COMPREHENSIVE ANNUAL FINANCIAL REPORT

JOHNSTON COMMUNITY SCHOOL DISTRICT
JOHNSTON, IOWA

YEAR ENDED JUNE 30, 2006
WITH REPORT OF INDEPENDENT AUDITORS

Official Issuing Report

Mark Klett, Executive Director of Business Services

Office Issuing Report

Administrative Services Division

JOHNSTON COMMUNITY SCHOOL DISTRICT
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Johnston Community School District
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Mark Klett, Director of Business Services

November 28, 2006

Members of the Board of Education
Johnston Community School District
Johnston, Iowa

The Comprehensive Annual Financial Report (CAFR) for the Johnston Community School District for the fiscal year ended June 30, 2006 is submitted herewith.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all District funds. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

The 2006 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit Compliance. The Introductory Section includes a transmittal letter, the District's organizational chart and a list of District officials.

The Financial Section includes the District's financial statements and schedules are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The Management's Discussion and Analysis presents financial highlights and information.

The Statistical Section sets forth selected unaudited financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. This section contains all necessary schedules and auditor's reports required for the District to comply with these regulations.

Reporting Entity
This report includes all entities or organizations that are required to be included in the school district's reporting entity. The District is a separate reporting entity and is not included in any other reporting entity. A seven-member elected Board of Directors, who serve three-year terms, govern the Johnston Community School District. The Board of Directors is a policy-making and planning body whose decisions are carried out by school administrators.

The Johnston Community School District is located in the northwest part of Polk County and one of the fastest growing suburbs of Des Moines, Iowa. The District is the 15th largest of Iowa's 365 public school systems. The enrollment is approximately 5,186 students. The District provides a full range of educational services appropriate to students in early childhood, preschool and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs;

vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

In addition to the elementary, middle school and high school programs offered in the District, there are additional opportunities for achieving success. Students attend METRO West, an alternative school for students who function better in a less-structured environment. Students may also attend the Central Academy that affords additional opportunities for a greater breadth of classes.

The District serves these students in one high school, two middle schools and four elementary schools. All of these buildings are either new or remodeled in the past 25 years.

Economic Condition and Outlook

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the country. The economic condition and outlook is stable. The District has experienced tremendous growth over the past several years. This growth has had a positive effect on employment and the District's tax base. The District has averaged a nearly 9% annual increase in the tax base over the past ten years. In Fiscal 2006, this trend continued with the tax base increasing by approximately 16%.

Based on conservative projections, this trend is expected to continue well into the next decade. While having a positive impact, the growth also presents significant challenges for the District. The District utilizes the optional instructional support levy at a level deemed appropriate and will need to continue a high level of efficient use of human resources and facilities.

Retail sales, building permits, and population increases in the western suburbs far exceed that of any other location in the metropolitan area or in the State of Iowa. These increases are expected to continue if economic conditions remain stable.

Major Initiatives

The execution of the updated 10-Year Capital Improvement Plan began during the year. It is projected that the district will continue to grow for the foreseeable future with growth topping out at 6,000 – 6,500 students. Construction began on the new elementary and remodel and expansion at the middle school. Planning began on the remodel and expansion of the high school. Work began on the upgrades to activity/athletic facilities.

In order to fund these projects, $26.5 million in general obligation bonds were sold. The sale came from previous voter approval of a $36.5 million bond referendum. The general obligation bonds will be repaid with Local Option Sales and Services Taxes until the levy expires. At that time, the remaining debt will be repaid with property taxes.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls
In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control

As demonstrated by the statements and schedules included in the Management's Discussion and Analysis included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management
Johnston 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.

Cash Management
Cash temporarily idle during the year was invested in sweep accounts and the Iowa School Joint Investment Trust. In addition, funds from GOB proceeds have been invested in certificates of deposit that allow monthly withdrawals for construction payments.

Independent Audit
The Code of the State of Iowa requires an annual audit of the District to be performed by an accounting firm selected in a competitively bid process. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act, and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Awards
The Government Finance Officers Association of the Unites States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnston Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

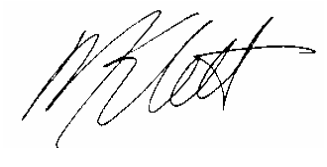
The District also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) upon recommendation of the Association's Panel of Review, which has judged that the report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program. A certificate is valid for a period of one year and we are submitting this report to ASBO to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire central administrative support staff and our auditors, Van Maanen and Associates. P.C. Finally, we would like to thank the Board of Education for their continued interest and support in conducting the financial operations of the District in a most responsible and progressive manner.

We are pleased to present this report of the results of the District's financial operation for the fiscal year ended June 30, 2006. It is our hope that study and review of this report will provide a better understanding of the District's financial operation for the District patrons.

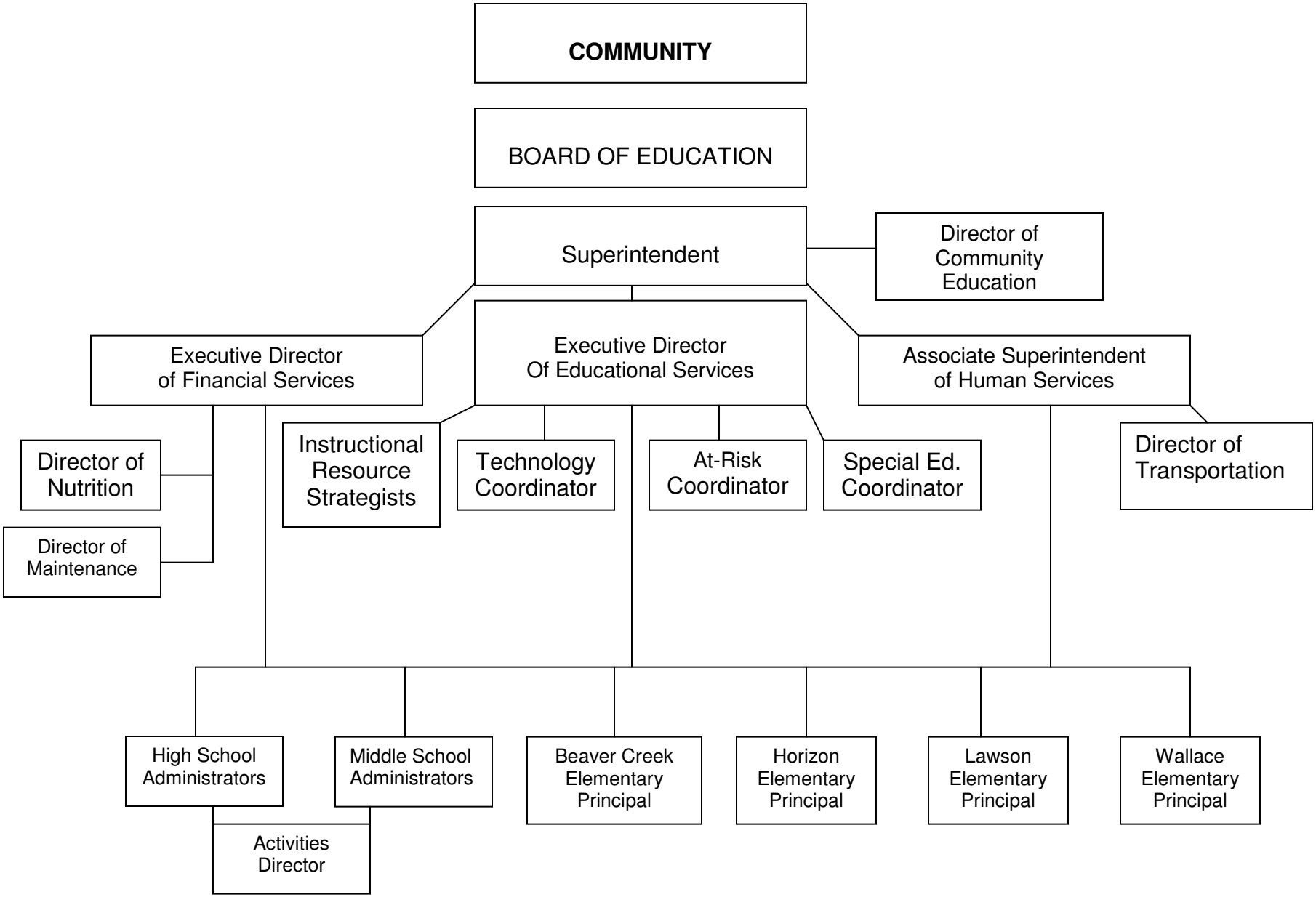
Respectfully submitted,



Mark Klett
Executive Director of Business Services

Clay Guthmiller
Superintendent of Schools

Johnston Community School District, Organizational Chart, Year ended, June 30, 2006



Johnston Community School District

List of Principal Officials
Year Ended June 30, 2006

Board of Education
(Before September, 2005 Election)

Name	Title	Term Expires
Christopher Sonner	President	2006
Robert Cramer	Vice President	2005
Jill Morrill	Board Member	2005
Ralph Young	Board Member	2006
Alan Sprinkle	Board Member	2007
Julie Summa	Board Member	2007
Stacey Tucker	Board Member	2007

Board of Education
(After September, 2005 Election)

Jill Morrill	President	2008
Christopher Sonner	Vice President	2006
Ralph Young	Board Member	2006
Alan Sprinkle	Board Member	2007
Julie Summa	Board Member	2007
Stacey Tucker (resigned)	Board Member	2007
Linda Kading (filled term to next election)		
Dean Gillaspey	Board Member	2008

Board Attorney

Ahlers Law Firm	Attorney	Indefinite

Johnston Community School District

SCHOOL DISTRICT ADMINISTRATION
Year Ended June 30, 2006

Name	Position
Dr. K. Richard Sundblad	Superintendent of Schools
Dr. James A. Casey	Associate Superintendent of Human Resource Services
Dr. Bruce Amendt	Executive Director of Academic Affairs
Mark Klett	Executive Director of Business Services
Nancy J. Buryanek	Director of Community Education
Roger L. Fusselman	Director of Buildings and Grounds
Tim Kline	Assistant Director of Maintenance
LaRae Doll	Director of Food Services
David L. Kramer	Director of Transportation
Gene Denny	Director of Technology
Bruce Hukee	High School Principal
Randy Klein	High School Associate Principal
Jerry Stratton	High School Associate Principal
Brian Carico	Middle School Principal
Brent Riessen	Middle School Associate Principal
Gary Busby	Summit Middle School Principal
Kevin Blackburn	Summit School Associate Principal
Gary L. Ross	Director of Athletics and Activities
Cheryl Henkenius	Lawson Elementary Principal
Terry Jacob	Horizon Elementary Principal
Suzie Pearson	Wallace Elementary Principal
Eric Toot	Beaver Creek Elementary Principal
Vickie McCool	Y-Home Associate Principal & Special Education Coordinator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Johnston Community School District, Iowa

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

This Certificate of Excellence in Financial Reporting is presented to

JOHNSTON COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director

JOHNSTON COMMUNITY
SCHOOL DISTRICT
Excellence In Education

Van Maanen
& ASSOCIATES, P.C.
Certified Public Accountants
705 Main St.
Pella, IA 50219
641-628-3737

Independent Auditor's Report

To the Board of Education
Johnston Community School District
Johnston, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Johnston Community School District, Johnston, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Johnston Community School District at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2006 on our consideration of Johnston Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 13 through 21 and 52 through 54 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnston Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Other supplementary information included in Schedules 1 through 11, and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, found in the Compliance Section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

November 14, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Johnston 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, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- The district showed an increase in net assets to $6,620,351 and $5,865,979 during the years ended June 30, 2006 and 2005, respectively.

- Total revenues for the fiscal year ended June 30, 2006 and 2005 of $55,590,891 and $50,622,792 were comprised of General Revenues in the amount of $43,545,527 and $38,981,373 and Program Revenues totaling $12,045,364 and $11,641,416 respectively.

- As of June 30, 2006, the District's governmental funds reported combined ending fund balances of $35,380,128, an increase of $29,399,924, in comparison with 2005. This compares with June 30, 2005 balance of $5,980,204, an increase of $3,506,813 in comparison with 2004.

- As of June 30, 2006, unreserved undesignated fund balance for the General Fund was $1,363,662 or 3.5% of total General Fund expenditures. This is an improvement over June 30, 2005 of $699,325 or 2.0% of expenditures.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.

- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

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

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

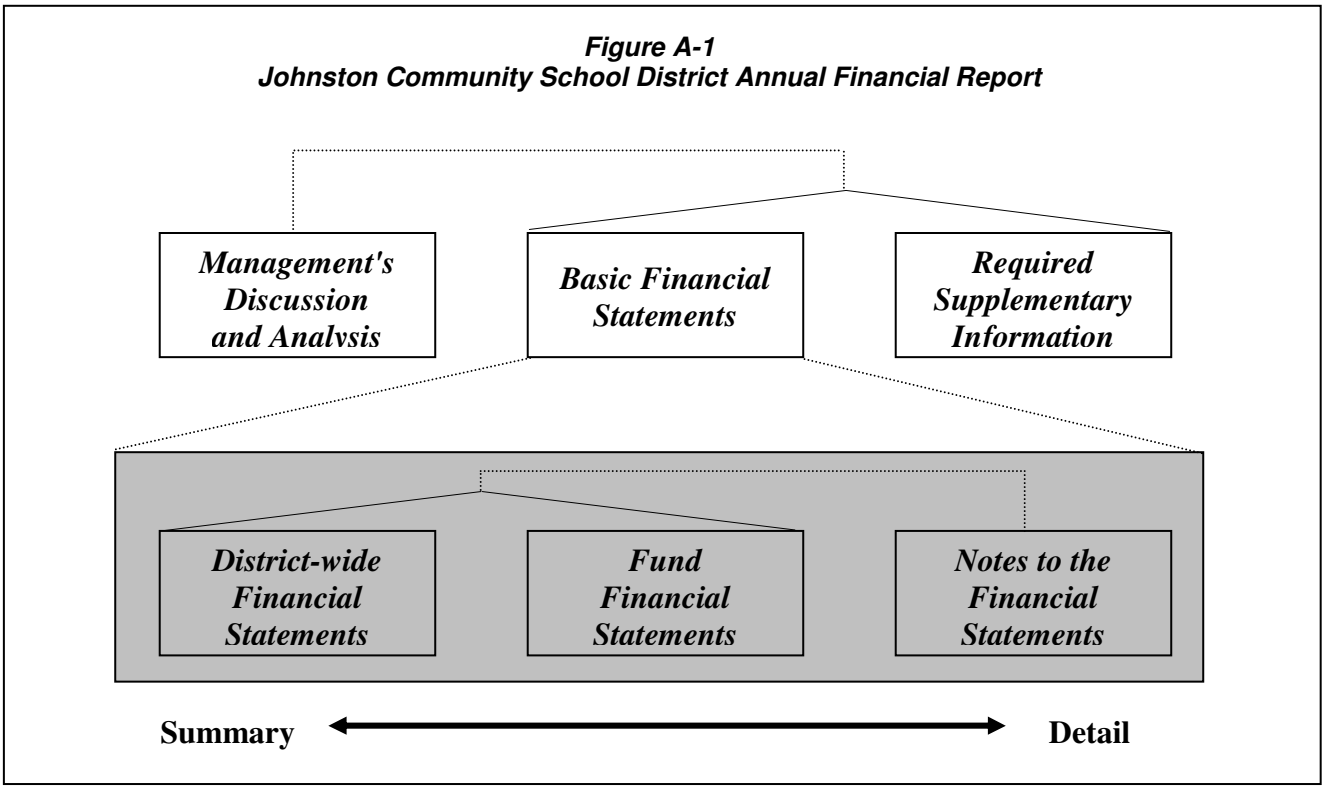


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the District-Wide and Fund Financial Statements

	District-wide Statements	Fund Statements	
		Governmental Funds	Proprietary 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
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of revenues, expenses and changes in net assets • Statement of cash flows
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
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, and short-term and long-term
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

District-wide Statements

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

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-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 is 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:

- *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. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

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

- *Proprietary funds*. The District's proprietary funds are reported in the same way as the District-wide statements.

    - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds: School Nutrition, Daycare and Community Education.

    - The District's internal service funds consist of revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's internal service funds are the Health and Dental Insurance and Flex Benefit funds.

Financial Analysis of the District as a Whole

Net assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2006.

Figure A-3
Condensed Statement of Net Assets
Years ending June 30, 2006 and 2005

	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other assets	$ 68,550,201	33,147,237	2,121,846	1,679,788	70,672,047	34,827,025	102.9%
Capital assets	66,882,559	61,622,615	629,082	680,399	67,511,641	62,303,014	8.4%
Total assets	135,432,760	94,769,852	2,750,928	2,360,187	138,183,688	97,130,039	42.3%
Long-term debt outstanding	55,238,107	28,008,648	-	-	55,238,107	28,008,648	97.2%
Other liabilities	38,197,169	31,384,071	313,537	162,473	38,510,706	31,546,544	22.1%
Total liabilities	93,435,276	59,392,719	313,537	162,473	93,748,813	59,555,192	57.4%
Net assets:							
Invested in capital assets, net of related debt	35,157,475	32,602,330	629,082	680,399	35,786,557	33,282,729	7.5%
Restricted	5,608,504	2,190,011	-	-	5,608,504	2,190,011	156.1%
Unrestricted	1,231,505	584,792	1,808,309	1,517,315	3,039,814	2,102,107	44.6%
Total net assets	$ 41,997,484	35,377,133	2,437,391	2,197,714	44,434,875	37,574,847	18.3%

As noted earlier, net assets may serve over time as useful indicator of a government's financial position. The District's total net assets have increased from a year ago $37,574,847 to $44,434,875.

The significant portions of the District's combined net assets reflect its investment in capital assets and are not available for future spending. The District's net assets invested in capital assets, net of related debt, was $35,796,557 for 2006 and $33,282,729 for 2005.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided form other sources since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt liabilities will be repaid through future property and sales taxes collections. Bond debt retirement for the year was $9,510,000.

Property tax and unrestricted state grants account for 76 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 84 percent of the total expenses.

Governmental Activities

Revenues for governmental activities were $51,093,740 and expenses were $44,473,389. Net assets increased by $6,620,351.

Figure A-4 highlights the District's revenues and expenses for the fiscal year ended June 30, 2006 and 2005. These two main components are subtracted to yield the change in net assets. This exhibit utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

Expenses are shown in programs including instruction, support services, non-instructional programs and other expenses.

Figure A-4
Changes in Net Assets

	Governmental activities		Business type activities		Total District	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
Revenues:	2006	2005	2006	2005	2006	2005
Program revenues:						
Charges for services	$ 4,287,838	4,390,273	3,948,921	3,691,583	8,236,759	8,081,856
Operating grants and contributions	3,260,375	3,117,791	548,230	441,769	3,808,605	3,559,560
General Revenues:						
Local taxes	25,624,857	23,672,255	-	-	25,624,857	23,672,255
State grants	16,398,591	14,607,644	-	-	16,398,591	14,607,644
Investment earnings	853,263	200,335	-	-	853,263	200,335
Other	668,816	501,142	-	-	668,816	501,142
Total revenues	51,093,740	46,489,440	4,497,151	4,133,352	55,590,891	50,622,792
Expenses:						
Program expenses:						
Instruction	28,211,145	26,518,342	-	-	28,211,145	26,518,342
Support services - students & staff	3,103,750	2,563,853	-	-	3,103,750	2,563,853
Support services - administration	4,048,697	2,729,117	-	-	4,048,697	2,729,117
Operations and maintenance	3,717,675	3,640,341	-	-	3,717,675	3,640,341
Transportation	1,759,129	1,724,913	-	-	1,759,129	1,724,913
Non-instructional activities	3,632,993	3,328,731	4,257,474	3,934,934	7,890,467	7,263,665
Total expenses	44,473,389	40,505,297	4,257,474	3,934,934	48,730,863	44,440,231
Excess of revenues over expenses before transfers	6,620,351	5,984,143	239,677	198,418	6,860,028	6,182,561
Transfers	-	(302,416)	-	302,416	-	-
Change in net assets	$ 6,620,351	5,681,727	239,677	500,834	6,860,028	6,182,561

Business Type Activities

Revenues of the District's business-type activities were $4,497,151 and expenses were $4,257,474. Net assets decreased by $261,157. The District's business-type activities include the School Nutrition, Daycare and Community Education Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. On June 30, 2006 the District's governmental funds reported combined fund balances of $35,380,128, well above the June 30, 2005 ending fund balances of $5,980,204. This is primarily due to increased balances in the capital projects bond proceeds to be spent on construction projects over the next two years.

Governmental Fund Highlights

- The District's General Fund financial position continued to improve. The June 30, 2005 balance of $1,079,682 increased to $1,802,912 on June 30, 2006. This is due to increased cash reserve levies by the Board of Education to improve fund balance.

- The Debt Service Fund balance increase is due to refunding funds being held to repay bonds on June 1 of 2007.

- The capital projects fund balance increased as bonds were issued in fy06 for projects to be completed during the next two years.

- The non-major special revenue funds balance increased as funds were accumulated to pay for anticipated construction projects from PPEL proceeds.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from $1,340,653 on June 30, 2005 to $1,505,232 on June 30, 2006. The net assets of Community Education and Daycare Funds increased by 8%.

Budgetary Highlights

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 for internal services, private-purpose trusts and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis. Schedules showing the original and final budget amounts compared to the District's actual financial activity are included in the required supplementary information section of this report.

Legal Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences,* the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annual adopts a program budget for all funds except internal service and agency funds as described in the note to required supplementary information. During the year, the district adopted one budget amendment increasing budgeted expenditures by $5,525,900.

A comparison of actual expenditures/expenses of the District's budgeted funds with the final amended program budget amounts is as follows:

	Budget			
	Original	Final	Actual	Variance
Instruction	$ 29,988,173	29,988,173	26,643,722	3,344,451
Support Services	11,914,420	11,914,420	12,570,682	(656,262)
Noninstructional programs	5,675,915	5,675,915	4,408,267	1,267,648
Other	13,464,560	18,990,460	19,248,619	(258,159)
	$ 61,043,068	66,568,968	62,871,290	3,697,678

The negative balance in "Support Services" is due to recoding of expenditures to meet state coding requirements. "Other" expenditures negative variance is due to construction project expenditures not meeting projected cash flows, always a difficult estimate.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2006, the District had invested $67,511,641 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-5) This compares to the June 30, 2005 balance of 62,303,014. See Figure A-5.

The original cost of the District's capital assets was $91,373,836. Governmental funds account for $90,078,354 with the remainder, $1,295,452, in the Enterprise funds.

The largest change in capital asset activity during the year occurred in the construction in progress and buildings category. Fy06 saw the start of major construction projects including a new elementary, middle school remodel and out facility improvements.

Figure A-5
Capital Assets, Net of Depreciation

	Governmental activities		Business type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Land	$ 2,655,021	2,564,343	-	-	2,655,021	2,564,343	3.5%
Construction in progress	6,671,988	-	-	-	6,671,988	-	100.0%
Buildings	55,916,102	57,411,729	-	-	55,916,102	57,411,729	-2.6%
Improvements other than buildings	780,532	725,659	-	-	780,532	725,659	7.6%
Furniture and equipment	858,916	920,884	629,082	680,399	1,487,998	1,601,283	-7.1%
Total	$ 66,882,559	61,622,615	629,082	680,399	67,511,641	62,303,014	8.4%

More detailed information on capital asset activity can be found in the notes to the financial statements.

Long-Term Debt

At June 30, 2006 the District had $60,312,853 in general obligation bonds and other long-term debt outstanding. This represents an increase of approximately 85 percent from June 30, 2005. (See Figure A-6) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The large increase in general obligation bonds is the sale of $26.5 million for the next round of school expansions to accommodate increasing enrollments. The large increase in early retirement obligations reflects the increased medical insurance liability as more employees take advantage of the retirement plan. This obligation is a fixed dollar amount toward health insurance until the employee reaches the age of 65.

Figure A-6
Long-term Debt Obligations

	Total School District June 30, 2006	Total School District June 30, 2005	Total Change June 30, 2005-2006
General obligation bonds	$ 44,835,000	16,815,000	166.6%
Revenue bonds	9,500,000	9,500,000	0.0%
Capital loan notes	4,690,000	5,300,000	-11.5%
Early retirement	1,287,853	980,211	31.4%
Totals	$ 60,312,853	32,595,211	85.0%

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 expects continued enrollment growth during the foreseeable future. The district's enrollment growth has averaged 6.0% annually over the last 10-years.

- The District has averaged nearly 10% annual increase in the tax base over the past 10 years and continued this trend with a 16% increase during 2006.

- The continued slow growth in state revenues and increasing enrollments will continue to put great pressure on district finances to meet both the personnel and facility needs of the District.

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 Mark Klett, Executive Director of Financial Services, Johnston Community School District, 5608 Merle Hay Road, Johnston, IA 50131-1234.

JOHNSTON
COMMUNITY
SCHOOL DISTRICT
Excellence In Education

Basic Financial Statements

Exhibit A

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2006

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current Assets:			
Cash and cash equivalents:	$ 42,612,680	2,049,382	44,662,062
Receivables:			
Property tax:			
Delinquent	223,311	-	223,311
Succeeding year	23,758,498	-	23,758,498
Accounts	121,254	16,495	137,749
Accrued interest	-	-	-
Due from other governments	1,814,365	-	1,814,365
Inventories	20,093	55,969	76,062
Total current assets	68,550,201	2,121,846	70,672,047
Non-current assets:			
Land and improvements	4,912,630	-	4,912,630
Buildings and improvements	74,417,685	-	74,417,685
Vehicles, furniture and equipment	4,076,081	1,295,452	5,371,533
Construction in progress	6,671,988	-	6,671,988
Accumulated depreciation	(23,195,825)	(666,370)	(23,862,195)
Total non-current assets	66,882,559	629,082	67,511,641
Total assets	135,432,760	2,750,928	138,183,688
Liabilities			
Current liabilities:			
Accounts payable	4,484,035	184,938	4,668,973
Insurance claims payable	500,717	-	500,717
Salaries and benefits payable	3,513,094	72,651	3,585,745
Accrued interest payable	773,168	-	773,168
Deferred revenue:			
Succeeding year property tax	23,758,498	-	23,758,498
Other	-	44,818	44,818
Capital loan notes payable	625,000	-	625,000
Revenue bonds payable	2,250,000	-	2,250,000
General obligation bonds payable	1,970,000	-	1,970,000
Early retirement payable	229,746	-	229,746
Compensated absences	92,911	11,130	104,041
Total current liabilities	38,197,169	313,537	38,510,706
Non-current liabilities:			
Capital loan notes payable	4,065,000	-	4,065,000
Revenue bonds payable	7,250,000	-	7,250,000
General obligation bonds payable	42,865,000	-	42,865,000
Early retirement payable	1,058,107	-	1,058,107
Total non-current liabilities	55,238,107	-	55,238,107
Total liabilities	93,435,276	313,537	93,748,813

Exhibit A

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2006

	Governmental Activities	Business Type Activities	Total Primary Government
Continued from previous page			
Net Assets			
Invested in capital assets, net of related debt	35,157,475	629,082	35,786,557
Restricted for:			
Debt service	2,620,183	-	2,620,183
Physical plant and equipment levy	2,552,899	-	2,552,899
Other special revenue purposes	317,036	-	317,036
Other purposes	118,386	-	118,386
Unrestricted	1,231,505	1,808,309	3,039,814
Total net assets	$ 41,997,484	2,437,391	44,434,875

See notes to basic financial statements.

Exhibit B

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2006

		Program Revenues	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs			
Governmental activities:			
Instruction:			
Regular instruction	$ 20,020,241	1,343,111	1,313,978
Special instruction	5,817,923	2,114,595	392,907
Other instruction	2,372,981	474,570	27,327
	28,211,145	3,932,276	1,734,212
Support Service:			
Student services	1,170,265	-	-
Instructional staff services	1,933,485	-	-
Administration services	4,048,697	-	-
Operating and maintenance of plant services	3,717,675	23,394	-
Transportation services	1,759,129	332,168	117,990
	12,629,251	355,562	117,990
Non-instructional programs:			
Nutrition services	7,224	-	-
Community Education services	142,590	-	-
	149,814	-	-
Other expenditures:			
Facilities acquisition	322,595	-	-
Long-term debt interest	1,752,411	-	-
AEA flowthrough	1,408,173	-	1,408,173
	3,483,179	-	1,408,173
Total governmental activities	44,473,389	4,287,838	3,260,375
Business type activities:			
Non-instructional programs:			
Nutrition services	1,969,280	1,686,958	449,901
Preschool services	252,547	211,543	63,693
Day Care services	1,605,824	1,658,584	26,366
Community Education services	429,823	391,836	8,270
Total business type activities	4,257,474	3,948,921	548,230
Total primary governmental activities	$ 48,730,863	8,236,759	3,808,605

Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total Primary Government
(17,363,152)	-	(17,363,152)
(3,310,421)	-	(3,310,421)
(1,871,084)	-	(1,871,084)
(22,544,657)	-	(22,544,657)
(1,170,265)	-	(1,170,265)
(1,933,485)	-	(1,933,485)
(4,048,697)	-	(4,048,697)
(3,694,281)	-	(3,694,281)
(1,308,971)	-	(1,308,971)
(12,155,699)	-	(12,155,699)
(7,224)	-	(7,224)
(142,590)	-	(142,590)
(149,814)		(149,814)
(322,595)	-	(322,595)
(1,752,411)	-	(1,752,411)
-	-	-
(2,075,006)	-	(2,075,006)
(36,925,176)	-	(36,925,176)
-	167,579	167,579
-	22,689	22,689
-	79,126	79,126
-	(29,717)	(29,717)
-	239,677	239,677
(36,925,176)	239,677	(36,685,499)

Exhibit B

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2006

		Program Revenues	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
Totals continued from previous pages	$ 48,730,863	8,236,759	3,808,605
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues, capital contributions and transfers			
Change in net assets			
Net assets beginning of year			
Net assets end of year			

See notes to basic financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total Primary Government
$ (36,925,176)	239,677	(36,685,499)
16,565,872	-	16,565,872
2,304,979	-	2,304,979
2,159,039	-	2,159,039
4,594,967	-	4,594,967
16,398,591	-	16,398,591
853,263	-	853,263
668,816	-	668,816
43,545,527	-	43,545,527
6,620,351	239,677	6,860,028
35,377,133	2,197,714	37,574,847
$ 41,997,484	2,437,391	44,434,875

Exhibit C

JOHNSTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash and pooled investments	$ 5,080,079	3,366,383	29,569,905	3,158,739	41,175,106
Receivables:					
Property tax:					
Current year delinquent	162,579	26,835	-	33,897	223,311
Succeeding year	17,829,689	2,180,602	-	3,748,207	23,758,498
Accounts	80,942	233	-	290	81,465
Due from other governments	1,184,022	-	630,343	-	1,814,365
Due from other funds	-	-	3,263	-	3,263
Inventories	20,093	-	-	-	20,093
Total assets	$ 24,357,404	5,574,053	30,203,511	6,941,133	67,076,101
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 1,129,505	100	2,903,595	75,968	4,109,168
Salaries and benefits payable	3,502,387	-	-	-	3,502,387
Due to other funds	-	-	-	3,263	3,263
Early retirement payable (note 5)	-	-	-	229,746	229,746
Compensated absences	92,911	-	-	-	92,911
Deferred revenue:					
Succeeding year property tax	17,829,689	2,180,602	-	3,748,207	23,758,498
Total liabilities	22,554,492	2,180,702	2,903,595	4,057,184	31,695,973
Fund balances:					
Reserved for:					
Inventories	20,093	-	-	-	20,093
Debt service	-	3,393,351	-	-	3,393,351
Early intervention block grant	14,977	-	-	-	14,977
Gifted and Talented Programs	13,618	-	-	-	13,618
Other grants and categorical aid	69,698	-	-	-	69,698
Unreserved:					
Designated for special purposes by the Board	320,864	-	-	-	320,864
Undesignated	1,363,662	-	27,299,916	2,883,949	31,547,527
Total fund balances	1,802,912	3,393,351	27,299,916	2,883,949	35,380,128
Total liabilities and fund balances	$ 24,357,404	5,574,053	30,203,511	6,941,133	67,076,101

See notes to basic financial statements.

Exhibit D

JOHNSTON COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total fund balances of governmental funds (Exhibit C)		$ 35,380,128
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.		66,882,559
The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.		591,072
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.		(773,168)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds as follows:		
Total long-term debt	(60,312,853)	
Portion of early retirement reflected on governmental funds	229,746	(60,083,107)
Net assets of governmental activities (Exhibit A)		$ 41,997,484

See notes to basic financial statements.

Exhibit E

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2006

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Revenues:					
Local sources:					
Local tax	$ 15,715,509	2,304,979	4,594,967	3,009,401	25,624,856
Tuition	3,153,507	-	-	-	3,153,507
Other	1,278,100	86,414	572,529	679,670	2,616,713
State sources	19,151,191	660	-	881	19,152,732
Federal sources	545,932	-	-	-	545,932
Total revenues	39,844,239	2,392,053	5,167,496	3,689,952	51,093,740
Expenditures:					
Current:					
Instruction:					
Regular instruction	17,900,469	-	-	489,525	18,389,994
Special instruction	5,867,984	-	-	-	5,867,984
Other instruction	1,871,208	-	-	514,536	2,385,744
	25,639,661	-	-	1,004,061	26,643,722
Support services:					
Student services	1,153,168	-	-	36,379	1,189,547
Instructional staff services	1,967,120	-	-	18,836	1,985,956
Administration services	3,895,707	-	-	116,180	4,011,887
Operation and maintenance of plant services	3,455,940	-	-	251,883	3,707,823
Transportation services	1,523,730	-	-	151,739	1,675,469
	11,995,665	-	-	575,017	12,570,682
Non-instructional programs:					
Food services	-	-	-	8,203	8,203
Community service and education	120,834	-	-	21,756	142,590
	120,834	-	-	29,959	150,793
Capital outlay:					
Other expenditures	-	-	6,988,759	253,824	7,242,583
Debt Service:					
Other expenditures:					
Principal	-	9,510,000	-	-	9,510,000
Interest	-	1,085,413	-	-	1,085,413
Services	-	2,450	-	-	2,450
	-	10,597,863	-	-	10,597,863
Intergovernmental:					
Other expenditures	1,408,173	-	-	-	1,408,173
Total expenditures	39,164,333	10,597,863	6,988,759	1,862,861	58,613,816
Excess (deficiency) of revenues over (under) expenditures	679,906	(8,205,810)	(1,821,263)	1,827,091	(7,520,076)

Exhibit E

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2006

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Continued from previous page					
Other financing sources (uses):					
Transfers in	43,324	959,465	245,239	-	1,248,028
Transfers out	-	-	(218,775)	(1,029,253)	(1,248,028)
Issuance of debt	-	10,420,000	26,500,000	-	36,920,000
Total other financing sources (uses)	43,324	11,379,465	26,526,464	(1,029,253)	36,920,000
Net change in fund balances	723,230	3,173,655	24,705,201	797,838	29,399,924
Fund balances beginning of year	1,079,682	219,696	2,594,715	2,086,111	5,980,204
Fund balances end of year	$ 1,802,912	3,393,351	27,299,916	2,883,949	35,380,128

See notes to basic financial statements.

Exhibit F

JOHNSTON 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, 2006

Net change in fund balances - total governmental funds (Exhibit E)		$ 29,399,924
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	$ 7,042,987	
Less loss on retirement of capital assets	(865)	
Less current year depreciation	(1,782,178)	5,259,944
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		9,510,000
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.		(664,548)
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.		
Early retirement		(239,459)
Proceeds of long-term debt provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets.		(36,920,000)
The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.		274,490
Change in net assets of governmental activities (Exhibit B)		$ 6,620,351

See notes to basic financial statements.

Exhibit G

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	$ 2,049,382	1,437,574
Receivables:		
Accounts	16,495	39,789
Inventories	55,969	-
Total current assets	2,121,846	1,477,363
Non-current assets:		
Property and equipment:		
Machinery and equipment	1,295,452	-
Accumulated depreciation	(666,370)	-
Total non-current assets	629,082	-
Total assets	2,750,928	1,477,363
Liabilities		
Current liabilities:		
Accounts payable	184,938	374,867
Insurance claims liability	-	500,717
Accrued salaries and benefits payable	72,651	10,707
Deferred revenues	44,818	-
Compensated absences payable	11,130	-
Total current liabilities	313,537	886,291
Net Assets		
Invested in capital assets	629,082	-
Unrestricted	1,808,309	591,072
Total net assets	$ 2,437,391	591,072

See notes to basic financial statements.

Exhibit H

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2006

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Operating revenue:		
Local sources:		
Operating revenues	$ 3,948,921	4,566,747
Operating expenses:		
Instructional programs:		
Support services:		
Other	-	4,339,120
Non-instructional programs:		
Food service operations:		
Depreciation	94,421	-
Other	1,874,859	-
	1,969,280	-
Community service operations:		
Depreciation	7,726	-
Other	2,280,468	-
	2,288,194	-
Total operating expenses	4,257,474	4,339,120
Operating income (loss)	(308,553)	227,627
Non-operating revenues:		
State sources	85,638	-
Federal sources	395,081	-
Interest income	67,511	46,863
Total non-operating revenues	548,230	46,863
Change in net assets	239,677	274,490
Net assets beginning of year	2,197,714	316,582
Net assets end of year	$ 2,437,391	591,072

See notes to basic financial statements.

Exhibit I

JOHNSTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2006

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	$ 1,699,427	-
Cash received from community services	2,264,509	4,530,202
Cash payments to employees for services	(2,556,861)	(4,105,525)
Cash payments to suppliers for goods or services	(1,395,083)	-
Net cash used by operating activities	11,992	424,677
Cash flows from non-capital financing activities:		
State grants received	85,638	-
Federal grants received	322,796	-
Net cash provided by non-capital financing activities	408,434	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(50,830)	-
Cash flows from investing activities:		
Interest on investments	67,511	46,863
Net increase in cash and cash equivalents	437,107	471,540
Cash and cash equivalents at beginning of year	1,612,275	966,034
Cash and cash equivalents at end of year	$ 2,049,382	1,437,574
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (308,553)	227,627
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	72,285	-
Depreciation	102,147	-
(Increase) in accounts receivable	6,290	(36,545)
(Increase) in due from other funds	2,548	-
Decrease in inventories	(13,789)	-
Increase (decrease) in accounts payable	137,476	97,237
Increase in insurance claims payable	-	125,651
(Decrease) in salaries and benefits payable	7,411	10,707
Increase in deferred revenue	6,177	-
Net cash provided (used) by operating activities	$ 11,992	424,677
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:		
Current assets:		
Cash and investments	$ 2,049,382	1,437,574
Cash and cash equivalents at year end	$ 2,049,382	1,437,574

Non-cash investing, capital and financing activities:

During the year ended June 30, 2006, the District received federal commodities valued at $72,285.

See notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The Johnston 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 city of Johnston, Iowa; portions of Johnston, Des Moines, Granger and Grimes, Iowa; and other unincorporated areas of Polk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Johnston 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.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Polk 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 interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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 that are attributed to the acquisition, construction, or improvement of those assets.

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

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

(1) *Summary of Significant Accounting Policies (continued)*
B. *Basis of Presentation (continued)*

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other 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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

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

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

Additionally, the District reports the following fund types:

Governmental Funds:

1. Non-major Special Revenue Funds - The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. State and Local financial assistance is accounted for in a State or Local Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

2. Enterprise Funds - The District accounts for food service operations, community daycare operations and community education service operations in the Enterprise Funds.

3. Internal Service Funds - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are the Health and Dental Insurance and Flex Benefit Funds.

Fiduciary Funds:

4. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund was the Student Memorial Fund and these funds were completely disbursed during the fiscal year ending June 30, 2006.

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

C. Measurement Focus and Basis of Accounting

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

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

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 Funds are 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.

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments.

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that had a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The District has invested funds in the Iowa Schools Joint Investment Trust (ISJIT). ISJIT is an investment pool managed by the trustee, Bankers Trust, which allows governments within the State to pool their funds for investment purposes. ISJIT is registered with the SEC as an investment company and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in ISJIT are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current 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, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2005.

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.

(1) *Summary of Significant Accounting Policies (continued)*
Capital Assets (continued)

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

Capital assets (with the exception of land, which is not depreciated) 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

Interfund Activity - Transfers between governmental and business type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business type activities, which are presented as internal balances.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is 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 represent 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 receivables and other receivables not collected within sixty days after year end.

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

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

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. The liability for compensated absences resulted in no change for the year ending June 30, 2006.

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 Balances – 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

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2006, expenditures in the support services and other expenditures functional areas exceeded the amounts budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2006 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, 2006, the District had investments in the following:

Iowa Schools Joint Investment Trust	$14,924,642
IPAS education Institutional Money Market Fund	22,090,000
Bankers Trust Fixed Income Account	3,102,060
Total	$40,116,702

(2) *Cash and Pooled Investments (continued)*

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

Credit risk. The investments in the Iowa Schools Joint Investment Trust and IPAS education funds were both rated Aaa by Moody's Investors Service. The investments in Bankers Trust are primarily invested in U.S. Treasury securities.

(3) Interfund Transactions

Interfund loans on the fund statements at June 30, 2006 consist of the following receivables and payables:

Fund	Receivable	Payable
Governmental Fund:		
Major:		
Capital Projects	3,263	-
Non-major:		
Special Revenue - Physical Plant and Equipment Levy	-	3,263
Total	$ 3,263	3,263

The purpose of the interfund loan is the result of an expenditure paid by the Special Revenue-Physical Plant and Equipment Levy that should have been paid by the Capital Projects Fund.

Interfund transfers on the fund statements at June 30, 2006 consist of the following:

Transfer to	Transfer from	Amount
General Fund	Special Revenue Fund - Student Activity	$ 43,324
Capital Projects Fund	Special Revenue Fund - Physical Plant and Equipment Levy	245,239
Debt Service Fund	Special Revenue Fund - Physical Plant and Equipment Levy	740,690
Debt Service Fund	Capital Projects Fund	218,775
		$ 1,248,028

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2006 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,564,343	90,678	-	2,655,021
Construction in progress	-	6,671,988	-	6,671,988
Total capital assets not being depreciated	2,564,343	6,762,666	-	9,327,009
Capital assets being depreciated:				
Buildings	74,417,685	-	-	74,417,685
Improvements other than buildings	2,143,037	114,572	-	2,257,609
Furniture and equipment	4,092,645	165,749	182,313	4,076,081
Total capital assets being depreciated	80,653,367	280,321	182,313	80,751,375
Less accumulated depreciation for:				
Buildings	17,005,956	1,495,627	-	18,501,583
Improvements other than buildings	1,417,378	59,699	-	1,477,077
Furniture and equipment	3,171,761	226,852	181,448	3,217,165
Total accumulated depreciation	21,595,095	1,782,178	181,448	23,195,825
Total capital assets being depreciated, net	59,058,272	(1,501,857)	865	57,555,550
Governmental activities capital assets, net	$ 61,622,615	5,260,809	865	66,882,559
Business type activities:				
Furniture and equipment	$ 1,244,622	50,830	-	1,295,452
Less accumulated depreciation	564,223	102,147	-	666,370
Business-type activities capital assets, net	$ 680,399	(51,317)	-	629,082

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 1,560,360
Other	1,230
Support services:	
Instructional staff services	10,073
Administration	27,269
Operation and maintenance of plant	25,603
Transportation	157,643
	1,782,178
Unallocated	-
Total depreciation expense - governmental activities	$ 1,782,178
Business type activities:	
Food services	$ 94,421
Community Daycare	3,861
Community Education	3,865
	$ 102,147

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2006 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	$ 16,815,000	36,920,000	8,900,000	44,835,000	1,970,000
Revenue bonds	9,500,000	-	-	9,500,000	2,250,000
Capital loan notes	5,300,000	-	610,000	4,690,000	625,000
Early retirement	980,211	469,205	161,563	1,287,853	229,746
	$ 32,595,211	37,389,205	9,671,563	60,312,853	5,074,746

General Obligation Bonds Payable

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Bond Issue of April 1, 1997				
Year ended June 30,	Rates	Principal	Interest	Total
2007	6.000%	$ 275,000	165,963	440,963
2008	5.100%	300,000	149,463	449,463
2009	5.200%	300,000	134,163	434,163
2010	5.300%	300,000	118,563	418,563
2011	5.375%	300,000	102,663	402,663
2012	5.375%	310,000	86,538	396,538
2013	5.375%	325,000	69,875	394,875
2014	5.375%	325,000	52,406	377,406
2015	5.375%	325,000	34,938	359,938
2016	5.375%	325,000	17,469	342,469
Subtotal		3,085,000	932,041	4,017,041

Refunding Bond Issue of April 1, 2003				
Year ended June 30,	Rates	Principal	Interest	Total
2007	2.50%	$ 780,000	133,265	913,265
2008	2.50%	770,000	113,765	883,765
2009	2.50%	805,000	94,515	899,515
2010	2.80%	790,000	74,390	864,390
2011	3.00%	825,000	52,270	877,270
2012	3.20%	860,000	27,520	887,520
Subtotal		4,830,000	495,725	5,325,725

(5) *Long-Term Liabilities (continued)*
General Obligation Bonds Payable (continued)

Bond Issue of February 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2007	4.000%	$ 100,000	1,467,025	1,567,025
2008	4.000%	100,000	1,096,269	1,196,269
2009	3.750%	100,000	1,092,269	1,192,269
2010	3.750%	100,000	1,088,519	1,188,519
2011	3.750%	915,000	1,084,768	1,999,768
2012	3.750%	970,000	1,050,456	2,020,456
2013	4.000%	1,585,000	1,014,082	2,599,082
2014	5.000%	1,700,000	950,681	2,650,681
2015	4.500%	1,815,000	865,681	2,680,681
2016	4.000%	3,190,000	784,006	3,974,006
2017	4.000%	3,700,000	656,406	4,356,406
2018	4.100%	3,875,000	508,406	4,383,406
2019	4.250%	4,075,000	349,531	4,424,531
2020	4.125%	4,275,000	176,344	4,451,344
Subtotal		26,500,000	12,184,443	38,684,443

Bond Issue of May 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2007	4.0%	$ 815,000	451,533	1,266,533
2008	4.0%	945,000	384,200	1,329,200
2009	4.0%	935,000	346,400	1,281,400
2010	4.0%	1,005,000	309,000	1,314,000
2011	4.0%	1,040,000	268,800	1,308,800
2012	4.0%	1,065,000	227,200	1,292,200
2013	4.0%	1,430,000	184,600	1,614,600
2014	4.0%	1,450,000	127,400	1,577,400
2015	4.0%	1,480,000	69,400	1,549,400
2016	4.0%	255,000	10,200	265,200
Subtotal		10,420,000	2,378,733	12,798,733

Totals			
Year ended June 30,	Principal	Interest	Total
2007	$ 1,970,000	2,217,786	4,187,786
2008	2,115,000	1,743,697	3,858,697
2009	2,140,000	1,667,347	3,807,347
2010	2,195,000	1,590,472	3,785,472
2011	3,080,000	1,508,501	4,588,501
2012	3,205,000	1,391,714	4,596,714
2013	3,340,000	1,268,557	4,608,557
2014	3,475,000	1,130,487	4,605,487
2015	3,620,000	970,019	4,590,019
2016	3,770,000	811,675	4,581,675
2017	3,700,000	656,406	4,356,406
2018	3,875,000	508,406	4,383,406
2019	4,075,000	349,531	4,424,531
2020	4,275,000	176,344	4,451,344
Total	$ 44,835,000	15,990,942	60,825,942

(5) *Long-Term Liabilities (continued)*

Revenue Bonds Payable

Details of the District's June 30, 2006 local option sales and service tax revenue bonded indebtedness are as follows:

Revenue Bond Issue of April 1, 2005				
Year ended June 30,	Rates	Principal	Interest	Total
2007	3.06%	$ 2,250,000	256,275	2,506,275
2008	3.06%	2,365,000	185,666	2,550,666
2009	3.06%	2,415,000	112,532	2,527,532
2010	3.06%	2,470,000	37,791	2,507,791
Total		$ 9,500,000	592,264	10,092,264

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

a) $950,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District complied with all of the provisions during the year ended June 30, 2006.

Capital Loan Notes Payable

Capital Loan Note of June 1, 2003				
Year ended June 30,	Rates	Principal	Interest	Total
2007	2.00%	$ 625,000	118,090	743,090
2008	2.25%	635,000	105,590	740,590
2009	2.25%	650,000	91,302	741,302
2010	2.75%	660,000	76,678	736,678
2011	2.65%	685,000	58,527	743,527
2012	2.75%	705,000	40,375	745,375
2013	2.875%	730,000	20,988	750,988
Total		$ 4,690,000	511,550	5,201,550

At the school election held on September 10, 2002, a special proposition authorizing the levy of tax not exceeding one dollar and thirty-four cents per one hundred thousand dollars of assessed value was adopted and approved by the electors. In order to make the proceeds of this voted tax immediately available, the Board of Directors, pursuant to Iowa Code section 297.36, authorized the sale of $6,500,000 of capital loan notes.

(5) *Long-Term Liabilities (continued)*

Early Retirement

This long-term liability is generally liquidated with funds from the Non-major Special Revenue Fund – Management Levy.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended 2006, 2005 and 2004. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were $1,457,854, $1,328,575, and $1,199,363, respectively, equal to the required contributions for each year.

(7) Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least ten years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are equal to 30% of the average of the employee's highest three year's contractual salary in the twelve years prior to retirement.

Early retirement cash benefit amounts are placed in an "Employer Sponsored Special Pay Deferral Plan (403(b))" in the July immediately following retirement. The early retirement medical insurance portion is paid out based upon the single rate of medical insurance in effect during the first year of the employee's retirement and continues at this level through age 65.

At June 30, 2006, the District had obligations to fifty participants with a total liability of $1,287,853. Actual early retirement expenditures for the year ended June 30, 2006 totaled $161,563.

(8) Risk Management

Johnston 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. During the year ended June 30, 2006, there were no significant reductions in coverage. In addition, over the past three fiscal years, settlement amounts did not exceed insurance coverage.

In addition to the above, the District operates a partially self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' medical benefits. The program is supplemented by stop loss protection, which limits the District's liability to $50,000 per individual medical claim or an aggregate limit of 125% during the period July 1, 2004 through June 30, 2006.

(8) *Risk Management (continued)*

The District operates a totally self-funded insurance program administered by a third party administrator for its employees' and eligible dependents' dental benefits. The program liability is limited to $1,000 per individual per year.

Both plans receive an annual actuarial opinion and an annual report is filed with the State of Iowa Insurance Division. The insurance claims liability of $375,066 reported at June 30, 2006 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Changes in the fund's claims liability amount for the year ended June 30, 2006 follows:

Year ending June 30,	Liability July 1	Current Claims and Changes in Estimates	Claim Payments	Liability June 30
2006	$ 375,066	4,838,837	4,338,120	500,717

The District operates a Section 125/Flex Plan whereby employee contributions are made through payroll deduction and eligible expenses are reimbursed on a weekly basis.

The above plans are reported in the Internal Services Fund.

(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 $1,408,173 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

(10) Construction Commitment

The District has entered into several contracts totaling $19,912,745 for the construction of a new school and remodeling projects. As of June 30, 2006, costs of $6,671,988 had been incurred against the contract. The balance of $13,240,757 remaining at June 30, 2006 will be paid as work on the project progresses.

Project	Contract Amount	Costs through June 30, 2006
New elementary school	$ 14,248,000	4,974,228
Tennis court/Concession building	286,000	286,523
Football field renovation	729,545	293,299
Middle school remodel	4,649,200	1,117,938
	$ 19,912,745	6,671,988

Required Supplementary Information

JOHNSTON COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2006

	Governmental Fund Types-Actual	Proprietary Fund Type-Actual
Revenues:		
Local sources	$ 31,395,076	3,948,921
State sources	19,152,732	85,638
Federal sources	545,932	462,592
Total revenues	51,093,740	4,497,151
Expenditures:		
Instruction	26,643,722	-
Support services	12,570,682	-
Noninstructional programs	150,793	4,257,474
Other expenditures	19,248,619	-
Total expenditures	58,613,816	4,257,474
Excess (deficiency) of revenues over (under) expenditures	(7,520,076)	239,677
Other financing sources, net	36,920,000	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	29,399,924	239,677
Balances beginning of year	5,980,204	2,197,714
Balances end of year	$ 35,380,128	2,437,391

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance- Positive (Negative)
35,343,997	33,589,084	33,589,084	1,754,913
19,238,370	19,317,154	19,317,154	(78,784)
1,008,524	853,950	853,950	154,574
55,590,891	53,760,188	53,760,188	1,830,703
26,643,722	29,988,173	29,988,173	3,344,451
12,570,682	11,914,420	11,914,420	(656,262)
4,408,267	5,675,915	5,675,915	1,267,648
19,248,619	13,464,560	18,990,460	(258,159)
62,871,290	61,043,068	66,568,968	3,697,678
(7,280,399)	(7,282,880)	(12,808,780)	5,528,381
36,920,000	-	5,525,900	31,394,100
29,639,601	(7,282,880)	(7,282,880)	36,922,481
8,177,918	5,665,146	5,665,146	2,512,772
37,817,519	(1,617,734)	(1,617,734)	39,435,253

JOHNSTON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2006

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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 modified 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. During the year, the District adopted one budget amendment increasing budgeted expenditures by $5,525,900.

During the year ended June 30, 2006, expenditures in the support services and other expenditure functional areas exceeded the amounts budgeted.

Other Supplementary Information

Schedule 1

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2006

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Assets				
Current Assets:				
Cash and pooled investments	$ 238,170	368,633	2,551,936	3,158,739
Receivables:				
Property tax:				
Current year delinquent	8,797	-	25,100	33,897
Succeeding year	1,360,001	-	2,388,206	3,748,207
Accounts	70	-	220	290
Total assets	$ 1,607,038	368,633	4,965,462	6,941,133
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	$ 3,277	51,597	21,094	75,968
Due to other funds	-	-	3,263	3,263
Early retirement payable	229,746	-	-	229,746
Deferred revenue:				
Succeeding year property tax	1,360,001	-	2,388,206	3,748,207
Total liabilities	1,593,024	51,597	2,412,563	4,057,184
Fund balances:				
Unreserved	14,014	317,036	2,552,899	2,883,949
Total liabilities and fund balances	$ 1,607,038	368,633	4,965,462	6,941,133

See accompanying independent auditor's report.

Schedule 2

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2006

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	$ 820,718	-	2,088,747	2,909,465
Utility tax replacement excise tax	28,742	-	67,457	96,199
Mobile home tax	902	-	2,835	3,737
	850,362	-	2,159,039	3,009,401
Other local sources:				
Interest on investments	-	-	58,099	58,099
Student activities	-	474,570	-	474,570
Donations	-	33,156	-	33,156
Other local revenue	26,290	87,326	229	113,845
	26,290	595,052	58,328	679,670
	876,652	595,052	2,217,367	3,689,071
State sources:				
Revenue in lieu of taxes :				
Military credit	263	-	618	881
Total revenues	876,915	595,052	2,217,985	3,689,952
Expenditures:				
Current:				
Instruction:				
Regular instruction:				
Benefits	486,853	-	-	486,853
Supplies	-	-	2,672	2,672
	486,853	-	2,672	489,525
Co-curricular instruction:				
Purchased services	-	124,688	-	124,688
Supplies	-	346,678	-	346,678
Property	-	7,482	-	7,482
Other	-	35,688	-	35,688
	-	514,536	-	514,536
Total instruction	486,853	514,536	2,672	1,004,061

Schedule 2

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2006

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Continued from previous page				
Expenditures:				
Current:				
Support Services:				
Student support:				
Benefits	36,379	-	-	36,379
Instructional staff support:				
Benefits	9,018	-	-	9,018
Purchased services	-	6,001	-	6,001
Property	-	3,817	-	3,817
	9,018	9,818	-	18,836
General administration:				
Benefits	32,634	-	-	32,634
Purchased services	11,971	-	-	11,971
	44,605	-	-	44,605
Building administration:				
Benefits	58,551	-	-	58,551
Purchased services	-	-	3,621	3,621
	58,551	-	3,621	62,172
Business administration:				
Benefits	3,523	-	-	3,523
Purchased services	5,880		-	5,880
	9,403	-	-	9,403
Plant operation and maintenance:				
Benefits	39,235	-	-	39,235
Purchased services	154,467	-	-	154,467
Property	-	-	58,181	58,181
	193,702	-	58,181	251,883
Student transportation:				
Benefits	30,454	-	-	30,454
Purchased services	34,016	230	-	34,246
Property	-	-	87,039	87,039
	64,470	230	87,039	151,739
Total support services	416,128	10,048	148,841	575,017

Schedule 2

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2006

	Management	Student Activity	Physical Plant and Equipment Levy	Total
Continued from previous page				
Non-instructional Programs:				
Food services				
Benefits	8,203	-	-	8,203
Community service & education:				
Purchased services	21,756	-	-	21,756
Total non-instructional programs	29,959	-	-	29,959
Expenditures:				
Capital outlay:				
Other expenditures:				
Facilities acquisition:				
Purchased services	-	-	243,890	243,890
Supplies	-	-	4,803	4,803
Property	-	-	3,170	3,170
Other	-	-	1,961	1,961
	-	-	253,824	253,824
Total expenditures	932,940	524,584	405,337	1,862,861
Excess (deficiency) of revenues over expenditures	(56,025)	70,468	1,812,648	1,827,091
Other financing uses:				
Operating transfers out	-	(43,324)	(985,929)	(1,029,253)
Total other financing uses	-	(43,324)	(985,929)	(1,029,253)
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(56,025)	27,144	826,719	797,838
Fund balances beginning of year	70,039	289,892	1,726,180	2,086,111
Fund balances end of year	$ 14,014	317,036	2,552,899	2,883,949

See accompanying independent auditor's report.

Schedule 3

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Business Type Activities				
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 239,013	733,410	17,683	1,059,276	2,049,382
Receivables:					
Accounts	2,811	-	11,316	2,368	16,495
Inventories	-	-	-	55,969	55,969
Total current assets	241,824	733,410	28,999	1,117,613	2,121,846
Non-current assets:					
Property and equipment:					
Machinery and equipment	31,290	70,282	-	1,193,880	1,295,452
Accumulated depreciation	(11,195)	(53,397)	-	(601,778)	(666,370)
Total non-current assets	20,095	16,885	-	592,102	629,082
Total assets	261,919	750,295	28,999	1,709,715	2,750,928
Liabilities					
Current liabilities:					
Accounts payable	18,730	77,339	6,310	82,559	184,938
Insurance claims liability	-	-	-	-	-
Accrued salaries and benefits payable	-	646	-	72,005	72,651
Deferred revenues	-	-	-	44,818	44,818
Compensated absences payable	764	8,265	-	2,101	11,130
Total current liabilities	19,494	86,250	6,310	201,483	313,537
Net Assets					
Invested in capital assets	20,095	16,885	-	592,102	629,082
Unrestricted	222,330	647,160	22,689	916,130	1,808,309
Total net assets	$ 242,425	664,045	22,689	1,508,232	2,437,391

See accompanying independent auditor's report.

Schedule 3

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
1,413,843	23,731	1,437,574
39,789	-	39,789
-	-	-
1,453,632	23,731	1,477,363
-	-	-
-	-	-
-	-	-
1,453,632	23,731	1,477,363
373,975	892	374,867
500,717	-	500,717
-	10,707	10,707
-	-	-
-	-	-
874,692	11,599	886,291
-	-	-
578,940	12,132	591,072
578,940	12,132	591,072

Schedule 4

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2006

	Business Type Activities				
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total
Operating revenues:					
Local sources:					
Other local sources:					
Food service sales	$ -	-	-	1,686,958	1,686,958
Daycare service fees	-	1,658,584	-	-	1,658,584
Community education fees	391,836	-	211,543	-	603,379
Charges for services	-	-	-	-	-
Total operating revenues	391,836	1,658,584	211,543	1,686,958	3,948,921
Operating expenses:					
Instructional programs:					
Support Services:					
Personnel services:					
Benefits	-	-	-	-	-
Purchased services	-	-	-	-	-
	-	-	-	-	-
Non-instructional programs:					
Food services operations:					
Salaries	-	-	-	599,480	599,480
Benefits	-	-	-	188,937	188,937
Services	-	-	-	74,215	74,215
Supplies	-	-	-	1,010,933	1,010,933
Other	-	-	-	1,294	1,294
Depreciation	-	-	-	94,421	94,421
	-	-	-	1,969,280	1,969,280
Community service operations:					
Salaries	231,383	1,086,771	165,803	-	1,483,957
Benefits	45,033	209,501	37,364	-	291,898
Services	43,416	56,228	27,061	-	126,705
Supplies	102,458	143,301	20,875	-	266,634
Other	3,668	106,162	1,444	-	111,274
Depreciation	3,865	3,861	-	-	7,726
	429,823	1,605,824	252,547	-	2,288,194
Total operating expenses	429,823	1,605,824	252,547	1,969,280	4,257,474
Operating income (loss)	(37,987)	52,760	(41,004)	(282,322)	(308,553)

Schedule 4

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
-	-	-
-	-	-
-	-	-
4,324,091	242,656	4,566,747
4,324,091	242,656	4,566,747
4,107,596	230,524	4,338,120
1,000	-	1,000
4,108,596	230,524	4,339,120
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,108,596	230,524	4,339,120
215,495	12,132	227,627

Schedule 4

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2006

	Business Type Activities				
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total
Continued from previous page					
Non-operating revenues:					
State grants	-	-	63,693	-	63,693
State lunch and breakfast program claims	-	-	-	21,945	21,945
Federal Child Care Development Block Grant	500	2,000	-	-	2,500
Federal Fruit and Vegetable Grant	-	-	-	38,460	38,460
National School Lunch Program	-	-	-	259,826	259,826
School Breakfast Program	-	-	-	22,010	22,010
Federal food commodities revenue	-	-	-	72,285	72,285
Interest income	7,770	24,366	-	35,375	67,511
Total non-operating revenues	8,270	26,366	63,693	449,901	548,230
Changes in net assets	(29,717)	79,126	22,689	167,579	239,677
Net assets beginning of year	272,142	584,919	-	1,340,653	2,197,714
Net assets end of year	$ 242,425	664,045	22,689	1,508,232	2,437,391

See accompanying independent auditor's report.

Schedule 4

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
46,863	-	46,863
46,863	-	46,863
262,358	12,132	274,490
316,582	-	316,582
578,940	12,132	591,072

Schedule 5

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2006

	Business Type Activities				
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	$ -	-	-	1,699,427	1,699,427
Cash received from community services	405,065	1,659,217	200,227	-	2,264,509
Cash payments to employees for services	(276,416)	(1,295,626)	(203,167)	(781,652)	(2,556,861)
Cash payments to suppliers for goods or services	(142,569)	(245,418)	(43,070)	(964,026)	(1,395,083)
Net cash provided (used) by operating activities	(13,920)	118,173	(46,010)	(46,251)	11,992
Cash flows from non-capital financing activities:					
State grants received	-	-	63,693	21,945	85,638
Federal grants received	500	2,000	-	320,296	322,796
Net cash provided by non-capital financing activities	500	2,000	63,693	342,241	408,434
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(1,976)	(913)	-	(47,941)	(50,830)
Cash flows from investing activities:					
Interest on investments	7,770	24,366	-	35,375	67,511
Net increase in cash and cash equivalents	(7,626)	143,626	17,683	283,424	437,107
Cash and cash equivalents at beginning of year	246,639	589,784	-	775,852	1,612,275
Cash and cash equivalents at end of year	$ 239,013	733,410	17,683	1,059,276	2,049,382
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (37,987)	52,760	(41,004)	(282,322)	(308,553)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Commodities used	-	-	-	72,285	72,285
Depreciation	3,865	3,861	-	94,421	102,147
(Increase) decrease in accounts receivable	10,681	633	(11,316)	6,292	6,290
Decrease in due from other funds	2,548	-	-	-	2,548
Increase in inventories	-	-	-	(13,789)	(13,789)
Increase in accounts payable	6,973	60,273	6,310	63,920	137,476
Increase in insurance claims liability	-	-	-	-	-
Increase in salaries and benefits payable	-	646	-	6,765	7,411
Increase in deferred revenue	-	-	-	6,177	6,177
Net cash provided (used) by operating activities	$ (13,920)	118,173	(46,010)	(46,251)	11,992

Schedule 5

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
-	-	-
4,287,546	242,656	4,530,202
(3,886,600)	(218,925)	(4,105,525)
-	-	-
400,946	23,731	424,677
-	-	-
-	-	-
-	-	-
-	-	-
46,863	-	46,863
447,809	23,731	471,540
966,034	-	966,034
1,413,843	23,731	1,437,574
215,495	12,132	227,627
-	-	-
-	-	-
(36,545)	-	(36,545)
-	-	-
-	-	-
96,345	892	97,237
125,651	-	125,651
-	10,707	10,707
-	-	-
400,946	23,731	424,677

Schedule 5

JOHNSTON COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2006

	Business Type Activities				
	Enterprise Funds				
	Community Education	Community Daycare	Community Preschool	School Nutrition	Total
Continued from previous page					
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:					
Current assets:					
Cash and investments	$ 239,013	733,410	17,683	1,059,276	2,049,382
Cash and cash equivalents at year end	$ 239,013	733,410	17,683	1,059,276	2,049,382

Non-cash investing, capital and financing activities:

During the year ended June 30, 2006, the District received federal commodities valued at $72,285.

See accompanying independent auditor's report.

Schedule 5

Governmental Activities		
Internal Service Funds		
Self-funded Insurance	Flexible Benefits	Total
1,413,843	23,731	1,437,574
1,413,843	23,731	1,437,574

Schedule 6

JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
Year ended June 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	$ 4,375	-	4,375	-
Total assets	$ 4,375	-	4,375	-
Liabilities				
Accounts payable	4,375	-	4,375	-
Total liabilities	$ 4,375	-	4,375	-

See accompanying independent auditor's report.

Schedule 7

JOHNSTON COMMUNITY SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2006

Governmental funds capital assets	
Land and improvements	$ 4,912,630
Buildings and improvements	74,417,685
Vehicles, furniture and equipment	4,076,081
Construction in progress	6,671,988
Total governmental funds capital assets	$ 90,078,384

Investments in governmental funds capital assets by source	
General Fund	$ 3,678,485
Special Revenue Funds	4,692,458
Capital Projects Funds	81,707,441
Total governmental funds capital assets	$ 90,078,384

See accompanying independent auditor's report.

Schedule 8

JOHNSTON COMMUNITY SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2006

Function and Activity	Land and Improvements	Buildings and Improvements	Vehicles, Furniture and Equipment	Construction in Progress	Total
Instruction	$ 4,130,275	73,066,018	1,214,467	6,671,988	85,082,748
Other instruction	371,476	61,506	-	-	432,982
Support services - students	-	-	14,514	-	14,514
Support services - instructional staff	-	-	80,534	-	80,534
Administration	223,860	1,061,714	278,443	-	1,564,017
Operation and maintenance of plant services	51,007	228,447	218,658	-	498,112
Student transportation services	136,012	-	2,269,465	-	2,405,477
Total	$ 4,912,630	74,417,685	4,076,081	6,671,988	90,078,384

See accompanying independent auditor's report.

Schedule 9

JOHNSTON COMMUNITY SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year ended June 30, 2006

Function and Activity	July 1, 2005	Additions	Deletions	June 30, 2006
Instruction	$ 78,474,206	6,790,855	182,313	85,082,748
Other instruction	432,982	-	-	432,982
Support services - students	14,514	-	-	14,514
Support services - instructional staff	48,868	31,666	-	80,534
Administration	1,564,017	-	-	1,564,017
Operation and maintenance of plant services	455,363	42,749	-	498,112
Student transportation services	2,227,760	177,717	-	2,405,477
Total	$ 83,217,710	7,042,987	182,313	90,078,384

See accompanying independent auditor's report.

Schedule 10

JOHNSTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN INDIVIDUAL STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2006

Account	Balance Beginning of Year	Transfers In (out)	Revenues	Expendi-tures	Balance End of Year
Elementary Schools:					
Lawson Elementary	$ 2,500	-	-	-	2,500
Wallace Elementary	2,500	-	-	-	2,500
Beaver Creek Elementary:	2,500	-	-	-	2,500
Horizon Elementary:					
Community assistance	-	622	-	622	-
Student activity	2,500	(622)	-	191	1,687
Summit Middle School:					
PTO	4,200	(4,200)			-
French Club	-	-	-	-	-
Student Council	1,632	-	2,708	2,102	2,238
Yearbook	12,328	-	13,708	13,450	12,586
Vocal Music	11,041	-	-	4,975	6,066
Instrumental Music	2,738	-	362	-	3,100
Student Management	38,606	(38,606)	-	-	-
Art Club	518	(518)	-	-	-
Tech Club	5,007	(589)	11,167	11,592	3,993
Leggo Robotics	-	589	-	589	-
Cheerleading	3,660	-	8,913	6,015	6,558
MS Pride	312	-	-	312	-
Food Assistance	1,800	-	1,000	1,185	1,615
Middle School:					
Dragon Express	74	-	500	-	574
French Club	208	(208)	-	-	-
Student Council	4,210	-	1,790	3,432	2,568
Yearbook	6,785	-	18,211	9,550	15,446
Vocal Music	3,895	-	25,911	29,588	218
Instrumental Music	260	(1)	840	941	158
Student Management	14,434	208	712	712	14,642
Cheerleading	131	-	-	-	131
MS Pride	154	-	-	-	154
High School:					
Teen Leadership	588	-	867	271	1,184
French Club	37	-	-	-	37
Spanish Club	5,366	-	-	-	5,366
Drama Club	3,475	-	1,446	1,973	2,948
Student Council	6,908	-	13,879	14,641	6,146
National Honor Society	92	-	2,113	1,390	815
Senior Class	4,293	1,289	11,256	16,838	-
Yearbook	65,390	-	51,972	36,829	80,533
DECA	-	1	1,428	1,429	-
Instrumental Music	752	-	47		799

Schedule 10

JOHNSTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN INDIVIDUAL STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2006

Account	Balance Beginning of Year	Transfers In (out)	Revenues	Expendi-tures	Balance End of Year
Continued from previous page					
Vocal Music	1,908	-	31,083	31,076	1,915
Academic Competition	473	1,386	757	2,616	-
Circle of Friends	345	-	1,131	1,151	325
SADD	156	1	-	-	157
Diversity Committee	959	-	-	-	959
Student Management	7,581	(2,676)	2,089	2,012	4,982
Tech Club	521	-	2,869	1,960	1,430
Athletics	69,055	-	388,293	327,142	130,206
Total	$ 289,892	(43,324)	595,052	524,584	317,036

See accompanying independent auditor's report.

Schedule 11

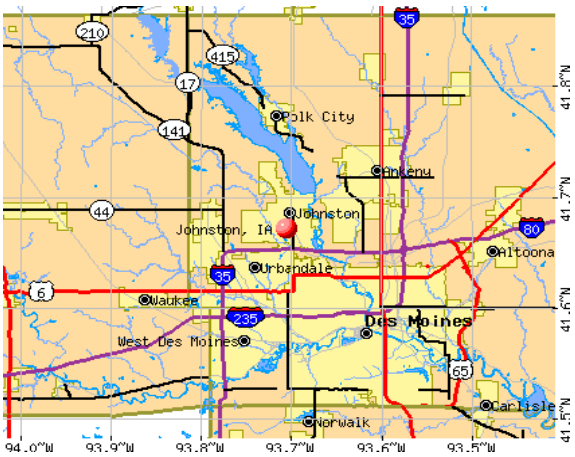
JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	2006	2005	2004	2003	2002
Revenues:					
Local sources:					
Local tax	$ 25,624,856	23,672,255	21,314,918	18,180,329	12,602,902
Tuition	3,153,507	3,155,907	2,894,604	2,639,991	2,580,725
Other	2,616,713	1,920,527	1,653,031	1,575,292	5,269,686
State sources	19,152,732	17,287,021	15,584,614	15,434,525	14,401,664
Federal sources	545,932	453,730	475,152	449,584	418,530
Total	$ 51,093,740	46,489,440	41,922,319	38,279,721	35,273,507
Expenditures:					
Instruction:					
Regular instruction	$ 18,389,994	16,682,152	14,923,600	13,619,433	12,451,952
Special instruction	5,867,984	6,196,627	5,449,798	4,021,880	4,251,401
Other instruction	2,385,744	2,186,628	2,082,883	2,531,466	1,960,933
Support services:					
Student services	1,189,547	1,123,216	1,082,857	1,177,213	1,241,772
Instructional staff services	1,985,956	1,452,473	1,309,542	2,393,225	2,694,811
Administration services	4,011,887	2,668,177	2,566,722	2,559,434	2,366,753
Operation and maintenance of plant services	3,707,823	3,596,527	3,095,173	2,548,618	2,369,529
Transportation services	1,675,469	1,846,703	1,460,984	1,342,785	1,185,349
Central support services	-	17,353	171,047	120,205	-
Non-instructional programs:					
Food services	8,203	713	646	-	-
Community services and education	142,590	5,130	2,508	-	-
Other expenditures:					
Facilities acquisition	7,242,583	4,949,087	15,198,700	2,199,651	4,602,807
Long-term debt:					
Principal	9,510,000	11,975,000	3,620,000	9,415,000	11,370,000
Interest and other charges	1,087,863	1,159,498	1,187,814	1,266,343	1,676,142
AEA flowthrough	1,408,173	1,261,795	1,176,050	1,179,686	1,104,898
Total	$ 58,613,816	55,121,079	53,328,324	44,374,939	47,276,347

See accompanying independent auditor's report.

GENERAL INFORMATION

The Johnston Community School District is located in central Iowa within the Des Moines Metropolitan area. Included within the District's 25,344 acres are the Cities of Johnston and portions of Des Moines, Urbandale and Grimes. Transportation facilities are provided by U.S. Interstates 35 & 80, Iowa Highway 401, as well as numerous paved county roads. Commercial airline service is available at the Des Moines International Airport. Commercial development within the District has been greatly enhanced by the continued growth of the northwestern portion of the metropolitan area. Residential growth and recreational opportunities within the District have been enhanced by the construction of Saylorville Lake, a U.S. Corps of Engineers flood control dam impounding the Des Moines River.



The three major employers within the District are Pioneer Hi-Bred International, Inc., Iowa National Guard-Camp Dodge, and John Deere Credit. Pioneer Hi-Bred International, Inc. is an internationally known producer of hi-bred seed. Employing over 1,000 persons within the District, Pioneer's facilities within Johnston (approximately 500,000 square feet office and laboratory space) include the Central Division Offices, Plant Breeding Division, Pioneer Data Systems Division, and Green Meadows Limited. Iowa National Guard-Camp Dodge is a military division of public defense and employs over 500 persons.

Continuing education centers within commuting distance include: Drake University, Des Moines; Grand View College, Des Moines; University of Osteopathic Medicine, Des Moines; Iowa State University of Science and Technology, Ames; Simpson College, Indianola; and Area XI Des Moines Area Community College, Ankeny.

Major Taxpayers

Presented below is a list of the major taxpayers within the Johnston Community School District and their 2005 taxable valuation:

Name	2004*	% of Total
Pioneer Hi-Bred Co	$ 64,936,310	5.03%
Mid-American Energy	40,628,027	3.14%
Deutsche Bank Ag	27,408,290	2.12%
Mid-America Inv Co	17,132,050	1.33%
Target Corporation	13,027,440	1.01%
Green Meadows, Ltd.	12,846,620	0.99%
Spirit Spe Johnston L.L.C.	11,561,000	0.89%
Village Court Assoc	11,130,710	0.86%
Westchester Village	10,366,230	0.80%
Mansions At Hemingway L.L.C.	9,727,970	0.75%
Total Assessed Valuation	$ 1,292,100,970	16.93%

Source: Polk County Assessor

*Basis for taxes paid in fy06

Population:

Official census figures for the incorporated City of Johnston since its incorporation in 1969:

Year	Population
2005**	13,596
2004*	12,834
2003*	11,742
2002*	10,483
2001*	9,506
2000	8,649
1995	6,113
1990	4,702
1980	2,617
1970	2,236

Source: U.S. census, city estimates since 2000
**Special Census
*Estimated

Population by Age:

2000 census figures according to age group for the cities of Johnston, Urbandale and Des Moines:

	Johnston	Urbandale	Des Moines
Under 19 years	31.5%	28.5%	27.8%
20 to 24 years	3.4%	4.8%	7.6%
25 to 44 years	31.6%	31.3%	31.8%
45 to 64 years	22.6%	24.6%	20.4%
65 to 84 years	8.7%	9.6%	10.5%
85 and over	2.2%	1.7%	1.8%
Median Age	36.3	37.0	33.8

Source: U.S. Census

Retail Sales:
(In millions)

Year ended 3/31	Johnston	Des Moines	Polk County	State
2005	124.3	3,418.1	6,173.6	29,805.3
2004	110.7	3,492.3	6,035.2	29,099.3
2003	98.2	3,713.2	6,190.4	28,704.9
2002	87.4	3,789.7	6,052.8	28,446.6
2001	77.7	3,994.6	6,111.4	28,481.7
2000	77.2	4,108.0	6,061.1	27,586.1
1999	57.7	4,054.9	5,848.5	26,770.7
1998	48.2	3,944.1	5,527.4	
1997	44.2	3,935.5	5,396.5	
1996	45.4	3,844.2	5,167.4	

Source: Iowa Department of Revenue & Finance

Bank Deposits

Institution	June 30, 2006 Deposits inside Market
Polk County Bank	$ 81,680,000
Charter Bank	53,714,000
Wells Fargo Bank	38,987,000
Community State Bank	35,985,000
Bank of the West	17,459,000
First Bank	15,607,000
First Federal Bank	7,576,000
ITS Bank	500,000
	$ 251,508,000

Source: FDIC Deposit Market Share Report, Zip Code 50131

Residential Construction by Number of Dwelling Units

Year	Single Family	Townhome	Multi-family	(# Multi-family living units)	Totals
2005	269	100	0	0	369
2004	324	65	0	0	389
2003	253	90	24	204	571
2002	226	30	19	152	427
2001	206	98	4	32	340
2000	130	78	0	0	208
1999	252	93	0	0	345
1998	186	77	0	0	263
1997	174	2	0	0	176
1996	167	17	0	0	184
1995	141	0	0	0	141
1994	96	6	6	144	252
1993	65	13	0	0	78
1992	60	5	0	0	65
1991	46	9	0	0	55
1990	24	2	1	60	87
Total	**2,619**	**685**	**54**	**592**	**3,950**

Source: City of Johnston Planning Department

TAXABLE ASSESSED VALUATION* BY PROPERTY TYPE
Last Ten Fiscal Years

Collection Year	Residential	Ag Land	Ag Buildings	Commercial	Industrial	Personal	Utilities	Total
2005-06	$ 730,312,876	3,746,610	587,780	497,676,173	2,722,717	-	47,261,232	1,282,307,388
2004-05	668,827,186	4,114,630	578,690	380,091,624	2,598,269	-	50,018,656	1,106,229,055
2003-04	609,420,161	6,481,470	505,190	342,771,383	2,314,150	-	51,068,590	1,012,560,944
2002-03	563,424,609	6,878,360	516,830	265,532,081	2,100,870	745,273	48,615,982	887,814,005
2001-02	518,631,796	7,693,210	444,460	235,087,410	1,987,060	1,671,646	49,739,362	815,254,944
2000-01	461,112,001	7,725,820	460,050	226,654,770	1,558,730	2,160,822	50,022,949	749,695,142
1999-00	415,776,925	7,068,500	388,600	216,179,999	1,355,170	3,691,768	52,260,843	696,721,805
1998-99	371,165,842	7,114,730	375,830	205,233,194	1,335,290	7,102,895	55,309,042	647,636,823
1997-98	340,490,258	6,443,900	326,580	194,879,430	1,280,720	8,533,764	50,980,638	602,935,290
1996-97	313,888,891	6,658,810	324,920	166,754,095	1,636,010	10,420,892	44,175,323	543,858,941

Collection Year	Residential	Ag Land	Ag Buildings	Commercial	Industrial	Personal	Utilities	Total
2005-06	57.0%	0.3%	0.0%	38.8%	0.2%	0.0%	3.7%	100.0%
2004-05	60.5%	0.4%	0.1%	34.4%	0.2%	0.0%	4.5%	100.0%
2003-04	60.2%	0.6%	0.0%	33.9%	0.2%	0.0%	5.0%	100.0%
2002-03	63.5%	0.8%	0.1%	29.9%	0.2%	0.1%	5.5%	100.0%
2001-02	63.6%	0.9%	0.1%	28.8%	0.2%	0.2%	6.1%	100.0%
2000-01	61.5%	1.0%	0.1%	30.2%	0.2%	0.3%	6.7%	100.0%
1999-00	59.7%	1.0%	0.1%	31.0%	0.2%	0.5%	7.5%	100.0%
1998-99	57.3%	1.1%	0.1%	31.7%	0.2%	1.1%	8.5%	100.0%
1997-98	56.5%	1.1%	0.1%	32.3%	0.2%	1.4%	8.5%	100.0%
1996-97	57.7%	1.2%	0.1%	30.7%	0.3%	1.9%	8.1%	100.0%

* Does not include TIF Valuation

Source: Polk County Auditor

PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	General	Mngt.	Reg. PPEL	Voted PPEL	Debt Service	Total
2005-06	$ 13.17896	$ 0.71311	$ 0.33000	$ 1.34000	$ 1.78541	$17.34748
2004-05	13.13583	0.76838	0.33000	1.34000	1.63632	17.21053
2003-04	12.54170	0.74070	0.33000	1.34000	1.78533	16.73773
2002-03	11.89065	0.39423	0.33000	0.67000	2.36958	15.65446
2001-02	10.99253	0.33732	0.33000	0.67000	2.76844	15.09829
2000-01	10.53107	0.22009	0.33000	0.67000	3.08515	14.83631
1999-00	10.37903	0.17941	0.33000	0.67000	3.43546	14.99390
1998-99	9.75973	0.18529	0.33000	0.67000	3.72547	14.67049
1997-98	9.56906	0.19903	0.33000	0.67000	4.05000	14.81809
1996-97	10.15882	0.22065	0.33000	0.67500	4.12094	15.50541

Source: District records

PROPERTY TAX COLLECTION HISTORY
Last Ten Fiscal Years

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2005-06	$ 20,309,486	$ 20,307,113	99.99%
2004-05	19,467,819	19,389,568	99.60%
2003-04	17,341,078	17,315,386	99.85%
2002-03	14,389,451	14,312,952	99.47%
2001-02	12,651,417	12,576,873	99.41%
2000-01	11,379,847	10,982,032	96.50%
1999-00	10,640,485	10,234,903	96.19%
1998-99	9,466,591	9,315,620	98.41%
1997-98	8,992,250	9,032,527	100.45%
1996-97	8,474,621	8,502,807	100.33%
	Average Percentage Collected		98.91%

Source: Certified Annual Report

PROPERTY TAX LIABILITY
Last Ten Fiscal Years

Fiscal Year	Assessed Value	Rollback	Taxable Value	Rate	Tax Liability	Change Dollars	Percent
2005-06	$ 200,000	47.96%	95,920	17.34748	1,664	(4)	-0.2%
2004-05	200,000	48.46%	96,912	17.21053	1,668	(52)	-3.0%
2003-04	200,000	51.39%	102,775	16.73772	1,720	102	6.3%
2002-03	200,000	51.67%	103,335	15.65446	1,618	(81)	-4.8%
2001-02	200,000	56.27%	112,530	15.09829	1,699	71	4.4%
2000-01	200,000	54.85%	109,705	14.83631	1,628	(66)	-3.9%
1999-00	200,000	56.48%	112,958	14.99390	1,694	83	5.2%
1998-99	200,000	54.91%	109,818	14.67049	1,611	(270)	-14.4%
1997-98	200,000	58.83%	117,657	15.98777	1,881	42	2.3%
1996-97	200,000	59.32%	118,636	15.50541	1,839	(431)	-19.0%

Source: District records, Polk County Assessor

PROPERTY TAX RATES PER $1,000 ASSESSED VALUATION
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Levy Year	Collection Year	Polk County	State	Area XI Community College	City	Special	Johnston Community School District	Total	Ratio of Johnston CSD to Total
City of Des Moines									
2004	2005-06	9.55090	0.00400	0.68408	16.52000	0.79301	17.34748	44.89947	0.38636
2003	2004-05	9.60980	0.00400	0.59856	17.05539	0.76702	17.21053	45.24530	0.38038
2002	2003-04	9.40708	0.00400	0.58184	17.04806	0.35518	16.72967	44.12583	0.37914
2001	2002-03	9.34184	0.00400	0.54584	17.04857	0.38033	15.65446	42.97504	0.36427
2000	2001-02	9.63888	0.00500	0.54454	17.04857	0.35432	15.09829	42.68960	0.35368
1999	2000-01	9.25371	0.00500	0.54506	16.57304	0.39163	14.83631	41.60475	0.35660
1998	1999-00	9.27874	0.00500	0.52451	16.81579	0.42847	14.99390	42.04641	0.35660
1997	1998-99	9.28690	0.00500	0.50551	16.93966	0.45088	14.67049	41.85844	0.35048
1996	1997-98	9.18010	0.00500	0.47230	16.24935	0.48012	14.81809	41.20496	0.35962
1995	1996-97	9.47532	0.00500	0.50661	16.18284	0.51456	15.50541	42.18974	0.36752
City of Grimes									
2004	2005-06	9.55090	0.00400	0.68408	12.82953	0.39228	17.34748	40.80827	0.42510
2003	2004-05	9.60980	0.00400	0.59856	12.84260	0.35480	17.21053	40.62029	0.42369
2002	2003-04	9.40708	0.00400	0.58184	12.82394	0.35518	16.72967	39.90171	0.41927
2001	2002-03	9.34184	0.00400	0.54584	12.76837	0.38033	15.65446	38.69484	0.40456
2000	2001-02	9.63888	0.00500	0.54454	11.72852	-	15.09829	37.01523	0.40789
1999	2000-01	9.25371	0.00500	0.54506	11.61255	-	14.83631	36.25263	0.40925
1998	1999-00	9.27874	0.00500	0.52451	11.61165	-	14.99390	36.41380	0.41176
1997	1998-99	9.28690	0.00500	0.50551	12.27467	-	14.67049	36.74257	0.39928
1996	1997-98	9.11536	0.00500	0.47230	11.02283	-	14.81809	35.43358	0.41819
1995	1996-97	9.22055	0.00500	0.50661	12.01311	-	15.50541	37.25068	0.41625
City of Johnston									
2004	2005-06	9.55090	0.00400	0.68408	10.74278	0.39228	17.34748	38.72152	0.44801
2003	2004-05	9.60980	0.00400	0.59856	10.80991	0.35480	17.21053	38.58760	0.44601
2002	2003-04	9.40708	0.00400	0.58184	10.88788	0.35518	16.72967	37.96565	0.44065
2001	2002-03	9.34184	0.00400	0.54584	10.89082	0.38033	15.65446	36.81729	0.42519
2000	2001-02	9.63888	0.00500	0.54454	11.19234	-	15.09829	36.47905	0.41389
1999	2000-01	9.25371	0.00500	0.54506	9.93838	-	14.83631	34.57846	0.42906
1998	1999-00	9.27874	0.00500	0.52451	9.47808	-	14.99390	34.28023	0.43739
1997	1998-99	9.28690	0.00500	0.50551	9.85999	-	14.67049	34.32789	0.42736
1996	1997-98	9.11536	0.00500	0.47230	9.64987	-	14.81809	34.06062	0.43505
1995	1996-97	9.22055	0.00500	0.50661	9.99008	-	15.50541	35.22765	0.44015
City of Urbandale									
2004	2005-06	9.55090	0.00400	0.68408	9.07010	0.79301	17.34748	37.44957	0.46322
2003	2004-05	9.60980	0.00400	0.59856	9.07306	0.76702	17.21053	37.26297	0.46187
2002	2003-04	9.40708	0.00400	0.58184	9.07000	0.35518	16.72967	36.14777	0.46281
2001	2002-03	9.34184	0.00400	0.54584	8.97000	0.38033	15.65446	34.89647	0.44860
2000	2001-02	9.63888	0.00500	0.54454	11.19234	-	15.09829	36.47905	0.41389
1999	2000-01	9.25371	0.00500	0.54506	8.97000	0.39163	14.83631	34.00171	0.43634
1998	1999-00	9.27874	0.00500	0.52451	8.83994	0.42847	14.99390	34.07056	0.44008
1997	1998-99	9.28690	0.00500	0.50551	8.49000	0.45088	14.67049	33.40878	0.43912
1996	1997-98	9.11536	0.00500	0.47230	8.51857	0.48012	14.81809	33.40944	0.44353
1995	1996-97	9.22055	0.00500	0.50661	8.52000	0.51456	15.50541	34.27213	0.45242

Source: Polk County Auditor

Debt Limit

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The district's debt limit, based upon said valuation, amounts to the following:

Actual value of property, 2004:	$ 2,084,408,874	*
	0.05	
Debt Limit:	$ 104,220,444	

Total Direct Debt = $ 46,440,000 or 44.6% of debt limit.

* Includes TIF valuation of $98,103,620

Overlapping and Underlying Debt

Issuer	Outstanding Debt	Total Taxable Valuation	Valuation Within Issuer	Percent Applicable	Amount Applicable
Polk County	$192,265,000	15,347,250,553	1,290,069,326	8.41%	16,161,538
DMACC	55,670,000	26,819,908,490	1,290,069,326	4.81%	2,677,793
Heartland AEA 11	-	26,819,908,490	1,290,069,326	4.81%	-
Urbandale San Sewer Dist	6,076,000	1,631,961,990	272,048,064	16.67%	1,012,869
City of Des Moines	338,700,000	5,776,063,229	122,452,540	2.12%	7,180,440
City of Grimes	6,060,000	214,643,596	36,467,947	16.99%	1,029,594
City of Johnston	37,600,000	738,075,047	738,075,047	100.00%	37,600,000
City of Urbandale	37,400,000	1,756,138,384	261,313,392	14.88%	5,565,120
TOTAL OVERLAPPING & UNDERLYING DEBT:					$ 71,227,354

Source: Polk County Auditor, Government Offices

COMPARATIVE RATIO OF BONDED DEBT TO ASSESSED VALUES
Last Ten Fiscal Years

Fiscal Year	Population	100% Assessed Valuation *	Legal Debt Limit (5%)	Indebtedness **	Debt to Assessed Value	Debt per Capita
2005-06	12,834	$ 2,084,408,874	104,220,444	44,835,000	2.15%	3,493
2004-05	12,834	1,955,589,136	97,779,457	16,815,000	0.86%	1,310
2003-04	12,834	1,709,937,084	85,496,854	25,535,000	1.49%	1,990
2002-03	11,742	1,426,451,515	71,322,576	26,225,000	1.84%	2,233
2001-02	10,483	1,222,199,774	61,109,989	26,225,000	2.15%	2,502
2000-01	9,506	1,136,728,451	56,836,423	31,965,000	2.81%	3,363
1999-00	8,649	1,020,210,435	51,010,522	33,195,000	3.25%	3,838
1998-99	4,702	983,762,223	49,188,111	24,345,000	2.47%	5,178
1997-98	4,702	858,037,064	42,901,853	26,430,000	3.08%	5,621
1996-97	4,702	776,635,918	38,831,796	23,410,000	3.01%	4,979

* Includes TIF Valuation
** Total Indebtedness indicates amount of debt at the end of the fiscal year.

Source: Polk County Auditor; District Data; Office of Social and Economic Trend Analysis, Iowa State University

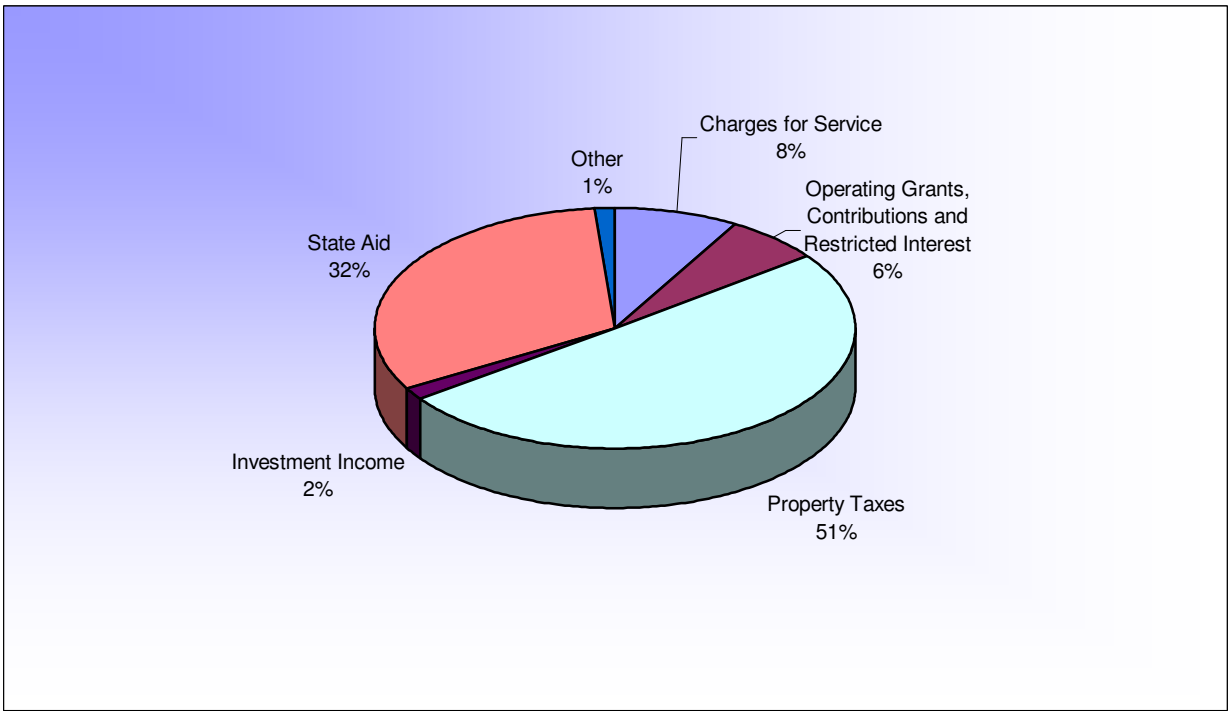
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Services	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
2005-06	$ 8,900,000	737,098	1,300	9,638,398	39,164,333	24.61%
2004-05	3,795,000	996,868	3,500	4,795,368	34,831,387	13.77%
2003-04	3,620,000	1,184,564	3,250	4,807,814	31,379,456	15.32%
2002-03	3,115,000	1,264,218	1,425	4,380,643	29,870,388	14.67%
2001-02	1,370,000	1,137,068	1,575	2,508,643	28,487,789	8.81%
2000-01	4,995,000	1,790,672	1,350	6,787,022	26,202,424	25.90%
1999-00	1,150,000	1,345,940	1,500	2,497,440	22,799,669	10.95%
1998-99	1,080,000	1,410,318	2,325	2,492,643	20,858,051	11.95%
1997-98	1,005,000	1,507,091	1,388	2,513,479	18,806,629	13.36%
1996-97	1,030,000	1,438,840	1,850	2,470,690	16,881,793	14.64%

Source: District Data

GOVERNMENT-WIDE REVENUES, by Source
Last Four Fiscal Years

PROGRAM REVENUES			GENERAL REVENUES				
Fiscal Year	Charges for Service	Operating Grants, Contributions and Restricted Interest	Property Taxes	Investment Income	State Aid	Other	TOTAL
2005-06	4,287,838	3,260,375	25,624,857	853,263	16,398,591	668,816	51,093,740
2004-05	4,390,273	3,117,791	23,672,255	200,335	14,607,644	501,142	46,489,440
2003-04	4,068,329	2,694,797	21,314,918	126,896	13,358,918	367,015	41,930,873
2002-03	3,918,932	2,953,549	18,180,329	51,709	13,105,626	284,271	38,494,416

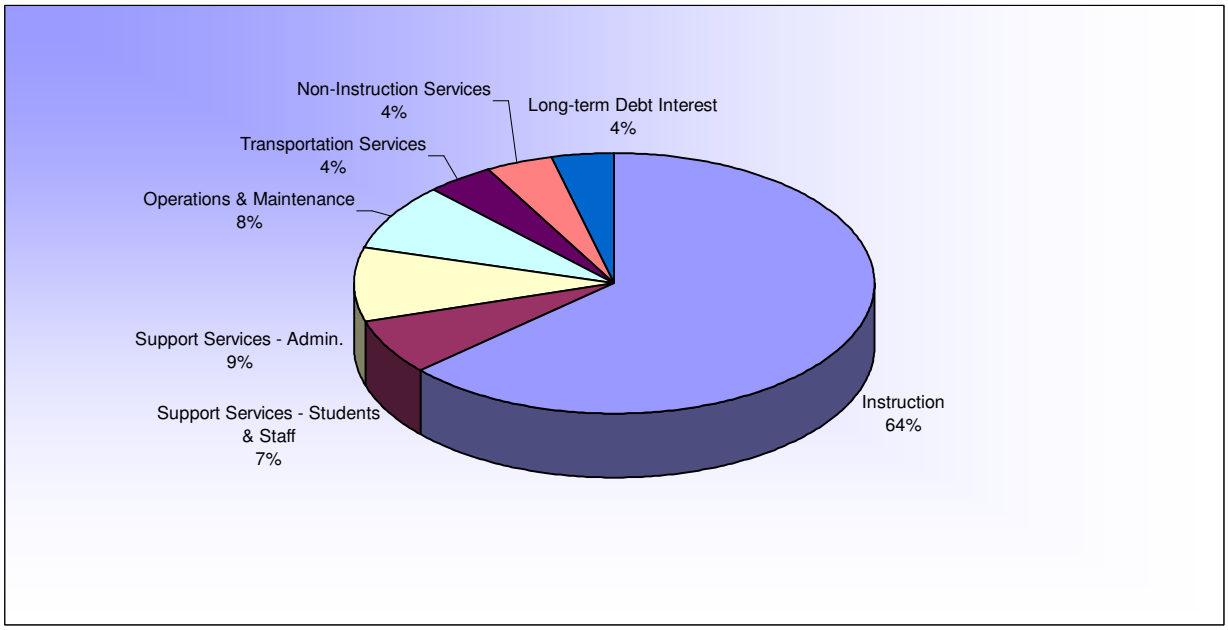


*Note: No 10-year data available since required reporting began in FY03.
Governmental activities only, does not include business activities.

Source: District Audits

GOVERNMENT-WIDE EXPENSES, by Function
Last Four Fiscal Years

Fiscal Year	Instruction	Support Services - Students & Staff	Support Services - Admin.	Operations & Maintenance	Transportation Services	Non-Instruction Services	Long-term Debt Interest	Totals
2005-06	28,211,145	3,103,750	4,048,697	3,717,675	1,759,129	1,880,582	1,752,411	44,473,389
2004-05	26,518,342	2,563,853	2,741,465	3,640,341	1,724,913	2,153,539	1,162,844	40,505,297
2003-04	23,852,166	2,424,261	2,869,991	3,083,216	1,480,230	1,937,560	1,212,624	36,860,048
2002-03	21,456,624	3,597,988	2,723,030	2,548,817	1,368,743	2,007,094	1,241,410	34,943,706



*Note: No 10-year data available since required reporting began in FY03.
Governmental activities only, does not include business activities.

Source: District Audits

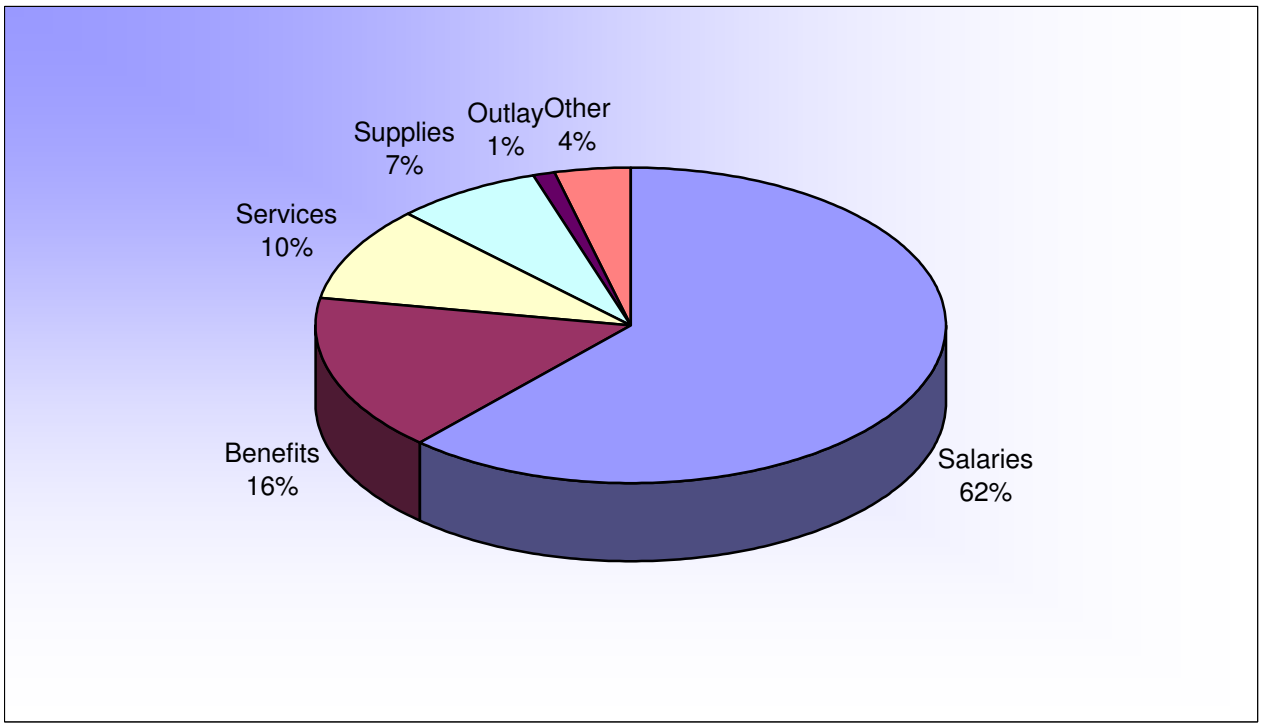
GENERAL FUND DISTRICT REVENUE, BY SOURCE
Last Ten Fiscal Years

Year ended		Appropriations			
June 30,	Local Tax	State Aid	Federal	Miscellaneous	Total
2006	$ 15,715,509	19,151,191	533,289	4,487,574	39,887,563
2005	14,471,413	17,287,492	453,730	4,106,168	36,318,803
2004	12,666,832	15,583,090	472,152	3,680,177	32,402,251
2003	10,498,565	15,433,183	449,584	3,396,212	29,777,544
2002	8,664,705	14,661,339	418,530	3,086,648	26,831,222
2001	7,629,434	11,301,083	179,017	5,322,000	24,431,534
2000	7,026,163	10,560,509	176,024	5,476,943	23,239,639
1999	6,145,864	9,146,986	130,174	4,391,876	19,814,900
1998	5,797,171	8,040,880	114,296	4,327,169	18,279,516
1997	5,552,742	7,487,974	190,473	3,846,182	17,077,371

Source: Certified Annual Report

GENERAL FUND DISTRICT EXPENDITURES, BY OBJECT
Last Ten Fiscal Years

Fiscal Year	Salaries	Benefits	Purchased Services	Supplies	Capital Outlay	Other	Total
2005-06	$ 24,119,506	6,379,661	3,782,699	2,916,905	479,676	1,485,886	39,164,333
2004-05	22,005,891	5,614,383	3,337,095	2,202,975	348,548	1,322,495	34,831,387
2003-04	19,876,524	5,178,986	2,907,360	1,804,564	339,970	1,272,052	31,379,456
2002-03	19,031,924	4,736,267	2,849,270	1,505,519	281,775	1,465,633	29,870,388
2001-02	18,192,221	4,442,448	2,616,827	1,437,681	516,164	1,282,447	28,487,788
2000-01	15,828,336	3,682,418	2,877,306	1,810,048	792,547	1,211,769	26,202,424
1999-00	14,470,742	3,259,196	1,890,309	1,396,124	675,487	1,107,811	22,799,669
1998-99	12,931,080	2,776,927	2,002,082	1,464,038	690,468	993,456	20,858,051
1997-98	11,560,841	2,434,008	1,572,076	1,347,301	872,705	1,019,698	18,806,629
1996-97	10,644,606	2,244,076	1,482,778	1,242,246	538,649	729,438	16,881,793



Source: Certified Annual Report

OPERATING COST PER PUPIL
Last Ten Fiscal Years

Fiscal Year		Total Costs	Daily Average Membership	General Fund Operating Expenses Per Pupil
2005-06	$	39,164,333	4,958	7,899
2004-05		34,831,387	4,898	7,111
2003-04		31,379,456	4,534	6,921
2002-03		29,870,388	4,386	6,810
2001-02		28,487,789	4,154	6,858
2000-01		26,202,424	3,983	6,579
1999-00		22,799,669	3,855	5,914
1998-99		20,858,051	3,736	5,583
1997-98		18,806,629	3,508	5,361
1996-97		16,881,793	3,225	5,235

Source: Certified Annual Report

JOHNSTON COMMUNITY
SCHOOL DISTRICT
Excellence In Education

GENERAL FUND DISTRICT EXPENDITURES, BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Year ended June 30,	2006	2005	2004	2003	2002
Expenditures:					
Instruction:					
Regular instruction	$ 17,899,267	16,213,278	14,580,899	13,166,722	12,268,545
Special educ. instruction	5,579,606	5,244,294	4,626,240	4,021,880	3,914,006
Other special instruction	1,087,372	952,331	823,558	442,949	318,064
Vocational instruction	342,352	484,419	492,330	467,906	403,156
Co-curricular instruction	729,862	778,752	687,537	648,056	604,229
Adult/Continuing education instruction	-	150,892	143,730	134,489	130,570
Subtotal	25,638,459	23,823,966	21,354,294	18,882,002	17,638,570
Support Services:					
Student support services	1,153,168	1,103,097	1,066,567	1,165,226	1,224,067
Instructional staff support	1,967,120	1,438,118	1,294,770	2,375,145	2,674,730
General administration	762,649	452,762	439,062	384,693	345,269
Building administration	2,134,689	1,395,883	1,488,082	1,351,246	1,253,776
Business administration	998,369	735,968	555,605	803,896	741,132
Plant operation/maintenance	3,455,940	3,065,671	2,532,850	2,533,915	2,329,151
Student transportation	1,523,730	1,521,071	1,300,483	1,194,579	1,176,195
Other support services	120,836	33,056	171,693	-	-
Subtotal	12,116,501	9,745,626	8,849,112	9,808,700	9,744,320
Other intergovernmental expenditures	1,409,373	1,261,795	1,176,050	1,179,686	1,104,898
Grand Totals	$ 39,164,333	34,831,387	31,379,456	29,870,388	28,487,788

* Expenditures by function are on a modified accrual basis.

Source: Certified Annual Report

2001	2000	1999	1998	1997
11,005,660	9,283,958	8,433,120	7,879,260	7,232,837
3,404,752	3,153,771	2,839,877	2,334,275	2,071,544
299,165	265,126	158,752	144,607	129,857
342,309	394,976	390,488	197,216	277,034
551,965	528,030	494,637	431,615	395,702
154,879	152,736	149,978	314,108	288,882
15,758,730	13,778,597	12,466,852	11,301,081	10,395,856
844,924	756,610	716,456	624,595	580,923
2,672,170	2,302,172	2,119,304	2,026,964	1,711,069
362,617	196,656	178,570	170,591	162,353
1,209,110	1,083,444	921,625	682,998	642,721
723,355	600,134	768,324	511,878	365,311
2,318,374	1,973,073	1,781,251	1,595,038	1,432,599
1,247,264	1,127,883	1,034,401	969,955	861,523
-	-	-	131,032	-
9,377,814	8,039,972	7,519,931	6,713,051	5,756,499
1,065,880	981,100	871,541	792,497	729,438
26,202,424	22,799,669	20,858,324	18,806,629	16,881,793

COMPARISONS OF GROWTH IN REVENUE, EXPENDITURES, ENROLLMENT, ASSESSED VALUATION AND TAX RATES - GENERAL FUND BY YEAR
Last Ten Fiscal Years

Fiscal Year	Revenue	Growth	Expenditures	Growth	Enrollment	Growth
2005-06	$ 39,844,239	11.9%	$ 39,164,333	12.4%	5,186.0	6.1%
2004-05	35,613,671	9.9%	34,831,387	11.0%	4,885.6	5.9%
2003-04	32,405,251	8.8%	31,379,456	5.1%	4,613.2	5.2%
2002-03	29,777,544	11.0%	29,870,388	4.9%	4,386.1	4.6%
2001-02	26,831,282	10.7%	28,487,789	8.7%	4,192.1	5.2%
2000-01	24,239,639	4.3%	26,202,424	14.9%	3,984.7	4.6%
1999-00	23,239,639	17.3%	22,799,669	9.3%	3,810.6	4.2%
1998-99	19,814,900	8.4%	20,858,051	10.9%	3,657.7	8.5%
1997-98	18,279,516	7.0%	18,806,629	11.4%	3,369.8	5.5%
1996-97	17,077,371	7.7%	16,881,793	13.1%	3,195.6	4.3%

Source: Polk County Auditor

Assessed Value	Growth	Tax Rate	Growth
$ 1,282,307,388	15.9%	$ 13.17896	0.3%
1,106,229,055	9.3%	13.13583	4.7%
1,012,560,944	14.1%	12.54170	5.5%
887,814,005	8.9%	11.89065	8.2%
815,294,544	8.8%	10.99253	4.4%
749,695,145	7.6%	10.53107	1.5%
696,721,805	7.6%	10.37907	6.3%
647,636,823	7.4%	9.75973	2.0%
602,935,290	11.0%	9.56906	-5.8%
543,385,941	6.6%	10.15882	-16.2%

GENERAL ANALYSIS OF FACILITIES AND ENROLLMENT
June 30, 2006

	Date Constructed/ Purchased	Grades Served	Enrollment* at September, 2005
Elementary Schools			
Lawson	1958,1960,1967,1998	K-5	454
Wallace	1987,1989	PK-5	553
Beaver Creek	1997	K-5	799
Horizon	2001	K-5	605
Summit Middle School	2004	6-7	833
Johnston Middle School	1984,1990	8-9	792
Johnston High School	1972,1977,1994	9-12	1,120
At Risk Consortium		K-12	-
Alternative School	1998	9-12	4
Y-Home		7-12	7
Total Students Served			5,167
Open enrollment/tuition out		K-12	354.1
Open enrollment/tuition in		K-12	359.3

Other facilities - non-student occupancy		
Transportation/Maintenance Facility	1995	Transportation/Building & Grounds
Instructional Resource Building (Wallace West)	1983	Instructional Programs
Administration Building	2000	Central Administration
Warehouse	2000	Central Warehouse

*All students served including tuition students.

Source: District Information

DISTRICT STAFFING LEVELS -- General Fund (FTE)
Last Ten Fiscal Years

	For Fiscal Year ended June 30,								
	2006	2005	2004	2003	2002	2001	2000	1999	1998
Administration:									
Superintendent	1.0	1	1	1	1	1	1	1	1
Assoc. Supt.	1.0	1	1	1	1	1	-	-	-
Principals	7.0	7	6	6	6	5	5	5	4
Assist. Principals	9.0	4	4	4	4	4	3	2	2
Other Admin.	2.0	2	2	2	2	2	3	1	5
Total Administration	20.0	15	14	14	14	13	12	9	12
Supervisors/ Coordinators/Managers	6.0	6	6	6	6	4	-	4	4
Instruction:									
Teachers	324.3	309	287	287	287	280	258	236	209
Counselors	9.5	7	7	7	7	7	9	7	7
Media Spec.	7.0	6	6	6	6	5	5	7	6
Other Instructors	4.0	4	4	4	4	9	9	-	-
Total Instruction	344.8	326	304	304	304	301	280	250	222
Professional/Other									
Nurses	6.0	6	6	6	6	5	5	5	4
Other Professional Staff	6.0	10	6	6	6	9	7	6	1
Total Professional/Other	12.0	16	12	12	12	14	12	11	5
Instructional Support Personnel:	114.6	112	125	125	123				
Support Personnel:									
Office/Clerical	24.0	23	25	25	25	22	20	19	18
Transportation	40.0	26	48	48	45				
Op. & Maintenance	38.0	36	31	31	31				
Service Personnel	5.0	-	-	-	-	185	191	168	137
Total Support Personnel	107.0	84	104	104	101	207	211	187	155
Grand Totals	**604.4**	**559**	**565**	**565**	**560**	**539**	**514**	**461**	**398**
Enrollment	0.0	4,920	4,615	4,372	4,192	3,985	3,812	3,658	3,370
Employees/Student	0.0	8.8	8.2	7.7	7.5	7.4	7.4	7.9	8.5

Source: District Data

DISTRICT ENROLLMENT
Last Ten Fiscal Years

										Open Enrollment	
Year	K-4	K-5	5-8	6-7	7-8	6-8	9-12	10-12	Total	In	Out
2005-06	-	2,415	-	833	792	-	-	1,120	5,160	278.3	333.1
2004-05	-	2,287	-	830	786	-	-	1,027	4,930	277.1	281.1
2003-04	-	2,185	-	-	-	1,139	1,352	-	4,676	283.0	278.6
2002-03	-	2,098	-	-	-	1,046	1,228	-	4,372	281.0	284.0
2001-02	-	1,986	-	-	-	991	1,215	-	4,192	254.4	252.9
2000-01	-	1,912	-	-	-	895	1,178	-	3,985	274.3	216.0
1999-00	-	1,865	-	-	-	842	1,105	-	3,812	284.0	187.8
1998-99	-	1,769	-	-	-	826	1,063	-	3,658	245.5	185.1
1997-98	1,368	-	1,067	-	-	-	935	-	3,370	258.1	192.8
1996-97	1,296	-	1,001	-	-	-	899	-	3,196	234.1	162.4

Source: District Records

ANALYSIS OF ENROLLMENT BY GRADE
Last Ten Fiscal Years

	as of September,									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Kindergarten	392	390	363	367	333	295	302	315	275	258
1	413	389	395	343	312	315	333	314	261	268
2	405	411	354	324	326	348	323	294	295	287
3	434	382	335	335	352	338	294	302	293	258
4	391	350	334	364	359	312	333	305	268	268
5	369	351	396	374	326	344	314	273	278	233
6	396	422	392	343	360	318	298	285	249	269
7	437	404	369	381	328	300	304	256	301	250
8	405	376	396	348	300	297	267	311	273	252
9	388	409	363	313	309	283	316	279	271	255
10	418	362	330	331	280	300	282	291	265	236
11	368	329	332	283	294	281	269	256	229	205
12	335	329	268	297	272	266	248	217	199	172
Pre-school Sp.Ed.	9	12	10	12	12					
Total Enrollment	5,160	4,916	4,637	4,415	4,163	3,997	3,883	3,698	3,457	3,211

Source: District Sources

SCHEDULE OF INSURANCE COVERAGE
June 30, 2006

Company	Type of Policy	Period	
		From	To
Employers Mutual Companies	Business Protection - property coverage	7/1/2005	6/30/2006
Employers Mutual Companies	Inland Marine Policy - Scheduled Equipment	7/1/2005	6/30/2006
Employers Mutual Companies	Business Protection - General Comprehensive Liability	7/1/2005	6/30/2006
Employers Mutual Companies	Business Protection - Automobile	7/1/2005	6/30/2006
Employers Mutual Companies	Business Protection- Crime Coverage	7/1/2005	6/30/2006
Employers Mutual Companies	Workers' Compensation	7/1/2005	6/30/2006
Employers Mutual Companies	Umbrella Liability	7/1/2005	6/30/2006
Employers Mutual Companies	Linebacker Policy - Errors and Omission Coverage	7/1/2005	6/30/2006
Employers Mutual Companies	Pollution Liability	7/1/2005	6/30/2006
Employers Mutual Companies	Excess Liability	7/1/2005	6/30/2006

Source: District Records

Liability Limits	Annual Premium
Building and property replacement; blanket boiler and vessels - business interruption and extra expense	$ 96,230
Builders Risk for Construction of New Elementary School	5,015
General aggregate - $2,000,000; personal advertising limit - $1,000,000; products/completed operations - $2,000,000 aggregate; fire damage - $100,000; any one occurrence limit $1,000,000; medical expense - $5,000	25,558
$1,000,000 liability insurance/$5,000 auto medical per person; $1,000,000 uninsured motorist; $1,000,000 underinsured motorist	32,891
Employee Theft per employee $1,000,000; forgery or alterations $10,000; Computer Fraud $50,000; Funds Transfer fraud $50,000	1,767
$500,000 employer's liability/workers' compensation	358,568
$10,000,000 Umbrella	31,021
$1,000,000 Linebacker	5,472
$500,000 each incident, $1,000,000 aggregate	1,125
DIC $10,000,000 limit	6,390
Total Premium	$ 564,037

JOHNSTON COMMUNITY
SCHOOL DISTRICT
Excellence In Education

JOHNSTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2006

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY 06	$ 72,285
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 06	22,010
National School Lunch Program	10.555	FY 06	259,826
Fruit and Vegetable Nutrition Grant	10.574	FY 06	38,460
Team Nutrition	10.582	FY 06	333
			320,629
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 06	61,243
Title I Program for Neglected & Delinquent Children	84.013	FY 06	67,232
Vocational Education - Basic Grants to States	84.048	FY 06	25,638
Safe and Drug-Free Schools and Communities- National Programs	84.184	FY 06	11,959
State Grants for Innovative Programs	84.298	FY 06	12,485
Improving Teacher Quality State Grants	84.367	FY 06	61,524
Enhanced Assessment Grants	84.368	FY 06	29,412
Elementary and Secondary Education Hurricane Relief	84.938	FY 06	30,500
Heartland Area Education Agency			
Special Education - Grants to States	84.027	FY 06	239,988
U.S. Department of Health and Human Services:			
Iowa Department of Education:			
Child Care Development Block Grant	93.575	FY 06	2,500
Total			$ 935,395

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

See accompanying independent auditor's report.

JOHNSTON COMMUNITY
SCHOOL DISTRICT
Excellence In Education

Van Maanen
& ASSOCIATES, P.C.
Certified Public Accountants
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of
Johnston Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Johnston Community School District, Johnston, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated November 14, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Johnston Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. However, we noted no matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions as defined above.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in 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, we noted no matters involving the internal control and its operation that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

November 14, 2006

Van Maanen
& ASSOCIATES, P.C.
Certified Public Accountants
705 Main St.
Pella, IA 50219
641-628-3737

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

To the Board of Education of
Johnston Community School District:

Compliance

We have audited the compliance of Johnston Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Johnston Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Johnston Community School District's management. Our responsibility is to express an opinion on Johnston Community School District's compliance based on our audit.

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

In our opinion, Johnston Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

We noted no matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Johnston Community School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Johnston Community School District and other parties to whom Johnston 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.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

November 14, 2006

JOHNSTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2006

Part I: Summary of the Independent Auditor's Results:

(a) Unqualified opinions were issued on the financial statements.

(b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any noncompliance which is material to the financial statements.

(d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.

(e) An unqualified opinion was issued on compliance with requirements applicable to each major program.

(f) Major programs were as follows:

- CFDA Number 84.027 - Special Education - Grants to States
- Clustered programs:
  - CFDA Number 10.553 - School Breakfast Program
  - CFDA Number 10.555 - National School Lunch Program
  - CFDA Number 10.574 - Fruit and Vegetable Nutrition Grant
  - CFDA Number 10.582 – Team Nutrition

(g) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(h) Johnston Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

REPORTABLE CONDITIONS

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-06 Certified Budget - Expenditures for the year ended June 30, 2006, exceeded the certified budget amount in the support services and other expenditure functions.

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

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-06 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-06 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-06 Business Transactions - No business transactions were noted between the District and District officials or employees.

IV-E-06 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 ensure that coverage is adequate for current operations.

IV-F-06 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.

IV-G-06 Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.

IV-H-06 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.

IV-I-06 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.