



Comprehensive Annual

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Ankeny Community School District



*Providing
Excellence
in Education*

306 S.W. School Street, Ankeny, IA 50021-0189

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**ANKENY COMMUNITY SCHOOL DISTRICT
306 S.W. School Street
Ankeny, Iowa 50021**

For the fiscal year ended June 30, 2004

OFFICIAL ISSUING REPORT

Kirk J. Naber, R.S.B.O., Executive Director of Business Services/Board Secretary

OFFICE ISSUING REPORT

Business Office

INTRODUCTORY SECTION

**Ankeny Community School District
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C O N T E N T S (continued)**

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ANKENY COMMUNITY SCHOOL DISTRICT

EXCELLENCE IN EDUCATION!

January 18, 2005

To the Board of Education and Residents
Ankeny Community School District

The Comprehensive Annual Financial Report of the Ankeny Community School District, (the "District") for the year ending June 30, 2004 is submitted herewith. The District is an independent entity governed by a seven-member board. Responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the District's Business Office. We believe the data presented is accurate in all material respects; the data is presented to fairly set forth the financial position and results of operation of the District as measured by the financial activity of the various funds; and all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

This report is prepared in conformance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). This report is consistent with legal reporting requirements of the State of Iowa. In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, intergovernmental agencies, creditors, and the School Board.

The Comprehensive annual financial report is presented in four sections:

Introductory Section: This section contains the Table of Contents; this Letter of Transmittal; listing of Board of Education Members; a listing of School Officials; and an organizational chart. The introductory section is not audited

2. *Financial Section:* This section begins with the independent auditor's report. This section includes Management Discussion and Analysis, Basic Financial Statements, Notes to the Basic Financial Statements, Combining and Individual Fund Statements, and required Budgetary Supplemental Information. All reports of the financial section are audited.

3. *Statistical Section:* This section which is not audited, includes selected financial, demographic and economic data, generally presented on a multi-year basis. This section includes all disclosures, not contained elsewhere in the CAFR, to comply

with the Securities and Exchange Commission continuing disclosure requirements for general obligation debt issues.

4. **Compliance Section:** The school district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1992, and the U. S. Office of Management and Budget, Circular A-133. Audits of State, Local Governments, and Non-profit Organizations. Information related to this single audit, including the schedules of state and federal assistance, the independent auditor's reports on internal controls, and compliance with applicable laws and regulations is included in this section of the report.

THE REPORTING ENTITY

The Ankeny Community School District was consolidated in 1919. The District is independently supported financially by state aid, and state and federal grants for special projects, local revenue received in the form of tuition, and property taxes levied by its Board of Education. The District is governed by a seven-member Board of Education. Information on residents currently serving as Board Members is contained after the transmittal letter. The Board has the power and duty to set budgets, certify tax levies, issue debt and other tasks necessary to the operation of the District. The District is subject to the general oversight of the Iowa Department of Education. This oversight generally includes an approval process that reviews compliance to standards enacted by legislative mandate.

ECONOMIC CONDITION AND OUTLOOK

Ankeny's location is widely considered as one of the best in the Upper Midwest. Located adjacent to Iowa's greatest metro area and precisely at America's crossroads, Ankeny city limits border the point where U.S. Interstate 35/Interstate 80 intersect. Hometown to headquarters of regional, national and global corporations; Ankeny is centered on the Des Moines/Iowa State University business and technology corridor. A world-class business park is only "30 seconds off plane" from the main apron of the Ankeny Regional Airport. Businesses and residents continually summarize their reasons for moving to Ankeny as a combination of the internal assets of the community coupled with its proximity to a range of other career and lifestyle amenities. Five minutes to the west of Ankeny is Saylorville Lake with 5,500 acres of water, miles of biking trails and a complete range of outdoor and wildlife recreational opportunities. Fifteen minutes to the south of Ankeny is Iowa's capitol City of Des Moines, considered one of the most surprising small metropolitan areas in the U.S. In addition, just twenty minutes to the north of Ankeny is the major college atmosphere of Iowa State University and everything the City of Ames has to offer. As many say, "Ankeny has it all."

Ankeny offers ready access to the workforce businesses need to succeed. Laborshed studies completed in 2003 by Iowa Workforce Development indicate an Ankeny location is central to high concentrations of people with skills required by businesses engaged in Life Sciences, Advanced Manufacturing and Information Solutions/Financial Services. With a municipal mind for business, the community has proven the desire and capacity to collaborate with industry through very aggressive incentive packages tailored to the

facility, labor and training needs associated with timely expansions and relocations. Ankeny's largest employers include John Deere, Tone's Spices, Casey's General Stores, Inc., SYSCO Foods, Monsanto, Perishable Distributors of Iowa and the Des Moines Area Community College. A partial list of other world-class employers include Clarke American Checks, Inc. (2001 Malcolm Baldrige National Quality Award Winner), Mrs. Clark's Foods (2002 U.S. Department of Commerce Export Achievement Award Winner), Accumold (Finalist, Excellence in Science, Engineering and Technology Award, 2002 Iowa Da Vinci Award specializing in plastic micro molding), American Protein Corporation (world's largest producer/marketer of spray dried protein products), Techniplas (a QS 9000 and ISO 9001 certified builder and operator of precision plastic molds) –and so goes the prevailing business climate in Ankeny. Ankeny is all about business all the time.

The Ankeny Community School District is the 10th largest school district in the state of Iowa with 6,446 students and encompasses approximately 52 square miles. It provides a program of public education from kindergarten through twelfth grade. The District's enrollment has increased every year since FY1987, and is averaging 149 students growth per year since FY1987. The District has grown from an enrollment of 3,927 students in FY1987 to its current enrollment. This growth has had a positive effect on employment and the District's tax base. The District has averaged a 7.32% annual increase in its tax base since 1977. Based on conservative projections this trend is expected to continue. The District population is expected to grow to a population of 39,000 by the year 2010, and to a population of 55,000 by the year 2020 from its current estimated population of 28,000.

Retail sales, building permits and population increases in Ankeny exceed many other locations in the metropolitan area or in the state of Iowa. These increases are expected to continue if economic conditions remain favorable to building and home construction in the Metro Des Moines area. Many of the District's residents commute to Des Moines and West Des Moines area for employment. As long as these areas continue to grow, so will Ankeny.

For the past three years, the state of Iowa has faced an economic downturn that has severely hampered its ability to fund schools at the same level as in prior years. The District has faced reductions in state funding and will continue to face reductions in state aid and state-funded programs until the statewide economy improves. The duration and magnitude of the economic downturn may have a significant impact on the District's programs and services.

MAJOR INTIATIVES FOR THE YEAR AND FOR THE FUTURE

The 2003-2004 school year brought not only the beginning of a new school year, but also many changes to the District, especially in personnel, programs and buildings.

- **Ankeny High School/YMCA Expansion-** The joint High School/YMCA expansion project adding almost 40,000 square feet was completed.
- **New Personnel-** Ankeny Community Schools welcomed a new Athletic Directory at Ankeny High School, as well as 33 new Teachers replacing retiring teachers, filling vacancies, and new positions.

- **Capital Improvement-** The District experienced a facelift at many other sites:
 - Roof repair/replacement at Parkview Middle School, Northwest Elementary, Northeast Elementary, administrative offices and Neveln, High School, and Terrace Elementary.
 - Asbestos removal at Northwest, East, administrative offices, Neveln, and Parkview.
 - New Champion Sign, Field Lighting on the football, baseball and softball fields at the High School.
 - New carpeting and painting at Northwest Elementary, Parkview Middle School, and the High School Media Center.
 - Media Center remodel at Terrace Elementary.
 - HVAC upgrades at the High School and Neveln.
 - Construction continuing on Crocker Elementary.
 - Office remodeling at the administrative offices and Neveln.
- **Tree Plantings-** Donated from a variety of different sources, students with adult assistance planted trees at Northeast and Northwest Elementary Schools.
- **Playgrounds-** Designed and installed by parent volunteers and district personnel.
- **Programming-**
 - Parkview Middle School experienced delivery system changes.
 - High School expanded opportunities with DMACC college.
- **Student Growth/New Families to Ankeny-** Ankeny Community Schools experienced a growth of 224 students, creating additional sections of classes in some of the buildings.
- **Extra Curricular Activities-** The District has had a very successful activities program. The District has won state athletic championship in both girls and boys athletics in the past and its success continued in 2004. The activities programs for Instrumental Music and Vocal Music have won many 1st place awards during competition. The fine arts program has had great success at the state level with several state championships in Debate. Few high schools in the state can match the athletic efforts of Ankeny.
- **College Entrance Scores (ACT) -** The American College Testing Program (ACT) is the college entrance exam that most Ankeny High School students take. A score of 20 or higher on the 36-point scale for the test is the score that Iowa's state universities require for acceptance. For the 2003-04 school year, eighty-five (85) percent of the students who took the ACT attained a score of 20 or higher.
- **Average Daily Attendance –** Ankeny's K-8 average daily attendance rate for the 2002-2003 school year was 96.3%. This rate is a slight decrease from the 96.7% K-8 average daily attendance rate in 2001-2002. However, the District average exceeds the 2002-2003 State K-8 average daily attendance rate of 95.8%.
- **Dropout Rates -** Of the 2710 students in grades seven through twelve, 13 students (.48%) dropped out during the 2003-2004 school year. Ankeny community schools offer extra assistance to students considered at-risk of dropping out through Learning Center Programs

in all secondary buildings. In addition, the ASCEND program offers an alternative learning environment for students who do not thrive in the classroom environment.

- **Graduation Rate** – The graduation rate for the District is computed by dividing the number of high school graduates in a specific year by the sum of the number of graduates in that year (2002-2003) and the sum of drop-outs for that graduation class from ninth grade through twelfth grade. Ankeny Community School's graduation rate for the 2002-2003 school year was 97% compared to the state graduation rate for 2002-2003 of 90.4%. Ankeny's graduation rate continues to be above the state average.

- **Post Graduation Intentions for 2004 Graduates**
 - Attend a four-year private college/university 14% or 54 students
 - Attend a four-year college 42.99% or 166 students
 - Attend a two-year college/training program 31% or 120 students
 - Total pursuing post-secondary education 91.3% or 353 students
 - Enter the military 2.6% or 10 students
 - Start full-time employment 1.8% or 7 students
 - Unknown 4.3% or 17 students

The Ankeny Community School District will continue to work toward two Early Intervention Goals it started during the 2003-2004 school year. Goal 1: Continue to reduce the student/teacher ratio in K-3 reading instruction in each of the District's six elementary buildings. Goal 2: Provide professional development for all K-5 classroom and special education teachers, 6th and 7th grade reading and special education teachers, and trained classified personnel to identify, select, and implement appropriate assessment and instructional strategies and use the data from these assessments to guide instruction. The District will continue to reduce the percentage of students who score less than proficient performance levels. The progress toward each goal is chronicled in the District's Annual Report page 6. This report can be accessed on the web @ www.ankeny.k12.ia.us/Admin/Distinfo/InstrucServ/Annual%20Report/AnnualReport2003.

FINANCIAL INFORMATION

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.

Single Audit- 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 financial section of this report, the District continues to meet the responsibility for sound financial management.

Cash Management- The District entered into a three year banking services agreement with Valley Bank starting with this fiscal year. The District's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Due to the sluggish investment rates on CD's and T-Bills, the District kept investments of its idle funds in Valley Bank and Iowa Schools Joint Investment Trust (ISJIT). ISJIT was one of the first local Government Investment Pools in the country when it was created in 1986. During the past seventeen years of continuous operation, ISJIT has assisted more than 360 authorized participants to safely and effectively increase their interest income, providing millions of additional dollars in investment income to increase the quality of educational services available to students across the state. The fiscal year 2003 / 2004 period presented fixed income investors with one of the most challenging investment environments in history. As the fiscal year ended, the Federal Reserve had just lowered short-term borrowing rates for the thirteenth time to 1.00 percent, the lowest level since 1958. Lethargic national economy, political conflict abroad and consumer unrest at home all contributed to challenges to make a good return on investments. ISJIT's rates of return reflected the over all decrease in rates in the fixed income markets. The District saw returns from ISJIT investments of between one and two percent for a majority of the year. Interest revenue of \$98,570 was earned on General Fund investments for the year ended June 30, 2004. This represents a increase of \$13,266 or 15% over fiscal year 2003 earnings.

Risk Management- The District's administration is charged with the responsibility of supervising the protection of District's assets by employing various risk management techniques and procedures to reduce, absorb, minimize or transfer risk. The District belongs to a statewide school insurance risk pool sponsored by EMC Insurance Companies, Des Moines, Iowa. The managing agent for the "Safety Group Insurance Program, is Jester Insurance Services, Inc. of Des Moines, Iowa. The District carries a multitude of policies to cover all areas of risk management. These policies are itemized in the statistical section of this report. District property is insured for its replacement value. The administration is also responsible for directing the District's fringe benefits program, which includes the administration of health, life, and disability benefits for all full-time employees.

Independent Audit- The accounting firm of Denman & Company was selected to perform the annual audit in accordance with Chapter 11 of the code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related to OMB circular A-133. The auditor's report on the

basic financial statements, combining and individual fund statements and other schedules is included in the financial section of this report.

Acknowledgement

The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This report would not have been possible without the help of several people. We would like to express our appreciation to all District, and County employees who assisted in the preparation of this report. A special thank you is extended to Kathy Michelson, Accounting Supervisor, and Janice Eggers, Administrative Assistant for their assistance in planning, designing, preparing and reviewing this financial report. Some of the information contained in the report was obtained from the City of Ankeny website @ <http://www.ci.ankeny.ia.us>. Additional information on the curriculum and operations of the Ankeny Community Schools can be obtained from the District's website @ <http://www.ankeny.k12.ia.us> .

Finally, sincere appreciation is extended to the Board of Education, where the commitment to excellence begins. It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Education.

Respectfully submitted,



Kirk J. Naber
Executive Director of Business
Services, Board Treasurer



Dr. Kent Mutchler
Superintendent of Schools

Ankeny Community Schools

Board of Education



We welcome your comments!

This audit report was prepared by the Ankeny Community School District. If you wish to receive additional copies, need more information, or have suggestions or comments about anything in this report, please call (515) 965-9600. This report is also available on our web site at: www.ankeney.k12.ia.us

District Administration

Year Ended June 30, 2004

Superintendent of Schools

Dr. Kent Mutchler

Assistant Superintendent

Dr. Bob Hartzler

Associate Superintendent

Dr. Ann Johnson

Executive Director of Business Services/Board Secretary

Mr. Kirk Naber

Executive Director of Support Services

Mr. Steve Drake

Special Programs Director

Ms. Pat Sievers

Director of Community Education

Mr. Kevin Koester

Before September 2003 election:

Rod Bubke	President	September, 2004
Brian Humke	Vice President	September, 2003
Cindy Miller	Member	September, 2003
Trent Murphy	Member	September, 2004
Sue Nelson	Member	September, 2005
Denny Presnall	Member	September, 2005
Pat Cahill	Member	September, 2005

After September 2003 election:

Brian Humke	President	September, 2006
Sue Nelson	Vice President	September, 2005
Cindy Miller	Member	September, 2006
Trent Murphy	Member	September, 2004
Rod Bubke	Member	September, 2004
Denny Presnall	Member	September, 2005
Pat Cahill	Member	September, 2005



Building Administration Year Ended June 30, 2004

Ankeny High School
1302 N. Ankeny Boulevard
(515) 965-9630

Principal
Dr. Gary Ratigan

Assistant Principal
Dr. Jennifer Lindaman

Associate Principal
Ms. Patricia Hoffman

Associate Principal
Mr. Joseph Horton

Activities Director
Mr. Gary Telford

Events Coordinator
Mr. Randy Hoeck

Northview Middle School
1010 NW Prairie Ridge Drive
(515) 965-9700

Principal
Mr. Scott Osborn

Assistant Principal
Ms. Nina Dunker

Associate Principal
Mr. Ron Lorenz

Parkview Middle School
105 NW Pleasant Street
(515) 965-9640

Principal
Mr. Jeff Schumacher

Assistant Principal
Ms. Keri Schlueter

Associate Principal
Ms. Bev Kuehn

East Elementary School
710 SE Third Street
(515) 965-9660

Principal
Dr. Tom Muhlenbruck

Northeast Elementary School
1705 NE Trilein Drive
(515) 965-9620

Principal
Ms. Paula Lee

Associate Principal
Mr. Jason Albrecht

Northwest Elementary School
1202 NW First Street
(515) 965-9680

Principal
Ms. Marcy Sparks

Southeast Elementary School
1005 SE Trilein Drive
(515) 965-9650

Principal
Mr. Dennis Warren

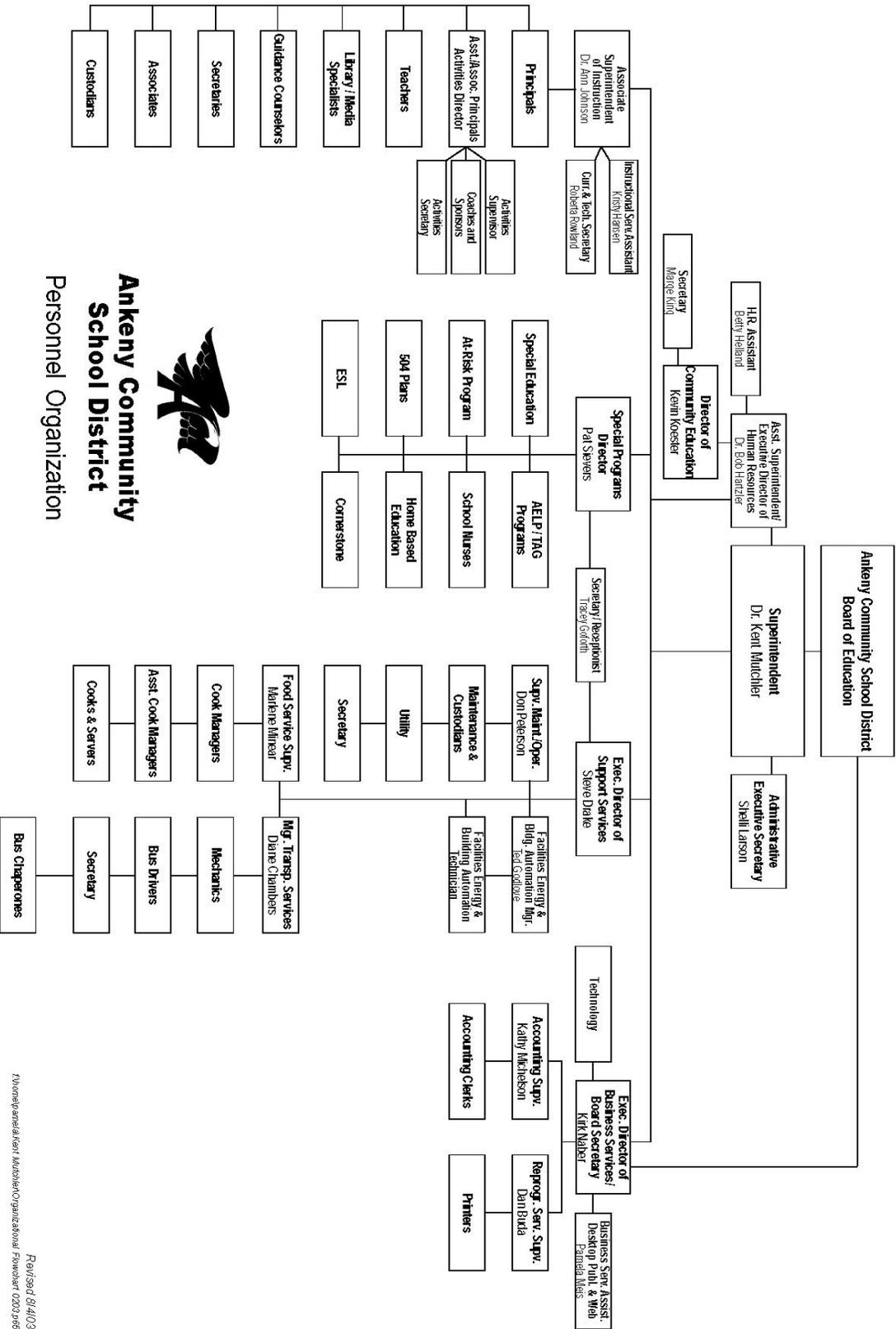
Terrace Elementary School
310 NW School Street
(515) 965-9670

Principal
Mr. Randy McMahill

Westwood Elementary School
2920 NW Ninth Street
(515) 965-9690

Principal
Mr. Jim Ford

Associate Principal
Mr. Jason Albrecht



Ankeny Community School District
Personnel Organization

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ankeny Community School District, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ankeny Community School District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2004 on our consideration of Ankeny Community School District's internal control over financial reporting and on 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. This 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 3 through 13 and 39 through 41 are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. 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. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ankeny 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, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included on pages 44 through 55 and page 87, which includes the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, 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 other data in this report, designated as the "statistical section" on the contents page, was not audited by us and, accordingly, we express no opinion on it.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 16, 2004

Ankeny Community School District
Management's Discussion and Analysis (MD&A)
For Fiscal Year Ended June 30, 2004

This section of the Ankeny Community School District annual financial report presents the readers of the District's financial statements a narrative overview and analysis of the financial activity of the District for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

FINANCIAL HIGHLIGHTS

- The District showed an increase in net assets of \$9,145,196 and \$7,728,143 during the years ended June 30, 2004 and 2003, respectively.
- Total revenues for the fiscal year ended June 30, 2004 and 2003 of \$57,718,231 and \$53,471,505 were comprised of General Revenues in the amount of \$49,089,541 and \$47,110,623 and Program Revenues totaling \$8,621,702 and \$6,360,882.
- As June 30, 2004 the District's governmental funds reported combined ending fund balances of \$27,865,078 an increase of \$339,969, in comparison with the prior year. Of the total combined fund balance, \$4,082,146 represents unreserved undesignated fund balances.
- As of June 30, 2004, unreserved undesignated fund balance of the General Fund was \$2,331,290 or 5.9% of total General Fund expenditures and \$1,395,747 or 3.7% for 2003.
- The District's total long term bonded debt increased by \$5,000,000 during the current fiscal year. The key factor in this increase was the issuance of \$9,740,000 in revenue obligation bonds.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Ankeny Community Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services, other and interest on long term debt. Business-type activities are those that the District charges a fee to help cover the costs, such as School Nutrition and Community Education.

The district-wide financial statements can be found on pages 15 through 17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Ankeny Community Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities

The Ankeny Community School District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service and Local Option School Sales Tax Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary funds. There are two types of proprietary funds: enterprise and internal service. The District maintains one type of proprietary funds. The Enterprise funds are used to report the same functions presented as business-type activities.

The basic proprietary funds financial statements can be found on pages 22 through 24 of the report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The fiduciary fund of the District is an agency fund. Agency funds are custodial in nature and do not involve measurement of results of operation.

The basic fiduciary fund financial statement can be found on page 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide fund financial statements. The notes to the financial statements can be found on pages 26 through 37 of this report.

Ankeny Community Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A budgetary comparison statement has been provided for the governmental and proprietary funds as required supplementary information. The required supplementary information can be found on pages 39 through 41 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 44 through 53 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, net assets have increased from a year ago from \$34,994,174 to \$43,424,088.

A significant portion of the District's total assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are *not* available for future spending. The District's net assets invested in capital assets, net of related debt, was \$16,345,360 for 2004 and \$8,128,771 for 2003. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2004.

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Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

Table 1- Total net assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2004	2003	2004	2003	2004	2003	2003-2004
Assets							
Current and other assets	\$56,819,027	\$49,373,123	\$772,969	\$765,246	\$57,591,996	\$50,138,369	14.87%
Capital Assets	65,961,681	52,031,112	153,679	867,659	66,115,360	52,898,771	24.98%
Total assets	122,780,708	101,404,235	926,648	1,632,905	123,707,356	103,037,140	20.06%
Liabilities							
Current liabilities:	34,648,997	27,678,743	61,197	48,071	34,710,194	27,726,814	25.19%
Noncurrent liabilities:	45,749,074	40,316,152			45,749,074	40,316,152	13.48%
Total liabilities	80,398,071	67,994,895	61,197	48,071	80,459,268	68,042,966	18.25%
Net Assets							
Invested in capital assets, net of related debt	16,191,681	7,261,112	153,679	867,759	16,345,360	8,128,871	101.08%
Restricted	16,471,882	17,907,061			16,471,882	17,907,061	-8.01%
Unrestricted	9,719,074	8,241,167	711,772	717,075	10,430,846	8,958,242	16.44%
Total net assets	\$42,382,637	\$33,409,340	\$865,451	\$1,584,834	\$ 43,248,088	\$ 34,994,174	23.59%

The following are significant current year transactions that have had an impact on the Statement of net assets.

- The principal retirement of \$9,290,000 of bonds and the payment of \$1,999,776 in interest on this debt.
- The addition of \$15,943,981 in capital assets through the construction of a new school, and other school improvements, and purchases of furniture, equipment and vehicles.

Changes in net assets. The District's net assets increased by \$8,253,914 during the current fiscal year. The governmental activities' net assets increased by \$8,973,297. The business-type activities, which include nutrition, decreased by \$719,383. This decrease from the prior year was because the Neveln Resource Center was no longer reported on this statement. The increase in governmental activities was mainly attributed to cash reserve levy and less than expected expenditures.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2004. These two main components are subtracted to yield the change in net assets. Revenue is made up of Program Revenue and General Revenue. Program Revenue is defined as charge for services and sales, operating and capital grants and contributions. General Revenue includes taxes and unrestricted grants such as state foundation support.

Ankeny Community Schools

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004

Table 2- Program Revenues and Expenses

	Governmental Activities		Business-Type Activities		Total District	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for Services	\$ 72,792	\$ 71,697	\$ 1,624,877	\$ 1,650,323	\$ 1,697,669	\$ 1,722,020
Operating Grants and Contribution	6,597,816	4,368,145	326,217	270,717	6,924,033	4,638,862
General Revenue:						
Local Sources	20,220,072	19,010,635			20,220,072	19,010,635
Interest income	334,873	124,795	6,988	1,712	341,861	126,507
State sources	26,030,150	25,231,732			26,030,150	25,231,732
Other	2,477,966	2,664,731			2,477,966	2,664,731
Sale of Assets	26,480	77,018			26,480	77,018
Total revenues	55,760,149	51,548,753	1,958,082	1,922,752	57,718,231	53,471,505
Expenditures:						
Current -						
Instruction- Regular	21,957,460	20,507,556			21,957,460	20,507,556
Instruction- Special	3,885,672	3,575,071			3,885,672	3,575,071
Instruction- Voc. and other	1,445,464	1,589,342			1,445,464	1,589,342
Support Services- Pupil	2,561,443	2,742,341			2,561,443	2,742,341
Support Services- Instruction	2,024,659	2,316,569			2,024,659	2,316,569
Support Services- Admin.	3,397,944	3,155,160			3,397,944	3,155,160
Oper. and Maint. of Plant Serv.	4,074,489	3,865,464			4,074,489	3,865,464
Support Services- Other	3,222,165	2,717,427			3,222,165	2,717,427
Non-instructional programs	2,217,780	2,054,389	1,786,183	1,731,512	4,003,963	3,785,901
Interest	1,999,776	1,488,531			1,999,776	1,488,531
Total expenditures	46,786,852	44,011,850	1,786,183	1,731,512	48,573,035	45,743,362
Increase (decrease) in net assets	\$ 8,973,297	\$ 7,536,903	\$ 171,899	\$ 191,240	\$ 9,145,196	\$ 7,728,143

Ankeny Community Schools

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004

- The cost of all governmental and business-type activities this year was \$48,573,035.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8,621,702.
- Net cost of governmental activities \$40,116,244, was financed by general revenues, which are made up of primarily property taxes and local source revenue \$20,220,072 and state sources \$26,060,151.

Table 3- Governmental Activities

Functions/Programs	Total Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2004	Net Cost of Services 2003
Primary Government				
Governmental activities:				
Instruction- Regular	\$ 21,957,460	\$ 20,507,556	\$ (18,809,806)	\$ (18,044,471)
Instruction- Special	3,885,672	3,575,071	(3,885,672)	(3,575,071)
Instruction- Voc. and other	1,445,464	1,589,342	374,550	315,718
Support Services- Pupil	2,561,443	2,742,341	(2,561,443)	(2,742,341)
Support Services- Inst. Staff	2,024,659	2,316,569	(1,951,867)	(2,244,872)
Support Services- Admin.	3,397,944	3,155,160	(3,397,944)	(3,155,160)
Oper. and Maint. of Plant Serv.	4,074,489	3,865,464	(4,074,489)	(3,865,464)
Support Services- Other	3,222,165	2,717,427	(3,222,165)	(2,717,427)
Non-instructional programs	2,217,780	2,054,389	(2,217,780)	(2,054,389)
Interest	1,999,776	1,488,531	(1,999,776)	(1,488,531)
Total governmental activities	46,786,852	44,011,850	(41,746,392)	(39,572,008)
Business-type activities:				
Nutrition Services	1,786,183	1,635,472	164,911	145,835
Resource Center		96,040		43,693
Total business-type activities	1,786,183	1,731,512	164,911	189,528
Total primary government	\$ 48,573,035	\$ 45,743,362	\$ (41,581,481)	\$ (39,382,480)

Net cost of services is 86% of total cost of services in 2004.

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Ankeny Community School District's governmental funds reported combined ending fund balances of \$27,865,078, an increase of \$339,969 in comparison to the previous year. Approximately 14.6% of this amount, \$4,082,146, constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance of \$23,782,932 is reserved or designated to indicate that it is not available for new spending because it has already been committed for 1) General Fund \$7,311,050; 2) Special Revenues Fund \$1,419,132; 3) debt service \$3,692,983; 4) Capital Projects \$1,160,694; 5) Local Option Sales Tax reserves \$10,199,073.

The General Fund is the principal operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6,089,535 while total fund balance reached \$9,642,340. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.54% of total General Fund expenditures, unreserved undesignated General Fund balance represents 5.9%, while total fund balance also represents approximately 24.61% of that same amount.

The fund balance of the District's General Fund increased by \$1,795,530 during the current fiscal year. Key factors in the increase were the Board planned reserves for opening a new elementary school in FY05 and the Board commitment to maintain an adequate fund balance, so the District can endure economic downturns in State funding for Iowa schools.

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,

Ankeny Community Schools

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2004**

the Board of Education annually adopts a program budget for all funds except agency funds as described in the note to required supplementary information.

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

	Budget		Actual Expenditures/ Expenses	Final Budget to Actual Variance Positive (Negative)
	Original	Final		
Instruction	\$ 26,975,784	\$ 32,283,505	\$ 23,415,373	\$ 8,868,132
Support Services	12,899,867	14,391,233	11,564,274	2,826,959
Non-instructional Prog.	4,887,464	4,887,464	3,951,740	935,724
Other	19,863,303	46,652,273	28,906,083	17,746,190
Total	\$ 64,626,418	\$ 98,214,475	\$ 67,837,470	\$30,377,005

Difference between the original and the final amended are mainly do to a conservative estimate for the general fund for Instruction and increases due to timing in capital outlay projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2004, the District had invested \$99,156,963 in capital assets, including land, school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$15,868,097 from last year, primarily due to the completion of the final phases of construction on a new school. Total depreciation expense for the year was \$2,043,672.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2004.

	<u>Amount</u>
Land and improvements	\$ 4,944,809
Buildings and improvements	46,469,627
Vehicles, furniture and equipment	824,439
Construction in progress	13,876,485
Total	\$ 66,115,360

Ankeny Community Schools

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

Additional information on the District's capital assets can be found in Note 5 on page 32 of this report.

Debt Administration. At year-end, the District had \$51,444,122 in general obligation bonds and other long-term debt outstanding, of which \$5,695,048 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2004.

	<u>Amount</u>
General obligation bonds	\$21,595,000
Revenue bonds	28,175,000
Accrued compensated absences	419,707
Early retirement	1,254,415
Total	\$ 51,444,122

The District maintains a "A+" rating from Standard and Poor's for general obligation debt.

State statutes currently limit the amount of general obligation debt a District may issue to five percent (5%) of its total assessed valuation. The current debt limitation for the District is \$70,842,469, which is more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 6 on page 33 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District is located in the central part of the State at the cross roads of Interstate 35 and Interstate 80; bordering the larger Des Moines metropolitan area and ranks as the tenth largest school district in the state in the heart of one the top growth areas of the country. The economic condition and outlook has continued to improve since the economic decline of the early 1990's with the last farm crisis. For the past fourteen years the district has had stable growth despite slower economic condition in the state as a whole. The District's tax base is growing in excess of 5% annually.

Based on conservative projections, this trend is expected to continue well into 2030 if interest rates remain affordable to build. While this growth has a positive impact it also brings with it significant challenges in maintaining the District's infrastructure to accommodate this growth in an orderly and efficient manner.

Ankeny Community Schools

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004**

Retail sales, building permits and population increases in Ankeny and the metro area as a whole exceed most state and national trends. These increases are expected to continue if economic conditions remain favorable

For the past two years, the state of Iowa has faced economic downturns that have severely hampered its ability to fund schools at the same level as in prior years. The District will face reductions in funding for state aid and other state funded programs. The duration and magnitude of this economic downturn may have significant impact on the District's ability to provide adequate programs and services.

Many factors were considered by the District's administration during the process of developing the 2005 fiscal year budget. The primary factor was the District's student population and employee salaries. Also considered in the development of the budget is the local economy.

Request for Information

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, please write Kirk Naber, Executive Director of Business Services, Ankeny Community School District, 306 S.W. School Street, Ankeny, Iowa 50021-0189.

BASIC FINANCIAL STATEMENTS

Ankeny Community School District
STATEMENT OF NET ASSETS
June 30, 2004

ASSETS	Governmental Activities	Business-type Activities	Total
Current assets			
Cash and cash equivalents	\$ 32,815,542	\$ 651,411	\$ 33,466,953
Property taxes receivable			
Current year	87,327	-	87,327
Succeeding year	22,448,048	-	22,448,048
Due from other governments	1,242,840	-	1,242,840
Other receivables	49,718	1,126	50,844
Inventories	<u>175,552</u>	<u>120,432</u>	<u>295,984</u>
Total current assets	<u>56,819,027</u>	<u>772,969</u>	<u>57,591,996</u>
Noncurrent assets			
Land	4,944,809	-	4,944,809
Buildings	76,096,376	-	76,096,376
Equipment	3,489,004	750,289	4,239,293
Accumulated depreciation	(32,444,993)	(596,610)	(33,041,603)
Construction in progress	<u>13,876,485</u>	<u>-</u>	<u>13,876,485</u>
Total noncurrent assets	<u>65,961,681</u>	<u>153,679</u>	<u>66,115,360</u>
Total assets	<u>122,780,708</u>	<u>926,648</u>	<u>123,707,356</u>
LIABILITIES			
Current liabilities			
Due to other funds	23,693	-	23,693
Accounts payable and accrued liabilities	6,482,208	17,257	6,499,465
Due to students	-	43,940	43,940
Bonds payable	4,735,000	-	4,735,000
Early retirement payable	540,341	-	540,341
Absences payable	419,707	-	419,707
Deferred revenue--succeeding year property taxes	<u>22,448,048</u>	<u>-</u>	<u>22,448,048</u>
Total current liabilities	<u>34,648,997</u>	<u>61,197</u>	<u>34,710,194</u>
Noncurrent liabilities			
Bonds payable--long term	45,035,000	-	45,035,000
Early retirement payable--long term	<u>714,074</u>	<u>-</u>	<u>714,074</u>
Total noncurrent liabilities	<u>45,749,074</u>	<u>-</u>	<u>45,749,074</u>
Total liabilities	<u>80,398,071</u>	<u>61,197</u>	<u>80,459,268</u>
NET ASSETS			
Invested in capital assets, net of related debt	16,191,681	153,679	16,345,360
Restricted for			
Capital projects	11,359,767	-	11,359,767
Debt service	3,692,983	-	3,692,983
Insurance	1,419,132	-	1,419,132
Unrestricted	<u>9,719,074</u>	<u>711,772</u>	<u>10,430,846</u>
Total net assets	<u>\$ 42,382,637</u>	<u>\$ 865,451</u>	<u>\$ 43,248,088</u>

See Notes to Financial Statements.

**Ankeny Community School District
STATEMENT OF ACTIVITIES
Year ended June 30, 2004**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
PRIMARY GOVERNMENT			
Governmental activities			
Instruction			
Regular	\$21,957,460	\$ -	\$ 3,147,654
Special	3,885,672	-	-
Vocational and other	1,445,464	-	1,820,014
Support services			
Pupil	2,561,443	-	-
Instructional staff	2,024,659	72,792	-
Administration	3,397,944	-	-
Operation and maintenance of plant services	4,074,489	-	-
Support services—other	3,222,165	-	-
Noninstructional programs	2,217,780	-	1,630,148
Interest	<u>1,999,776</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>46,786,852</u>	<u>72,792</u>	<u>6,597,816</u>
Business-type activities			
Nutrition services	<u>1,786,183</u>	<u>1,624,877</u>	<u>326,217</u>
Total business-type activities	<u>1,786,183</u>	<u>1,624,877</u>	<u>326,217</u>
Total primary government	<u>\$48,573,035</u>	<u>\$ 1,697,669</u>	<u>\$ 6,924,033</u>

General revenues

Taxes

Property taxes for general purposes
Property taxes for debt service
Property taxes for capital outlay
Revenue in lieu of taxes

Sales taxes

State aid

Investment earnings

Miscellaneous

Sale of assets

Total general revenues and transfers
Changes in net assets

Net assets, beginning of year (as restated)

Net assets, end of year

**Net (Expense) Revenue and
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (18,809,806)	\$ —	\$ (18,809,806)
(3,885,672)	—	(3,885,672)
374,550	—	374,550
(2,561,443)	—	(2,561,443)
(1,951,867)	—	(1,951,867)
(3,397,944)	—	(3,397,944)
(4,074,489)	—	(4,074,489)
(3,222,165)	—	(3,222,165)
(587,632)	—	(587,632)
<u>(1,999,776)</u>	<u>—</u>	<u>(1,999,776)</u>
<u>(40,116,244)</u>	<u>—</u>	<u>(40,116,244)</u>
—	164,911	164,911
—	164,911	164,911
<u>\$ (40,116,244)</u>	<u>\$ 164,911</u>	<u>\$ (39,951,333)</u>
\$ 15,715,770	\$ —	\$ 15,715,770
3,240,290	—	3,240,290
1,264,012	—	1,264,012
565,420	—	565,420
5,651,190	—	5,651,190
20,378,960	—	20,378,960
334,873	6,988	341,861
1,912,546	—	1,912,546
26,480	—	26,480
<u>49,089,541</u>	<u>6,988</u>	<u>49,096,529</u>
8,973,297	171,899	9,145,196
<u>33,409,340</u>	<u>693,552</u>	<u>34,102,892</u>
<u>\$ 42,382,637</u>	<u>\$ 865,451</u>	<u>\$ 43,248,088</u>

See Notes to Financial Statements.

**Ankeny Community School District
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2004**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Local Option Sales and Services Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$12,734,091	\$3,390,495	\$12,244,978	\$4,445,978	\$32,815,542
Property taxes receivable					
Current year	64,514	13,693	–	9,120	87,327
Succeeding year	16,676,596	3,242,488	–	2,528,964	22,448,048
Due from other funds	–	287,328	–	–	287,328
Due from other governments	509,665	–	445,847	–	955,512
Other receivables	–	1,812	17,984	29,922	49,718
Inventories	<u>175,552</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>175,552</u>
Total assets	<u>\$30,160,418</u>	<u>\$6,935,816</u>	<u>\$12,708,809</u>	<u>\$7,013,984</u>	<u>\$56,819,027</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 3,841,482	\$ 345	\$ 2,246,101	\$ 130,645	\$ 6,218,573
Due to other funds	–	–	263,635	23,693	287,328
Deferred revenue—succeeding year property taxes	<u>16,676,596</u>	<u>3,242,488</u>	<u>–</u>	<u>2,528,964</u>	<u>22,448,048</u>
Total liabilities	<u>20,518,078</u>	<u>3,242,833</u>	<u>2,509,736</u>	<u>2,683,302</u>	<u>28,953,949</u>
Fund balances					
Unreserved					
Designated	3,758,245	–	–	–	3,758,245
Undesignated	2,331,290	–	–	1,750,856	4,082,146
Reserved	<u>3,552,805</u>	<u>3,692,983</u>	<u>10,199,073</u>	<u>2,579,826</u>	<u>20,024,687</u>
Total fund balances	<u>9,642,340</u>	<u>3,692,983</u>	<u>10,199,073</u>	<u>4,330,682</u>	<u>27,865,078</u>
Total liabilities and fund balances	<u>\$30,160,418</u>	<u>\$6,935,816</u>	<u>\$12,708,809</u>	<u>\$7,013,984</u>	<u>\$56,819,027</u>

See Notes to Financial Statements.

**Ankeny Community School District
RECONCILIATION OF THE BALANCE SHEET—GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2004**

Total fund balances of governmental funds (page 18)	\$27,865,078
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	65,961,681
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.	(51,444,122)
Net assets of governmental activities (page 15)	<u>\$42,382,637</u>

Ankeny Community School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES—GOVERNMENTAL FUNDS
Year ended June 30, 2004

	<u>General Fund</u>	<u>Debt Service</u>	<u>Local Option Sales and Services Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local taxes	\$15,269,117	\$ 3,325,042	\$ 5,651,190	\$2,191,333	\$26,436,682
Interest income	98,570	27,814	172,948	35,541	334,873
Other	1,753,678	1,434	874,714	2,538,538	5,168,364
State sources	23,354,544	—	—	—	23,354,544
Federal sources	474,578	—	—	—	474,578
Total revenues	<u>40,950,487</u>	<u>3,354,290</u>	<u>6,698,852</u>	<u>4,765,412</u>	<u>55,769,041</u>
EXPENDITURES					
Current					
Instruction					
Regular	20,333,859	—	—	—	20,333,859
Special	3,885,672	—	—	—	3,885,672
Vocational and other	1,445,464	—	—	—	1,445,464
Support services					
Pupil	2,333,612	—	—	—	2,333,612
Instructional staff	2,024,659	—	—	—	2,024,659
Administration	3,268,080	—	—	—	3,268,080
Operation and maintenance					
of plant services	4,068,655	—	—	—	4,068,655
Support services--other	1,630,148	—	—	1,592,017	3,222,165
Noninstructional programs	191,288	—	—	2,026,492	2,217,780
Capital outlay	—	—	15,620,458	—	15,620,458
Debt service					
Principal retirement	—	9,290,000	—	—	9,290,000
Interest	—	1,999,776	—	—	1,999,776
Total expenditures	<u>39,181,437</u>	<u>11,289,776</u>	<u>15,620,458</u>	<u>3,618,509</u>	<u>69,710,180</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,769,050</u>	<u>(7,935,486)</u>	<u>(8,921,606)</u>	<u>1,146,903</u>	<u>(13,941,139)</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	26,480	—	—	—	26,480
Operating transfers in (out)	—	3,143,325	(3,132,745)	(10,580)	—
Proceeds from local option sales and services tax bonds	—	—	9,740,000	—	9,740,000
Proceeds from general obligation bonds	—	4,550,000	—	—	4,550,000
Premium (discount) on issuance of bonds	—	29,678	(65,050)	—	(35,372)
Total other financing sources	<u>26,480</u>	<u>7,723,003</u>	<u>6,542,205</u>	<u>(10,580)</u>	<u>14,281,108</u>
NET CHANGES IN FUND BALANCES	<u>1,795,530</u>	<u>(212,483)</u>	<u>(2,379,401)</u>	<u>1,136,323</u>	<u>339,969</u>
FUND BALANCES , beginning of year	<u>7,846,810</u>	<u>3,905,466</u>	<u>12,578,474</u>	<u>3,194,359</u>	<u>27,525,109</u>
FUND BALANCES , end of year	<u>\$ 9,642,340</u>	<u>\$ 3,692,983</u>	<u>\$10,199,073</u>	<u>\$4,330,682</u>	<u>\$27,865,078</u>

See Notes to Financial Statements.

**Ankeny 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, 2004**

Net change in fund balances—total governmental funds (page 20) \$ 339,969

***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	\$15,928,646	
Depreciation expense	<u>(1,998,077)</u>	13,930,569

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.		9,290,000
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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	\$ (161,543)	
Compensated absences	<u>(135,698)</u>	(297,241)

Proceeds of long-term debt provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets.		<u>(14,290,000)</u>
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Change in net assets of governmental activities (page 17) **\$ 8,973,297**

Ankeny Community School District
STATEMENT OF NET ASSETS—PROPRIETARY FUND
ENTERPRISE FUND
June 30, 2004

ASSETS	<u>School Nutrition</u>
Cash and cash equivalents	\$ 651,411
Sundry receivables	1,126
Inventories	120,432
Property and equipment, net of accumulated depreciation	<u>153,679</u>
Total assets	<u>\$ 926,648</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 17,257
Due to students	<u>43,940</u>
Total liabilities	<u>61,197</u>
NET ASSETS	
Invested in capital assets, net of related debt	153,679
Unrestricted	<u>711,772</u>
Total net assets	<u>865,451</u>
Total liabilities and net assets	<u>\$ 926,648</u>

**Ankeny Community School District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS—PROPRIETARY FUND
ENTERPRISE FUND
Year ended June 30, 2004**

	<u>School Nutrition</u>
OPERATING REVENUES	
Local sources	
Other local sources	
Sale of lunches and breakfast	
Students	\$1,122,141
Adults	40,081
A la carte	422,671
Special functions	39,984
Total operating revenues	<u>1,624,877</u>
OPERATING EXPENSES	
Non-instructional programs	
Food service operations	
Salaries	615,845
Employee benefits	231,613
Kitchen supplies	44,086
Food consumed	789,249
Other	59,794
Depreciation	45,596
Total operating expenses	<u>1,786,183</u>
OPERATING (LOSS)	<u>(161,306)</u>
NON-OPERATING REVENUES	
Interest income	6,988
State appropriations	18,334
Federal food commodities revenue	81,670
Federal appropriations	226,213
Total non-operating revenues	<u>333,205</u>
Change in net assets	171,899
NET ASSETS—beginning of year (as restated)	<u>693,552</u>
NET ASSETS—end of year	<u>\$ 865,451</u>

See Notes to Financial Statements.

Ankeny Community School District
STATEMENT OF CASH FLOWS—PROPRIETARY FUND
ENTERPRISE FUND
Year ended June 30, 2004

	<u>School Nutrition</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of lunches and breakfasts	\$1,634,167
Cash payments to employees for services	(851,155)
Cash payments to suppliers for goods or services	<u>(803,334)</u>
Net cash (used in) operating activities	<u>(20,322)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State grants received	18,334
Federal grants received	<u>226,213</u>
Net cash provided by non-capital financing related activities	<u>244,547</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(15,335)</u>
Net cash (used in) capital and related financing activities	<u>(15,335)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>6,988</u>
Net cash provided by investing activities	<u>6,988</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	215,878
CASH AND CASH EQUIVALENTS	
Beginning	<u>435,533</u>
Ending	<u>\$ 651,411</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating (loss)	\$ (161,306)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities	
Depreciation	45,595
Federal commodities used	81,670
Change in assets and liabilities	
(Increase) in receivables	(382)
Decrease in inventories	731
Increase in accounts payable and accrued liabilities	<u>13,370</u>
Net cash (used in) operating activities	<u>(20,322)</u>

Noncash investing, capital and financing activities

During the year ended June 30, 2004, the District received \$81,670 of federal commodities.

**Ankeny Community School District
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2004**

ASSETS	<u>Vending</u>	<u>Cafeteria</u>	<u>Total</u>
Cash and cash equivalents	\$ 76,600	\$ 101,158	\$ 177,758
Receivables			
Sundry receivables	<u>2,296</u>	<u>38,915</u>	<u>41,211</u>
Total assets	<u>\$ 78,896</u>	<u>\$ 140,073</u>	<u>\$ 218,969</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 1,790	\$ -	\$ 1,790
Due to student groups/employees	-	24,686	24,686
Fund equity			
Fund balances			
Unreserved, undesignated	<u>77,106</u>	<u>115,387</u>	<u>192,493</u>
Total liabilities and fund equity	<u>\$ 78,896</u>	<u>\$ 140,073</u>	<u>\$ 218,969</u>

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ankeny Community School District is incorporated under Chapter 274 of the State Code of Iowa. The affairs of the district are conducted by a Board of Education. The District operates six elementary schools, two middle schools, a high school and a building for special programs. The District's comprehensive annual financial report includes all of the District operations. The accounting policies of the Ankeny Community School District conform to generally accepted accounting principles, as applicable to governmental units. The following is a summary of such significant policies.

Reporting Entity

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

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

Basis of Presentation

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

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

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

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

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

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

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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 Local Option Sales and Services Tax Fund, a capital projects fund, accounts for all financial transactions from the local option sales and services tax for school infrastructure authorized by Iowa Code chapter 422E.

The other governmental funds of the District are considered nonmajor and are as follows:

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

Special Revenue Funds are used to account for the revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund: Accounts for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

Student Activity Fund: Accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular or extracurricular activities of the District.

Physical Plant and Equipment Levy (PPEL) Fund: Accounts for the resources to be used to pay for the purchase of grounds, construction of buildings, purchase of buildings, equipment and repairs, remodeling, reconstructing, improving or expanding schoolhouses or buildings. The PPEL fund is required to be accounted for as a special revenue fund by statutes.

The District reports the following major proprietary fund:

School Nutrition Fund: Accounts for the food service operations of the District.

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

The Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Funds are custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The District-wide and proprietary fund financial statements are reported using 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 applied 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost.

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

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

Property tax receivable is recognized in these funds on the levy 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 District-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 1 1/2% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2003.

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.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-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 assets lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Fund Equity (continued)

Capital Assets (continued)

Property, furniture and equipment are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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 the succeeding year property tax receivable as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental funds 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, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Obligations – In the District-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 District-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.

Budgeting and Budgetary Control

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

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 DEPOSITS AND INVESTMENTS

The District's deposits in banks at June 30, 2004 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.

Governmental Accounting Standards Board Statement No. 3 requires investments to be categorized to give an indication of the level of risk assumed by the District at year end. The District's investments are categorized below to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or its agent in the District's name.

The District's investments reported as cash equivalents at June 30, 2004 are as follows:

	<u>Category</u>	<u>Fair value</u>
Certificates of deposit	1	\$ 360,433
		<u>Amortized cost</u>
Investment not subject to categorization Iowa Schools Joint Investment Trust		\$11,425,332

The District's investment in the Iowa Schools Joint Investment Trust is valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The District's investment in certificates of deposit is valued at fair market value. Fair market value approximates cost.

NOTE 3 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	
	Local Option Sales and Services Tax	\$3,132,745
	Special Revenue	
	Physical Plant and Equipment Levy	<u>10,580</u>
Total		<u>\$3,143,325</u>

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

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2004 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service	Special Revenue Physical Plant and Equipment Levy Capital Projects Local Option Sales and Services Tax	\$ 23,693 <u>263,635</u>
Total		<u>\$ 287,328</u>

These balances result from interfund loans to fund debt payments. Repayments will be made from future revenues.

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004 is as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,325,779	\$ 3,619,030	\$ —	\$ 4,944,809
Construction in progress	<u>6,805,475</u>	<u>15,637,786</u>	<u>(8,566,776)</u>	<u>13,876,485</u>
Total capital assets not being depreciated	<u>8,131,254</u>	<u>19,256,816</u>	<u>(8,566,776)</u>	<u>18,821,294</u>
Capital assets being depreciated				
Buildings	71,148,630	4,947,746	—	76,096,376
Furniture and equipment	<u>3,274,028</u>	<u>290,860</u>	<u>(75,884)</u>	<u>3,489,004</u>
Total capital assets being depreciated	<u>74,422,658</u>	<u>5,238,606</u>	<u>(75,884)</u>	<u>79,585,380</u>
Less accumulated depreciation for				
Buildings	27,958,059	1,668,690	—	29,626,749
Furniture and equipment	<u>2,564,741</u>	<u>329,387</u>	<u>(75,884)</u>	<u>2,818,244</u>
Total accumulated depreciation	<u>30,522,800</u>	<u>1,998,077</u>	<u>(75,884)</u>	<u>32,444,993</u>
Total capital assets being depreciated, net	<u>43,899,858</u>	<u>3,240,529</u>	<u>—</u>	<u>47,140,387</u>
Governmental activities capital assets, net	<u>\$52,031,112</u>	<u>\$22,497,345</u>	<u>\$ (8,642,660)</u>	<u>\$65,961,681</u>
Business-type activities				
Furniture and equipment	\$ 734,954	\$ 15,335	\$ —	\$ 750,289
Less accumulated depreciation	<u>551,015</u>	<u>45,595</u>	<u>—</u>	<u>596,610</u>
Business-type activities capital assets, net	<u>\$ 183,939</u>	<u>\$ (30,260)</u>	<u>\$ —</u>	<u>\$ 153,679</u>

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 CAPITAL ASSETS (continued)

Depreciation expense was charged by the District as follows:

Governmental activities	
Instruction	
Regular	\$1,770,246
Support services	
Transportation	<u>227,831</u>
Total governmental activities depreciation expense	<u>\$1,998,077</u>
Business-type activities	
School nutrition	\$ <u>45,595</u>
Total business-type activities depreciation expense	\$ <u>45,595</u>

NOTE 6 GENERAL AND REVENUE OBLIGATION BONDS

The following is a summary of accrued compensated absences, general obligation bonds, revenue bonds and early retirement transactions for the governmental funds of the District for the year ended June 30, 2004:

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>	<u>Due within one year</u>
Accrued compensated absences	\$ 284,009	\$ 135,698	\$ -	\$ 419,707	\$ 419,707
General obligation bonds	23,890,000	4,550,000	6,845,000	21,595,000	2,410,000
Revenue bonds	20,880,000	9,740,000	2,445,000	28,175,000	2,325,000
Early retirement	<u>1,092,872</u>	<u>161,543</u>	<u>-</u>	<u>1,254,415</u>	<u>540,341</u>
Totals	<u>\$46,146,881</u>	<u>\$14,587,241</u>	<u>\$9,290,000</u>	<u>\$51,444,122</u>	<u>\$5,695,048</u>

The District offers a voluntary early retirement plan to its employees. Eligible employees must be at least age fifty-five and employees must have completed twelve years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to a) 60% of the employee's salary or b) 30% of the employee's salary plus continued health insurance of up to a maximum of five years. Currently, forty-six retirees meet the eligibility requirements. Expenditures for early retirement are recognized as benefits are paid. Early retirement benefits paid during the year ended June 30, 2004 totaled \$453,248.

The District's general obligation bond debt is as follows:

- a) An issue dated April 1, 1998, having an interest rate varying from 4.375% to 4.75% and an unpaid balance of \$4,400,000.
- b) An issue dated January 1, 1999, having an interest rate varying from 4.125% to 4.2% and an unpaid balance of \$3,475,000.
- c) An issue dated June 1, 2001, having an interest rate varying from 3.8% to 4.0% and an unpaid balance of \$2,035,000.
- d) An issue dated October 1, 2001, having an interest rate varying from 3.5% to 4.1% and an unpaid balance of \$7,135,000.

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 GENERAL AND REVENUE OBLIGATION BONDS (continued)

- e) An issue dated March 15, 2004, having an interest rate varying from 2.0% to 2.5% and an unpaid balance of \$4,550,000.

The District's revenue obligation bond debt, which is payable from revenues of the Local Option Sales and Services Tax Fund, is as follows:

- a) An issue dated April 1, 2000 having an interest rate varying from 5.05% to 5.1% and an unpaid balance of \$4,360,000.
- b) An issue dated December 1, 2002 having an interest rate varying from 2.25% to 5.0% and an unpaid balance of \$14,075,000.
- c) An issue dated April 1, 2004, having an interest rate varying from 2.0% to 3.5% and an unpaid balance of \$7,050,000.
- d) An issue dated April 1, 2004, having an interest rate varying from 2.0% to 3.35% and an unpaid balance of \$2,690,000.

Annual general obligation bond principal maturities, by issue and in total, are as follows:

Year ending June 30	Bond issue date					Total
	April 1, 1998	January 1, 1999	June 1, 2001	October 1, 2001	March 15, 2004	
2005	\$ 175,000	\$ 275,000	\$ 650,000	\$ 395,000	\$ 915,000	\$2,410,000
2006	400,000	300,000	680,000	390,000	700,000	2,470,000
2007	400,000	300,000	705,000	425,000	705,000	2,535,000
2008	425,000	325,000	—	1,185,000	725,000	2,660,000
2009	450,000	325,000	—	1,230,000	745,000	2,750,000
2010-2014	<u>2,550,000</u>	<u>1,950,000</u>	<u>—</u>	<u>3,510,000</u>	<u>760,000</u>	<u>8,770,000</u>
Totals	<u>\$4,400,000</u>	<u>\$3,475,000</u>	<u>\$2,035,000</u>	<u>\$7,135,000</u>	<u>\$4,550,000</u>	<u>\$21,595,000</u>

Annual revenue obligation bond principal maturities, by issue and in total, are as follows:

Year ending June 30	Bond issue date				Total
	April 1, 2000	December 1, 2002	April 1, 2004	April 1, 2004	
2005	\$2,125,000	\$ 200,000	\$ —	\$ —	\$ 2,325,000
2006	2,235,000	205,000	1,070,000	370,000	3,880,000
2007	—	2,560,000	1,140,000	400,000	4,100,000
2008	—	2,665,000	1,160,000	405,000	4,230,000
2009	—	2,725,000	1,190,000	460,000	4,375,000
2010-2011	<u>—</u>	<u>5,720,000</u>	<u>2,490,000</u>	<u>1,055,000</u>	<u>9,265,000</u>
Totals	<u>\$4,360,000</u>	<u>\$14,075,000</u>	<u>\$7,050,000</u>	<u>\$2,690,000</u>	<u>\$28,175,000</u>

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.

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 GENERAL AND REVENUE OBLIGATION BONDS (continued)

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

- a) 10% 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 Capital Project Account.
- b) All proceeds from the local option sales and services tax shall be place in a Revenue Account.
- c) Monies in the Revenue Account shall 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.

All District bond principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of general and revenue obligation bond debt service requirements to maturity as of June 30, 2004, is as follows:

Year ending June 30	<u>General Obligation Bonds</u>			<u>Revenue Obligation Bonds</u>		
	<u>Annual principal and interest requirements</u>			<u>Annual principal and interest requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 2,410,000	\$ 830,269	\$ 3,240,269	\$ 2,325,000	\$ 986,775	\$ 3,311,775
2006	2,470,000	732,507	3,202,507	3,880,000	925,739	4,805,739
2007	2,535,000	648,132	3,183,132	4,100,000	781,578	4,881,578
2008	2,660,000	558,819	3,218,819	4,230,000	636,809	4,866,809
2009	2,750,000	462,540	3,212,540	4,375,000	483,085	4,858,085
2010-2014	<u>8,770,000</u>	<u>877,218</u>	<u>9,647,218</u>	<u>9,265,000</u>	<u>410,457</u>	<u>9,675,457</u>
Totals	<u>\$21,595,000</u>	<u>\$4,109,485</u>	<u>\$25,704,485</u>	<u>\$28,175,000</u>	<u>\$4,224,443</u>	<u>\$32,399,443</u>

Principal payments on general obligation bonds are due annually on June 1, and interest payments are due semiannually on June 1 and December 1. Principal payments on revenue bonds are due annually on July 1, and interest payments are due semiannually on January 1 and July 1.

The bond issues include provisions whereby the District has the option to call general obligation bonds for early redemption that mature after stated dates.

NOTE 7 DEFINED BENEFIT PENSION PLAN

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003, and 2002. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$1,497,338, \$1,421,355 and \$1,372,284, respectively, equal to the required contributions for each year.

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,630,148 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 9 COMMITMENTS AND SUBSEQUENT EVENTS

The District entered into contract commitments with contractors for the completion of several construction projects. The total contract commitments are \$17,255,836 of which \$15,351,110 has been incurred as of June 30, 2004. The unpaid commitment balance is \$1,904,726.

NOTE 10 FUND BALANCE RESERVES

The District fund balances have been reserved as follows:

General Fund	
Reserved for inventories	\$ 175,552
Reserved for talented and gifted	301,394
Reserved for school improvement technology	178,591
Reserved for Phase III	8,859
Reserved for At-Risk	1,472,411
Reserved for instructional support levy	1,006,413
Reserved for Title I program	12,534
Reserved for early intervention state reading	337,601
Reserved from early intervention federal reading	<u>59,450</u>
Total	<u>\$ 3,552,805</u>
Special Revenue Fund	
Reserved for employee benefits	<u>\$ 1,419,132</u>
Debt Service Fund	
Reserved for debt service	<u>\$ 3,692,983</u>
Capital Projects Fund	
Reserved for construction projects	<u>\$ 1,160,694</u>
Local Option Sales and Services Tax Fund	
Reserved for construction projects	<u>\$10,199,073</u>

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance from independent third parties. 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.

**Ankeny Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

As of June 30, 2004, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the District. The statements which might impact the District are as follows:

Statement No. 40, *Deposits and Investment Risk Disclosures*, issued March 2003, will be effective for the District beginning with its year ending June 30, 2005. This Statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also establishes and modifies disclosure requirements for deposits risks.

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the District beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

NOTE 13 ACCOUNTING RESTATEMENT

For the year ended June 30, 2004, the District restated the beginning value of net assets for the change of the Neveln Resource Center operations from a proprietary fund of the District to a separate legal entity.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net assets at June 30, 2003, as previously reported	\$33,409,340	\$1,584,834	\$34,994,174
Neveln Resource Center net assets reported	<u> —</u>	<u> (891,282)</u>	<u> (891,282)</u>
Net assets July 1, 2003, as restated	<u>\$33,409,340</u>	<u>\$ 693,552</u>	<u>\$34,102,892</u>

REQUIRED SUPPLEMENTARY INFORMATION

Ankeny Community School District
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL (CASH BASIS)—ALL GOVERNMENTAL AND PROPRIETARY FUND
REQUIRED SUPPLEMENTAL INFORMATION
Year ended June 30, 2004

	Governmental Fund Types <u>Actual</u>	Proprietary Fund Type <u>Actual</u>	Total <u>Actual</u>	Budgeted Amounts		Final Budget to Actual Variance Positive (Negative)
				<u>Original</u>	<u>Final</u>	
REVENUES						
Local	\$31,328,191	\$ 1,641,104	\$32,969,295	\$26,647,658	\$26,647,658	\$ 6,321,637
Federal	453,535	226,213	679,748	839,082	839,082	(159,334)
State	<u>23,298,535</u>	<u>18,334</u>	<u>23,316,869</u>	<u>29,227,535</u>	<u>29,227,535</u>	<u>(5,910,666)</u>
Total revenues	<u>55,080,261</u>	<u>1,885,651</u>	<u>56,965,912</u>	<u>56,714,275</u>	<u>56,714,275</u>	<u>251,637</u>
EXPENDITURES						
Current						
Instruction	23,415,373	—	23,415,373	26,975,784	32,283,505	8,868,132
Support services	11,564,274	—	11,564,274	12,899,867	14,391,233	2,826,959
Noninstructional programs	2,281,967	1,669,773	3,951,740	4,887,464	4,887,464	935,724
Total other expenditures	<u>28,906,083</u>	<u>—</u>	<u>28,906,083</u>	<u>19,863,303</u>	<u>46,652,273</u>	<u>17,746,190</u>
Total expenditures	<u>66,167,697</u>	<u>1,669,773</u>	<u>67,837,470</u>	<u>64,626,418</u>	<u>98,214,475</u>	<u>30,377,005</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	(11,087,436)	215,878	(10,871,558)	(7,912,143)	(41,500,200)	30,628,642
OTHER FINANCING SOURCES, NET	<u>17,736,583</u>	<u>—</u>	<u>17,736,583</u>	<u>—</u>	<u>—</u>	<u>17,736,583</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,649,147</u>	<u>\$ 215,878</u>	<u>\$ 6,865,025</u>	<u>\$ (7,912,143)</u>	<u>\$(41,500,200)</u>	<u>\$48,365,225</u>

See accompanying independent auditor's report.

Ankeny Community School District
BUDGETARY COMPARISON SCHEDULE—BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2004

	<u>Governmental fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$55,080,261	\$ 688,780	\$55,769,041
Expenditures	<u>66,167,697</u>	<u>3,542,483</u>	<u>69,710,180</u>
Net	(11,087,436)	(2,853,703)	(13,941,139)
Other financing sources (uses)	17,736,583	(3,455,475)	14,281,108
Beginning fund balances	<u>28,142,694</u>	<u>(617,585)</u>	<u>27,525,109</u>
Ending fund balances	<u>\$34,791,841</u>	<u>\$(6,926,763)</u>	<u>\$27,865,078</u>

	<u>Proprietary Fund Type</u>		
	<u>Enterprise</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Accrual Basis</u>
Revenues	\$1,885,651	\$ 72,431	\$1,958,082
Expenses	<u>1,669,773</u>	<u>116,410</u>	<u>1,786,183</u>
Net	215,878	(43,979)	171,899
Beginning net assets (as restated)	<u>713,903</u>	<u>(20,351)</u>	<u>693,552</u>
Ending net assets	<u>\$ 929,781</u>	<u>\$(64,330)</u>	<u>\$ 865,451</u>

See accompanying independent auditor's report.

Ankeny Community School District
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2004

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, noninstructional programs and other expenditures. 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 Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$33,588,057.

OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND

Ankeny Community School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
Year ended June 30, 2004

REVENUES

Local sources	
Local tax	
Property tax	\$14,846,278
Utility tax replacement excise tax	383,562
Mobile home tax	39,277
	<u>15,269,117</u>
Other local sources	
Interest on investments	98,570
Tuition from other districts	759,144
Transportation fees	72,792
Miscellaneous	921,742
	<u>1,852,248</u>
	<u>17,121,365</u>
State appropriations	
State foundation aid	20,168,865
Instructional support state aid	210,095
Educational Excellence program	
Phase I	2,658
Phase II	495,012
Vocational education aid	20,390
Iowa Early Intervention Grant	354,502
Teacher induction allocation	455,435
Truancy Prevention Grant	17,439
AEA flow-through	1,630,148
	<u>23,354,544</u>
Federal appropriations	
Title I Grants to Local Educational Agencies	96,443
Safe and Drug-Free Schools and Communities—States grants	13,828
Federal Teacher Quality Program (Title II program)	94,121
Innovative Education Program Strategies (Title V program)	29,776
Innovative Education Program Strategies (Title VI program)	36,253
Vocational Education—Basic Grants to States	37,296
Community Reform Grant	50,000
Medicaid	109,951
Other	6,910
	<u>474,578</u>
Total revenues	<u>40,950,487</u>

See accompanying independent auditor's report.

Ankeny Community School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (continued)
GENERAL FUND
Year ended June 30, 2004

EXPENDITURES

Instruction	
General education	
Salaries	\$14,637,891
Benefits	3,421,971
Services	1,458,070
Supplies	573,047
Property	230,004
Other	12,876
	<u>20,333,859</u>
Special education	
Salaries	2,628,910
Benefits	768,888
Services	435,437
Supplies	27,854
Property	24,583
	<u>3,885,672</u>
Career education	
Salaries	626,291
Benefits	145,600
Services	2,072
Supplies	25,067
Property	4,089
	<u>803,119</u>
Cocurricular education	
Salaries	543,231
Benefits	96,114
Services	3,000
	<u>642,345</u>
Support service programs	
Student services	
Salaries	1,662,251
Benefits	346,274
Services	164,884
Supplies	144,212
Property	14,986
Other	1,005
	<u>2,333,612</u>
Media/instruction	
Salaries	1,099,365
Benefits	233,144
Services	283,829
Supplies	257,598
Property	149,701
Other	1,022
	<u>2,024,659</u>

See accompanying independent auditor's report.

Ankeny Community School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (continued)
GENERAL FUND
Year ended June 30, 2004

EXPENDITURES (continued)

Support service programs (continued)	
General administration	
Salaries	\$ 2,331,454
Benefits	650,730
Services	214,663
Supplies	25,408
Property	14,967
Other	<u>30,858</u>
	<u>3,268,080</u>
Central services	
Salaries	1,664,599
Benefits	644,169
Services	480,871
Supplies	1,211,819
Property	66,704
Other	<u>493</u>
	<u>4,068,655</u>
Other	
AEA flow-through	<u>1,630,148</u>
Noninstructional programs	
Salaries	144,650
Benefits	34,842
Services	9,175
Supplies	2,442
Property	<u>179</u>
	<u>191,288</u>
Total expenditures	<u>39,181,437</u>
Excess of revenues over expenditures	1,769,050
OTHER FINANCING SOURCES	
Sale of assets	<u>26,480</u>
Total other financing sources	<u>26,480</u>
Excess of revenues and other financing sources over expenditures	1,795,530
FUND BALANCE —beginning of year	<u>7,846,810</u>
FUND BALANCE —end of year	<u>\$ 9,642,340</u>

See accompanying independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

**Ankeny Community School District
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2004**

ASSETS	<u>Capital Projects</u>	<u>Management</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Cash and cash equivalents	\$1,161,523	\$1,400,393	\$ 627,054	\$1,257,008	\$4,445,978
Receivables					
Property tax					
Current year delinquent	-	3,779	-	5,341	9,120
Succeeding year	-	1,112,115	-	1,416,849	2,528,964
Sundry receivables	-	-	10,941	-	10,941
Other	<u>1,591</u>	<u>14,960</u>	<u>-</u>	<u>2,430</u>	<u>18,981</u>
Total assets	<u>\$1,163,114</u>	<u>\$2,531,247</u>	<u>\$ 637,995</u>	<u>\$2,681,628</u>	<u>\$7,013,984</u>
 LIABILITIES AND DISTRICT EQUITY					
Liabilities					
Accounts payable and accrued liabilities	\$ 2,420	\$ -	\$ 60,217	\$ 68,008	\$ 130,645
Deferred revenue—succeeding year					
property tax	-	1,112,115	-	1,416,849	2,528,964
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,693</u>	<u>23,693</u>
Total liabilities	<u>2,420</u>	<u>1,112,115</u>	<u>60,217</u>	<u>1,508,550</u>	<u>2,683,302</u>
District equity					
Fund balance					
Reserved for employee benefits, insurance, retirement, tort liability, unemployment, and capital projects	1,160,694	1,419,132	-	-	2,579,826
Unreserved	<u>-</u>	<u>-</u>	<u>577,778</u>	<u>1,173,078</u>	<u>1,750,856</u>
Total fund balance	<u>1,160,694</u>	<u>1,419,132</u>	<u>577,778</u>	<u>1,173,078</u>	<u>4,330,682</u>
Total liabilities and District equity	<u>\$1,163,114</u>	<u>\$2,531,247</u>	<u>\$ 637,995</u>	<u>\$2,681,628</u>	<u>\$7,013,984</u>

See accompanying independent auditor's report.

Ankeny Community School District
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2004

	<u>Capital Projects</u>	<u>Management</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
REVENUES					
Local sources					
Local tax					
Property tax	\$ —	\$ 869,492	\$ —	\$1,264,012	\$2,133,504
Utility tax replacement excise tax	—	22,468	—	29,990	52,458
Mobile home tax	—	2,300	—	3,071	5,371
	<u>—</u>	<u>894,260</u>	<u>—</u>	<u>1,297,073</u>	<u>2,191,333</u>
Other local sources					
Interest	5,020	14,960	6,744	8,817	35,541
Other	1,000,000	5,841	—	65,929	1,071,770
Student activities	—	—	1,466,768	—	1,466,768
	<u>1,005,020</u>	<u>20,801</u>	<u>1,473,512</u>	<u>74,746</u>	<u>2,574,079</u>
Total revenues	<u>1,005,020</u>	<u>915,061</u>	<u>1,473,512</u>	<u>1,371,819</u>	<u>4,765,412</u>
EXPENDITURES					
Noninstructional programs					
Benefits	—	566,724	—	—	566,724
Services	—	131,519	437,263	—	568,782
Supplies	—	—	787,470	—	787,470
Property	—	—	103,516	—	103,516
	<u>—</u>	<u>698,243</u>	<u>1,328,249</u>	<u>—</u>	<u>2,026,492</u>
Other					
Facilities acquisition					
Construction services	65,133	—	—	645,205	710,338
Land, improvements and building	—	—	—	827,995	827,995
Equipment	—	—	—	53,684	53,684
	<u>65,133</u>	<u>—</u>	<u>—</u>	<u>1,526,884</u>	<u>1,592,017</u>
Total expenditures	<u>65,133</u>	<u>698,243</u>	<u>1,328,249</u>	<u>1,526,884</u>	<u>3,618,509</u>
Excess (deficiency) of revenues over (under) expenditures	939,887	216,818	145,263	(155,065)	1,146,903
OTHER FINANCING (USES)					
Operating transfers (out)	—	—	—	(10,580)	(10,580)
NET CHANGES IN FUND BALANCES	<u>939,887</u>	<u>216,818</u>	<u>145,263</u>	<u>(165,645)</u>	<u>1,136,323</u>
FUND BALANCE—beginning of year	<u>220,807</u>	<u>1,202,314</u>	<u>432,515</u>	<u>1,338,723</u>	<u>3,194,359</u>
FUND BALANCE—end of year	<u>\$1,160,694</u>	<u>\$1,419,132</u>	<u>\$ 577,778</u>	<u>\$1,173,078</u>	<u>\$4,330,682</u>

See accompanying independent auditor's report.

DEBT SERVICE FUND

Ankeny Community School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
Year ended June 30, 2004

REVENUES

Local sources	
Local tax	
Property tax	\$ 3,240,290
Utility tax replacement excise tax	76,879
Mobile home tax	<u>7,873</u>
	<u>3,325,042</u>
Other local sources	
Interest	27,814
Other	<u>1,434</u>
	<u>29,248</u>
Total revenues	<u>3,354,290</u>

EXPENDITURES

Debt service	
Principal redemption	9,290,000
Coupon redemption and fees	<u>1,999,776</u>
Total expenditures	<u>11,289,776</u>
(Deficiency) of revenues (under) expenditures	(7,935,486)

OTHER FINANCING SOURCES

Bond proceeds	4,579,678
Interfund transfers	<u>3,143,325</u>
Total other financing sources	<u>7,723,003</u>
(Deficiency) of revenues and other financing sources over expenditures	(212,483)

FUND BALANCE—beginning of year 3,905,466

FUND BALANCE—end of year \$ 3,692,983

AGENCY FUNDS

Ankeny Community School District
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
Year ended June 30, 2004

	<u>Vending</u>	<u>Cafeteria</u>	<u>Total</u>
BALANCE , beginning of year	\$ 81,321	\$ 166,802	\$ 248,123
Additions			
Collections	38,496	266,095	304,591
Interest	872	1,179	2,051
Other	<u>8,880</u>	<u>—</u>	<u>8,880</u>
	48,248	267,274	315,522
Deductions			
Miscellaneous	<u>52,463</u>	<u>318,689</u>	<u>371,152</u>
BALANCE , end of year	<u>\$ 77,106</u>	<u>\$ 115,387</u>	<u>\$ 192,493</u>

See accompanying independent auditor's report.

Ankeny Community School District
SCHEDULE OF CHANGES IN STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2004

<u>Account</u>	<u>Balance beginning of year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance end of year</u>
District—wide	\$ 185,574	\$ 217,221	\$ 205,370	\$ 197,425
Senior High School	158,109	395,982	372,929	181,162
Northview Middle School	(8,103)	100,607	92,710	(206)
Parkview Middle School	103,224	79,082	81,634	100,672
East Elementary	7,666	20,540	19,632	8,574
Northwest Elementary	7,742	16,952	16,675	8,019
Southeast Elementary	7,342	37,215	32,887	11,670
Terrace Elementary	5,661	47,630	45,561	7,730
Westwood Elementary	9,261	11,872	11,835	9,298
Northeast Elementary	2,940	44,775	39,381	8,334
Athletics	<u>(46,901)</u>	<u>501,636</u>	<u>409,635</u>	<u>45,100</u>
Totals	<u>\$ 432,515</u>	<u>\$1,473,512</u>	<u>\$1,328,249</u>	<u>\$ 577,778</u>

See accompanying independent auditor's report.

Ankeny Community School District
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
For the Last Four Years

	Year ended June 30			
	2004	2003	2002	2001
REVENUES				
Local sources				
Local taxes	\$26,436,682	\$24,997,947	\$22,933,975	\$21,495,551
Interest income	334,873	124,795	690,830	1,053,579
Other	5,168,364	2,684,494	2,988,151	2,450,105
State sources	23,354,544	22,808,857	21,511,025	21,058,185
Federal sources	<u>474,578</u>	<u>534,548</u>	<u>414,758</u>	<u>673,287</u>
Totals	<u>\$55,769,041</u>	<u>\$51,150,641</u>	<u>\$48,538,739</u>	<u>\$46,730,707</u>
EXPENDITURES				
Instruction				
Regular	\$20,333,859	\$18,649,743	\$17,906,392	\$16,495,578
Special	3,885,672	3,575,071	3,759,082	3,283,873
Vocational and other	1,445,464	1,589,342	1,455,539	1,281,636
Support services				
Pupil	2,333,612	2,544,736	2,264,210	2,123,923
Instructional staff	2,024,659	2,316,569	3,070,212	2,758,972
Administration	3,268,080	3,254,563	3,600,566	3,615,288
Operation and maintenance of plant services	4,068,655	3,891,169	1,665,440	1,056,185
Support services—other	3,222,165	2,717,427	2,211,791	2,141,604
Noninstructional programs	2,217,780	2,054,389	1,986,151	1,782,375
Other expenditures				
Capital outlay	15,620,458	6,629,738	7,964,617	6,277,953
Long-term debt				
Principal retirement	9,290,000	4,095,000	7,807,494	2,020,128
Interest	<u>1,999,776</u>	<u>1,488,531</u>	<u>1,608,136</u>	<u>1,801,297</u>
Totals	<u>\$69,710,180</u>	<u>\$52,806,278</u>	<u>\$55,299,630</u>	<u>\$44,638,812</u>

See accompanying independent auditor's report.

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION NOTES

The following statistical schedules recommended by the Governmental Accounting Standards Board and the Association of School Business Officials are not included for the reasons stated below:

- A. The School District has no special assessments; therefore, a special assessment collection schedule is not presented.

Ankeny Community School District
GENERAL FUND DISBURSEMENTS, BY PROGRAM
Last ten fiscal years
(Unaudited)

Fiscal year ended June 2004	General education	Special education	Skill education	Career education	Cocurricular education
2004	\$20,333,859	\$3,885,672	—	\$803,119	\$642,345
2003	18,649,743	3,757,264	—	815,629	591,520
2002	17,899,431	3,871,714	—	768,302	574,605
2001	16,494,978	3,283,873	—	723,310	558,326
2000	15,487,102	2,990,632	—	671,941	511,180
1999	14,550,406	2,653,199	—	642,340	522,999
1998	13,952,005	2,399,876	—	604,578	456,403
1997	14,037,710	2,119,830	—	596,074	459,936
1996	12,107,000	1,918,015	317,934	519,484	427,439
1995	11,468,530	1,793,197	285,373	546,736	349,931

Skill development was reclassified to general education in 1997. Total costs excludes A.E.A. costs.

<u>Noninstructional programs</u>	<u>Student services</u>	<u>Media/ Instruction</u>	<u>General administration</u>	<u>Central services</u>	<u>Debt service</u>	<u>Total</u>
\$191,288	\$2,333,612	\$2,024,659	\$3,268,080	\$4,068,655	—	\$37,551,289
161,961	2,544,736	2,316,569	3,254,563	3,891,169	—	35,983,154
155,188	2,264,210	2,211,791	3,070,212	3,600,566	—	34,416,019
139,782	2,123,923	2,141,604	2,758,972	3,615,288	—	31,840,056
115,065	2,010,947	2,186,075	2,578,603	3,040,578	—	29,592,123
114,105	1,829,978	2,058,686	2,420,220	2,993,012	—	27,784,945
114,166	1,646,890	2,054,912	2,295,201	2,999,538	—	26,523,569
126,570	1,601,883	1,115,631	2,140,072	2,763,168	23,285	24,984,159
149,892	1,728,424	1,496,998	2,187,017	2,534,114	23,257	23,409,574
93,662	1,335,349	1,144,535	2,023,765	2,389,890	—	21,430,968

**Ankeny Community School District
GENERAL FUND RECEIPTS, BY SOURCE
Last ten fiscal years
(Unaudited)**

<u>Fiscal year ended June 30</u>	<u>Local tax</u>	<u>Appropriations</u>		<u>Other Fund Revenues</u>	<u>Total</u>
		<u>State</u>	<u>Federal</u>		
2004	\$15,269,117	\$21,724,396	\$474,578	\$1,852,248	\$39,320,339
2003	14,368,847	21,154,968	534,548	1,401,714	37,460,077
2002	13,159,840	19,928,311	414,758	1,486,332	34,989,241
2001	12,055,780	19,480,420	673,287	1,546,255	33,755,742
2000	11,413,500	18,685,713	490,658	1,273,875	31,863,746
1999	10,515,097	16,773,065	252,007	1,223,700	28,763,869
1998	9,541,063	15,800,844	239,280	1,206,272	26,787,459
1997	8,629,847	15,347,959	160,302	895,980	25,034,088
1996	8,691,117	11,999,784	199,441	846,015	21,736,357
1995	7,981,860	12,561,784	150,234	1,008,838	21,702,716

Total receipts excluded A.E.A. receipts.

Ankeny Community School District
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten fiscal years
(Unaudited)

	Governmental			
	<u>General</u>	<u>Management</u>	<u>Special revenue</u>	<u>Physical plant and equipment</u>
			<u>Schoolhouse (\$0.675)</u>	
PROPERTY TAX LEVIES				
Levy year				
2003	\$14,858,113	\$870,376	--	\$1,265,264
2002	14,059,943	685,718	--	1,184,397
2001	13,153,952	651,549	--	1,140,489
2000	11,645,554	583,094	--	1,016,591
1999	10,998,709	492,836	--	889,452
1998	10,596,219	288,971	--	814,484
1997	9,537,660	273,222	--	738,358
1996	8,717,478	221,448	458,239	224,028
1995	8,675,310	156,195	423,319	206,956
1994	8,005,128	121,000	395,828	193,516

PROPERTY TAX COLLECTIONS
(INCLUDING DELINQUENTS)

Fiscal year				
2003-04	\$14,846,278	\$869,492	--	\$1,264,012
2002-03	13,964,530	680,941	--	1,198,720
2001-02	13,159,840	651,662	--	1,140,740
2000-01	12,055,780	603,519	--	996,459
1999-00	11,413,500	496,307	--	895,714
1998-99	10,515,097	289,068	--	814,759
1997-98	9,541,063	276,986	--	748,098
1996-97	8,629,847	221,155	457,637	223,732
1995-96	8,609,257	154,769	419,953	205,310
1994-95	7,981,861	120,587	394,501	192,867

PERCENTAGE COLLECTED

Fiscal year				
2003-04	99.92%	99.90%	--	99.90%
2002-03	99.32	99.30	--	101.21
2001-02	100.04	100.02	--	100.02
2000-01	103.52	103.50	--	98.02
1999-00	103.77	100.70	--	100.70
1998-99	99.23	100.03	--	100.03
1997-98	100.04	101.38	--	101.32
1996-97	98.99	99.87	99.87	99.87
1995-96	99.24	99.09	99.20	99.20
1994-95	99.71	99.66	99.66	99.66

fund types

<u>Debt service</u>	<u>Total</u>
\$3,243,504	\$20,237,257
3,209,171	19,139,229
3,310,679	18,256,669
3,174,794	16,420,033
2,990,925	15,371,922
2,756,763	14,456,437
2,491,801	13,041,041
2,414,386	12,035,579
2,433,989	11,895,769
2,385,048	11,100,520
\$3,325,042	\$20,304,824
3,166,444	19,010,635
3,311,407	18,263,649
3,277,514	16,933,272
3,011,305	15,816,826
2,756,389	14,373,133
2,499,373	13,065,520
2,410,124	11,942,495
2,416,089	11,805,378
2,361,228	11,051,044
102.51%	100.33%
98.67	99.33
100.02	100.04
103.24	103.13
100.68	102.89
99.99	99.42
100.30	100.19
99.82	99.23
99.26	99.24
99.00	99.55

Ankeny Community School District
PROPERTY TAX RATES PER \$1,000
ASSESSED VALUATION—ALL OVERLAPPING GOVERNMENTS
Last ten fiscal years
(Unaudited)

<u>Fiscal Year</u>	<u>County Assessor</u>	<u>City of Ankeny</u>	<u>Polk County</u>	<u>Area XI Community College Fund</u>	<u>State</u>	<u>Ankeny Community School District</u>	<u>Total</u>	<u>Ratio of Ankeny Community School District to total</u>
2003-04	\$0.31715	\$9.90126	\$9.44511	\$0.58184	\$0.004	\$17.10241	\$37.35177	45.79%
2002-03	0.34363	9.90126	9.37854	0.54584	0.004	17.24845	37.42172	45.09
2001-02	0.31454	9.65126	8.39917	0.54506	0.005	17.09290	36.54793	46.77
2000-01	0.30594	9.52084	8.97280	0.52451	0.005	17.09029	36.41938	46.93
1999-00		9.65126	9.11536	0.47230	0.005	17.38533	36.62925	47.46
1998-99		9.90126	9.22055	0.50661	0.005	17.44987	37.08329	47.06
1997-98		10.20126	9.67195	0.48988	0.005	18.72181	39.08990	47.89
1996-97		10.25304	9.83982	0.48398	0.005	18.73037	39.31221	47.65
1995-96		9.67050	9.53630	0.50664	0.005	19.49511	39.21355	49.72
1994-95		9.41553	9.45721	0.47669	0.005	18.12753	37.48196	48.36

Ankeny Community School District
TAXABLE AND ASSESSED VALUE OF TAXABLE PROPERTY
Last ten fiscal years
(Unaudited)

<u>Valuation year</u>	<u>Collection year</u>	<u>Real property</u>	
		<u>Taxable value</u>	<u>100% value</u>
2002	2003-04	\$1,266,411,402	\$2,177,202,273
2001	2002-03	1,149,825,987	1,877,404,167
2000	2001-02	1,078,330,641	1,755,207,265
1999	2000-01	1,013,647,140	1,539,375,860
1998	1999-00	932,876,632	1,435,438,115
1997	1998-99	846,070,767	1,262,399,867
1996	1997-98	764,687,599	1,174,771,439
1995	1996-97	640,622,650	928,764,990
1994	1995-96	585,909,843	771,815,613
1993	1994-95	552,651,836	720,060,576

<u>Utilities</u>		<u>Total**</u>		<u>Ratio of taxable to assessed value</u>
<u>Taxable value</u>	<u>100% value</u>	<u>Taxable value</u>	<u>100% value</u>	
\$9,731,708	\$9,731,708	\$1,276,143,100	\$2,186,933,981	58.35%
11,898,903	11,898,903	1,161,724,890	1,889,303,070	61.49
10,801,381	10,801,381	1,089,132,022	1,766,008,646	61.67
9,465,826	9,465,826	1,023,112,966	1,548,841,686	66.06
9,970,189*	9,970,189	942,846,821	1,445,408,304	65.23
43,380,778	43,380,778	889,451,545	1,305,780,645	68.12
49,795,942	49,843,679	814,483,541	1,224,615,118	66.51
40,750,232	40,813,249	681,372,882	969,578,239	70.28
41,228,850	42,412,585	627,138,693	814,228,198	77.02
33,350,433	33,350,433	586,002,269	753,411,009	77.78

*Valuation Year 1999 – 2001 – Utilities without gas and electric

**Total has been reduced by the amount of Military Tax Credit

Ankeny Community School District
COMPARATIVE RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
Last ten fiscal years
(Unaudited)

Fiscal Year (of collection)	Population*	Assessed Property Value	Legal bonded debt limit	Bonded debt	Ratio of Bonded Debt to Assessed value	Bonded debt per capita
2003-04	27,117	\$1,295,672,527	\$64,738,626	\$23,890,000	1.84%	\$881
2002-03	27,117	1,184,397,022	59,219,851	26,065,000	2.20	961
2001-02	27,117	1,023,112,966	51,155,648	29,105,000	2.84	1,073
2000-01	27,117	1,023,112,966	51,155,648	31,685,000	3.10	1,168
1999-00	26,500	943,366,545	47,168,327	29,740,000	3.15	1,122
1998-99	24,500	879,218,541	43,960,927	31,195,000	3.55	1,273
1997-98	23,000	804,354,149	40,217,707	28,075,000	3.49	1,221
1996-97	21,485	736,643,506	36,832,175	24,390,000	3.31	1,135
1995-96	21,485	669,973,595	33,498,680	25,640,000	3.83	1,193
1994-95	21,485	753,411,009	37,670,550	26,120,000	3.47	1,216
1993-94	22,000	675,447,207	33,772,360	25,520,000	3.78	1,160

*Population figures relate to census taken in 1990, 2000.
Population estimated in 1997 and 1998. Special Census taken in 1996.
City of Ankeny estimate in 1998-01.

Ankeny Community School District
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
Year ended June 30, 2004
(Unaudited)

Name of governmental unit	2002 Valuation	Total Outstanding debt June 30, 2004	Percentage Applicable to School District	School District's share of the Outstanding debt
Polk County	\$13,577,653,897	\$179,782,672	9.54%	\$17,155,712
City of Ankeny	1,047,969,950	54,040,000	100.00	54,040,000
Des Moines Area Community College	23,706,589,349	39,205,000	5.47	2,142,731
Ankeny Community School District	1,295,672,527	26,096,083	100.00	<u>26,096,083</u>
Total direct and overlapping debt		<u>\$299,124,475</u>		<u>\$99,435,246</u>

Source: Polk County Auditor's Office

Ankeny Community School District
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last ten fiscal years
(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Services	Total General Expenditures	Ratio of Debt Service To Total Expenditures
2003-04	\$2,295,000	\$1,024,354	\$3,319,354	\$37,551,289	8.84%
2002-03	4,095,000	1,488,531	5,583,531	35,983,154	14.84
2001-02**	7,807,494	1,608,136	9,415,630	34,416,019	27.36
2000-01	2,020,128	1,801,297	3,821,425	31,840,056	12.00
1999-00	1,624,477	1,561,346	3,185,823	29,637,787	10.74
1998-99	1,380,000	1,377,390	2,757,390	27,784,945	9.92
1997-98	1,315,000	1,177,668	2,492,668	26,523,569	9.40
1996-97	1,250,000	1,250,689	2,500,689	24,984,132	10.01
1995-96	1,025,000	1,374,066	2,399,066	23,460,342	10.23
1994-95	900,000	1,486,743	2,386,743	21,554,469	11.07

*Includes all General Fund expenditures except A.E.A. costs.

** FY203 included expenditures in debt service for refunded bonds.

DEMOGRAPHIC STATISTICS

Ankeny Community School District
GENERAL ANALYSIS OF FACILITIES AND ENROLLMENT
(Unaudited)

Name of School	Date Constructed	Grades Served	Enrollment
Elementary schools			
East	1963, 1966, 1994-95	K-5	318
Northwest	1963, 1965, 1981,2002	K-5	453
Southeast	1968-69,2003	K-5	525
Terrace	1971,2003	K-5	540
Westwood	1988-89, 1991-92,2002	K-5	612
Northeast	1992-93, 1996-97, 2000	K-5	633
Parkview Middle School	1950-56, 1963, 1974, 1987, 1991, 1993, 1999	6-9	943
Northview Middle School	1996, 1999,2001	8-9	979
Ankeny Senior High	1973-75, 1986, 1999	10-12	1,273
*Other		K-12	280.13
Less open enrollment out		K-12	<u>(110)</u>
Total enrollment			<u>6,446.13</u>
Recreation/Pool complex	1988-89	K-12, YMCA	
Other facilities—non-student occupancy			
Bus garage	1978	Transportation	
Administrative annex—Neveln	1967, 1986	Administration	
Storage building	1974	Maintenance	
Neveln	1921, 1971	Special Programs, YMCA Afternoon Connection, Community Program	

*Special education, tuitioned out, at-risk consortium, home school weighting

Ankeny Community School District
DISTRICT STAFFING LEVELS—F.T.E.'s*
(Unaudited)

	<u>03-04</u>	<u>02-03</u>	<u>01-02</u>	<u>00-01</u>	<u>99-00</u>	<u>98-99</u>	<u>97-98</u>	<u>96-97</u>	<u>95-96</u>	<u>94-95</u>
Administration										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Assistant superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principal	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	8.0
Assistant principal	8.0	8.0	8.0	6.0	5.0	4.0	4.0	4.0	3.0	3.0
All other administrators	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>5.0</u>	<u>5.3</u>	<u>5.3</u>
Totals	<u>27.0</u>	<u>27.0</u>	<u>27.0</u>	<u>24.0</u>	<u>23.0</u>	<u>22.0</u>	<u>22.0</u>	<u>20.0</u>	<u>18.3</u>	<u>18.3</u>
Instructors										
Teachers	356.75	350.55	346.4	327.7	315.0	298.0	296.1	287.1	273.0	263.9
Curriculum specialist	0	0	.0	.0	.0	.0	1.0	1.0	.0	.0
Counselor	14.0	14.0	14.0	14.0	13.0	13.0	13.0	12.0	12.0	10.0
Librarian	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>9.0</u>	<u>7.0</u>	<u>6.0</u>	<u>6.0</u>
Totals	<u>379.75</u>	<u>373.55</u>	<u>369.4</u>	<u>351.2</u>	<u>337.5</u>	<u>320.5</u>	<u>318.1</u>	<u>307.1</u>	<u>291.0</u>	<u>279.9</u>
Support personnel										
Nurses	9.0	9.0	9.0	9.0	6.8	6.4	6.4	6.2	5.6	5.6
Office/clerical	35.0	35.0	35.0	29.0	33.9	29.0	28.0	27.0	26.0	22.0
Crafts and trades	15.0	5.0	15.0	15.0	11.0	10.0	9.0	8.0	8.0	8.0
Non-instruction	59.0	58.0	57.0	56.0	54.5	53.0	52.0	52.0	51.0	49.0
Instruction	159.0	153.0	152.0	149.0	112.2	105.0	92.0	83.0	75.0	60.0
Supervisors	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Totals	<u>282</u>	<u>275.0</u>	<u>273.0</u>	<u>263.0</u>	<u>254.4</u>	<u>223.4</u>	<u>208.4</u>	<u>191.4</u>	<u>180.2</u>	<u>169.6</u>
Total district staffing	<u>688.75</u>	<u>675.55</u>	<u>669.4</u>	<u>638.2</u>	<u>623.5</u>	<u>582.9</u>	<u>549.9</u>	<u>530.5</u>	<u>507.3</u>	<u>478.9</u>

*Does not include Food Service employees

Ankeny Community School District
MISCELLANEOUS DEMOGRAPHIC STATISTICS
(Unaudited)

The Ankeny Community School District is located in Crocker and a portion of Douglas Township, in the City of Ankeny, County of Polk, State of Iowa. The District encompasses an area of 52 square miles. The Ankeny Community School District is ranked 10th largest in total enrollment among 371 school districts in Iowa.

The Ankeny Community School District serves about 27,117 people living in and around the City of Ankeny.

Located just north of Des Moines, along Interstate 35, Ankeny is the home of Des Moines Area Community College and Faith Baptist Bible College. Saylorville Lake, on the District's western border, adds to local recreation opportunities which include golf, tennis, swimming, biking, hunting, boating, fishing, and a variety of other activities.

Proximity to Des Moines and Ames insures a wide variety of cultural and entertainment events, plus a choice of colleges which includes Iowa State University and Drake University.

The District owns and operates nine schools, a building for special programs, plus an Administrative Annex and a Transportation/Maintenance Complex.

<u>Schools</u>	<u>03-04</u>	<u>02-03</u>	<u>01-02</u>	<u>00-01</u>	<u>99-00</u>	<u>98-99</u>	<u>97-98</u>	<u>96-97</u>	<u>95-96</u>	<u>94-95</u>
East Elementary	K-5	K-6	K-6	K-6						
Northwest Elementary	K-5	K-6	K-6	K-6						
Southeast Elementary	K-5	K-6	K-6	K-6						
Terrace Elementary	K-5	K-6	K-6	K-6						
Westwood Elementary	K-5	K-6	K-6	K-6						
Northeast Elementary	K-5	K-6	K-6	K-4						
Parkview Middle School	6-7	6-7	6-7	6-7	6-7	6-7	6-7	6-7	6-7	7-8
Northview Middle School	8-9	8-9	8-9	8-9	8-9	8-9	8-9	8-9	8-9	-
Ankeny High School	10-12	10-12	10-12	10-12	10-12	10-12	10-12	10-12	10-12	9-12

Consolidation came to Ankeny in 1919 at which time the oldest part of the present Neveln building was built. Several country schoolhouses were moved to the grounds to accommodate the increased enrollment.

There was no new construction until 1952 when the original part of the Parkview building was constructed. In 1957, the west wing was added and in 1964 an east wing was completed at which time Parkview became Ankeny High School.

In 1959, an addition consisting of offices, a small gym, and classrooms joined the two buildings on the corner of 3rd and School Streets.

As Ankeny grew from a small town to a suburb, the story of education has been one of increased enrollment and continuous building. Six buildings now house the kindergarten through sixth grade students. Northwest Elementary on West 1st Street was the first building after the original Parkview building. It was completed in 1962 with an open house held on September 23. The next grade building was East Elementary, opened in 1963. The third building, Southeast Elementary on South Trilein, was occupied in 1969. Running out of points of the compass for designations, the fourth building on School Street was completed and opened in 1972 as Terrace Elementary.

Ankeny Community School District
MISCELLANEOUS DEMOGRAPHIC STATISTICS (continued)
(Unaudited)

Ankeny High School, Phase I, was opened in 1975-76 and fully completed for full occupancy for the 1976-77 school year. With the addition of the new high school, Parkview housed the 9th grade and the elementary overflow from Northwest Elementary.

During the summer of 1986, the District completed additions to the High School to accommodate the addition of the 9th grade. This allowed the District to remodel Parkview School during the school year to accommodate the 7th and 8th grades. The 7th and 8th grades occupied the Parkview facility at the start of the 1987 school year. The 5th and 6th grades occupied the remodeled south wing of Neveln. The District's administration moved into the north wing of Neveln, during the fall of 1987.

During the spring of 1988 the District started construction of Westwood Elementary School in the northwestern part of the city and a recreation/pool complex at the High School. Both projects were completed in the fall of 1989.

During fiscal 1991-92 the District completed construction on a \$9.35 million facility expansion program. The construction program included a \$1,034,000 addition to Westwood Elementary, \$3,821,310 addition to Parkview Junior High and a new \$4,495,700 Northeast Elementary School. The Westwood facility was finished for occupancy in fall of 1991 and Parkview and Northeast facilities ready for occupancy in the fall of 1992.

During fiscal 1995-96 the District completed a \$10.5 million facility expansion program. The major portion of which was the construction of the \$8.5 million Northview Middle School. This facility was opened in the fall of 1996.

During fiscal 1997-98 the District passed a \$9.5 million bond referendum for additions to Parkview Middle School, Northview Middle School, and Ankeny High School. Work began during the fall and spring of the 1998-99 school year.

During fiscal 1998-99 the District completed work on an addition to Parkview Middle School and continued HVAC work at Ankeny High School. Bids were received and accepted for additions to Ankeny High School and Northview Middle School as part of the \$9.5 million bond referendum previously passed. Work was completed during the spring and summer of 2000. This construction will allow these facilities to accommodate class sizes of 500.

During fiscal 1999-00 the District started work on a Local Option Sales Tax Building Plan. This is a 10-year building plan with an estimated cost of \$50 million or \$5.0 million per year. This construction will allow existing facilities and new facilities to accommodate classes sizes of 600.

During fiscal 2000-01 the following Local Option Sales Tax projects were started or near completing:

At the High School, the Local Option Sales Tax provided funding for interior painting, carpeting, lockers, new gymnasium bleachers, and new flooring in the main halls. Over the summer, the lockers were removed from the commons area so a new floor could be installed. The new lockers were installed before school started in August. It was the first time in 25 years the lockers had been replaced.

At Northview Middle School, the Local Option Sales Tax provided funding to expand the physical education locker rooms and lunchroom. The total cost of this project was approximately \$537,000.

At Parkview Middle School, the Local Option Sales Tax funded new gymnasium bleachers that were installed during the summer.

Northwest Elementary School is being expanded to serve three sections per grade with Local Option Sales Tax monies. In addition, the building is being renovated to provide additional space for a new media center, computer labs, multi-purpose room, and an art room.

Ankeny Community School District
MISCELLANEOUS DEMOGRAPHIC STATISTICS (continued)
(Unaudited)

Land for future school sites was also purchased using the Local Option Sales Tax. One site is located in the northern part of the District, and one site is in the southern part of the District. These sites will be used to handle growth in these areas.

Facility expansions at Westwood and Southeast Elementary Schools will also take place during fiscal year 2001-02, using Local Option Sales Tax funding.

During fiscal 2001-02 the following Local Option Sales Tax projects were completed:

Final retainage for boys and girls locker room addition at the Northview middle school was completed in fall of 2001. Total cost of project was \$549,873.

The High School update project was completed in Fall of 2001 at cost of \$152,764. This project was started in the fall of 2000 and included new flooring and painting updates to the building. New student lockers were also a part of this project.

The Northeast Elementary addition was completed at a cost of \$3,580,715. This project added 18 classrooms, media center computer lab and special education area and the music area extended.

The Westwood Elementary addition was completed at a cost of \$1,752,887. This project added 6 classrooms, computer lab and remodeled the existing computer lab, music areas and building office area.

The Northwest Elementary addition was completed at a cost of \$3,929,375. This project added 6 classrooms, new gymnasium, media center, computer lab, music and art areas, and building offices. Some existing space was converted to include 6 additional classrooms.

The Southeast Elementary building remodel was begun. The estimated budget for this project is \$4,522,373. This project will add 7 classrooms, new media center, new gymnasium, and special areas.

The Neveln Boiler project was completed at a cost of \$70,255. This project replaced the original 1910 boiler with a new boiler. The Electrical update projects was partially completed.

During fiscal 2002-03 the following Local Option Sales Tax projects were completed:

The Northeast Elementary addition final punch list was completed. An additional \$44,478 was expended bringing the 3 year project total to \$3,625,193.

The Westwood Elementary addition final punch list was completed. An additional \$419,802 was expended bringing the 3-year total cost to \$2,172,688.

The Northwest Elementary addition final punch list was completed. An additional \$747,430 was expended bringing the 3-Year total cost to \$4,676,805.

The Southeast Elementary building remodel was almost finished with project expenses to date of \$4,484,327. There was a large final punch list to be completed in FY04

The Neveln Electrical update projects was completed. An additional \$151,804 was expended bring the project total to \$286,612.

The new Crocker Elementary facility was started in the spring of FY2003 with a total expenditure of \$1,789,426 being made in this fiscal year. The District also purchased land for an additional elementary in southeast part of the District..

Ankeny Community School District
MISCELLANEOUS DEMOGRAPHIC STATISTICS (continued)
(Unaudited)

During fiscal 2003-04 the following Local Option Sales Tax projects were completed:

Northeast Elementary addition final punch list was completed. An additional \$22,272 was expended bringing the 4 year project total to \$3,647,465.

Westwood Elementary addition final punch list was completed. An additional \$31,572 was expended bringing the 4-year total cost to \$2,204,261.

Northwest Elementary addition final punch list was completed. An additional \$25,272 was expended bringing the 4-Year total cost to \$4,702,077.

Southeast Elementary addition and final punch list was completed. An additional \$653,381 was expended bringing the 3-Year total cost to \$5,137,707.

Crocker Elementary facility was almost complete except for final punch list. An additional \$6,660,385 was expended bringing the 2-Year total cost to \$8,660,385.

High School / YMCA project was down to the final 20% of completion in the summer of 2004. An additional \$3,376,312 was expended bringing the 2-Year total cost to \$3,547,855.

Terrace Elementary facility received \$34,556 in remodeling update from the projects fund

The District also spent \$3,672,154 acquiring building sites for future growth and \$63,065 to connect Crocker Elementary to the existing fiber network.

Ankeny Community School District
MISCELLANEOUS DEMOGRAPHIC STATISTICS (continued)
(Unaudited)

STAFF AND CURRICULUM

The School District has 379.75 teachers, 27 administrators, and 282 support staff. The teaching staff is composed of classroom teachers, plus educators in the special areas of art, music, physical education, and counseling.

The District is large enough to provide a full curriculum yet small enough to offer personal touches. Some examples are: buddy systems for kindergartners in their first few days of school, teacher contacts with parents, new family orientations, student orientations whenever they change facilities, and many others.

Ankeny takes a strong stand on attendance and discipline. The attendance policy and the in-school suspension programs in the secondary schools exemplify these concerns.

Each building has a new or updated media center; carpeted classrooms; well-equipped, and safe playgrounds.

The Ankeny Community School District has an ongoing curriculum review and update program. There are standing committees (grades K-12) in each area to ensure curriculum coordination and articulation. Yearly in-service time updates the staff. A seven-year curriculum rotation plan guarantees each area is studied in depth during the summer workshop. All schools in the District are NCA accredited.

These efforts result in a well-rounded, organized program of studies emphasizing the mastery of basic skills. Typically Ankeny students perform above grade level on standardized achievement tests.

STUDENT POPULATION

The school enrollment in September 2003 was 6,446 students: 1,273 (10-12) senior high students, 979 (8-9) middle school, 943 (6-7) middle school students, 3,081 elementary students. Prior to this year, the District's enrollment reached its previous peak enrollment of 4,319 in 1978-79. The District's enrollment dropped to a low of 3,896 in 1984-85 and has continued to grow each year since to the current 6,446.

The District operates 22 regular routes, 7 kindergarten routes, and 10 special education routes daily. The District has a fleet of 42 vehicles to serve the District's transportation needs. There are a total of 1,568 elementary students transported who live more than two miles from school and 289 High School students transported who live more than three miles from school. The District fleet drove a total 301,597 miles in 2003-04 at an average cost per mile of \$2.80.

Student lunches are prepared at two central locations and are trucked to the attendance centers for distribution. The Food Service Program prepared 546,257 student lunches during the 2003-04 school year.

Ankeny Community School District
MISCELLANEOUS DEMOGRAPHIC STATISTICS (continued)
(Unaudited)

STATISTICAL REVIEW

Area: 52 square miles

Recreational facilities:

Number of facilities in city or within 10 miles.

- 16+ public golf courses
- 19+ public tennis courts
- 16 public parks
- 3 public swimming pools

Number of country clubs available—2

Public access to lake or river—yes

Activities allowed—swimming, water skiing, fishing, and motor boating

Remarks: Saylorville and Big Creek reservoirs offer many water sport activities

Location: Distance in miles from center of the City of Ankeny.

Atlanta	875	Detroit	579	Minneapolis	247
Chicago	332	Houston	910	New Orleans	983
Cleveland	657	Kansas City	200	New York	1,114
Denver	674	Los Angeles	1,732	Omaha	137
Des Moines	13	Milwaukee	356	St. Louis	338

Churches: 25 (24 Protestant, 1 Catholic)

Public Library: City of Ankeny library contains over 40,000 volumes

Newspapers: One weekly, one daily in Des Moines metropolitan area

Education: Seven public schools in Des Moines Metro area. Number of pupils in Ankeny Community Schools, 6,446, number of teachers, 379.75 (full-time equivalent).

Climate: Average winter temperature, 20.8 degrees
 Average summer temperature, 71.8 degrees
 Average annual rainfall, 33.4 inches
 Average annual snowfall, 30.8 inches

Health Facilities: Number of hospitals serving the county: 9
 Total number of beds: 2,614
 Drive time to nearest facility: 10 minutes

Municipal Services: Council/City Manager; volunteer fire department; full-time police force; industrial waste and garbage collection is contracted out.

**Ankeny Community School District
PROPERTY VALUES AND CONSTRUCTION
Last ten fiscal years
(Unaudited)**

<u>Fiscal year</u>	<u>Insured property values</u>	<u>Expenditures for construction</u>
2003-04	\$73,811,998	\$15,637,786
2002-03	75,917,674	6,301,523
2001-02	73,811,998	6,606,501
2000-01	63,655,691	4,510,760
1999-00	59,572,075	6,583,430
1998-99	59,572,075	4,833,969
1997-98	57,889,879	980,793
1996-97	55,788,307	1,133,691
1995-96	49,501,363	2,395,960
1994-95	46,438,923	7,703,783

**Ankeny Community School District
TOP PRINCIPAL TAXPAYERS IN THE DISTRICT
June 30, 2004
(Unaudited)**

<u>Name of Taxpayer</u>	<u>2003 taxable value</u>	<u>Percentage of 2003 District's taxable value</u>
John Deere Des Moines Works	\$29,063,030	2.24%
Tone Brothers	24,910,000	1.92
Perishable Distributors of Iowa, Ltd.	18,343,090	1.42
Casey's General Store	16,077,060	1.24
Dennis L. Elwell	14,704,230	1.13
Wal-Mart Real Estate	13,336,170	1.03
Target Corp.	10,413,380	0.80
Karl Chevrolet	9,843,320	0.76
Menards, Inc	9,049,260	0.70
Sysco Food Service	8,640,910	0.67

District Assessed Value W/O Gas and Electric = \$1,295,672,527

Note: This list represents some of the top taxpayers in this jurisdiction, not necessarily the Top Ten Taxpayers.
The source of the this information is the Polk County Auditors Office.

MISCELLANEOUS

**Ankeny Community School District
MAJOR EMPLOYERS IN THE DISTRICT
June 30, 2004
(Unaudited)**

<u>Employer</u>	<u>Business/Service</u>	<u>Number of Employees</u>	<u>Union</u>
John Deere Des Moines Works	Farm implements	950	UAW/IAM
Ankeny Community School District	Primary and secondary education	750	ISEA/PPME
Des Moines Area Community College	Post secondary education	700	ISEA
Tone Brothers, Inc.	Manufacturer of spices	560	Teamsters
Perishable Distributors of Iowa, Ltd.	Distribution center for frozen foods	490	None
Casey's General Stores	Distribution center for Casey's General Stores	370	Teamsters
Wal-Mart	Wholesale/retail outlet	175	None
Snyder & Associates	Engineering and surveying	140	None
Praxair	Mfg. gases, welding equipment	135	None
Mrs. Clark's Foods	Mfg. and distributor of salad dressings and juices	111	None
On With Life	Head injury rehabilitation facility	100	None

**Ankeny Community School District
ENROLLMENT BY GRADE
Last ten fiscal years
(Unaudited)**

	<u>03-04</u>	<u>02-03</u>	<u>01-02</u>	<u>00-01</u>	<u>99-00</u>	<u>98-99</u>	<u>97-98</u>	<u>96-97</u>	<u>95-96</u>	<u>94-95</u>
Preschool/ Handicapped Developmental	19	14	16	8	11	12	10	18	23	-
Kindergarten	0	16	15	17	20	17	19	33	26	39
Kindergarten	522	506	493	455	455	415	401	371	406	398
First	533	510	459	466	434	408	373	411	403	379
Second	528	486	467	445	425	402	431	403	394	343
Third	495	482	462	439	414	444	419	407	354	361
Fourth	501	466	447	433	463	438	415	365	378	398
Fifth	<u>483</u>	<u>466</u>	<u>444</u>	<u>474</u>	<u>455</u>	<u>429</u>	<u>374</u>	<u>374</u>	<u>413</u>	<u>367</u>
Elementary Total	3081	2,946	2,803	2,737	2,677	2,565	2,442	2,382	2,397	2,285
Sixth	475	454	483	468	437	412	404	412	380	392
Seventh	468	496	468	449	395	418	438	385	423	390
Eighth	499	488	468	392	417	443	392	421	408	360
Ninth	<u>480</u>	<u>472</u>	<u>395</u>	<u>416</u>	<u>449</u>	<u>402</u>	<u>436</u>	<u>411</u>	<u>377</u>	<u>403</u>
Middle School Total	1,922	1,910	1,814	1,725	1,698	1,675	1,670	1,629	1,588	1,545
Tenth	473	401	415	445	413	428	399	380	410	351
Eleventh	401	413	433	403	404	399	382	391	355	367
Twelfth	<u>399</u>	<u>403</u>	<u>389</u>	<u>392</u>	<u>397</u>	<u>374</u>	<u>395</u>	<u>336</u>	<u>368</u>	<u>299</u>
High School Total	1,273	1,217	1,237	1,240	1,214	1,201	1,176	1,107	1,133	1,017
Special education	-	-	-	-	-	-	-	-	-	-
Home schooled	-	-	-	-	-	-	-	-	-	-
*Other (net)	170.13	148.2	144	126.4	162.1	127.4	128.9	133	106	120
Totals	<u>6,446.13</u>	<u>6,221.20</u>	<u>5,998.0</u>	<u>5,828.4</u>	<u>5,751.1</u>	<u>5,568.4</u>	<u>5,416.9</u>	<u>5,251.0</u>	<u>5,224.0</u>	<u>4,967.0</u>

*Open enrollment tuitioned in, open enrollment tuitioned out, alternative programs

**Ankeny Community School District
OPERATING COST PER PUPIL
Last ten fiscal years
(Unaudited)**

<u>Fiscal year</u>	<u>Total costs*</u>	<u>Average daily attendance</u>	<u>Operating cost per pupil</u>
2003-04	\$37,551,289	5,992	\$6,267.00
2002-03	35,983,154	5,853	6,148.00
2001-02	34,416,019	5,616	6,128.00
2000-01	31,840,056	5,481	5,809.00
1999-00	29,637,787	5,421	5,467.22
1998-99	27,784,945	5,212	5,330.96
1997-98	26,523,569	5,060	5,241.81
1996-97	24,984,132	4,936	5,061.62
1995-96	23,409,574	4,865	4,811.83
1994-95	21,430,968	4,619	4,639.74
1993-94	19,537,041	4,603	4,244.41

*Excludes A.E.A costs

**Ankeny Community School District
SCHEDULE OF INSURANCE COVERAGE
June 30, 2004
(Unaudited)**

<u>Detail of coverage</u>	<u>Carrier/ policy number</u>	<u>Policy period</u>	
		<u>From</u>	<u>Through</u>
PROPERTY Coverage A—buildings Coverage B—personal property School floater endorsement	Employers 8A6894704	07/01/03	7/01/04
LIABILITY Premises, contractual, personal injury, teachers liability, nurses professional liability, garage keepers, employee benefit, additional insureds	Employers 8D6894704	07/01/03	07/01/04
FLEET Bodily injury, property damage, medical, uninsured motorist, comprehensive, collision. Includes nonowned.	Employers 8E6894704	07/01/03	07/01/04
WORKERS' COMPENSATION	Employers 8H6894704	07/01/03	07/01/04
COMMERCIAL UMBRELLA (EXCESS LIABILITY)	Employers 8J6894704	07/01/03	07/01/04
GROUP EXCESS LIABILITY INSURANCE	Employers 8Y6894704	07/01/03	07/01/04
SCHOOL ADMINISTRATION ERROR AND OMISSION LIABILITY PROJECTION Includes prior acts, 36-month discovery period extension, teacher negotiation—covers school board and all employees	Employers 8K6894704	07/01/03	07/01/04
INLAND MARINE Earthquake Coverage Builders Risk	Employers 8M6894704	07/01/03	07/01/04
PUBLIC SCHOOL EMPLOYEES BLANKET BOND	Employers 8S6894703	07/01/03	07/01/04
COMMERCIAL CRIME	Employers 8F6894704	07/01/03	07/01/04
POLLUTION LIABILITY	Employers 8P6894704	07/01/03	07/01/04

Liability limits	Annual premium
Coverage 90% of full replace. Cost as per statement of values—deductible \$1,000.	\$ 105,400
\$1,000,000 bodily injury each occurrence, \$2,000,000 aggregate, \$1,000,000 property damage each occurrence, \$1,000,000 aggregate teachers included.	29,495
\$1,000,000 single limit liability, \$5,000 medical payment, ACV comprehensive; \$0; Collision \$250 deductible and; uninsured and underinsured motorist \$50,000	40,421
Statutory	182,281
\$5,000,000 occurrence and aggregate—\$10,000 retained limit.	28,300
\$25,000,000 occurrence and \$50,000,000 group aggregate—IASB Group	5,990
\$5,000 deductible, \$1,000,000 each loss, \$1,000,000 aggregate.	5,540
\$50,000 deductible; \$10,000,000	4,033 20,214
Dishonesty Coverage \$500,000; \$10,000 deductible. \$250 deductible & \$10,000 Limit forgery or alteration.	1,682
Coverage Form C—individual premise limits for nine different sites.	396
Coverage \$500,000. \$250 deductible.	1,125

COMPLIANCE SECTION

Ankeny Community School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2004

<u>Grantor/Program</u>	<u>CFDA number</u>	<u>Grant number</u>	<u>Expenditures</u>
Indirect			
U.S. Department of Agriculture			
Iowa Department of Education			
Food Distribution (non-cash)	10.550	FY04	\$ 81,670
School Nutrition Cluster Programs			
School Breakfast Program	10.553	FY04	24,159
National School Lunch Program	10.555	FY04	<u>202,054</u>
Total School Nutrition Cluster			<u>226,213</u>
Total Department of Agriculture			<u>307,883</u>
U.S. Department of Education			
Iowa Department of Education			
Title I Grants to Local Educational Agencies	84.010	FY04	96,443
Federal Teacher Quality Program (Title II)	84.367	FY04	94,121
Innovative Education Program Strategies (Title V Program)	84.298	FY04	29,776
Safe and Drug-Free Schools and Community - States Grants	84.186	FY04	14,155
Ankeny Area Education Agency			
Vocational Education - Basic Grants to States	84.048	FY04	37,296
Community Reform Grant	84.332	FY04	50,000
Improve Academic Achievement (Title VI)	84.369	FY04	36,253
Special Education	84.027	FY04	<u>197,802</u>
Total Department of Education			<u>555,846</u>
Total			<u>\$ 863,729</u>

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Ankeny Community School District and is presented in conformity with 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.

**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
Ankeny Community School District
Ankeny, Iowa

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Ankeny Community School District as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, 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 Ankeny Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ankeny Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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 Ankeny Community School District and other parties to whom Ankeny Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 16, 2004

**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
Ankeny Community School District
Ankeny, Iowa

Compliance

We have audited the compliance of Ankeny Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. Ankeny Community School District's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Ankeny Community School District's management. Our responsibility is to express an opinion on Ankeny Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ankeny Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ankeny Community School District's compliance with those requirements.

In our opinion, Ankeny Community School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Ankeny Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 the internal control over compliance in accordance with OMB Circular A-133.

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

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 16, 2004

**Ankeny Community School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2004**

Part I—Summary of the Independent Auditor's Results

- (a) An unqualified opinion was 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 the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Ankeny Community School District qualified as a low-risk auditee.

Part II—Findings Related to the General Purpose Financial Statements

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

Ankeny Community School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year ended June 30, 2004

Part IV—Other Findings Related to Required Statutory Reporting

IV-A-04 OFFICIAL DEPOSITORIES

A resolution naming official depositories has been approved by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

IV-B-04 CERTIFIED BUDGET

District expenditures during the year ended June 30, 2004, did not exceed the amounts budgeted in any functional area or state spending authority.

IV-C-04 QUESTIONABLE EXPENDITURES

No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-04 TRAVEL EXPENSE

No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-E-04 BUSINESS TRANSACTIONS

No business transactions between the District and District officials or employees were noted.

IV-F-04 BOND COVERAGE

Surety bond coverage of District officials and employees is in accordance with statutory provisions.

IV-G-04 BOARD MINUTES

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

IV-H-04 CERTIFIED ENROLLMENT

No variances in the basic enrollment data certified to the Department of Education were noted.

IV-I-04 DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-04 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.