

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2004

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West Central Valley Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2003 Election)</b>		
Jeff Davis	President	2004
Nathan Smith	Vice President	2005
Calvin Anderson	Board Member	2004
Kevin Stalter	Board Member	2003
Barbara Kalbach	Board Member	2005
Anne Vanderheiden	Board Member	2003
Cory Waddell	Board Member	2005
<b>Board of Education (After September 2003 Election)</b>		
Jeff Davis	President (Resigned)	2004
Nathan Smith	Vice President	2005
Cory Waddell	Board Member (Appointed President)	2005
Calvin Anderson	Board Member (Resigned)	2004
Jeff Baker	Board Member (Appointed)	2004
Barbara Kalbach	Board Member	2005
Wally Moore	Board Member	2006
Bob Airhart	Board Member	2006
Harry Light	Board Member (Appointed)	2004
<b>School Officials</b>		
David Rogers	Superintendent	2004
Sharon L. Rote	District Secretary/Treasurer and Business Manager	2004
Rick Engel	Attorney	2004

# NOLTE, CORNMAN & JOHNSON P.C.

## Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

### INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
West Central Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the West Central Valley 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 U.S. generally accepted auditing standards, 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 the West Central Valley Community School District at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

As described in Note 9 to the financial statements, during the year ended June 30, 2004, West Central Valley Community School District adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments; Statement No. 37, Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule- Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

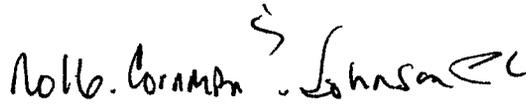
In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2004 on our consideration of the West Central Valley Community School District's internal control over financial reporting and our tests of its compliance with certain

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provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 36 through 39 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. 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 West Central Valley 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 two years ended June 30, 2003 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. The supplemental information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

November 8, 2004

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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West Central Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Because the District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

### **2004 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$7,063,330 in fiscal 2003 to \$6,711,508 in fiscal 2004, while General Fund expenditures increased from \$7,094,062 in fiscal 2003 to \$7,340,349 in fiscal 2004. This resulted in a decrease in the District's General Fund balance from \$1,585,317 in fiscal 2003 to a balance of \$996,237 in fiscal 2004, a 37% decrease from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in local tax and federal grant revenue in fiscal 2004. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits. The increase in expenditures along with the decrease in revenues resulted in a decrease in the General Fund balance.
- A decline in interest rates during the past fiscal year, combined with less cash available to be invested, resulted in interest earnings in the General Fund alone to decrease from \$46,964 in fiscal year 2003 to \$31,335 in fiscal year 2004.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

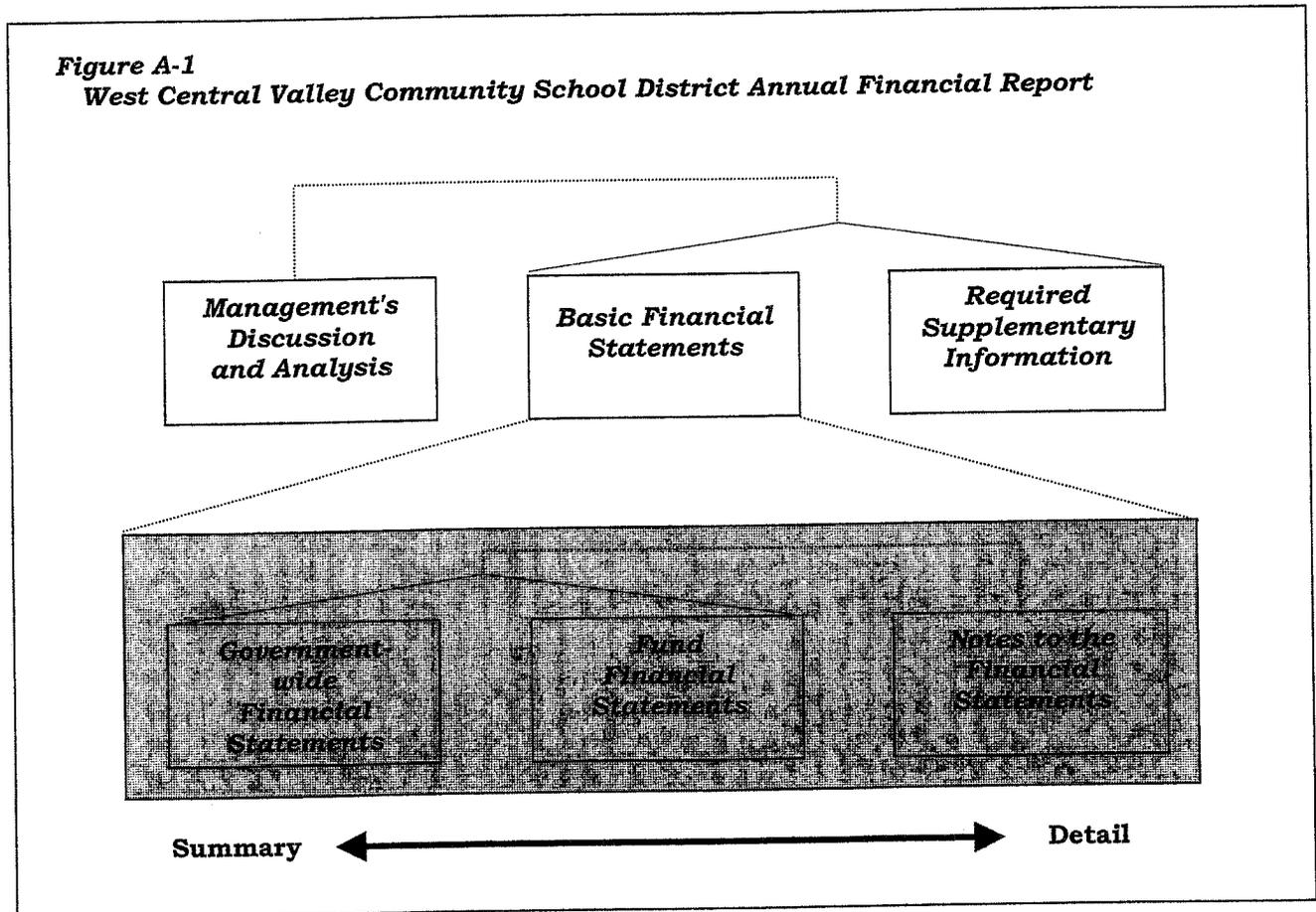


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide

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

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Private-Purpose Trust fund.

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

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

The required financial statements for fiduciary funds include the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2004.

Figure A-3  
Condensed Statement of Net Assets

	Governmental Activities 2004	Business-type Activities 2004	Total School District 2004
Current and other assets	\$ 4,635,931	114,362	4,750,293
Capital assets	1,133,198	72,425	1,205,623
Total assets	5,769,129	186,787	5,955,916
Long-term obligations	232,165	0	232,165
Other liabilities	3,227,898	22,139	3,250,037
Total liabilities	3,460,063	22,139	3,482,202
Net assets:			
Invested in capital assets, net of related debt	1,133,198	72,425	1,205,623
Restricted	295,636	0	295,636
Unrestricted	880,232	92,223	972,455
Total net assets	\$ 2,309,066	164,648	2,473,714

Figure A-4 shows the changes in net assets for the year ended June 30, 2004.

Figure A-4  
Changes of Net Assets

	Governmental Activities 2004	Business-type Activities 2004	Total School District 2004
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 305,952	176,680	482,632
Operating grants and contributions and restricted interest	766,286	163,902	930,188
General revenues:			
Local tax	2,861,525	0	2,861,525
Local option sales and service tax	79,863	0	79,863
Unrestricted state grants	3,123,008	0	3,123,008
Capital contributions	0	39,138	39,138
Other	53,571	748	54,319
<b>Total revenues</b>	<b>7,190,205</b>	<b>380,468</b>	<b>7,570,673</b>
<b>Program expenses:</b>			
Governmental activities:			
Instructional	4,804,694	0	4,804,694
Support services	2,292,789	0	2,292,789
Non-instructional programs	54,917	326,294	381,211
Other expenses	460,850	0	460,850
<b>Total expenses</b>	<b>7,613,250</b>	<b>326,294</b>	<b>7,939,544</b>
Changes in net assets	(423,045)	54,174	(368,871)
Net assets beginning of year	2,732,111	110,474	2,842,585
Net assets end of year	\$ 2,309,066	164,648	2,473,714

Property tax and unrestricted state grants account for 79% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 89% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$7,190,205 and expenses were \$7,613,250.

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

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,804,694	4,003,497
Support services	2,292,789	2,289,481
Non-instruction	54,917	54,917
Other expenses	460,850	193,117
<b>Totals</b>	<b>\$ 7,613,250</b>	<b>6,541,012</b>

- The cost financed by users of the District's programs was \$305,952.

- 
- Federal and state governments subsidized certain programs with grants and contributions totaling \$766,286.
  - The net cost of governmental activities was financed with \$2,861,525 in local tax, \$3,123,008 in unrestricted state grants, and \$36,621 in interest income.

### **Business-Type Activities**

Revenues of the District's business-type activities were \$380,468 and expenses were \$326,294. The District's business-type activities include the School Nutrition, Greenhouse and Pop Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,380,038, compared to last year's ending fund balances of \$1,934,051. However, the primary reason for the decrease was the increase in expenditures in the General Fund.

### **Governmental Fund Highlights**

- The District's deteriorating General Fund financial position is the product of many factors. Reduction in tax and grants resulted in a decrease in revenues. The decrease in revenues along with the increase in General Fund expenditures ensured the decrease in the financial position of the District.
- The Management Fund balance decreased from \$256,579 in 2003, to \$193,600 in 2004, due to the decrease in revenues.
- The Activity fund balance decreased from \$42,797, to \$36,553, due to the decrease in revenues during the current year.
- The Physical Plant and Equipment Levy (PPEL) fund balance increased from \$49,358 to \$73,785, due to an increase in revenues for the year.
- The District started a Capital Projects fund during the current year; at year-end it had a balance of \$79,863.

### **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased from \$78,807 at June 30, 2003 to \$134,540 at June 30, 2004, representing an increase of approximately 71%.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, West Central Valley Community School District amended its annual budget one time to reflect additional expenditures associated with the support services and non-instructional functional areas.

The District's revenues were \$641,990 less than budgeted revenues, a variance of 8%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget exceeded in the other expenditures functional area due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2004, the District had invested \$1.2 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 22.9% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$137,104.

The original cost of the District's capital assets was \$5,458,699. Governmental funds account for \$5,293,606 with the remainder of \$165,093 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$413,842 at June 30, 2004, compared to \$148,752 reported at June 30, 2003. This increase resulted from purchases made during the current year.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities 2004	Business-type Activities 2004	Total School District 2004
Land	\$ 136,941	0	136,941
Buildings	654,840	0	654,840
Machinery and equipment	341,417	72,425	413,842
Total	\$ 1,133,198	72,425	1,205,623

### Long-Term Debt

At June 30, 2004, the District had long-term debt outstanding of \$232,165 in a bus loan and early retirement. This represents an increase of approximately 41.4% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

During June 2004, the District obtained financing for a two buses purchased during the year, which is payable out of the General Fund.

The District also had total outstanding early retirement payable of \$88,165 at June 30, 2004.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	2004	2003	
Bus loan	\$ 144,000	102,000	41.2%
Early retirement	88,165	62,199	41.7%
Total	<u>\$ 232,165</u>	<u>164,199</u>	<u>41.4%</u>

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Although the District has experienced stable enrollment for a few years, the District expects a slight increase in enrollment.
- The District is receiving local option sales tax revenue from 2 of the 3 counties they are in. The third, Guthrie County, is voting on the issue in the 2005-06 school year, which if passed, could bring more revenue to the District.
- The budget guarantee (whereby Districts are guaranteed 100% of their current budget for the upcoming year) is being phased out over a ten-year period beginning in fiscal year 2005.
- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

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## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Waddell, Business Manager, West Central Valley Community School District, P.O. Box 81, Stuart, Iowa, 50250.

BASIC FINANCIAL STATEMENTS

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 2,065,974	84,646	2,150,620
Receivables:			
Property tax:			
Delinquent	81,569	0	81,569
Succeeding year	2,458,249	0	2,458,249
Income surtax	27,995	0	27,995
Accounts	0	15,652	15,652
Due from other governments	2,144	0	2,144
Inventories	0	14,064	14,064
Capital assets, net of accumulated depreciation (Note 4)	1,133,198	72,425	1,205,623
<b>TOTAL ASSETS</b>	<b>5,769,129</b>	<b>186,787</b>	<b>5,955,916</b>
<b>LIABILITIES</b>			
Accounts payable	120,272	58	120,330
Salaries and benefits payable	649,377	20,521	669,898
Deferred revenue:			
Succeeding year property tax	2,458,249	0	2,458,249
Other	0	1,560	1,560
Long-term liabilities (Note 5):			
Portion due within one year:			
Early retirement	40,510	0	40,510
Portion due after one year:			
Bus loan	144,000	0	144,000
Early retirement	47,655	0	47,655
<b>TOTAL LIABILITIES</b>	<b>3,460,063</b>	<b>22,139</b>	<b>3,482,202</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	1,133,198	72,425	1,205,623
Restricted for:			
Physical plant & equipment levy	73,785	0	73,785
Management levy	105,435	0	105,435
Capital projects	79,863	0	79,863
Other special revenue purposes	36,553	0	36,553
Unrestricted	880,232	92,223	972,455
<b>TOTAL NET ASSETS</b>	<b>\$ 2,309,066</b>	<b>164,648</b>	<b>2,473,714</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest
<b>Governmental activities:</b>			
<b>Instruction:</b>			
Regular instruction	\$ 3,089,303	84,861	495,245
Special instruction	1,154,636	7,513	0
Other instruction	560,755	213,578	0
	<u>4,804,694</u>	<u>305,952</u>	<u>495,245</u>
<b>Support services:</b>			
Student services	118,304	0	0
Instructional staff services	186,680	0	0
Administration services	911,233	0	0
Operation and maintenance of plant services	718,326	0	0
Transportation services	358,246	0	3,308
	<u>2,292,789</u>	<u>0</u>	<u>3,308</u>
<b>Non-instructional:</b>			
Food service	54,917	0	0
<b>Other expenditures:</b>			
Facilities acquisitions	146,395	0	0
Long-term debt interest	6,689	0	0
AEA flowthrough	267,733	0	267,733
Depreciation (unallocated) *	40,033	0	0
	<u>460,850</u>	<u>0</u>	<u>267,733</u>
<b>Total governmental activities</b>	<b>7,613,250</b>	<b>305,952</b>	<b>766,286</b>
<b>Business-Type activities:</b>			
<b>Non-instructional programs:</b>			
Nutrition services	320,549	173,198	163,902
Greenhouse	4,109	3,482	0
Pop	1,636	0	0
<b>Total business-type activities</b>	<b>326,294</b>	<b>176,680</b>	<b>163,902</b>
<b>Total</b>	<b>\$ 7,939,544</b>	<b>482,632</b>	<b>930,188</b>

**General Revenues:**

Property tax levied for:  
  General purposes  
  Capital outlay  
Local Option Sales and Service Tax  
Unrestricted state grants  
Unrestricted investment earnings  
Sale of materials  
Sale of real property

Total general revenues

Income before capital contributions

Capital contributions

Changes in net assets

Net assets beginning of year, as restated (Note 9)

Net assets end of year

\* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(2,509,197)	0	(2,509,197)
(1,147,123)	0	(1,147,123)
(347,177)	0	(347,177)
(4,003,497)	0	(4,003,497)
(118,304)	0	(118,304)
(186,680)	0	(186,680)
(911,233)	0	(911,233)
(718,326)	0	(718,326)
(354,938)	0	(354,938)
(2,289,481)	0	(2,289,481)
(54,917)	0	(54,917)
(146,395)	0	(146,395)
(6,689)	0	(6,689)
0	0	0
(40,033)	0	(40,033)
(193,117)	0	(193,117)
(6,541,012)	0	(6,541,012)
0	16,551	16,551
0	(627)	(627)
0	(1,636)	(1,636)
0	14,288	14,288
(6,541,012)	14,288	(6,526,724)
\$ 2,760,081	0	2,760,081
101,444	0	101,444
79,863	0	79,863
3,123,008	0	3,123,008
36,621	748	37,369
4,450	0	4,450
12,500	0	12,500
6,117,967	748	6,118,715
(423,045)	15,036	(408,009)
0	39,138	39,138
(423,045)	54,174	(368,871)
2,732,111	110,474	2,842,585
\$ 2,309,066	164,648	2,473,714

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	General	Other Governmental Funds	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 1,711,152	354,822	2,065,974
Receivables:			
Property tax			
Delinquent	50,890	30,679	81,569
Succeeding year	2,227,535	230,714	2,458,249
Income surtax	27,995	0	27,995
Due from other governments	2,144	0	2,144
<b>TOTAL ASSETS</b>	<b>\$ 4,019,716</b>	<b>616,215</b>	<b>4,635,931</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 118,572	1,700	120,272
Salaries and benefits payable	649,377	0	649,377
Deferred revenue:			
Succeeding year property tax	2,227,535	230,714	2,458,249
Income surtax	27,995	0	27,995
Total liabilities	3,023,479	232,414	3,255,893
Fund balances:			
Unreserved:			
Undesignated	996,237	383,801	1,380,038
Total fund balances	996,237	383,801	1,380,038
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,019,716</b>	<b>616,215</b>	<b>4,635,931</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY 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 17)	\$ 1,380,038
<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 in the governmental funds.	1,133,198
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	27,995
Long-term liabilities, including bonds payable, bus lease payable, and early retirement are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(232,165)
Net assets of governmental activites (page 14)	<u>\$ 2,309,066</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004

	General	Other Governmental Funds	Total
<b>REVENUES:</b>			
Local sources:			
Local tax	\$ 2,662,980	198,545	2,861,525
LOSST	0	79,863	79,863
Tuition	92,374	0	92,374
Other	66,302	183,157	249,459
Intermediate sources	740	0	740
State sources	3,716,717	182	3,716,899
Federal sources	172,395	0	172,395
Total revenues	<u>6,711,508</u>	<u>461,747</u>	<u>7,173,255</u>
<b>EXPENDITURES:</b>			
Current:			
Instruction:			
Regular instruction	3,080,242	48,238	3,128,480
Special instruction	1,161,434	0	1,161,434
Other instruction	431,118	128,837	559,955
	<u>4,672,794</u>	<u>177,075</u>	<u>4,849,869</u>
Support services:			
Student services	113,451	4,853	118,304
Instructional staff services	232,589	0	232,589
Administration services	859,164	17,624	876,788
Operation and maintenance of plant services	671,130	48,540	719,670
Transportation services	482,133	31,131	513,264
	<u>2,358,467</u>	<u>102,148</u>	<u>2,460,615</u>
Non-instructional:			
Food service	41,355	13,562	54,917
Other expenditures:			
Facilities acquisitions	0	146,395	146,395
Long-term debt:			
Principal	0	60,000	60,000
Interest and fiscal charges	0	6,689	6,689
AEA flowthrough	267,733	0	267,733
	<u>267,733</u>	<u>213,084</u>	<u>480,817</u>
Total expenditures	<u>7,340,349</u>	<u>505,869</u>	<u>7,846,218</u>
Deficiency of revenues under expenditures	(628,841)	(44,122)	(672,963)
Other financing sources(uses):			
Transfers in	0	66,689	66,689
Transfers out	(66,689)	0	(66,689)
Sale of materials	4,450	0	4,450
Sale of real property	0	12,500	12,500
Proceeds on loans	102,000	0	102,000
Total other financing sources	<u>39,761</u>	<u>79,189</u>	<u>118,950</u>
Net change in fund balances	(589,080)	35,067	(554,013)
Fund balance beginning of year	1,585,317	348,734	1,934,051
Fund balance end of year	<u>\$ 996,237</u>	<u>383,801</u>	<u>1,380,038</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY 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 19)	\$	(554,013)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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	\$ 323,113	
Depreciation expense	(124,179)	198,934
 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.		
		60,000
 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 fund.		
Early retirement		(25,966)
 Proceeds of long-term debt provide current financial resources to governmental funds but increase long-term liabilities in the Statement of Net Assets.		
		(102,000)
 Changes in net assets of governmental activities (page 16)	 \$	 <u>(423,045)</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2004

	School Nutrition	Green House	Pop Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 54,480	2,365	27,801	84,646
Accounts receivable	15,652	0	0	15,652
Inventories	14,064	0	0	14,064
Capital assets, net of accumulated depreciation	72,425	0	0	72,425
<b>TOTAL ASSETS</b>	<b>156,621</b>	<b>2,365</b>	<b>27,801</b>	<b>186,787</b>
<b>LIABILITIES</b>				
Accounts payable	0	0	58	58
Salaries and benefits payable	20,521	0	0	20,521
Deferred revenues	1,560	0	0	1,560
<b>TOTAL LIABILITES</b>	<b>22,081</b>	<b>0</b>	<b>58</b>	<b>22,139</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	72,425	0	0	72,425
Unrestricted	62,115	2,365	27,743	92,223
<b>TOTAL NET ASSETS</b>	<b>\$ 134,540</b>	<b>2,365</b>	<b>27,743</b>	<b>164,648</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2004

	School Nutrition	Green House	Pop Fund	Total
OPERATING REVENUE:				
Local sources:				
Other local sources:				
Sale of lunches and breakfasts:				
Students	\$ 140,785	0	0	140,785
Adults	18,764	0	0	18,764
A la carte	7,224	0	0	7,224
Miscellaneous	6,425	3,482	0	9,907
TOTAL OPERATING REVENUES	173,198	3,482	0	176,680
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	118,551	0	0	118,551
Benefits	19,078	0	0	19,078
Services	16,144	0	0	16,144
Supplies	153,851	4,109	1,636	159,596
Depreciation	12,925	0	0	12,925
TOTAL OPERATING EXPENSES	320,549	4,109	1,636	326,294
OPERATING LOSS	(147,351)	(627)	(1,636)	(149,614)
NON-OPERATING REVENUES:				
Interest	44	48	656	748
State sources	5,110	0	0	5,110
Federal sources	158,792	0	0	158,792
TOTAL NON-OPERATING REVENUES	163,946	48	656	164,650
Income(loss) before capital contributions	16,595	(579)	(980)	15,036
Capital contributions	39,138	0	0	39,138
Change in net assets	55,733	(579)	(980)	54,174
Net assets at beginning of year, as restated (Note 9)	78,807	2,944	28,723	110,474
Net assets end of year	\$ 134,540	2,365	27,743	164,648

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2004

	School Nutrition	Green House	Pop Fund	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 150,813	0	0	150,813
Cash received from miscellaneous operating activities	6,425	3,488	12	9,925
Cash payments to employees for services	(137,245)	0	0	(137,245)
Cash payments to suppliers for goods or services	(148,272)	(4,109)	(1,689)	(154,070)
Net cash used in operating activities	(128,279)	(621)	(1,677)	(130,577)
Cash flows from non-capital financing activities:				
State grants received	5,110	0	0	5,110
Federal grants received	136,254	0	0	136,254
Net cash provided by non-capital financing activities	141,364	0	0	141,364
Cash flows from investing activities:				
Interest on investments	44	48	656	748
Net cash provided by investing activities	44	48	656	748
Net increase(decrease) in cash and cash equivalents	13,129	(573)	(1,021)	11,535
Cash and cash equivalents at beginning of year	41,351	2,938	28,822	73,111
Cash and cash equivalents at end of year	\$ 54,480	2,365	27,801	84,646
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (147,351)	(627)	(1,636)	(149,614)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	22,538	0	0	22,538
Depreciation	12,925	0	0	12,925
Increase in inventories	(476)	0	0	(476)
Decrease(increase) in accounts receivable	(15,580)	6	12	(15,562)
Decrease in accounts payable	(339)	0	(53)	(392)
Increase in salaries and benefits payable	384	0	0	384
Decrease in deferred revenue	(380)	0	0	(380)
Net cash used in operating activities	\$ (128,279)	(621)	(1,677)	(130,577)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 54,480	2,365	27,801	84,646

## NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2004, the District received Federal commodities valued at \$22,538.

During the year ended June 30, 2004, the District received contributed capital assets of \$39,138.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2004

	<u>Private-purpose Trust Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 197,591
LIABILITIES	<u>0</u>
NET ASSETS	
Unreserved	24,077
Reserved for scholarships	173,514
TOTAL NET ASSETS	<u>\$ 197,591</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2004

	<u>Private-purpose</u> <u>Trust</u> <u>Scholarship</u>
ADDITIONS:	
Local sources:	
Interest income	\$ 9,285
DEDUCTIONS:	
Instructional:	
Other:	
Scholarship awarded	4,054
Change in net assets	5,231
Net assets beginning of year,	192,360
Net assets end of year	\$ 197,591

SEE NOTES TO FINANCIAL STATEMENTS.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

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

The West Central Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Stuart, Menlo, Dexter and Redfield, Iowa, and the predominate agricultural territory in Adair, Dallas and Guthrie Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, West Central Valley Community School District has included all funds, organizations, account groups, 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 West Central Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do 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 Adair, Dallas and Guthrie County Assessors' Conference Board.

B. Basis of Presentation

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

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 assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net asset* 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 clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District's proprietary funds are the Greenhouse, Pop and School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Greenhouse Fund is used to account for the raising and selling of flowers at the schools greenhouse. The Pop Fund is used to account for the sale of pop to the teachers and the expenditures related to in-services for the teachers.

The District also reports a fiduciary fund which focus on net assets and changes in net assets. The District's fiduciary fund is as follows:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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.

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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

Asset Class	Amount
Land	\$ 500
Buildings	500
Improvements other than buildings	500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

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

Asset Class	Estimated Useful Live (In Years)
Buildings	50 years
Improvements other than buildings	20 years
Machinery and equipment	5-12 years

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

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

receivables and other receivables not collected within sixty days after year end.

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

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in the other expenditures functional program area exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

The District's deposits 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.

The District had no investments at June 30, 2004,

(3) **Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 66,689

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

**(4) Capital Assets**

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

	Balance Beginning of Year, as restated (Note 9)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 136,941	0	0	136,941
Total capital assets not being depreciated	136,941	0	0	136,941
Capital assets being depreciated:				
Buildings	3,527,435	0	0	3,527,435
Machinery and equipment	1,306,117	323,113	0	1,629,230
Total capital assets being depreciated	4,833,552	323,113	0	5,156,665
Less accumulated depreciation for:				
Buildings	2,832,562	40,033	0	2,872,595
Machinery and equipment	1,203,667	84,146	0	1,287,813
Total accumulated depreciation	4,036,229	124,179	0	4,160,408
Total capital assets being depreciated, net	797,323	198,934	0	996,257
Governmental activities capital assets, net	\$ 934,264	198,934	0	1,133,198

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 125,955	39,138	0	165,093
Less accumulated depreciation	79,743	12,925	0	92,668
Business-type activities capital assets, net	\$ 46,212	26,213	0	72,425

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 11,464
Special		1,700
Other		800
Support services:		
Instructional staff services		11,477
Administration services		684
Operation and maintenance of plant services		336
Transportation		57,685
		84,146
Unallocated depreciation		40,033
Total governmental activities depreciation expense		\$ 124,179
Business-type activities:		
Food services		\$ 12,925

**(5) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Bus loan	\$ 102,000	102,000	60,000	144,000	0
Early retirement	62,199	61,401	35,435	88,165	40,510
Total	\$ 164,199	163,401	95,435	232,165	40,510

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of service, ten of which must be continuous years, to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives for each eligible employee is equal to subtracting the current base pay from the current salary. Early retirement expenditures for the year ended June 30, 2004 totaled \$35,435.

Bus Loan Payable

During the year ended June 30, 2004, the District obtained financing for two new buses. The following is a schedule of payments under the agreement in effect at June 30, 2004, for the two buses purchased this year and the two buses purchased last year.

Year Ending June 30,	Principal	Interest	Total
2005	\$ 0	2,520	2,520
2006	82,000	3,605	85,605
2007	62,000	1,085	63,085
Total	\$ 144,000	7,210	151,210

**(6) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$244,273, \$231,494, and \$207,949 respectively, equal to the required contributions for each year.

**(7) Risk Management**

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

**(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 \$267,733 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.

**(9) Accounting Change and Restatements**

Governmental Accounting Standards Board Interpretation No.6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No.38, Certain Financial Statement Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences, were implemented for the year ended June 30, 2004. The statement create new basic financial statements for reporting the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements separate the District's programs between governmental and business type activities. The beginning net assets for governmental activities has been restated to include capital assets, long-term liabilities and the changes in assets and liabilities at July 1, 2003 caused by the conversion to the accrual basis of accounting.

Beginning capital assets for governmental activities of \$6,071,516 were restated to \$5,293,606. The restatement primarily removed assets below the District's capitalization threshold.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:



REQUIRED SUPPLEMENTAL INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON OF RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN BALANCES -  
 BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2004

	Governmental Fund Types Actual	Proprietary Fund Type Actual
Receipts:		
Local sources	\$ 3,274,450	176,723
Intermediate sources	180	0
State sources	3,724,966	21,947
Federal sources	235,195	126,718
Total receipts	<u>7,234,791</u>	<u>325,388</u>
Disbursements:		
Instruction	4,687,136	0
Support services	2,516,514	0
Non-instructional programs	52,700	313,853
Other expenditures	563,517	0
Total disbursements	<u>7,819,867</u>	<u>313,853</u>
Excess(deficiency) of receipts over(under) disbursements	(585,076)	11,535
Other financing sources, net	118,950	0
Excess(deficiency) of receipts and other financing sources over(under) disbursements	(466,126)	11,535
Balance beginning of year	2,532,100	73,111
Balance end of year	<u>\$ 2,065,974</u>	<u>84,646</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	Original	Final	
3,451,173	3,678,568	3,678,568	(227,395)
180	10,000	10,000	(9,820)
3,746,913	4,108,601	4,108,601	(361,688)
361,913	405,000	405,000	(43,087)
7,560,179	8,202,169	8,202,169	(641,990)
4,687,136	6,275,000	6,275,000	1,587,864
2,516,514	2,875,531	3,458,006	941,492
366,553	455,988	511,571	145,018
563,517	436,970	436,970	(126,547)
8,133,720	10,043,489	10,681,547	2,547,827
(573,541)	(1,841,320)	(2,479,378)	1,905,837
118,950	0	0	118,950
(454,591)	(1,841,320)	(2,479,378)	2,024,787
2,605,211	2,092,985	2,092,985	512,226
2,150,620	251,665	(386,393)	2,537,013

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE-  
 BUDGET TO GAAP RECONCILIATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2004

	Governmental Fund Types		
	Cash Basis	Accrual	
		Adjust- ments	Accrual Basis
Revenues	\$ 7,234,791	(61,536)	7,173,255
Expenses	7,819,867	26,351	7,846,218
Net	(585,076)	(87,887)	(672,963)
Other financing sources, net	118,950	0	118,950
Beginning fund balances	2,532,100	(598,049)	1,934,051
Ending fund balances	\$ 2,065,974	(685,936)	1,380,038

	Proprietary Fund Type		
	Cash Basis	Enterprise Accrual	
		Adjust- ments	Accrual Basis
Revenues	\$ 325,388	15,942	341,330
Expenses	313,853	12,441	326,294
Net	11,535	3,501	15,036
Capital contributions	0	39,138	39,138
Beginning retained earnings	73,111	37,363	110,474
Ending retained earnings	\$ 84,646	80,002	164,648

WEST CENTRAL VALLEY 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, non-instructional 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 \$638,058.

During the year ended June 30, 2004, disbursements in the other expenditures functional program area exceeded the amount budgeted.

OTHER SUPPLEMENTAL INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2004

	Special Revenue Funds					
	Management	Physical Plant & Equipment Levy	Student Activity	Total Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and pooled investments	\$ 191,698	72,141	38,253	302,092	52,730	354,822
Receivables:						
Property tax:						
Current year delinquent	1,902	1,644	0	3,546	27,133	30,679
Succeeding year	150,000	80,714	0	230,714	0	230,714
<b>TOTAL ASSETS</b>	<b>\$ 343,600</b>	<b>154,499</b>	<b>38,253</b>	<b>536,352</b>	<b>79,863</b>	<b>616,215</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 0	0	1,700	1,700	0	1,700
Deferred revenue:						
Succeeding year property tax	150,000	80,714	0	230,714	0	230,714
	150,000	80,714	1,700	232,414	0	232,414
<b>Fund equity:</b>						
<b>Fund balances:</b>						
<b>Unreserved:</b>						
Undesignated	193,600	73,785	36,553	303,938	79,863	383,801
Total fund balances	193,600	73,785	36,553	303,938	79,863	383,801
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 343,600</b>	<b>154,499</b>	<b>38,253</b>	<b>536,352</b>	<b>79,863</b>	<b>616,215</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2004

	Special Revenue						Total Nonmajor Governmental Funds
	Physical Plant & Management Levy	Equipment Levy	Student Activity	Total Special Revenue	Capital Projects	Debt Service	
<b>REVENUES:</b>							
Local sources:							
Local tax	\$ 97,101	101,444	0	198,545	0	0	198,545
LOSST	0	0	0	0	79,863	0	79,863
Other	3,771	56,793	122,593	183,157	0	0	183,157
State sources	97	85	0	182	0	0	182
<b>TOTAL REVENUES</b>	<b>100,969</b>	<b>158,322</b>	<b>122,593</b>	<b>381,884</b>	<b>79,863</b>	<b>0</b>	<b>461,747</b>
<b>EXPENDITURES:</b>							
Current:							
Instruction:							
Regular instruction	48,238	0	0	48,238	0	0	48,238
Other instruction	0	0	128,837	128,837	0	0	128,837
	48,238	0	128,837	177,075	0	0	177,075
Support services:							
Student services	4,853	0	0	4,853	0	0	4,853
Administration services	17,624	0	0	17,624	0	0	17,624
Operation and maintenance of plant services	48,540	0	0	48,540	0	0	48,540
Transportation services	31,131	0	0	31,131	0	0	31,131
	102,148	0	0	102,148	0	0	102,148
Non-instructional:							
Food service	13,562	0	0	13,562	0	0	13,562
Other expenditures:							
Facility acquisition	0	146,395	0	146,395	0	0	146,395
Long-term debt:							
Principle	0	0	0	0	0	60,000	60,000
Interest and fiscal charges	0	0	0	0	0	6,689	6,689
	0	146,395	0	146,395	0	66,689	213,084
<b>TOTAL EXPENDITURES</b>	<b>163,948</b>	<b>146,395</b>	<b>128,837</b>	<b>439,180</b>	<b>0</b>	<b>66,689</b>	<b>505,869</b>
Excess (deficiency) of revenues over (under) expenditures	(62,979)	11,927	(6,244)	(57,296)	79,863	(66,689)	(44,122)
Other financing sources:							
Operating transfers in	0	0	0	0	0	66,689	66,689
Sale of real property	0	12,500	0	12,500	0	0	12,500
Total other financing sources	0	12,500	0	12,500	0	66,689	79,189
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(62,979)	24,427	(6,244)	(44,796)	79,863	0	35,067
Fund balance beginning of year	256,579	49,358	42,797	348,734	0	0	348,734
Fund balance end of year	\$ 193,600	73,785	36,553	303,938	79,863	0	383,801

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2004

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletics	\$ 61	39,263	39,752	(428)
Jump for heart	1,005	17	89	933
Play	3,277	791	241	3,827
Musicals	4,726	1,564	2,977	3,313
Youth basketball	103	52	155	0
Football fundraiser	306	5	0	311
Volleyball fundraiser	187	3	142	48
Photo club	100	2	0	102
Cheerleading	987	187	536	638
Class of 2000	385	7	392	0
Class of 2002	919	16	935	0
Class of 2003	946	17	50	913
Class of 2004	1,388	2,015	2,911	492
Class of 2005	2,889	7,903	7,848	2,944
Class of 2006	1,946	313	97	2,162
Class of 2007	1,955	638	6	2,587
Menlo WC pride elementary	4,094	19,745	20,293	3,546
Dexter, Redfield WC pride element	2,502	5,473	7,895	80
MS special events	6,992	5,776	11,460	1,308
HS West Central pride	3,075	7,450	9,287	1,238
FFA	1,710	17,203	12,096	6,817
FCCLA	(102)	226	514	(390)
Flag/Drill team	1,689	1,865	1,366	2,188
Science Fair	1,124	1,859	2,403	580
HS student council	987	777	819	945
MS student council	1,388	24	0	1,412
HS yearbook	(1,497)	8,059	5,173	1,389
MS yearbook	(216)	714	857	(359)
Business operations	(153)	629	543	(67)
Cultural club	24	0	0	24
Total	\$ 42,797	122,593	128,837	36,553

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST THREE YEARS

	Modified Accrual Basis		
	Years Ended June 30,		
	2004	2003	2002
<b>Revenues:</b>			
Local sources:			
Local tax	\$ 2,941,388	3,160,321	3,067,175
Tuition	92,374	136,421	125,284
Other	249,459	312,918	219,951
Intermediate sources	740	250	4,315
State sources	3,716,899	3,667,785	3,832,327
Federal sources	172,395	213,982	199,522
<b>Total</b>	<b>\$ 7,173,255</b>	<b>7,491,677</b>	<b>7,448,574</b>
<b>Expenditures:</b>			
Instruction:			
Regular instruction	\$ 3,128,480	3,118,302	3,132,226
Special instruction	1,161,434	1,067,034	918,405
Other instruction	559,955	576,812	580,227
Support services:			
Student services	118,304	136,121	181,855
Instructional staff services	232,589	160,901	178,724
Administration services	876,788	802,135	853,367
Operation and maintenance of plant services	719,670	677,659	571,001
Transportation services	513,264	563,527	342,216
Non-instructional:			
Food service	54,917	17,386	20,769
Community service and education operations	0	6,142	12,969
Other expenditures:			
Facilities acquisitions	146,395	142,003	16,949
Long Term Debt:			
Principal	60,000	0	0
Interest	6,689	0	0
AEA flow-through	267,733	282,917	284,914
<b>Total</b>	<b>\$ 7,846,218</b>	<b>7,550,939</b>	<b>7,093,622</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
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Telephone (641) 792-1910

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Board of Education of the  
West Central Valley Community School District:

We have audited the financial statements of West Central Valley Community School District as of and for the year ended June 30, 2004, and have issued our report thereon dated November 8, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, 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.

Compliance

As part of obtaining reasonable assurance about whether West Central Valley 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 grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved except for II-B-04.

Internal Control Over Financial Reporting

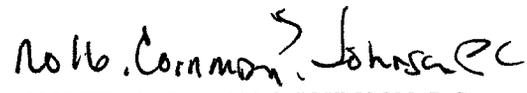
In planning and performing our audit, we considered West Central Valley Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item I-A-04 is a material weakness. Prior year reportable conditions have all been resolved, except I-A-04 and I-C-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Central Valley Community School District and other parties to whom West Central Valley Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

  
NOLTE, CORNMAN & JOHNSON, P.C.

November 8, 2004

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2004

Part I: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-04 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

I-B-04 Grants - We noted during our audit, that when expenditures for specific projects were posted; it appeared that the expenses were not always properly posted to those projects.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures.

Response - We are going to continue to work on our coding procedures to ensure accuracy.

Conclusion - Response accepted.

I-C-04 Student Activity - We noted during our audit that the Student Activity fund included prior year class accounts containing balances as of June 30, 2004.

Recommendation - The District should review the transactions in this account and make the necessary transfers.

Response - We are going to make sure all prior year class balances are closed out at year-end.

Conclusion - Response accepted.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2004

Part II: Other Findings Related to Statutory Reporting

II-A-04 Official Depositories - A resolution naming official depositories have been approved by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

II-B-04 Certified Budget - District disbursements for the year ended June 30, 2004, exceeded the amount budgeted in the other expenditures functional area.

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

Response - We will amend, if necessary, prior to year-end.

Conclusion - Response accepted.

II-C-04 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-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.

II-E-04 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Anne Vanderheiden, Board Member Spouse owns Vanderheiden Lawncare	Lawn service	\$19,975
Harry Light, Board Member Owns Light Bros. Trucking	Supplies	\$355

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Harry Light does not appear to be a conflict of interest

In accordance with Attorney's General opinion dated November 9, 1976, the transaction with the spouse of Anne Vanderheiden does not appear to be a conflict of interest as the lawn care services were bid competitively.

II-F-04 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-G-04 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-H-04 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

II-I-04 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-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.

II-K-04 District Rents - We noted during our audit that the PPEL Fund had rental receipts in the amount of \$1,996.76, which should more appropriately be receipted in the General Fund.

Recommendation - The District should make a corrective transfer of \$1,996.76 from the PPEL Fund to the General Fund.

Response - We will make the corrective transfer.

Conclusion - Response accepted.

II-L-04 Deficit Balances - We noted during our audit that there were a few accounts in the Student Activity fund that had negative individual balances.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit.

Response - We will continue to monitor these account and work to eliminate the deficits.

Conclusion - Response accepted.