activities:	
State grants received	2,949
Federal grants received	101,270
Net cash provided by non-capital financing activities	104,219
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,568)
Cash flows from investing activities:	
Interest on investments	623
Net increase in cash	3,101
Cash beginning of year	42,229
Cash end of year	$ 45,330
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (119,576)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	13,941
Depreciation	5,995
Decrease in inventories	501
Increase in accounts payable	150
(Decrease) in deferred revenue	(184)
Net cash used by operating activities	$ (99,173)

Non-cash investing, capital and financing activities:
During the year ended June 30, 2005, the District received $ 13,941 of federal commodities.

See notes to financial statements.

Exhibit J

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2005

	Private Purpose Trust
	Scholarship
ASSETS	
Cash	$ 2,000
LIABILITIES	
None	-
NET ASSETS	
Reserved for scholarships	$ 2,000

See notes to financial statements.

Exhibit K

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2005

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest income	$ 38
Deductions:	
Support services:	
Scholarships awarded	38
Change in net assets	0
Net assets beginning of year	2,000
Net assets end of year	$ 2,000

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades Kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Elkader, Volga City, St. Olaf, Elkport and Garber, Iowa and the predominate agricultural territory of west central Clayton County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

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

A. Reporting Entity

For financial reporting purposes, Central Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on the organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Capital Projects Fund accounts for receipts and disbursal of the local option sales tax

The District reports the following major proprietary fund:

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

The District also reports the following fiduciary fund which focuses on net assets and changes in net assets:

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.

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 revenues 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 revenue to be available if they are collected within 60 days after year end.

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% 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 - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather that when purchased and received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the governmentwide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially

extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	4-15 years

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

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and lunch tickets sold in the current year which will not be used until the following year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay

in effect at June 30, 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 statements, other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements in the non-instructional programs and other expenditures functional areas exceeded the amounts budgeted.

(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 openend management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Governmental Accounting Standards Board Statement No. 3 requires investments to be categorized to give an indication of the level of risk assumed by the District at year end. At year end, the District has no investments subject to risk categorization.

Interest rate risk - At June 30, 2005 the District had $ 47,000 invested in certificates of deposit with maturities ranging from 5 to 153 days.

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 100,000	-	-	100,000
Construction in progress	-	54,491	-	54,491
Total capital assets not being depreciated	100,000	54,491	-	154,491
Capital assets being depreciated:				
Buildings	2,435,067	6,000	-	2,441,067
Furniture and equipment	1,402,046	79,282	86,345	1,394,983
Total capital assets being depreciated	3,837,113	85,282	86,345	3,836,050
Less accumulated depreciation for:				
Buildings	1,341,765	65,558	-	1,407,323
Furniture and equipment	1,087,325	85,060	74,259	1,098,126
Total accumulated depreciation	2,429,090	150,618	74,259	2,505,449
Total capital assets being depreciated, net	1,408,023	(65,336)	12,086	1,330,601
Governmental activities capital assets, net	$ 1,508,023	(10,845)	12,086	1,485,092
Business type activities:				
Furniture and equipment	$ 58,116	2,568	0	60,684
Less accumulated depreciation	43,631	5,995	0	49,626
Business type activities capital assets, net	$ 14,485	(3,427)	0	11,058

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	$ 6,591
Other	1,187
Support services:	
Student	1,960
Administration	583
Operation and maintenance of plant	2,797
Transportation	71,942
	85,060
Unallocated	65,558
Total depreciation expense-governmental activities	$ 150,618
Business type activities:	
Food service operations	$ 5,995

(4) 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
Early retirement	$ 30,772	-	17,181	13,591	6,087
Compensated absences	9,331	7,981	9,331	7,981	7,981
Total	$ 40,103	7,981	26,512	21,572	14,068

Early Retirement

The District offers two voluntary early retirement plans to its employees. One plan is only for certified employees who have completed ten years of continuous service to the District. The other plan is for all full-time employees between the ages of fifty-five and sixty-five who have at least fifteen years of continuous service to the District. Early retirement benefits under the first plan are based on years of service, unused sick and personal days, and current rates of pay. Under the second plan, an individual is allowed up to a maximum of sixty days pay depending upon the individuals age at retirement. Early retirement benefits paid during the year ended June 30, 2005 totaled $ 58,298.

(5) 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 IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004, and 2003. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were $ 159,443, $ 168,138 and $ 167,169, respectively, equal to the required contributions for each year.

(6) Risk Management

Central Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks exceeded commercial insurance coverage for the fiscal year ended June 30, 2004 by $ 49,034. This loss was a result of May flooding of the Turkey River. However, Federal and State grants are expected to cover 85% of the District's loss.

(7) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $ 180,137 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.

(8) Related Party Transactions

The District had business transactions totaling $ 2,917 between the District and District employees during the year ended June 30, 2005.

(9) Construction Contracts

The District had entered into a contract for $ 88,521 to replace the high school gym roof. At June 30, 2005, $ 44,788 remains unpaid on the project. Payments will be made from local sources as work on the project progresses.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES-
BUDGET AND ACTUAL (CASH BASIS)-ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts	Budgeted to Actual Variance
Receipts:					
Local sources	$ 2,469,084	102,618	2,571,702	2,705,984	(134,282)
Intermediate sources	1,509	0	1,509	0	1,509
State sources	2,491,527	2,949	2,494,476	2,609,247	(114,771)
Federal sources	182,350	115,211	297,561	288,175	9,386
Total receipts	5,144,470	220,778	5,365,248	5,603,406	(238,158)
Disbursements:					
Instruction	3,295,278	0	3,295,278	3,365,000	69,722
Support services	1,319,210	0	1,319,210	1,558,850	239,640
Non-instructional programs	0	217,677	217,677	202,000	(15,677)
Other expenditures	412,106	0	412,106	315,394	(96,712)
Total disbursements	5,026,594	217,677	5,244,271	5,441,244	196,973
Excess (deficiency) of receipts over (under) disbursements	117,876	3,101	120,977	162,162	(41,185)
Balances beginning of year	399,495	42,229	441,724	542,943	(101,219)
Balances end of year	$ 517,371	45,330	562,701	705,105	(142,404)

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE-BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2005

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 5,144,470	146,370	5,290,840
Expenditures	5,026,594	(32,719)	4,993,875
Net	117,876	179,089	296,965
Beginning fund balances	399,495	(1,246)	398,249
Ending fund balances	$ 517,371	177,843	695,214

	Proprietary Fund Enterprise		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	$ 220,778	183	220,961
Expenses	217,677	4,077	221,754
Net	3,101	(3,894)	(793)
Beginning net assets	42,229	18,300	60,529
Ending net assets	$ 45,330	14,406	59,736

See accompanying independent auditor's report.

Central Community School District

Notes to Required Supplementary Information-Budgetary Reporting

June 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant 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 prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

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

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the non-instructional programs and other expenditures functions.

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2005

	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash	$ 98,949	137,350	42,469	278,768
Receivables:				
Property Tax:				
Delinquent	2,623	0	1,158	3,781
Succeeding year	85,104	0	42,599	127,703
TOTAL ASSETS	$ 186,676	137,350	86,226	410,252
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	$ 0	0	258	258
Interfund payable	11,432	0	0	11,432
Deferred revenue:				
Succeeding year property tax	85,104	0	42,599	127,703
Total liabilities	96,536	0	42,857	139,393
Fund equity				
Unreserved fund balances	90,140	137,350	43,369	270,859
TOTAL LIABILITIES AND FUND EQUITY	$ 186,676	137,350	86,226	410,252

See accompanying independent auditor's report.

Schedule 2

CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2005

	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	$ 94,788	0	42,694	137,482
Other	2,002	138,241	1,024	141,267
State sources	96	0	4,805	4,901
Federal sources	0	0	37,132	37,132
Total revenues	96,886	138,241	85,655	320,782
Expenditures:				
Current:				
Instruction:				
Regular instruction	58,298	0	0	58,298
Other instruction	0	154,169	0	154,169
Support services:				
Instructional staff services	0	0	15,760	15,760
Operation and maintenance of plant services	24,641	0	0	24,641
Other expenditures:				
Facilities acquisition	0	0	120,732	120,732
Total expenditures	82,939	154,169	136,492	373,600
Excess (deficiency) of revenues over (under) expenditures	13,947	(15,928)	(50,837)	(52,818)
Fund balances beginning of year	76,193	153,278	94,206	323,677
Fund balances end of year	$ 90,140	137,530	43,369	270,859

See accompanying independent auditor's report.

Schedule 3

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2005

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Operations	$ 118,412	2,780	2,367	9,104	127,929
Drama	0	2,127	2,352	0	(225)
Speech	0	700	1,007	0	(307)
Music Department Dry Cleaning	805	1,344	1,196	0	953
Vocal Music	0	1,689	1,689	0	0
Instrumental Music	0	1,341	1,341	0	0
Junior High Athletic	(2,968)	0	3,151	2,968	(3,151)
Co-ed Athletics	29,046	43,237	22,232	(32,738)	17,313
Basketball	(4,996)	0	3,471	4,996	(3,471)
Track	(2,205)	0	2,413	2,205	(2,413)
Cross Country	(806)	0	365	806	(365)
Golf	(1,061)	0	1,169	1,061	(1,169)
Football	(8,202)	0	9,245	8,202	(9,245)
Baseball	(3,550)	0	5,333	3,550	(5,333)
Wrestling	(2,792)	0	1,431	2,792	(1,431)
Volleyball	(3,637)	0	1,884	3,637	(1,884)
Softball	(2,036)	0	5,593	2,036	(5,593)
Cheerleaders	(484)	0	0	484	0
Football Club	703	1,213	1,523	0	393
Softball Club	(50)	1,159	1,109	0	0
Basketball Club	733	250	282	0	701
Baseball Club	803	1,000	0	0	1,803
FFA	789	0	69	0	720
FCCLA	(14)	1,406	1,278	0	114
Mentors	9	2,313	1,529	0	793
National Honor Society	348	0	12	0	336
Elementary Media Club	13	1,704	1,219	0	498
High School Media Club	72	725	285	0	512
Yearbook	1,223	6,986	6,930	0	1,279
Athletic Boosters	0	0	286	0	(286)
Student Council	645	82	1,141	0	(414)
Letterwinners Club	124	6,233	5,202	0	1,155
Spanish Club	15,023	23,031	30,023	0	8,031
Drama Club	468	0	0	0	468
Volleyball Club	141	580	378	0	343
Cheerleaders Club	1,997	988	1,411	0	1,574

(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2005

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Class of 2008	0	4,149	2,431	0	1,718
Class of 2007	406	3,393	1,464	0	2,335
Class of 2006	1,723	10,953	11,333	0	1,343
Class of 2005	1,387	634	2,002	0	19
Class of 2004	533	0	533	0	0
Class of 2003	254	0	254	0	0
Milk/Juice Sales	213	3,663	2,240	(213)	1,423
Soft Drink/Juice Sales	8,890	12,461	12,881	(8,890)	(420)
Reading is Fundamental	1,245	975	993	0	1,227
Elementary Activities	42	1,125	1,122	0	45
Entrepreneurs	32	0	0	0	32
Total	$ 153,278	138,241	154,169	0	137,350

See accompanying independent auditor's report.

Schedule 4

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Last Four Years

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Local sources:				
Local tax	$ 2,237,329	2,045,458	1,867,600	1,735,682
Tuition	185,009	188,036	187,220	197,926
Other	175,084	228,800	226,894	179,062
Intermediate sources	1,509	0	0	0
State sources	2,495,563	2,298,034	2,453,253	2,494,804
Federal sources	196,002	155,688	180,750	166,683
Total	$ 5,290,496	4,916,016	4,915,717	4,774,157
Expenditures:				
Instruction:				
Regular instruction	$ 2,212,440	2,171,150	2,118,873	2,115,352
Special instruction	484,282	625,832	532,533	496,800
Other instruction	518,944	496,360	510,907	461,603
Support services:				
Student services	126,412	131,133	138,834	131,502
Instructional staff services	156,287	176,439	238,758	249,016
Administration services	479,063	493,333	462,317	480,801
Operation and maintenance of plant services	366,882	353,982	362,433	331,661
Transportation services	253,009	263,890	254,693	300,699
Central support services	0	0	0	6,951
Other expenditures:				
Facilities acquisition	216,419	188,047	166,561	121,916
AEA flow-through	180,137	181,770	196,260	197,100
Total	$ 4,993,875	5,081,936	4,982,169	4,893,401

See accompanying independent auditor's report.

Dietz, Donald & Company
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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 of the
Central Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Central Community School District 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 January 30, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 the Central Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community School Distirict'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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

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 Central Community School District and other parties to whom the Central Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Elkader, Iowa

January 30, 2006

Dietz, Donald & Company

Dietz, Donald & Company, CPAs
FEIN 42-1172392

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
Year Ended June 30, 2005

A. **Official Depositories** - A resolution naming official depositories has been approved by the District. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

B. **Certified Budget** - Disbursements for the year ended June 30, 2005 exceeded the amounts budgeted in the non-instructional programs and other expenditures functions.

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

Response - We will amend our budget before disbursements exceed the budget.

Conclusion - Response accepted.

C. **Questionable Disbursements** - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 15, 1979 were noted.

D. **Travel Expenses** - No disbursements 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.

E. **Business Transactions** - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jay Moser, spouse of teacher, owner of Moser Family Pharmacy	Supplies, and vaccines	$ 945
Chris Grau, school board president, owner of Grau Logs and Lumber, Inc.	Red oak	187
Paul Olson, spouse of janitor, owner of Olson Appliance	Repairs	97
Ron Engelhardt, spouse of cook, owner of R&R Dairy	Food	195
Ute Gage, spouse of janitor, owner of Elkader Dry Cleaners	Dry cleaning	1,474
Ed Nelson, bus driver, owner of the Store	Supplies	19
Total		$ 2,917

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest.

F. **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.

G. **Board Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not.

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

I. **Deposits and Investments** - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

J. **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.

K. **Request for Proposal** - The District did not send out requests for proposal in accordance with Chapter 11.6 before employing a Certified Public Accountant to conduct your audit.

Recommendation - A minimum of three requests for proposal should be sent out and responses evaluated before engaging a firm to conduct your audit.

Response - We are located in a rural area and are a small District. It has been difficult to get responses to previous requests for proposal since we have a CPA located in Elkader.

Conclusion - Even if responses are not obtained, a minimum of three requests should be sent out.