

Dunkerton Community School District

**Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings**

June 30, 2005

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Dunkerton Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2004 Election)		
Gloria Clough	President	2006
Todd Miller	Vice President	2004
Jerry Sires	Board Member	2005
Scott Segebarth	Board Member	2005
Larry Steinbronn	Board Member	2006
Board of Education		
(After September 2004 Election)		
Gloria Clough	President	2006
Larry Steinbronn	Vice President	2006
Jerry Sires	Board Member	2005
Scott Segebarth	Board Member	2005
Mark Brandes	Board Member	2007
School Officials		
Robert Cue	Superintendent	2005
Patricia Printy	District Secretary (through 7-31-04)	
Julie Delagardelle	District Secretary (7-31-04 through 5-25-05)	
Beth Weepie	District Secretary (beginning 5-25-05)	2005
Julie Delagardelle	District Treasurer (through 8-19-04)	
Julie Magee	District Treasurer (beginning 8-19-04)	2005
Wayne Sauer	Attorney	2005

Independent Auditor's Report

To the Board of Education of
Dunkerton Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dunkerton Community School District, Dunkerton, 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. My responsibility is to express an opinion on these financial statements based on my audit.

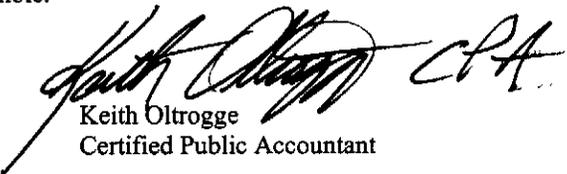
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable 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. I believe my audit provides a reasonable basis for my opinion.

In my 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 Dunkerton 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, I have also issued my report dated August 24, 2005 on my consideration of Dunkerton Community School District's internal control over financial reporting and my 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 my 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 my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 11 and 34 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dunkerton Community School District's basic financial statements. I 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 my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

August 24, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dunkerton 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 \$3,376,306 in fiscal 2004 to \$3,721,084 in fiscal 2005, while General Fund expenditures decreased from \$3,798,400 in fiscal 2004 to \$3,671,369 in fiscal 2005. The District's General Fund balance increased from \$263,724 in fiscal year 2004 to \$313,429 in fiscal year 2005, an 18.8% increase.
- The increase in General Fund revenues was attributable to an increase in state and federal grant revenue in fiscal year 2005.
- The National School Fitness Foundation (NSFF) contracted with the District to reimburse the full cost of fitness equipment. In April 2004, the NSFF filed bankruptcy and has not made payments to the District. The PPEL (Physical Plant and Equipment Levy) paid \$35,629 to cover the cost of the payments.
- The District's solvency ratio has increased from 6.9% at June 30, 2004 to 8.53% at June 30, 2005. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

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 Dunkerton 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 Dunkerton 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 Dunkerton Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

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 non-major Special Revenue Funds.

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

Figure A-1
Dunkerton Community School District Annual Financial Report

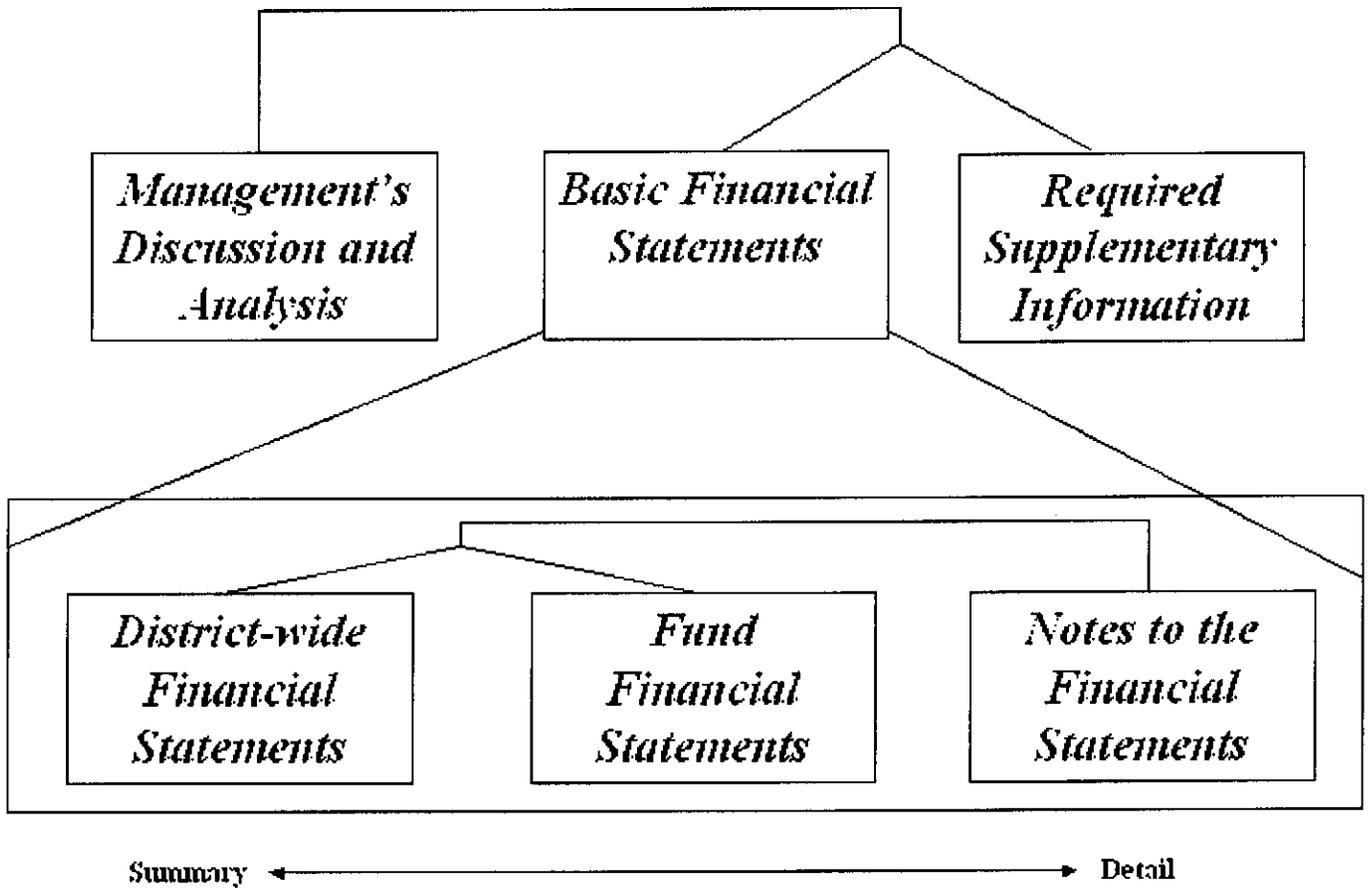


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, building trades class – house fund and Flex Plan are included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

- Trust Fund – The District accounts for outside donations 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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District’s net assets at June 30, 2005 compared to June 30, 2004.

**Figure A-3
Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	\$2,702,394	\$2,425,203	\$116,074	\$95,955	\$2,818,468	\$2,521,158	11.8%
Capital assets	4,011,936	3,716,417	66,645	75,826	4,078,581	3,792,243	7.6%
Total assets	\$6,714,330	\$6,141,620	\$182,719	\$171,781	\$6,897,049	\$6,313,401	9.2%
Long-term liabilities	\$1,603,006	\$1,902,281	\$-	\$-	\$1,603,006	\$1,902,281	-15.7%
Other liabilities	1,963,691	1,837,024	35,925	39,017	1,999,616	1,876,041	6.6%
Total liabilities	\$3,566,697	\$3,739,305	\$35,925	\$39,017	\$3,602,622	\$3,778,322	-4.7%
Net assets:							
Invested in capital assets, net of related debt	\$2,436,936	\$1,841,417	\$66,645	\$75,826	\$2,503,581	\$1,917,243	30.5%
Restricted	281,502	294,492	-	-	281,502	294,492	-1.1%
Unrestricted	429,195	266,406	80,149	56,938	509,344	323,344	57.5%
Total net assets	\$3,147,633	\$2,402,315	\$146,794	\$132,764	\$3,294,427	\$2,535,079	30.0%

The District’s combined net assets increased by nearly 30%, or \$759,348, over the prior year. The largest portion of the District’s net assets is the “invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt”. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets decreased by \$12,990, or 1.1% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased by \$2,061,000, or 305.3%.

Figure A-4 shows the change in net assets for the year ended June 30, 2005.

**Figure A-4
Changes in Net Assets**

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	\$425,597	\$331,628	\$757,225
Operating grants, contributions and restricted interest	498,467	72,416	570,883
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	1,299,427	-	1,299,427
Local options sales and service tax	444,984	-	444,984
Unrestricted state grants	1,830,475	-	1,830,475
Unrestricted investment earnings	11,561	78	11,639
Other	22,614	-	22,614
Total revenues	\$4,533,125	\$404,122	\$4,937,247
Program expenses:			
Governmental activities:			
Instruction	\$2,330,327	\$207,478	\$2,537,805
Support services	1,182,277	-	1,182,277
Non-instructional programs	15,583	182,614	198,197
Other expenses	259,620	-	259,620
Total expenses	\$3,787,807	\$390,092	\$4,177,899
Change in net assets	\$745,318	\$14,030	\$759,348

Property tax and unrestricted state grants account for 63% 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 \$4,533,125 and expenses were \$3,787,807. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

**Figure A-5
Total and Net Cost of
Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$2,330,327	\$1,416,571
Support services	1,182,277	1,171,969
Non-instructional programs	15,583	15,583
Other expenses	259,620	259,620
Totals	\$3,787,807	\$2,863,743

- The cost financed by users of the District's programs was \$757,225.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$570,883.
- The net cost of governmental activities was financed with \$1,299,427 in property and other taxes and \$1,830,475 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$404,122 and expenses were \$390,092. The District's business type activities include the School Nutrition, Building Trades Class-House and Flex Plan Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,147,633, well above last year's ending fund balances of \$2,402,315.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. More grant money resulted in an increase in revenues.
- The General Fund balance increased from \$263,724 to \$313,429, due in part to the increase in state and federal grants.

BUDGETARY HIGHLIGHTS

The District's receipts were \$276,998 more than budgeted receipts, a variance of 5.9%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

The Districts 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had invested \$4,078,581, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 7.6% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$142,387.

The original cost of the District's capital assets was \$8,694,981. Governmental funds account for \$8,578,762, with the remainder of \$116,219 accounted for in the Proprietary, School Nutrition Fund and Building Trades Class-House Fund.

The increase in net fixed assets for 2005 resulted from an adjustment in the salvage value of buildings in the amount of \$300,000 and in furniture and equipment in the amount of \$75,000.

**Figure A-6
Capital Assets, net of Depreciation**

	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	\$10,000	\$10,000	\$-	\$-	\$10,000	\$10,000	0.0%
Buildings	3,800,716	3,554,631	-	-	3,800,716	3,554,631	6.9%
Improvements other than buildings	18,182	12,824	-	-	18,182	12,824	41.8%
Furniture and equipment	183,038	138,962	66,645	75,826	249,683	214,788	16.2%
Totals	\$4,011,936	\$3,716,417	\$66,645	\$75,826	\$4,078,581	\$3,792,243	7.6%

Long-Term Debt

At June 30, 2005, the District had \$1,603,006 in general obligation and other long-term debt outstanding. This represents a decrease of 15.7% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

**Figure A-7
Outstanding Long-term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2005	2004	2004-2005
General obligation bonds	\$1,575,000	\$1,875,000	-16.0%
Capital lease	-	27,281	-100.0%
Early retirement	28,006	-	100.0%
Totals	\$1,603,006	\$1,902,281	-15.7%

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 Beth Weepie, District Secretary/Treasurer, Dunkerton Community School District, 509 S. Canfield, Dunkerton IA 50626.

Basic Financial Statements

Dunkerton Community School District

Statement of Net Assets

June 30, 2005

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
Other	\$ 1,099,873	\$ 105,585	\$ 1,205,458
Receivables:			
Property tax:			
Delinquent	23,294	-	23,294
Succeeding year	1,353,695	-	1,353,695
Accounts	37,059	3,096	40,155
Due from other funds	156,280	-	156,280
Due from other governments	32,193	-	32,193
Inventories	-	7,393	7,393
Capital assets, net of accumulated depreciation	4,011,936	66,645	4,078,581
Total Assets	\$ 6,714,330	\$ 182,719	\$ 6,897,049
Liabilities			
Excess of warrants issued over bank balance	\$ 76,943	\$ -	\$ 76,943
Accounts payable	39,869	2,939	42,808
Salaries and benefits payable	347,764	-	347,764
Due to other funds	123,294	32,986	156,280
Accrued interest payable	22,126	-	22,126
Deferred revenue-succeeding year property tax	1,353,695	-	1,353,695
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	315,000	-	315,000
Early retirement	18,590	-	18,590
Portion due after one year:			
General obligation bonds payable	1,260,000	-	1,260,000
Early retirement	9,416	-	9,416
Total Liabilities	\$ 3,566,697	\$ 35,925	\$ 3,602,622
Net Assets			
Invested in capital assets, net of related debt	\$ 2,436,936	\$ 66,645	\$ 2,503,581
Restricted for:			
Debt service	281,502	-	281,502
Unrestricted	429,195	80,149	509,344
Total Net Assets	\$ 3,147,633	\$ 146,794	\$ 3,294,427

Dunkerton Community School District

Statement of Activities

Year Ended June 30, 2005

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,542,835	\$ 241,358	\$ 367,850	\$ -
Special instruction	424,909	4,153	112,616	-
Other instruction	362,583	179,608	8,171	-
	<u>\$ 2,330,327</u>	<u>\$ 425,119</u>	<u>\$ 488,637</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 122,143	\$ -	\$ -	\$ -
Instructional staff services	112,532	-	-	-
Administration services	500,232	-	-	-
Operation and maintenance of plant services	369,118	478	-	-
Transportation services	78,252	-	9,830	-
	<u>\$ 1,182,277</u>	<u>\$ 478</u>	<u>\$ 9,830</u>	<u>\$ -</u>
Non-instructional programs	<u>\$ 15,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 3,072	\$ -	\$ -	\$ -
Long-term debt interest	108,920	-	-	-
AEA flow-through	147,628	-	-	-
	<u>\$ 259,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 3,787,807</u>	<u>\$ 425,597</u>	<u>\$ 498,467</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 182,614	\$ 116,934	\$ 72,416	\$ -
Instructional Programs:				
Regular Instruction:				
Flex Plan	34,673	39,060	-	-
Other Instruction:				
Building Trades Class-House	172,805	175,634	-	-
	<u>\$ 390,092</u>	<u>\$ 331,628</u>	<u>\$ 72,416</u>	<u>\$ -</u>
Total	<u>\$ 4,177,899</u>	<u>\$ 757,225</u>	<u>\$ 570,883</u>	<u>\$ -</u>

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -933,627	\$ -	\$ -933,627
-308,140	-	-308,140
-174,804	-	-174,804
<u>\$ -1,416,571</u>	<u>\$ -</u>	<u>\$ -1,416,571</u>
\$ -122,143	\$ -	\$ -122,143
-112,532	-	-112,532
-500,232	-	-500,232
-368,640	-	-368,640
-68,422	-	-68,422
<u>\$ -1,171,969</u>	<u>\$ -</u>	<u>\$ -1,171,969</u>
<u>\$ -15,583</u>	<u>\$ -</u>	<u>\$ -15,583</u>
\$ -3,072	\$ -	\$ -3,072
-108,920	-	-108,920
-147,628	-	-147,628
<u>\$ -259,620</u>	<u>\$ -</u>	<u>\$ -259,620</u>
<u>\$ -2,863,743</u>	<u>\$ -</u>	<u>\$ -2,863,743</u>
\$ -	\$ 6,736	\$ 6,736
-	4,387	4,387
-	2,829	2,829
<u>\$ -</u>	<u>\$ 13,952</u>	<u>\$ 13,952</u>
<u>\$ -2,863,743</u>	<u>\$ 13,952</u>	<u>\$ -2,849,791</u>

Dunkerton Community School District

Statement of Activities

Year Ended June 30, 2005

	<u>Program Revenues</u>		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>			
General Revenues:			
Property Tax Levied For:			
General purposes			
Capital outlay			
Local option sales and services tax			
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
\$ 1,202,425	\$ -	\$ 1,202,425
97,002	-	97,002
444,984	-	444,984
1,830,475	-	1,830,475
11,561	78	11,639
22,614	-	22,614
\$ 3,609,061	\$ 78	\$ 3,609,139
\$ 745,318	\$ 14,030	\$ 759,348
2,402,315	132,764	2,535,079
\$ 3,147,633	\$ 146,794	\$ 3,294,427

Dunkerton Community School District

**Balance Sheet
Governmental Funds**

June 30, 2005

	General	Debt Service	Management
Assets			
Cash and Pooled Investments:			
Other	\$ 481,934	\$ 281,502	\$ 61,453
Receivables:			
Property Tax:			
Delinquent	18,131	-	3,486
Succeeding year	1,182,258	69,721	70,000
Accounts	1,576	-	-
Due from other funds	128,586	-	-
Due from other governments	32,193	-	-
Total Assets	\$ 1,844,678	\$ 351,223	\$ 134,939
Liabilities and Fund Balances			
Liabilities:			
Excess of warrants issued over bank balance	\$ -	\$ -	\$ -
Accounts payable	36,633	-	-
Salaries and benefits payable	312,348	-	35,416
Due to other funds	-	-	26,500
Deferred Revenue:			
Succeeding year property tax	1,182,258	69,721	70,000
Total Liabilities	\$ 1,531,239	\$ 69,721	\$ 131,916
Fund Balances:			
Reserved for debt service	\$ -	\$ 281,502	\$ -
Unreserved	313,439	-	3,023
Total Fund Balances	\$ 313,439	\$ 281,502	\$ 3,023
Total Liabilities and Fund Balances	\$ 1,844,678	\$ 351,223	\$ 134,939

See notes to financial statements.

	Physical Plant and Equipment Levy	Non-Major Special Revenue	Total
\$	254,306	\$ 20,678	\$ 1,099,873
	1,677	-	23,294
	31,716	-	1,353,695
	-	35,483	37,059
	-	27,694	156,280
	-	-	32,193
<u>\$</u>	<u>287,699</u>	<u>\$ 83,855</u>	<u>\$ 2,702,394</u>
\$	-	\$ 76,943	\$ 76,943
	1,306	1,930	39,869
	-	-	347,764
	94,181	2,613	123,294
	31,716	-	1,353,695
<u>\$</u>	<u>127,203</u>	<u>\$ 81,486</u>	<u>\$ 1,941,565</u>
\$	-	\$ -	\$ 281,502
	160,496	2,369	479,327
<u>\$</u>	<u>160,496</u>	<u>\$ 2,369</u>	<u>\$ 760,829</u>
<u>\$</u>	<u>287,699</u>	<u>\$ 83,855</u>	<u>\$ 2,702,394</u>

Dunkerton 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 15)	\$	760,829
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		4,011,936
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds		-22,126
Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds		<u>-1,603,006</u>
Net assets of governmental activities (page 12)	\$	<u>3,147,633</u>

Dunkerton Community School District

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

Year Ended June 30, 2005

	General	Debt Service	Management
Revenues:			
Local Sources:			
Local tax	\$ 1,142,296	\$ -	\$ 60,129
Tuition	205,640	-	-
Other	44,206	6,157	15,882
Intermediate sources	-	-	-
State sources	2,154,323	-	89
Federal sources	174,619	-	-
Total Revenues	\$ 3,721,084	\$ 6,157	\$ 76,100
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 1,717,889	\$ -	\$ 47,416
Special instruction	424,909	-	-
Other instruction	181,392	-	-
Support Services:			
Student services	\$ 122,143	\$ -	\$ -
Instructional staff services	112,532	-	-
Administration services	455,002	-	41,466
Operation and maintenance of plant services	367,952	-	-
Transportation services	126,339	-	7,419
Non-instructional programs	\$ 1,183,968	\$ -	\$ 48,885
Other Expenditures:			
Facilities acquisition	\$ -	\$ -	\$ -
Long-Term Debt:			
Principal	-	300,000	-
Interest, fiscal charges and fees	-	105,110	-
AEA flow-through	147,628	-	-
Total Expenditures	\$ 3,671,369	\$ 405,110	\$ 96,301
Excess (deficiency) of revenues over (under) expenditures	\$ 49,715	\$ -398,953	\$ -20,201
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ 406,336	\$ -
Operating transfers out	-	-18,533	-
Total Other Financing Sources (Uses)	\$ -	\$ 387,803	\$ -
Net change in fund balances	\$ 49,715	\$ -11,150	\$ -20,201
Fund balances beginning of year	263,724	292,652	23,224
Fund Balances End of Year	\$ 313,439	\$ 281,502	\$ 3,023

See notes to financial statements.

Physical Plant and Equipment Levy	Non-Major Special Revenue	Total
\$ 97,002	\$ -	\$ 1,299,427
-	-	205,640
10,133	622,649	699,027
-	-	-
-	-	2,154,412
-	-	174,619
<u>\$ 107,135</u>	<u>\$ 622,649</u>	<u>\$ 4,533,125</u>
\$ -	\$ -	\$ 1,765,305
-	-	424,909
-	170,158	351,550
<u>\$ -</u>	<u>\$ 170,158</u>	<u>\$ 2,541,764</u>
\$ -	\$ -	\$ 122,143
-	-	112,532
-	-	496,468
-	-	367,952
-	-	133,758
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,232,853</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,583</u>
\$ 2,701	\$ 5,871	\$ 8,572
27,281	-	327,281
8,348	-	113,458
-	-	147,628
<u>\$ 38,330</u>	<u>\$ 5,871</u>	<u>\$ 596,939</u>
<u>\$ 38,330</u>	<u>\$ 176,029</u>	<u>\$ 4,387,139</u>
\$ 68,805	\$ 446,620	\$ 145,986
\$ -	\$ 18,533	\$ 387,803
-	-406,336	-387,803
<u>\$ -</u>	<u>\$ -387,803</u>	<u>\$ -</u>
\$ 68,805	\$ 58,817	\$ 145,986
91,691	-56,448	614,843
<u>\$ 160,496</u>	<u>\$ 2,369</u>	<u>\$ 760,829</u>

Dunkerton 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 17) \$ 145,986

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 not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 62,906	
Depreciation expense	-142,387	
Adjustment for salvage value	375,000	295,519

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

Repaid 327,281

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

4,538

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 -28,006

Change in Net Assets of Governmental Activities (page 14) \$ 745,318

Dunkerton Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2005

	School Nutrition	Building Trades Class- House	Flex Plan	Total
Assets				
Cash and cash equivalents	\$ 44,424	\$ 39,432	\$ 21,729	\$ 105,585
Accounts receivable	72	-	3,024	3,096
Inventories	7,393	-	-	7,393
Capital assets, net of accumulated depreciation	66,645	-	-	66,645
Total Assets	\$ 118,534	\$ 39,432	\$ 24,753	\$ 182,719
Liabilities				
Inter-fund payable	\$ 32,986	\$ -	\$ -	\$ 32,986
Accounts payable	-	-	2,939	2,939
Total Liabilities	\$ 32,986	\$ -	\$ 2,939	\$ 35,925
Net Assets				
Invested in capital assets, net of related debt	\$ 66,645	\$ -	\$ -	\$ 66,645
Unrestricted	18,903	39,432	21,814	80,149
Total Net Assets	\$ 85,548	\$ 39,432	\$ 21,814	\$ 146,794

Dunkerton Community School District

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

June 30, 2005

	School Nutrition	Building Trades Class- House	Flex Plan	Total
Operating revenues:				
Local sources:				
Charges for service	\$ 116,934	\$ -	\$ -	\$ 116,934
Sale of house	-	175,634	-	175,634
Payroll deductions	-	-	39,060	39,060
	<u>\$ 116,934</u>	<u>\$ 175,634</u>	<u>\$ 39,060</u>	<u>\$ 331,628</u>
Operating expenses:				
Instruction:				
Regular instruction:				
Benefits	\$ -	\$ -	\$ 34,097	\$ 34,097
Purchased services	-	-	576	576
Other instruction:				
Purchased services	-	129,031	-	129,031
Supplies	-	43,774	-	43,774
	<u>\$ -</u>	<u>\$ 172,805</u>	<u>\$ 34,673</u>	<u>\$ 207,478</u>
Non-instructional programs:				
Food service operations:				
Salaries	\$ 54,917	-	\$ -	\$ 54,917
Benefits	8,284	-	-	8,284
Purchased services	2,957	-	-	2,957
Supplies	107,275	-	-	107,275
Depreciation	9,181	-	-	9,181
	<u>\$ 182,614</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 182,614</u>
Total operating expenses	<u>\$ 182,614</u>	<u>\$ 172,805</u>	<u>\$ 34,673</u>	<u>\$ 390,092</u>
Operating income (loss)	<u>\$ -65,680</u>	<u>\$ 2,829</u>	<u>\$ 4,387</u>	<u>\$ -58,464</u>
Non-operating revenues:				
State sources	\$ 3,308	\$ -	\$ -	\$ 3,308
Federal sources	69,108	-	-	69,108
Interest income	78	-	-	78
Total non-operating revenues	<u>\$ 72,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,494</u>
Change in net assets	\$ 6,814	\$ 2,829	\$ 4,387	\$ 14,030
Net assets beginning of year	<u>78,734</u>	<u>36,603</u>	<u>17,427</u>	<u>132,764</u>
Net Assets End of Year	<u>\$ 85,548</u>	<u>\$ 39,432</u>	<u>\$ 21,814</u>	<u>\$ 146,794</u>

Dunkerton Community School District

**Statement of Cash Flows
Proprietary Fund**

Year Ended June 30, 2005

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 116,110
Cash paid to employees for services	-63,492
Cash paid to suppliers for goods or services	-99,691
Net cash used by operating activities	<u>\$ -47,073</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,633
Federal grants received	73,544
Net cash provided by non-capital financing activities	<u>\$ 77,177</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 78</u>
Net increase in cash and cash equivalents	\$ 30,182
Cash and cash equivalents beginning of year	<u>14,242</u>
Cash and Cash Equivalents End of Year	<u>\$ 44,424</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -65,680
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	10,748
Depreciation	9,181
(Increase) in inventories	-208
Decrease in accounts receivable	441
(Decrease) in inter-fund payable	-291
(Decrease) in deferred revenue	-1,264
Net Cash Used by Operating Activities	<u>\$ -47,073</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received \$7,764 of federal commodities.

Dunkerton Community School District

**Statement of Cash Flows
Proprietary Fund**

Year Ended June 30, 2005

	Building Trades Class- House
Cash flows from operating activities:	
Cash received from sale	\$ 175,634
Cash paid to suppliers for goods or services	-173,267
Net cash provided by operating activities	<u>\$ 2,367</u>
Net increase in cash and cash equivalents	\$ 2,367
Cash and cash equivalents beginning of year	<u>37,065</u>
Cash and Cash Equivalents End of Year	<u>\$ 39,432</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,829
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	<u>-462</u>
Net Cash Provided by Operating Activities	<u>\$ 2,367</u>

Dunkerton Community School District

**Statement of Cash Flows
Proprietary Fund**

Year Ended June 30, 2005

	<u>Flex Plan</u>
Cash flows from operating activities:	
Cash received	\$ 38,650
Cash paid to employees for benefits	<u>-35,749</u>
Net cash provided by operating activities	<u>\$ 2,901</u>
Net increase in cash and cash equivalents	\$ 2,901
Cash and cash equivalents beginning of year	<u>18,828</u>
Cash and Cash Equivalents End of Year	<u>\$ 21,729</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,387
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	-410
(Decrease) in accounts payable	<u>-1,076</u>
Net Cash Provided by Operating Activities	<u>\$ 2,901</u>

Dunkerton Community School District

**Statement of Fiduciary Net Assets
Fiduciary Funds**

Year Ended June 30, 2005

	<u>Trust</u> <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 11,717
Liabilities	
Accounts payable	\$ -
Net assets	
Reserved for scholarships	<u>\$ 11,717</u>

See notes to financial statements.

Dunkerton Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2005

	Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,500
Interest income	529
Total additions	\$ 2,029
 Deductions:	
Support services:	
Scholarships awarded	\$ 2,500
 Change in net assets	\$ -471
 Net assets beginning of year	12,188
 Net Assets End of Year	\$ 11,717

Dunkerton Community School District

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

Dunkerton 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 Dunkerton and Dewar, Iowa and portions of the predominately agricultural territories in Black Hawk and Bremer Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Dunkerton Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Dunkerton 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 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 non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major 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 Management Fund is used to account for all revenues used for early retirement and general insurance costs.

The Physical Plant and Equipment Levy is used to account for revenues used in the acquisition of plant and equipment.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition, Building Trades Class-House and Flex Plan Funds. These funds are used to account for the food service, building trades class and flex plan operations of the District.

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

The 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 revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and 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 funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Equity

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

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

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 than when purchased or received.

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

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund and Building Trades Class equipment	500
Other furniture and equipment	2,000

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 – 50 years
Furniture and equipment	5 – 15 years

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

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

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(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.

(3) Due From and Due to Other Funds

The detail of inter-fund receivables and payables at June 30, 2005 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects Fund	Enterprise Fund-Nutrition	\$ 27,694
General Fund	Enterprise Fund-Nutrition	\$ 5,292
General Fund	Special Revenue Fund-Physical Plant & Equipment Levy	\$ 94,181
General Fund	Special Revenue Fund-Management	\$ 26,500
General Fund	Capital Projects Fund	\$ 2,613

The Nutrition Fund owes the Capital Project Fund for equipment purchased in a prior year. The balance will be repaid when funds become available.

The Nutrition Fund owes the General Fund for salaries and benefits. The balance will be repaid by June 30, 2006.

The Physical Plant and Equipment Levy owes the General Fund for reimbursements received from the National School Fitness Foundation lease for the past three years. The balance will be repaid by June 30, 2006.

The Management Fund owes the General Fund for early retirement and benefits. The balance will be repaid by June 30, 2006.

The Capital Projects Fund owes the General Fund for a prior year refund. The balance will be repaid by June 30, 2006.

(4) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 406,336
Capital Projects	Debt Service	18,533
		<u>\$ 424,869</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

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

	Balance Beginning Of Year	Increases	Decreases	Adjust For Salvage Value	Balance End Of Year
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Total capital assets not being depreciated	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Capital assets being depreciated:					
Buildings	\$ 6,367,641	\$ 37,399	\$ -	\$ -	\$ 6,405,040
Improvements other than buildings	258,278	6,350	-	-	264,628
Furniture and equipment	1,882,820	19,157	2,883	-	1,899,094
Total capital assets being depreciated	\$ 8,508,739	\$ 62,906	\$ 2,883	\$ -	\$ 8,568,762
Less accumulated depreciation for:					
Buildings	\$ 2,813,010	\$ 91,314	\$ -	\$ -300,000	\$ 2,604,324
Improvements other than buildings	245,454	992	-	-	246,446
Furniture and equipment	1,743,858	50,081	2,883	-75,000	1,716,056
Total accumulated depreciation	\$ 4,802,322	\$ 142,387	\$ 2,883	\$ -375,000	\$ 4,566,826
Total capital assets being depreciated, net	\$ 3,706,417	\$ -79,481	\$ -	\$ 375,000	\$ 4,001,936
Governmental Activities Capital Assets, Net	\$ 3,716,417	\$ -79,481	\$ -	\$ 375,000	\$ 4,011,936

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Nutrition Fund:				
Furniture and equipment	\$ 115,904	\$ -	\$ 2,185	\$ 113,719
Less accumulated depreciation	40,078	9,181	2,185	47,074
	\$ 75,826	\$ -9,181	\$ -	\$ 66,645
Building Trades Class-House				
Equipment	\$ 2,500	\$ -	\$ -	\$ 2,500
Less accumulated depreciation	2,500	-	-	2,500
	\$ -	\$ -	\$ -	\$ -
Total Business Type Activities Capital Assets, Net	\$ 75,826	\$ -9,181	\$ -	\$ 66,645

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:		
Regular		\$ 95,430
Other		11,033
Support services:		
Administration		3,764
Operation and maintenance of plant		1,166
Transportation		30,994
		<u>\$ 142,387</u>
Unallocated		-
Total Depreciation Expense – Governmental Activities		<u>\$ 142,387</u>

Business Type Activities:

Food service operations		<u>\$ 9,181</u>
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(6) 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
General obligation bonds	\$ 1,875,000	\$ -	\$ 300,000	\$ 1,575,000	\$ 315,000
Capital lease	27,281	-	27,281	-	-
Early retirement	-	40,006	12,000	28,006	18,590
Total	<u>\$ 1,902,281</u>	<u>\$ 40,006</u>	<u>\$ 339,281</u>	<u>\$ 1,603,006</u>	<u>\$ 333,590</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application, which is subject to approval by the Board of Education. Early retirement incentives are equal to a cash payment of \$20,000. Early retirement expenditures for the year ended June 30, 2005 totaled \$47,416.

General Obligation Bonds Payable

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2006	5.5-5.6%	\$ 315,000	\$ 84,321	\$ 399,321
2007	5.5-5.6%	335,000	66,798	401,798
2008	5.6-5.7%	355,000	47,840	402,840
2009	5.7-5.75%	375,000	26,934	401,934
2010	5.75%	195,000	5,606	200,606
Total		<u>\$ 1,575,000</u>	<u>\$ 231,499</u>	<u>\$ 1,806,499</u>

The District entered into a lease purchase agreement with Wells Fargo Bank in February 2002 for the purchase of exercise equipment for \$149,758.31. Under a three-year lease, \$4,453.64 monthly payments are due. The District had a school participation agreement with the National School Fitness Foundation (NSFF) which was to reimburse the District for these lease payments. In April 2004, the NSFF filed bankruptcy and has not made payments to the District.

During the year ended June 30, 2005, the District made principal, interest and fees payments totaling \$440,739 under the agreements.

(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 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 \$126,119, \$126,892, and \$121,111, respectively, equal to the required contributions for each year.

(8) Risk Management

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

(9) 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 \$147,628 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.

(10) Deficit Fund Balance

The Capital Projects Fund had a deficit unreserved fund balance of \$16,469 at June 30, 2005.

Required Supplementary Information

Dunkerton Community School District

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

Required Supplementary Information

Year Ended June 30, 2005

	Governmental Funds Actual		Proprietary Funds Actual
Receipts:			
Local sources	\$ 2,204,094	\$	331,706
Intermediate sources	-		-
State sources	2,154,412		3,308
Federal sources	174,619		69,108
Total Receipts	<u>\$ 4,533,125</u>	\$	<u>404,122</u>
Disbursements:			
Instruction	\$ 2,541,764	\$	207,478
Support services	1,232,853		-
Non-instructional programs	15,583		182,614
Other expenditures	596,939		-
Total Disbursements	<u>\$ 4,387,139</u>	\$	<u>390,092</u>
Excess (deficiency) of receipts over (under) disbursements	\$ 145,986	\$	14,030
Other financing sources, net	-		-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 145,986	\$	14,030
Balances beginning of year	614,843		132,764
Balances End of Year	<u>\$ 760,829</u>	\$	<u>146,794</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts Original	Variance
\$	2,535,800	\$ 2,299,919	\$ 235,881
	-	-	-
	2,157,720	2,223,911	-66,191
	243,727	136,419	107,308
\$	4,937,247	\$ 4,660,249	\$ 276,998
\$	2,749,242	\$ 2,935,000	\$ 185,758
	1,232,853	1,292,500	59,647
	198,197	384,000	185,803
	596,939	867,615	270,676
\$	4,777,231	\$ 5,479,115	\$ 701,884
\$	160,016	\$ -818,866	\$ 978,882
	-	147,000	-147,000
\$	160,016	\$ -671,866	\$ 831,882
	747,607	986,949	-239,342
\$	907,623	\$ 315,083	\$ 592,540

Dunkerton 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 Governmental 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 prepared on the accrual basis.

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

Other Supplementary Information

Dunkerton Community School District

Combining Balance Sheet
Non-Major Special Revenue Funds

June 30, 2005

	Capital Projects	Student Activity	Total
Assets			
Cash and pooled investments	\$ -	\$ 20,678	\$ 20,678
Receivables:			
Accounts	35,393	90	35,483
Due from other funds	27,694	-	27,694
Total Assets	\$ 63,087	\$ 20,768	\$ 83,855
Liabilities & Fund Equity			
Liabilities:			
Excess of warrants issued over bank balance	\$ 76,943	\$ -	\$ 76,943
Accounts payable	-	1,930	1,930
Inter-fund payable	2,613	-	2,613
Total Liabilities	\$ 79,556	\$ 1,930	\$ 81,486
Fund Equity:			
Unreserved fund balances	-16,469	18,838	2,369
Total Liabilities and Fund Equity	\$ 63,087	\$ 20,768	\$ 83,855

See accompanying independent auditor's report.

Dunkerton Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds

Year Ended June 30, 2005

	Capital Projects	Student Activity	Total
Revenues:			
Local Sources:			
Other	\$ 445,122	\$ 177,527	\$ 622,649
Total Revenues	<u>\$ 445,122</u>	<u>\$ 177,527</u>	<u>\$ 622,649</u>
Expenditures:			
Current:			
Instruction:			
Other instruction	\$ -	\$ 170,158	\$ 170,158
Other Expenditures:			
Facilities acquisition	5,871	-	5,871
Total Expenditures	<u>\$ 5,871</u>	<u>\$ 170,158</u>	<u>\$ 176,029</u>
Excess of revenues over expenditures	<u>\$ 439,251</u>	<u>\$ 7,369</u>	<u>\$ 446,620</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ 18,533	\$ -	\$ 18,533
Operating transfers out	-406,336	-	-406,336
Total Other Financing Sources (Uses)	<u>\$ -387,803</u>	<u>\$ -</u>	<u>\$ -387,803</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 51,448</u>	<u>\$ 7,369</u>	<u>\$ 58,817</u>
Fund balances beginning of year	<u>-67,917</u>	<u>11,469</u>	<u>-56,448</u>
Fund Balances End of Year	<u>\$ -16,469</u>	<u>\$ 18,838</u>	<u>\$ 2,369</u>

See accompanying independent auditor's report.

Dunkerton 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 Inter-fund Transfers	Expenditures	Balance End of Year
General Student Projects	\$ 297	\$ 2,288	\$ 709	\$ 1,876
Speech	-68	625	741	-184
Spanish Club	6,594	-	274	6,320
Materials for Resale-Supplies	790	327	-	1,117
Materials for Resale-Industrial Arts	-359	295	225	-289
Athletics	-2,517	19,115	12,691	3,907
Student Senate	2,275	3,986	2,749	3,512
Band-General	672	2,671	2,864	479
Band-Resale	-2,159	1,857	1,894	-2,196
Music	-1,233	5,107	5,402	-1,528
After Prom Party	473	60	52	481
Pop Fund	1,745	10,009	12,417	-663
Ewalu	-376	2,223	2,076	-229
Summer Recreation	11,853	6,535	4,225	14,163
Miscellaneous	-728	-	-608	-120
Class of 2003	-114	-	-	-114
Class of 2004	662	27	-145	834
Class of 2005	189	450	53	586
Class of 2006	1,101	68	1,419	-250
Class of 2007	1,442	-	-	1,442
Class of 2008	-	3,224	2,112	1,112
FFA	4,719	-	-	4,719
SES	-	693	693	-
Library	-3,538	4,954	4,719	-3,303
Annual	-10,246	3,712	9,981	-16,515
Dramatics	1,268	1,007	876	1,399
Cheerleaders	-1,571	3,800	3,964	-1,735
PTO	-2,629	-	-	-2,629
Honor Society	291	1,498	1,567	222
Four Year Trip	16,317	12,869	5,494	23,692
Elementary Student Projects	2,285	3,376	1,123	4,538
Secondary Student Projects	824	2,122	2,484	462
Bakeshop	657	73	-	730
Scrip	-1,559	1,045	-	-514
DARE	-	-	-	-
Scholarship interest	-	1	-	1

Dunkerton 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 Inter-fund Transfers	Expenditures	Balance End of Year
Elementary Basketball Tournament	\$ -311	\$ -	\$ -	\$ -311
Music Boosters	6,124	2,316	3,173	5,267
Interest	282	-820	94	-632
Volleyball	-1,078	8,239	8,017	-856
Cross Country	-697	1,969	2,496	-1,224
Girls' Basketball	-612	13,308	10,433	2,263
Boys' Basketball	5,536	16,360	14,692	7,204
Girls' Track	-2,812	4,409	5,209	-3,612
Boys' Track	-2,270	5,150	5,681	-2,801
Golf	-1,405	2,300	3,075	-2,180
Softball	-6,392	5,939	9,427	-9,880
Baseball	-9,302	5,212	8,426	-12,516
Football	-2,951	19,128	19,384	-3,207
Total	\$ 11,469	\$ 177,527	\$ 170,158	\$ 18,838

See accompanying independent auditor's report.

Dunkerton 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	\$ 1,299,427	\$ 1,365,621	\$ 1,341,624	\$ 1,143,108
Tuition	205,640	120,787	95,431	75,423
Other	699,027	715,021	767,984	716,904
Intermediate sources	-	-	-	-
State sources	2,154,412	1,860,819	1,923,169	1,952,693
Federal sources	174,619	98,709	123,425	68,685
Total	\$ 4,533,125	\$ 4,160,957	\$ 4,251,633	\$ 3,956,813
Expenditures:				
Instruction:				
Regular instruction	\$ 1,765,305	\$ 1,910,629	\$ 1,610,215	\$ 1,633,032
Special instruction	424,909	430,792	462,096	404,860
Other instruction	351,550	380,620	425,126	403,693
Support services:				
Student services	122,143	115,367	107,725	97,000
Instructional staff services	112,532	74,093	65,375	68,681
Administration services	496,468	525,646	443,489	414,410
Operation and maintenance of plant services	367,952	337,653	286,328	258,190
Transportation services	133,758	133,933	148,407	84,933
Central support services	-	14,407	12,009	8,120
Non-instructional programs	15,583	-	-	-
Other expenditures:				
Facilities acquisition	8,572	8,750	9,000	1,587,826
Long-term debt:				
Principal	327,281	338,444	318,443	270,589
Interest and other charges	113,458	122,310	140,583	158,294
AEA flow-through	147,628	140,657	147,799	149,340
Total	\$ 4,387,139	\$ 4,533,301	\$ 4,176,595	\$ 5,538,968

**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**

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
Dunkerton Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Dunkerton 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 my report thereon dated August 24, 2005. I conducted my 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 my audit, I considered Dunkerton Community School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a 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 error 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe items I-A-05 and I-B-05 are material weaknesses.

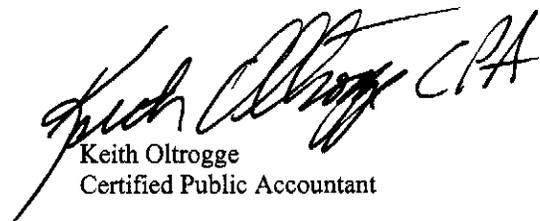
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dunkerton Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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 Dunkerton Community School District and other parties to whom Dunkerton 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Dunkerton Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

August 24, 2005

Dunkerton Community School District

Schedule of Findings

Year Ended June 30, 2005

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-05 Records of Debt Service Fund – The financial activity of the Debt Service Fund is not being recorded in the District's records. The local option tax collections are being deposited into a Debt Service Account Trust Fund, which in turn makes the Debt Service payments. None of this activity is being recorded in the School's general ledger and is recorded only by adjustments at year-end to the CAR and audit report.

Recommendation – For better accountability and financial and budgetary control, the financial activity of the Debt Service Account should be recorded on the District's books on a monthly basis.

Response – The financial activity for the Debt Service Fund will be accounted for in the future.

Conclusion – Response accepted.

I-B-05 Monthly Financial Reports – Monthly financial reports, including bank reconciliations, were not prepared or presented for approval to the Board at several monthly meetings.

Recommendation – Financial reports and bank reconciliations should be prepared and presented monthly to the Board to enable the Board to use the information to management District business.

Book balances should be reconciled to bank balances at the end of every month and the reconciliation should accompany the monthly financial report to the Board for their review and approval.

Response – Bank reconciliations are now done monthly. Monthly financial reports are being developed for future distribution.

Conclusion – Response accepted.

Dunkerton Community School District

Schedule of Findings

Year Ended June 30, 2005

Part II - Other Findings Related to Statutory Reporting:

- II-A-05 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.
- II-B-05 Certified Budget – Disbursements for the year ended June 30, 2005 did not exceed the certified budget amounts.
- II-C-05 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-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.
- II-E-05 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-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 the coverage is adequate for current operations.
- II-G-05 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted. Not all minutes were published as required by Chapter 279.35 of the Code of Iowa.
- Recommendation - The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.
- Response – Procedures have been revised to ensure the minutes are published as required.
- Conclusion – Response accepted.
- II-H-05 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for September 2004 was overstated. The District’s certified enrollment count included 16 non-resident students in line 1 which were also included in line 8 as open enrolled in nonresident students. This resulted in overstating the total actual enrollment at line 7 by 16 students.
- Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
- Response – We will contact the Iowa Department of Education and the Department of Management.
- Conclusion – Response accepted.
- II-I-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

II-J-05 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely. I noted no significant deficiencies in the amounts reported.

II-K-05 Financial Condition – Activity Account – The Student Activity Account had twenty-four deficit accounts at June 30, 2005.

Recommendation – The District should monitor this account and investigate alternatives to eliminate these deficits in order to return the account to a sound financial condition.

Response – We are working on this.

Conclusion – Response accepted.

II-L-05 Financial Condition – Capital Projects Fund – The District had an undesignated Capital Projects Fund deficit of \$16,469 at June 30, 2005.

Recommendation – The District should continue to monitor this situation and investigate alternatives to eliminate this deficit in order to return the District to a sound financial condition.

Response – The Capital Projects Fund deficit should be eliminated through next year’s local option tax collections. This is an improvement from the deficit at June 30, 2004, which was \$67,917.

Conclusion – Response accepted.