ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2005

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT
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ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT
Officials
June 30, 2005

Name	Title	Term Expires
	Board of Education	
	(Before September 2004 Election)	
Tom Voss	Board President	2004
Dick Morrison	Board Member	2005
John Gent	Board Member	2005
Paula Thomas	Board Member	2006
Alan Ackerman	Board Member	2006
	(After September 2004 Election)	
Paula Thomas	Board President	2006
Dick Morrison	Board Member	2005
John Gent	Board Member	2005
Alan Ackerman	Board Member	2006
John Custer	Board Member	2007
	School Officials	
Alan J. Jensen	Superintendent	2005
Wendy Ayers	District Secretary/Treasurer	2005
Orville W. Bloethe	Attorney	2005
Elwood & Elwood	Attorney	2005
Belin, Harris, Lamson & McCormick	Attorney	2005

KAY L. CHAPMAN, CPA PC
210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report

To the Board of Education
English Valleys Community School District

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of English Valleys Community School District, North English, 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 opinions 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 opinions.

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 English Valleys Community School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated September 30, 2005 on my consideration of English Valleys Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts 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 13 and 37 through 38 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 English Valleys 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 7, 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.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
September 30, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

English Valleys 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 $3,757,834 in fiscal 2004 to $3,940,548 in fiscal 2005, and General Fund expenditures increased from $3,765,215 in fiscal 2004 to $3,932,313 in fiscal 2005. The District's General Fund balance increased from $404,173 in fiscal 2004 to $412,408 in fiscal 2005, a 2% increase.

- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal 2005. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures. One reason the General Fund balance decreased is because the negotiated salary and benefits settlement was greater than the District's increase in General Fund revenue for fiscal 2005. As a result, the District funded a portion of the current year General Fund salaries and benefits from the carryover fund balance.

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 English Valleys 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 English Valleys Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

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.

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

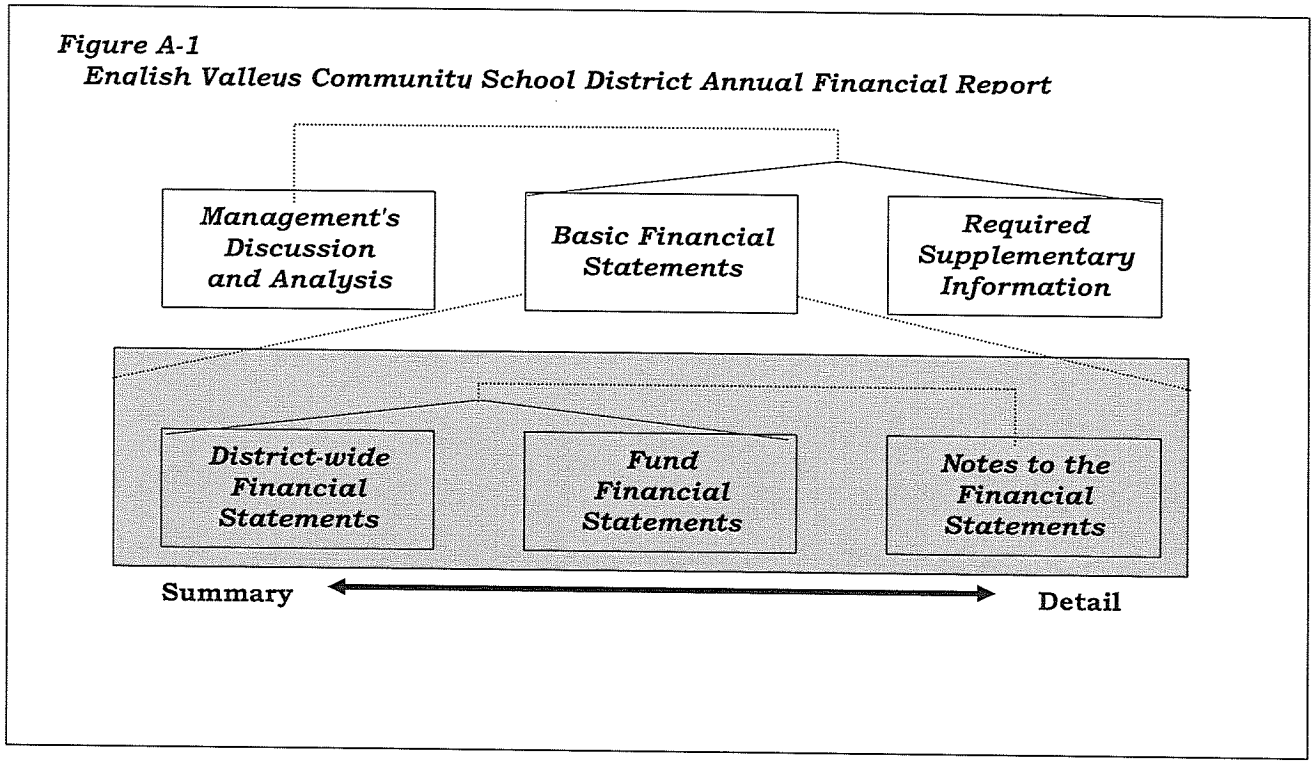

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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 and student-built house programs 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 two 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 Student-built House Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District

programs and activities. The District currently has one Internal Service Fund, the Flex Benefit 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.

Reconciliations 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 School District		Total Change
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	$ 2,878,354	$ 3,247,894	$ 67,483	$ 62,282	$ 2,945,837	$ 3,310,176	-11.01%
Capital assets	3,509,224	3,739,481	23,281	28,664	3,532,505	3,768,145	-6.25%
Total assets	6,387,578	6,987,375	90,764	90,946	6,478,342	7,078,321	-8.48%
Long-term obligations	2,242,374	2,359,874	-	-	2,242,374	2,359,874	-4.98%
Other liabilities	1,857,579	2,265,609	-	9,630	1,857,579	2,275,239	-18.36%
Total liabilities	4,099,953	4,625,483	-	9,630	4,099,953	4,635,113	-11.55%
Net assets							
Invested in capital assets, net of related debt	1,234,224	1,284,481	23,281	28,664	1,257,505	1,313,145	-4.24%
Restricted	340,844	431,008	-	-	340,844	431,008	-20.92%
Unrestricted	712,557	646,403	67,483	52,652	780,040	699,055	11.58%
Total net assets	$ 2,287,625	$ 2,361,892	$ 90,764	$ 81,316	$ 2,378,389	$ 2,443,208	-2.65%

The District's combined net assets decreased by approximately 3%, or $64,819, from 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 $90,164, or approximately 21% over the prior year. The decrease was primarily a result of an increase in insurance premiums and various PPEL projects done during FY05.

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 $80,985, or approximately 11.5%. This increase in unrestricted net assets was a result of the District being very conservative with General Fund expenditures during the fiscal year.

Figure A-4 shows the change in net assets for the years ended June 30, 2005 and 2004.

Figure A-4

Change in Net Assets

	Governmental Activities		Business Type Activities		Total District	
Revenues	2005	2004	2005	2004	2005	2004
Program revenues						
Charges for service and sales	$ 650,242	$ 720,847	$ 117,132	$ 118,847	$ 767,374	$ 839,694
Operating grants, contributions and restricted interest	493,245	385,768	70,901	81,307	564,146	467,075
General revenues						
Property and sales tax	1,757,958	1,664,110	-	-	1,757,958	1,664,110
Unrestricted state grants	1,633,464	1,635,798	-	-	1,633,464	1,635,798
Unrestricted investment earnings	38,448	16,015	283	286	38,731	16,301
Other	4,545	133	-	-	4,545	133
Total revenues	4,577,902	4,422,671	188,316	200,440	4,766,218	4,623,111
Program expenses						
Governmental activities						
Instruction	2,968,847	2,994,177	-	-	2,968,847	2,994,177
Support services	1,244,139	1,184,601	-	-	1,244,139	1,184,601
Non-instructional programs	-	21,853	178,868	189,990	178,868	211,843
Other expenses	439,183	394,827	-	-	439,183	394,827
Total expenses	4,652,169	4,595,458	178,868	189,990	4,831,037	4,785,448
Change in net assets	$ (74,267)	$ (172,787)	$ 9,448	$ 10,450	$ (64,819)	$ (162,337)

Property tax and unrestricted state grants account for 71% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 87% of the total expenses.

Governmental Activities

Revenues for governmental activities were $4,577,902 and expenses were $4,652,169. 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 major 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	$ 2,968,847	$ 1,989,174
Support services	1,244,139	1,213,641
Other expenses	439,183	305,867
Total expenses	$ 4,652,169	$ 3,508,682

- The cost financed by users of the District's programs was $650,242.
- Federal and state governments subsidized certain programs with grants and contributions totaling $493,245.
- The net cost of governmental activities was financed with $1,757,958 in property and other taxes and $1,633,464 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were $188,316 and expenses were $178,868. The District's business type activities include the School Nutrition Fund and Student-built House Fund. Revenues of these activities were comprised of charges for service, gain on sale of house, federal and state reimbursements and investment income.

During the year ended June 30, 2005, the District increased meal prices. This increase resulted in increased revenue to the School Nutrition Fund which the District has obligated to cover increased salaries.

INDIVIDUAL FUND ANALYSIS

As previously noted, English Valleys 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 $604,475, slightly below last year's ending fund balances of $696,695. However, the primary reason for the decrease in combined fund balances in fiscal 2005 is due to costs associated with PPEL projects.

Governmental Fund Highlights

- The District's increase in the General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues. However, the increase in revenues was more than offset by the District's increase in General Fund expenditures requiring the District to use carryover fund balance to meet its financial obligations during the year.

- The General Fund balance increased from $404,173 to $412,408, due in part to the negotiated salary and benefits settlement, the prior year reduction in state aid and existing expenditure commitments of the District.

Proprietary Fund Highlights

Enterprise Fund net assets increased from $81,316 at June 30, 2004 to $90,764 at June 30, 2005, representing an increase of approximately 12%. For fiscal 2005, the District increased meal prices, resulting in the increase in net assets. The District also revamped its school lunch program to provide students with an opportunity to purchase ala carte items at lunch with little additional cost to the program. This change resulted in an increase in revenue and net assets.

BUDGETARY HIGHLIGHTS

Over the course of the year, English Valleys Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with the non-instructional expenditures.

The District's receipts were $68,529 more than budgeted receipts, a variance of 1%. The most significant variance resulted from the District receiving more in state aid than originally anticipated.

Total expenditures were $547,044 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 the instruction functional area due to the timing of expenditures paid at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had invested $3,532,505, 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 decrease of approximately 6% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was $365,094.

The original cost of the District's capital assets was $7,769,151. Governmental funds account for $7,685,326, with the remainder of $83,825 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category. The District's furniture and equipment totaled $700,822 at June 30, 2005, compared to $859,519 reported at June 30, 2004. This significant decrease resulted from depreciation during the year.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2005	2004	2005	2004	2005	2004	2004-2005
Land	$ 257,413	$ 257,413	$ -	$ -	$ 257,413	$ 257,413	0.00%
Buildings and improvements	2,574,270	2,651,213	-	-	2,574,270	2,651,213	-2.90%
Furniture and equipment	677,541	830,855	23,281	28,664	700,822	859,519	-18.46%
Totals	$3,509,224	$3,739,481	$ 23,281	$ 28,664	$3,532,505	$3,768,145	-6.25%

Long-Term Debt

At June 30, 2005, the District had $2,242,374, net of unamortized discount and deferred changes, in general obligation and other long-term debt outstanding. This represents an increase of approximately 8% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7

Outstanding Long-term Obligations

	Total School District		Total Change
	2005	2004	2004-2005
General obligation bonds	$ 2,275,000	$ 2,455,000	-7.33%
Early retirement	223,047	186,114	19.84%
Total	$ 2,498,047	$ 2,641,114	-5.42%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District will start to receive Local Option Sales Tax money in the spring of 2006 from a successful election in Iowa County during 2005.

- Although the District has experienced declining enrollment in the recent past, the district expects the enrollment to become steady for the next several years.

- Fiscal 2005 is the last year of a three-year contract with the English Valleys Education Teacher Association (EVEA). The District negotiated a one year contract with the EVEA for the 2005-2006 school year. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General fund budget and related fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Wendy Ayers, District Secretary/Treasurer and Business Manager, English Valleys Community School District, PO Box 490, North English, Iowa 52316.

Basic Financial Statements

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Exhibit A

Statement of Net Assets

June 30, 2005

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents			
ISCAP	$ 392,396	$ -	$ 392,396
Other	906,976	66,405	973,381
Receivables			
Property tax			
Delinquent	53,192	-	53,192
Succeeding year	1,444,988	-	1,444,988
Accrued interest			
ISCAP	2,962	-	2,962
Accounts receivable	37,525	-	37,525
Due from other governments	40,315	-	40,315
Inventories	-	1,078	1,078
Capital assets, net of accumulated depreciation	3,509,224	23,281	3,532,505
Total assets	6,387,578	90,764	6,478,342
LIABILITIES			
Salaries and benefits payable	3,876	-	3,876
Accrued interest payable	10,898	-	10,898
Deferred revenue - succeeding year property tax	1,444,988	-	1,444,988
ISCAP warrants payable	391,000	-	391,000
ISCAP accrued interest payable	3,198	-	3,198
ISCAP unamortized premium	3,619	-	3,619
Long-term liabilities			
Portion due within one year			
Bonds payable	180,000	-	180,000
Early retirement	34,761	-	34,761
Portion due after one year			
Bonds payable	2,095,000	-	2,095,000
Unamortized discount	(8,382)	-	(8,382)
Unamortized deferred charge	(247,291)	-	(247,291)
Early retirement	188,286	-	188,286
Total liabilities	4,099,953	-	4,099,953

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Exhibit A

Statement of Net Assets

June 30, 2005

	Governmental Activities	Business Type Activities	Total
NET ASSETS			
Invested in capital assets, net of related debt	$1,234,224	$ 23,281	1,257,505
Restricted for			
Physical plant and equipment levy	18,846	-	18,846
Other special revenue purposes	38,320	-	38,320
Capital projects	34,066	-	34,066
Debt service	249,612	-	249,612
Unrestricted	712,557	67,483	780,040
Total net assets	$2,287,625	$ 90,764	$2,378,389

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2005

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities							
Instruction							
Regular instruction	$ 1,899,105	$ 445,671	$ 186,935	$ -	$ (1,266,499)	$ -	$ (1,266,499)
Special instruction	507,648	174,894	152,584	-	(180,170)	-	(180,170)
Other instruction	562,094	-	19,589	-	(542,505)	-	(542,505)
	2,968,847	620,565	359,108	-	(1,989,174)	-	(1,989,174)
Support services							
Student services	165,793	-	-	-	(165,793)	-	(165,793)
Instructional staff services	61,691	-	-	-	(61,691)	-	(61,691)
Administration services	529,331	29,677	-	-	(499,654)	-	(499,654)
Operation and maintenance of plant services	270,496	-	-	-	(270,496)	-	(270,496)
Transportation services	216,828	-	821	-	(216,007)	-	(216,007)
	1,244,139	29,677	821	-	(1,213,641)	-	(1,213,641)
Non-instructional programs	-	-	-	-	-	-	-
Other expenditures							
Facilities acquisition	81,050	-	-	-	(81,050)	-	(81,050)
Long-term debt interest	94,932	-	-	-	(94,932)	-	(94,932)
AEA flowthrough	133,316	-	133,316	-	-	-	-
Depreciation (unallocated) *	129,885	-	-	-	(129,885)	-	(129,885)
	439,183	-	133,316	-	(305,867)	-	(305,867)
Total governmental activities	4,652,169	650,242	493,245	-	(3,508,682)	-	(3,508,682)

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2005

Exhibit B

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs (continued)	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Business type activities							
Non-instructional programs							
Nutrition services	$ 178,868	$ 107,760	$ 70,901	$ -	$ -	$ (207)	$ (207)
Student-built house	-	9,372	-	-	-	9,372	9,372
Total business type activities	178,868	117,132	70,901	-	-	9,165	9,165
Total	$ 4,831,037	$ 767,374	$ 564,146	$ -	(3,508,682)	9,165	(3,499,517)
General Revenues							
Property tax levied for							
General purposes					1,364,512	-	1,364,512
Capital projects					101,969	-	101,969
Debt service					253,233	-	253,233
Sales and services tax					38,244	-	38,244
Unrestricted state grants					1,633,464	-	1,633,464
Unrestricted investment earnings					38,448	283	38,731
Other					4,545	-	4,545
Total general revenues					3,434,415	283	3,434,698
Change in net assets					(74,267)	9,448	(64,819)
Net assets, beginning of year					2,361,892	81,316	2,443,208
Net assets, end of year					$ 2,287,625	$ 90,764	$ 2,378,389

See notes to financial statements and Independent Auditor's Report.

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

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2005

	General	Nonmajor Governmental Funds	Total
ASSETS			
Cash and pooled investments			
ISCAP	$ 392,396	$ -	$ 392,396
Other	311,474	168,304	479,778
Receivables			
Property tax			
Delinquent	39,943	13,249	53,192
Succeeding year	1,066,526	378,462	1,444,988
Accounts receivable	35,323	2,202	37,525
Accrued interest			
ISCAP	2,962	-	2,962
Due from other governments	32,003	8,312	40,315
Total assets and other debits	$ 1,880,627	$ 570,529	$ 2,451,156
LIABILITIES AND FUND BALANCES			
Liabilities			
Salaries and benefits payable	$ 3,876	$ -	$ 3,876
ISCAP warrants payable	391,000	-	391,000
ISCAP accrued interest payable	3,198	-	3,198
ISCAP unamortized premium	3,619	-	3,619
Deferred revenue - Succeeding year property tax	1,066,526	378,462	1,444,988
Total liabilities	1,468,219	378,462	1,846,681
Fund balances			
Reserved for			
Debt service	-	4,837	4,837
Unreserved, undesignated			
Special revenue funds	-	153,164	153,164
Other governmental	412,408	34,066	446,474
Total fund balances	412,408	192,067	604,475
Total liabilities and fund balances	$ 1,880,627	$ 570,529	$ 2,451,156

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2005

Exhibit D

Total fund balances of governmental funds	$ 604,475
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.	3,509,224
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.	(10,898)
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	427,198
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(2,242,374)
Net assets of governmental activities	$ 2,287,625

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	General	Nonmajor Governmental Funds	Total
Revenues			
Local sources			
Local tax	$ 1,312,764	$ 445,194	$ 1,757,958
Tuition	415,982	-	415,982
Other	166,510	192,160	358,670
State sources	1,909,318	-	1,909,318
Federal sources	135,974	-	135,974
Total revenues	3,940,548	637,354	4,577,902
Expenditures			
Current			
Instruction			
Regular instruction	1,910,337	56,979	1,967,316
Special instruction	507,648	-	507,648
Other instruction	379,219	181,128	560,347
	2,797,204	238,107	3,035,311
Support services			
Student services	4,845	-	4,845
Instructional staff services	61,691	-	61,691
Administration services	468,061	55,827	523,888
Operation and maintenance of plant services	267,406	475	267,881
Transportation services	199,790	58,232	258,022
	1,001,793	114,534	1,116,327
Other expenditures			
Facilities acquisition	-	135,778	135,778
Long-term debt			
Principal	-	180,000	180,000
Interest and fiscal charges	-	69,390	69,390
AEA flowthrough	133,316	-	133,316
	133,316	385,168	518,484
Total expenditures	3,932,313	737,809	4,670,122
Excess (deficiency) of revenues over (under) expenditures	8,235	(100,455)	(92,220)
Fund balance, beginning of year	404,173	292,522	696,695
Fund balance, end of year	$ 412,408	$ 192,067	$ 604,475

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2005

Net change in fund balances - total governmental funds		$ (92,220)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:		
Capital outlays	$ 129,454	
Depreciation expense	(359,711)	(230,257)
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.		130,685
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. Current year repayments exceeded issues, as follows:		
Amortization of bond discount and deferred charge	(25,567)	
Repaid	180,000	154,433
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Early retirement		(36,933)
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.		25
Change in net assets of governmental activities		$ (74,267)

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Exhibit G

Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business Type Activity	Governmental Activity
	Nonmajor Enterprise	Internal Service
ASSETS		
Cash and pooled investments	$ 66,405	$ 427,198
Accounts receivable	-	-
Inventories	1,078	-
Capital assets, net of accumulated depreciation	23,281	-
Total assets	90,764	427,198
LIABILITIES	-	-
NET ASSETS		
Invested in capital assets, net of related debt	23,281	-
Unreserved retained earnings	67,483	427,198
Total net assets	$ 90,764	$ 427,198

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Exhibit H

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business Type Activity	Governmental Activity
	Nonmajor Enterprise	Internal Service
Operating revenue		
Local sources		
Charges for service	$ 107,760	$ 619,240
Gain on sale of inventory	9,372	-
Total operating revenue	117,132	619,240
Operating expenses		
Non-instructional programs		
Employee benefits		
Miscellaneous	-	488,555
Food service operations		
Salaries	51,236	-
Benefits	24,292	-
Purchased services	45	-
Supplies	96,675	-
Interest expense	1,237	-
Depreciation	5,383	-
	178,868	-
Total operating expenses	178,868	488,555
Operating income (loss)	(61,736)	130,685
Non-operating revenues		
Interest income	283	-
State sources	2,695	-
Federal sources	68,206	-
Total non-operating revenues	71,184	-
Change in net assets	9,448	130,685
Net assets, beginning of year	81,316	296,513
Net assets, end of year	$ 90,764	$ 427,198

See notes to financial statements and Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Exhibit I

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business Type Activity	Governmental Activity
	Nonmajor Enterprise	Internal Service
Cash flows from operating activities		
Cash received from sale of meals	$ 107,769	$ -
Cash received from sale of inventory	109,600	-
Cash received for services	-	619,240
Cash payments to employees for services	(84,966)	-
Cash payments to suppliers for goods and services	(190,344)	(488,555)
Net cash provided by (used in) operating activities	(57,941)	130,685
Cash flows from non-capital financing activities		
State grants received	2,695	-
Federal grants received	61,035	-
Net cash provided by non-capital financing activities	63,730	-
Cash flows from capital and related financing activities	-	-
Cash flows from investing activities		
Interest on investments	283	-
Net increase in cash and cash equivalents	6,072	130,685
Cash and cash equivalents, beginning of year	60,333	296,513
Cash and cash equivalents, end of year	$ 66,405	$ 427,198

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities

Operating income (loss)	$ (61,736)	$ 130,685
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Commodities used	7,171	-
Depreciation	5,383	-
Decrease in accounts receivable	559	-
Decrease in inventories	312	-
(Decrease) in due to other funds	(9,438)	-
(Decrease) in accounts payable	(192)	-
Net cash provided by (used in) operating activities	$ (57,941)	$ 130,685

Non-cash investing, capital and financing activities

During the year ended June 30, 2005, the District received $7,171 of federal commodities.

See notes to financial statements and Independent Auditor's Report.

Note 1. Summary of Significant Accounting Policies

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

The District does not participate in any jointly governed organizations for which the District is financially accountable or that the nature and significance of the relationship with the District are such that exclusion would cause the District's financial statements to be misleading.

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources 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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental fund:

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 District reports no major proprietary funds. However, the District reports a nonmajor proprietary fund, Internal Service Fund. The Internal Service, Flex Benefit Fund is utilized to account for employee flexible benefits.

C. Measurement Focus and Basis of Accounting

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

Proprietary funds distinguish operating revenues and expenses from 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, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

Property Tax Receivable - Property tax in 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 that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the 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 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Useful Life
Buildings & Improvements	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Early Retirement - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2005. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

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 receivables not collected within sixty days after year end.

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

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

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

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

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, expenditures exceeded the amounts budgeted in the Instruction function; however, the District did not exceed its General Fund unspent authorized budget.

Note 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.

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

	Amortized Cost
Diversified Portfolio	$ 759,823

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

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

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

Note 3. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2005, is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2004-05B	1/28/05	1/27/05	$ 218,630	$ 2,962	$ 218,000	$ 3,198	$ 1,296
2005-06A	6/30/05	6/30/06	173,766	-	173,000	-	2,323
			$ 392,396	$ 2,962	$ 391,000	$ 3,198	$ 3,619

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In additions, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity for the year ended June 30, 2005.

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

Series	Interest Rates on Warrants	Interest Rates on Investments
2004-05A	3.000%	2.4630%
2004-05B	3.500%	2.2800%
2005-06A	3.500%	3.9030%

Note 4. Capital Assets

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

Governmental activities	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Capital assets not being depreciated:				
Land	$ 257,413	$ -	$ -	$ 257,413
Total capital assets, not being depreciated	257,413	-	-	257,413
Capital assets being depreciated:				
Buildings and improvements	4,700,307	13,500	-	4,713,807
Furniture and equipment	2,598,152	115,954	-	2,714,106
Total capital assets being depreciated	7,298,459	129,454	-	7,427,913
Less accumulated depreciation for:				
Buildings and improvements	2,049,094	90,443	-	2,139,537
Furniture and equipment	1,767,297	269,268	-	2,036,565
Total accumulated depreciation	3,816,391	359,711	-	4,176,102
Total capital assets being depreciated, net	3,482,068	(230,257)	-	3,251,811
Governmental activities capital assets, net	$ 3,739,481	$(230,257)	$ -	$ 3,509,224
Business type activities				
Furniture and equipment	$ 83,825	$ -	$ -	$ 83,825
Less accumulated depreciation	55,161	5,383	-	60,544
Business type activities capital assets, net	$ 28,664	$ (5,383)	$ -	$ 23,281

Depreciation expense was charged to the following functions:

Governmental activities	
Instruction	
Regular	$ 28,535
Other	1,747
Support services	
Student	160,948
Administration	5,443
Operation and maintenance of plant	2,615
Transportation	30,538
Unallocated depreciation	129,885
Total governmental activities depreciation expense	$ 359,711
Business type activities	
Food services	$ 5,383

Note 5. Long-term Liabilities

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

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	$ 2,455,000	$ -	$ (180,000)	$ 2,275,000	$ 180,000
Early retirement	186,114	63,366	(26,433)	223,047	34,761
Totals	$ 2,641,114	$ 63,366	$ (206,433)	$ 2,498,047	$ 214,761

General Obligation Bonds Payable

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

Year Ending June 30,	Interest Rates	Refunding Bonds Dated 7-1-03 Principal	Interest	Total
2006	2.00	$ 180,000	$ 65,390	$ 245,390
2007	2.50	185,000	61,790	246,790
2008	2.50	185,000	57,165	242,165
2009	2.50	190,000	52,540	242,540
2010	2.75	195,000	47,790	242,790
2011	3.00	205,000	42,427	247,427
2012	3.00	215,000	36,277	251,277
2013	3.00	220,000	29,827	249,827
2014	3.25	225,000	23,227	248,227
2015	3.30	235,000	15,915	250,915
2016	3.40	240,000	8,160	248,160
Total		$ 2,275,000	$ 440,508	$ 2,715,508

Early Retirement

The District offers a voluntary early retirement plan to its certified employees, who meet certain eligibility guidelines. Eligible employees must be between the ages of fifty-five and sixty-two and have completed fifteen years of consecutive service to the District. Employees must have completed an application, which was required to be approved by the Board of Education. The early retirement benefit is calculated as 100% of the difference between the B.A step 0 and the employee's position on the salary scale as of the start of the year following retirement. In addition, the District will pay for single health and major medical insurance coverage under the District's insurance policy until the retiree reached age sixty-five. Early retirement benefits paid during the year ended June 30, 2005 totaled $26,433.

Note 6. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 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 contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were $129,073, $128,853 and $125,898 respectively, equal to the required contributions for each year.

Note 7. Risk Management

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

Note 8. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled $133,316 adjusting entry to the cash basis financial statements.

Note 9. Subsequent Event – Local Option Sales and Services Tax

Iowa County voters authorized the Local Option Sales and Services Tax beginning January 1, 2006. This tax is an additional sales tax of 1% on all taxable sales in Iowa County and will continue for 10 years. The revenue from this tax will be distributed to all school districts with students residing in Iowa County on a per student basis. English Valleys Community School District anticipates receiving $XXXX from this tax annually beginning with the fiscal year ending June 30, 2006.

Required Supplementary Information

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual
All Governmental Funds and Proprietary Funds
Required Supplementary Information
For the Year Ended June 30, 2005

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues								
Local sources	$ 2,532,610	$736,655	$3,269,265	$(619,240)	$2,650,025	$ 2,547,347	$2,547,347	$ 102,678
State sources	1,909,318	2,695	1,912,013	-	1,912,013	1,951,842	1,951,842	(39,829)
Federal sources	135,974	68,206	204,180	-	204,180	198,500	198,500	5,680
Total revenues	4,577,902	807,556	5,385,458	(619,240)	4,766,218	4,697,689	4,697,689	68,529
Expenditures								
Instruction	3,035,311	-	3,035,311	-	3,035,311	2,969,816	2,969,816	(65,495)
Support services	1,116,327	-	1,116,327	-	1,116,327	1,177,600	1,535,325	418,998
Non-instructional programs	-	667,423	667,423	(488,555)	178,868	180,000	205,000	26,132
Other expenditures	518,484	-	518,484	-	518,484	518,893	685,893	167,409
Total expenditures	4,670,122	667,423	5,337,545	(488,555)	4,848,990	4,846,309	5,396,034	547,044
Net change in fund balance	(92,220)	140,133	47,913	(130,685)	(82,772)	(148,620)	(698,345)	615,573
Balance, beginning of year	696,695	377,829	1,074,524	(296,513)	778,011	857,999	857,999	(79,988)
Balance, end of year	$ 604,475	$517,962	$1,122,437	$(427,198)	$ 695,239	$ 709,379	$ 159,654	$ 535,585

See accompanying Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the 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 GAAP 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. During the year, the District adopted one budget amendment increasing budgeted expenditures by $549,725.

During the year ended June 30, 2005, District expenditures exceeded the amount budgeted in the Instruction function; however, the General Fund expenditures did not exceed the District's unspent authorized budget.

Other Supplementary Information

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Schedule 1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds					
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total
ASSETS						
Cash and pooled investments	$ 93,285	$ 36,118	$ 17,364	$ 21,537	$ -	$ 168,304
Receivables						
Property tax						
Current year delinquent	2,713	-	1,482	-	9,054	13,249
Succeeding year	95,000	-	38,072	-	245,390	378,462
Accounts receivable	-	2,202	-	-	-	2,202
Due from other governments	-	-	-	8,312	-	8,312
Due from other funds	-	-	-	4,217	-	4,217
Total assets	$ 190,998	$ 38,320	$ 56,918	$ 34,066	$ 254,444	$ 574,746
LIABILITIES AND FUND EQUITY						
Liabilities						
Due to other funds	$ -	$ -	$ -	$ -	$ 4,217	$ 4,217
Deferred revenue						
Succeeding year property tax	95,000	-	38,072	-	245,390	378,462
Total liabilities	95,000	-	38,072	-	249,607	382,679
Fund Equity						
Reserved for debt service	-	-	-	-	4,837	4,837
Unreserved fund balances	95,998	38,320	18,846	34,066	-	187,230
Total fund equity	95,998	38,320	18,846	34,066	4,837	192,067
Total liabilities and fund equity	$ 190,998	$ 38,320	$ 56,918	$ 34,066	$ 254,444	$ 574,746

See accompanying Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds					
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total
Revenues						
Local sources						
Local taxes	$ 51,748	$ -	$ 101,969	$ 38,244	$ 253,233	$ 445,194
Other	1,940	175,070	1,650	13,500	-	192,160
Total revenues	53,688	175,070	103,619	51,744	253,233	637,354
Expenditures						
Instruction						
Regular program instruction	56,979	-	-	-	-	56,979
Other instruction	-	181,128	-	-	-	181,128
Support services						
Administration services	55,827	-	-	-	-	55,827
Operation and maintenance of plant services	475	-	-	-	-	475
Transporation services	-	-	58,232	-	-	58,232
Other expenditures						
Facilities acquisition	-	-	118,100	17,678	-	135,778
Long-term debt						
Principal	-	-	-	-	180,000	180,000
Interest and fiscal charges	-	-	-	-	69,390	69,390
Total expenditures	113,281	181,128	176,332	17,678	249,390	737,809
Excess (deficiency) of revenues over (under) expenditures	(59,593)	(6,058)	(72,713)	34,066	3,843	(100,455)
Fund balances, beginning of year	155,591	44,378	91,559	-	994	292,522
Fund balances, end of year	$ 95,998	$ 38,320	$ 18,846	$ 34,066	$ 4,837	$ 192,067

See accompanying Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Schedule 3

Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2005

	Enterprise		
	School Nutrition	Student-built House	Total
ASSETS			
Cash and cash equivalents	$ 6,186	$60,219	$66,405
Inventories	1,078	-	1,078
Capital assets, net of accumulated depreciation	23,281	-	23,281
Total assets	30,545	60,219	90,764
LIABILITIES	-	-	-
NET ASSETS			
Invested in capital assets	23,281	-	23,281
Unrestricted	7,264	60,219	67,483
Total net assets	$30,545	$60,219	$90,764

See accompanying Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Schedule 4

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2005

	Enterprise		
	School Nutrition	Student-built House	Total
Operating revenue			
Local sources			
Charges for meals	$ 107,760	$ -	$ 107,760
Gain on sale of inventory	-	9,372	9,372
Total operating revenue	107,760	9,372	117,132
Operating expenses			
Non-instructional programs			
Salaries	51,236	-	51,236
Benefits	24,292	-	24,292
Purchased services	45	-	45
Supplies	96,675	-	96,675
Miscellaneous	1,237	-	1,237
Depreciation	5,383	-	5,383
Total operating expenses	178,868	-	178,868
Operating income (loss)	(71,108)	9,372	(61,736)
Non-operating revenue			
Interest income	26	257	283
State sources	2,695	-	2,695
Federal sources	68,206	-	68,206
Total non-operating revenue	70,927	257	71,184
Change in net assets	(181)	9,629	9,448
Net assets, beginning of year	30,726	50,590	81,316
Net assets, end of year	$ 30,545	$ 60,219	$ 90,764

See accompanying Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Schedule 5

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2005

	Enterprise		
	School Nutrition	Student-built House	Total
Cash flows from operating activities			
Cash received from sale of meals	$ 107,769	$ -	$ 107,769
Cash received from sale of inventory	-	109,600	109,600
Cash payments to employees for services	(84,966)	-	(84,966)
Cash payments to suppliers for goods and services	(90,474)	(99,870)	(190,344)
Net cash provided by (used in) operating activities	(67,671)	9,730	(57,941)
Cash flows from non-capital financing activities			
State grants received	2,695	-	2,695
Federal grants received	61,035	-	61,035
Net cash provided by non-capital financing activities	63,730	-	63,730
Cash flows from capital and related financing activities	-	-	-
Cash flows from investing activities			
Interest on investments	26	257	283
Net increase (decrease) in cash and cash equivalents	(3,915)	9,987	6,072
Cash and cash equivalents, beginning of year	10,101	50,232	60,333
Cash and cash equivalents, end of year	$ 6,186	$ 60,219	$ 66,405
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	$ (71,108)	$ 9,372	$ (61,736)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Commodities used	7,171	-	7,171
Depreciation	5,383	-	5,383
Decrease in accounts receivable	9	550	559
Decrease in inventories	312	-	312
(Decrease) in due to other funds	(9,438)	-	(9,438)
(Decrease) in accounts payable	-	(192)	(192)
Net cash provided by (used in) operating activities	$ (67,671)	$ 9,730	$ (57,941)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received $7,171 of federal commodities.

See accompanying Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Schedule 6

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

For the Year Ended June 30, 2005

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Annual	$ 2	$ 9,721	$ 5,885	$ 3,838
Athletics	5,254	36,359	41,854	(241)
Cheerleaders	150	1,663	1,698	115
Golf	2	624	608	18
Class of:				
2005	938	356	1,855	(561)
2006	2,832	2,638	3,026	2,444
2007	668	999	20	1,647
2008	-	660	-	660
2009	16	-	-	16
Concessions	1,367	14,792	15,056	1,103
FFA	989	5,809	7,586	(788)
HS student activities	2	321	243	80
Lutton student activities	4,291	4,538	5,100	3,729
National Honor Society	48	553	554	47
Interest	16	176	182	10
Library club	1,163	140	-	1,303
Model UN	105	642	682	65
Music boosters	4,095	37,206	41,184	117
Science club	26	-	-	26
Student council	1,456	9,274	10,198	532
Spanish club	41	797	560	278
Speech/drama	661	347	241	767
Girls' softball	48	3,025	3,202	(129)
Girls' basketball	83	7,092	6,053	1,122
Track	443	2,239	1,931	751
Boys' basketball	8,281	2,947	4,168	7,060
Baseball	1,337	2,175	2,180	1,332
Wrestling	1,781	7,831	5,129	4,483
Football	2,651	4,307	4,061	2,897
Volleyball	78	630	602	106
Lutton	1,028	2,025	2,254	799
Heart fund	134	1,566	1,566	134
Book fair	610	4,155	4,172	593
Family night	4	-	-	4
Bear Essentials	2,082	7,192	6,166	3,108
Valley rush	1,696	2,271	3,112	855
Totals	$ 44,378	$ 175,070	$181,128	$ 38,320

See accompanying Independent Auditor's Report.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

Schedule 7

Schedule of Revenues by Source and Expenditures by Function
All Governmental Fund Types
For the Last Four Years

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues				
Local sources				
Local tax	$ 1,757,958	$ 1,664,110	$ 1,629,439	$ 1,599,624
Tuition	415,982	406,331	366,089	314,901
Other	358,670	330,664	332,526	348,179
State sources	1,909,318	1,896,927	1,830,632	1,819,592
Federal sources	135,974	124,639	124,500	73,825
Total revenues	$ 4,577,902	$ 4,422,671	$ 4,283,186	$ 4,156,121
Expenditures				
Instruction				
Regular instruction	1,967,316	1,850,465	1,754,457	1,749,974
Special instruction	507,648	631,898	543,040	478,473
Other instruction	560,347	480,791	430,659	430,585
Support services				
Student services	4,845	1,481	39,921	43,446
Instructional staff services	61,691	56,127	52,162	59,438
Administration services	523,888	521,419	507,546	474,032
Operation and maintenance of plant services	267,881	248,278	229,773	254,547
Transportation services	258,022	172,092	167,836	184,655
Non-instructional programs	-	21,853	23,277	25,331
Other expenditures				
Facilities acquisition	135,778	69,127	78,786	142,735
Long-term debt				
Principal	180,000	195,000	120,000	110,000
Interest and other charges	69,390	61,041	139,185	145,785
AEA flowthrough	133,316	136,119	139,916	139,078
Total expenditures	$ 4,670,122	$ 4,445,691	$ 4,226,558	$ 4,238,079

See accompanying Independent Auditor's Report.

KAY L. CHAPMAN, CPA PC
210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

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
English Valleys 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 English Valleys 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 September 30, 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 English Valleys Community School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions 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 the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a 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 item (A) Segregation of Duties, is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether English Valleys 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 the English Valleys Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of the English Valleys 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.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
September 30, 2005

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2005

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

REPORTABLE CONDITIONS

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

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

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2005

Part II. Other Findings Related to Statutory Reporting:

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

2. Certified Budget - Expenditures for the year ended June 30, 2005 exceeded the amount budgeted in the Instruction functional area.

   Recommendation - The District should have amended the budget in sufficient amounts before expenditures were allowed to exceed the budget.

   Response - We will be more attentive of this in the future and amend the budget in sufficient amounts, as necessary.

   Conclusion - Response accepted.

3. Questionable Disbursements - I noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

4. 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.

5. Business Transactions - No business transactions between the District and District officials or employees were noted.

6. 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.

7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.

8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

10. Certified Annual Reports - The Certified Annual Report was filed with the Department of Education timely; however, I noted a few errors in the amounts reported.

    Recommendation - The District should correct the items affecting beginning balances on the Certified Annual Report for the fiscal year ending June 30, 2006.

    Response - We will correct the necessary balances on our FY06 CAR.

    Conclusion - Response accepted.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2005

This audit was performed by

Kay Chapman, CPA
Christina Chamberlin, staff accountant

English Valleys Community School District

P.O. BOX 490
NORTH ENGLISH, IOWA 52316-0490

Superintendent's Office
211 S. College Street
Phone: 319-664-3634
FAX: 319-664-3636

Junior/Senior High School
West Broad Street
Phone: 319-664-3632
FAX: 319- 664-3670

Elementary School
211 South College Street
Phone: 319-664-3638

NEWS RELEASE

FOR RELEASE:

Kay L. Chapman, CPA PC of Muscatine, Iowa today released an audit report on the English Valleys Community School District in North English, Iowa.

The District's revenues totaled $4,766,218 for the year ended June 30, 2005, a 3 percent increase from the prior year. Revenues included $1,757,958 in local tax, charges for service of $767,374, operating grants, contributions and restricted interest of $564,146, unrestricted state grants of $1,633,464, unrestricted interest of $38,731 and other general revenues of $4,545.

Expenses for District operations totaled $4,831,037, a 1 percent increase from the prior year. Expenses included $2,968,847 for instruction, $1,244,139 for support services, $178,868 for non-instructional programs and $439,183 for other expenses.

A copy of the audit report is available for review in the office of the Auditor of State and the District Secretary's office.