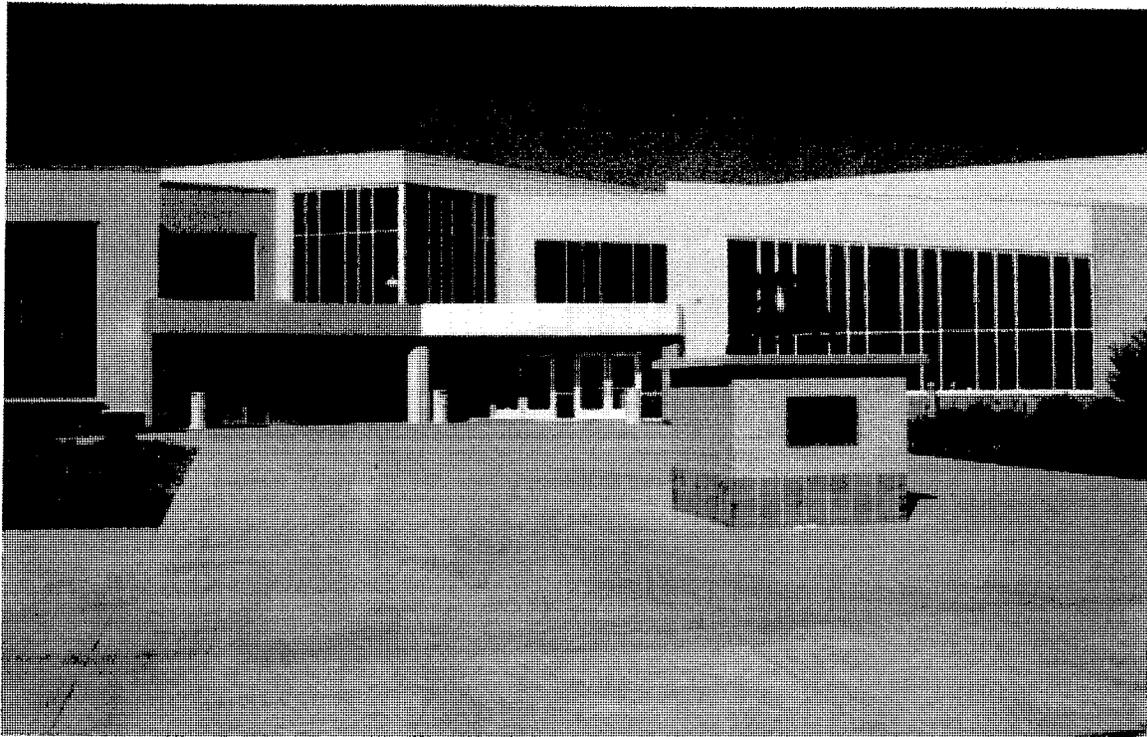


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

Council Bluffs, Iowa

For the fiscal year ended June 30, 2005



Lewis Central High School

OFFICIAL ISSUING REPORT

Donna Gregory

Business Manager

OFFICE ISSUING REPORT

Business Office

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

1600 East South Omaha Bridge Road
Council Bluffs, Iowa 51503
(712) 366-8202

December 15, 2005

Mr. Don Christensen, President
and Members of the Board of Education
Lewis Central Community School District
Council Bluffs, Iowa

We are pleased to submit to you the Comprehensive Annual Financial Report of the Lewis Central Community School District for the year ending June 30, 2005. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds and account groups of the District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

To facilitate the understanding of the District's financial affairs, the Comprehensive Annual Financial Report (CAFR) is presented in four sections:

Introductory Section – This section includes this transmittal letter, a list of principal officers and the District's organizational chart.

Financial Section – This section includes the management's discussion and analysis, the basic financial statements – government-wide statements and fund statements, required supplementary information, notes to the financial statements and the report of the independent accountants on the financial statements and schedules.

Statistical Section – This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

Single Audit Section – This section includes audit reports relating to the Board's single audit over internal control, federal and state awards, as well as a Schedule of Expenditures of Federal Awards.

This letter of transmittal is designed to compliment the Management's Discussion and Analysis included within the financial section of the CAFR and should be read in conjunction with it.

Lewis Central Community School District

The District is governed by a seven-member elected Board of Education who serve staggered terms of three years. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The District is the thirty-second largest of Iowa's 367 public school systems. The enrollment is approximately 2,560 students. The District operates one regular high school, one middle school and two elementary schools. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students.

The District is supported financially by state aid, property taxes, income surtaxes, state and federal grants for special projects and local revenue received for tuition and other services.

Economic Condition and Outlook

The Lewis Central Community School District is located in Pottawattamie and Mills Counties in western Iowa. Lewis Central serves a portion of the City of Council Bluffs, as well as surrounding unincorporated areas. Council Bluffs is Iowa's fifth largest city, and is a part of the greater Omaha area. Residents of the school district enjoy all of the amenities of a metropolitan city including close proximity to commercial air service at Omaha's Eppley Air Field, as well as a diverse employment base.

In 2000, Council Bluffs had 22,913 households and an average of 2.54 persons per household. There were 1.15 million households statewide with an average of 2.54 persons per household. Compared to the state, Council Bluffs had a higher proportion of young people (19 or younger) and a lower proportion of older people (age 65+).

Council Bluffs businesses have made an impact at both the national and international level. Local industry includes everything from specialized sound equipment to teleservices, insurance, printing, robotic systems and sophisticated telecommunication equipment. The community continues to expand as a major food processing center as well, producing several nationally known consumer labels.

Changes in state law have also allowed gambling expansion, boosting the local economy and providing hundreds of new jobs and avenues of entertainment. In fact, Council Bluffs was named Iowa's Tourism Community in 1996, 1997, 1999 and 2001. The community's three casinos attract more than 10 million visitors annually placing Council Bluffs among the top 20 gaming resort destinations in the country.

Retail sales in Council Bluffs totaled \$798.70 million in 2004. Compared to 2003, sales increased \$1.99 million or .24%. Retail sales in Council Bluffs amounted to \$13,617 per capita in 2004 which was well above the statewide average of \$9,708. The number of retail firms increased from 1,224 in 2003 to 1,232 in 2004.

On December 4, 2001, the voters in Pottawattamie County passed a one-cent local option sales tax. Ninety-seven of Iowa's ninety-nine counties have passed this issue. The funds may be used for school infrastructure purposes and/or property tax relief. A five-year building repair and expansion plan was adopted by the District, along with property tax relief.

Current tentative budget projections indicate that the 2006-07 control budget will increase approximately \$904,204 or 7.40%. This is considerably larger than the \$500,846 "new money" for 2005-06. This estimated rate of growth will somewhat help cover increased costs in the areas of staffing, capital outlay and day-to-day operations. The increase in new dollars for 2006-07 is due to the state funding formula. This formula projects an increase for a one-year period based on September's enrollment for the current budget year multiplied by the state cost per pupil for the 2006-07 school year based upon 4% allowable growth. In previous years, this allowable growth has been in the 2% range.

Supporting the need to reduce class sizes, on September 13, 2005, the voters of the Lewis Central School District renewed 10-year funding of the Instructional Support Levy in the amount (after taking into consideration instructional support state aid) of not exceeding ten percent (10%) of the total of regular program district cost for the budget year. Annual authorization, as determined by the Board of Directors, to levy a combination of an instructional support property tax upon all the taxable property within the school district commencing with the levy of property taxes for collection in the fiscal year ending June 30, 2007, and to impose an instructional support income surtax upon the state individual income tax of each individual income taxpayer resident in the school district on December 31 for each calendar year commencing with calendar year 2007, or each year thereafter, the percent of income surtax to be determined by the Board for each fiscal year to be used for any general fund purpose.

The financial solvency ratio of the District is a measure of the District's year-end position after payment of all current and outstanding or accrued liabilities. The District's financial solvency ratio has increased from 4.15% at the end of the 1995-96 fiscal year to 14.58% at the end of the 2004-05 fiscal year.

Major Initiatives and Achievements

The 2004-05 school year was a productive one for the Lewis Central Community School District. The District continued to expand technology, update curriculum and standards and invest in staff development with the goal of impacting student achievement.

Student Achievement

The Lewis Central Community Schools provides a comprehensive program in an effort to meet the needs of all of our students including Talented and Gifted (TAG), English Language Learners (ELL), and Special Education. High School students have the opportunity to earn college credit through Iowa Western Community College. We have numerous support services in place to meet the needs of At-Risk students as well. To compliment their academic program, students at Lewis Central can choose to participate in a strong Fine Arts Program and a wide array of extra-curricular activities.

The district's ACT scores are consistently higher than national and state averages. A large percentage of the graduating class of 2005 took the ACT college admission test (134 of the 178 graduates - 75%). Of these 134 students, 76% of them scored 20 or higher (compared to 70% in Iowa and 59% nationally) and the average composite score for the class was 22.3 (compared to 22.0 in Iowa and 20.9 nationally).

Technology

The Lewis Central Community Schools are committed to ensuring that students are prepared to succeed in today's highly technological work environment. All computers in the district are fully networked with internet access and are replaced with newest technology every four years. Some 650 student computers in 12 instructional labs and in classrooms provide access for students for career exploration, research and project creation. Teachers use email and the district website to communicate with parents and community. Computer adaptive achievement level tests provide strong instructional information to students, teachers and parents in reading and mathematics in grades 2-8. Wireless laptop labs extend services for kindergarten through second grade for skills development, writing and exploration.

Community Involvement

The Lewis Central Community School District continues to encourage input and participation from the community. Volunteers enhanced our students' learning experiences by serving as tutors and classroom resource speakers, assisting teachers in class or on field trips, helping interview for teacher and administrator openings, supporting extra-curricular events and serving on district and building-level committees.

Many Lewis Central area residents served on school advisory committees in 2004-05, on topics ranging from school improvement, to facilities, to technology, to hiring. Their input and involvement ensures that the District reflects the needs and values of the community.

In addition, the Lewis Central Community School District Parent-Teacher Association continued their active involvement in support of District students, staff and programs this year. The PTA also provided hundreds of volunteer hours in the buildings and classrooms. The District is well served by volunteers in the Lewis Central Booster Club and Lewis Central Foundation.

Mission Statement

The mission statement of the Lewis Central Community School District as a partner with home and community, to empower all learners to excel in a rapidly changing world by offering stimulating and diverse learning experiences, which results in changed lives and a commitment to help others.

The Board has expectations for student learning that it sets forth as belief statements. They believe that:

- Each individual has worth and deserves to be treated with respect.
- All individuals can and will learn.
- All people need significant human relationships.
- Higher expectations yield higher results.
- Families, schools, and communities share responsibility for the development of the individual.
- Schools reflect the diversity of society.
- Diversity in learners requires diversity in educational opportunities.
- Diverse educational opportunities benefit all learners.
- Learning is life-long.

In addition, the Board has expectations for student achievement goals. They believe that students of the Lewis Central Community School District will:

- Read to understand and interpret information and for enjoyment.
- Write to communicate ideas and convey information to an audience.
- Adapt and apply listening and speaking skills to given situations.
- Use math skills to solve real-world problems.
- Access and use sources of information to solve problems and make decisions independently and as a member of a team.
- Use reasoning skills to make decisions and solve problems.
- Apply scientific concepts to understand self, world and universe.
- Use technology to support learning and enhance daily living in a rapidly changing world.
- Know and apply principles to democracy to be productive citizens.
- Understand the concepts and benefits of healthy living.
- Demonstrate job-seeking and job-keeping skills.
- Experience and develop an awareness of the arts.

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.

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 and Debt Service 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 following information reflects the comprehensive budget for these individual funds rather than demonstrating compliance at the legal level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Basis of Presentation

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and management’s Discussion and Analysis – for State and Local Governments (GASB 34). This statement represents a significant change in the way state and local governments present basic financial information. Beginning in fiscal year 2002-03, the District implemented this statement.

GASB 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide statements prepared on the accrual basis of accounting, and fund financial statements which presents information for individual major funds and aggregate non-major funds rather than by fund type.

The charts and accounts used by the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of States, Local Governments and Non-Profit Organizations* issued by the American Institute of Certified Public Accountants. In addition, the District’s accounting records conform to the Uniform Accounting System for Iowa Schools and Area Educational Agencies issued by the Department of Education, State of Iowa. The chart of accounts is updated annually and the District is in full compliance with these requirements.

Cash Management

The District, in its effort to be a good manager of public funds, competitively bids its banking services. District funds are invested at U.S. Bank earning 50 basis points above the daily federal funds rate. Interest revenue of \$204,797 was earned on all investments for the year ended June 30, 2005, an increase of \$158,705 from fiscal year 2004.

The District’s investment policy establishes the following objectives:

Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective.

Liquidity: Maintaining the necessary liquidity to match expected liabilities is the second objective.

Return: Obtaining a reasonable return is the third investment objective.

Risk Management

The District currently covers property, liability and worker’s compensation losses with traditional insurance coverage through the Iowa Association of School Board’s group plan carried by Employer’s Mutual Insurance Company. The group health plan is carried by Mutual of Omaha and the dental plan is carried by MetLife.

Independent Audit

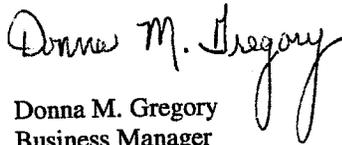
State law and District policy require an annual audit to be made of the books of account, financial records and transactions of all funds of the District by a Certified Public Accountant selected by the Board of Directors of the District. We have complied with this requirement. The report of our independent accountants, Nolte, Cornman and Johnson, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United States of America and, accordingly, included a review of the District’s system of budgetary and accounting controls.

Acknowledgements

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, City and County employees who assisted in the preparation of this report.

Finally, sincere appreciation is extended to the Board of Education, where commitment to excellence begins.

It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Education.



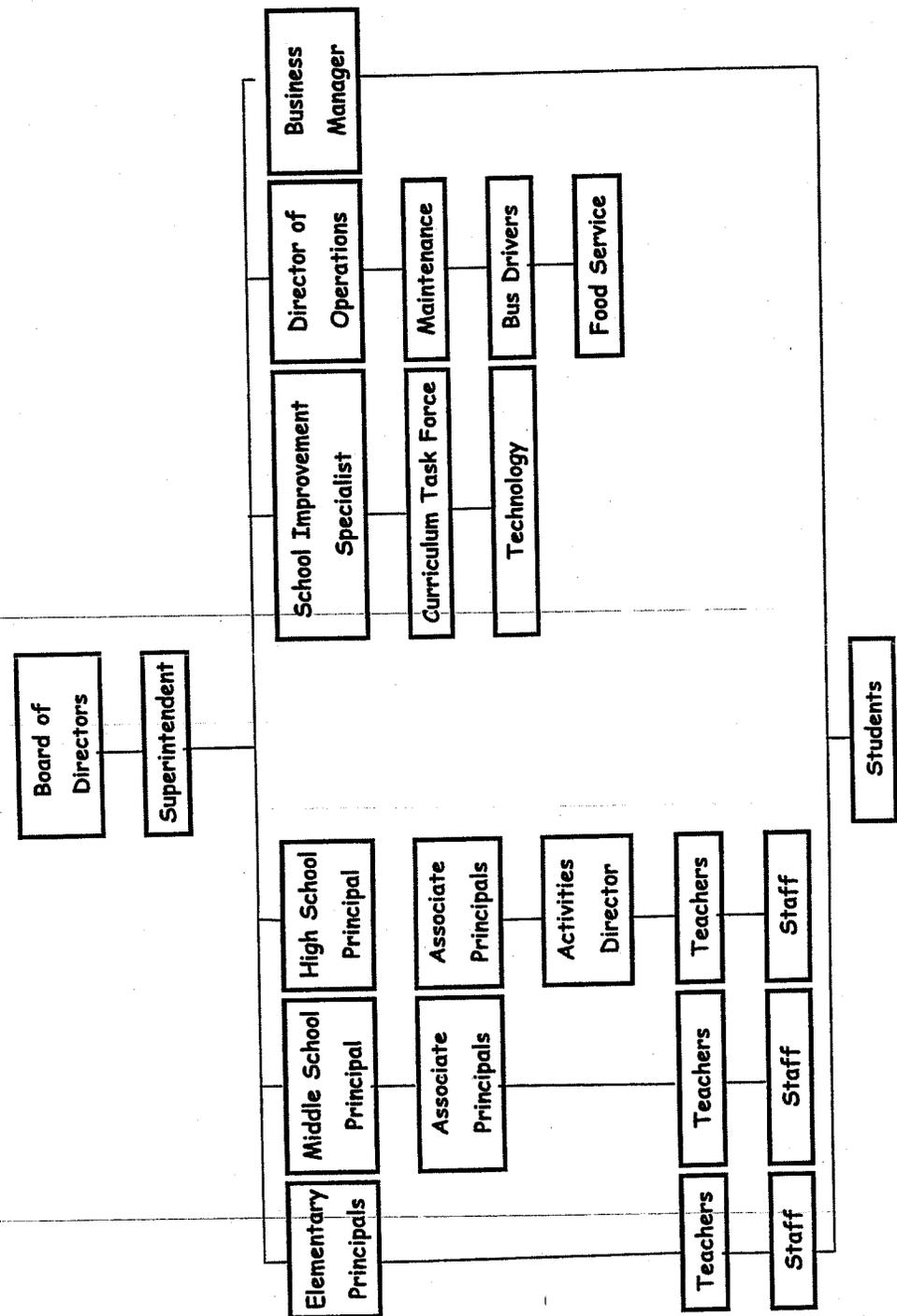
Donna M. Gregory
Business Manager
Board Secretary/Treasurer



Dr. Mark A. Schweer
Superintendent of Schools

LEWIS CENTRAL COMMUNITY SCHOOLS

Organizational Structure



Lewis Central Community School District

Officials

Year ended June 30, 2005

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2004 Election)		
Randy Portrey	President	2005
Daryl Weilage	Vice President	2006
Peter Norville	Board Member	2004
Don Christensen	Board Member	2004
Shelly Robinson	Board Member	2005
Scott Charleson	Board Member	2006
Dorene Scheffel	Board Member	2006
Board of Education		
(After September 2004 Election)		
Randy Portrey	President	2005
Don Christensen	Vice President	2007
Shelly Robinson	Board Member	2005
Scott Charleson	Board Member	2006
Dorene Scheffel	Board Member	2006
Daryl Weilage	Board Member	2006
Bob Mundt	Board Member	2007
School Officials		
Mark Schweer	Superintendent	2005
Donna Gregory	Board Secretary/Business Manager	2005
Brian Gruhn	Attorney	2005
Steve Krohn	Attorney	2005

Lewis Central Community School District

Consultants and Advisors

Year ended June 30, 2005

CERTIFIED PUBLIC ACCOUNTANT

Nolte, Cornman & Johnson P.C.
117 West 3rd Street North
Newton, IA 50208-3040

BOND ATTORNEYS

Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, IA 50309-2207

FINANCIAL CONSULTANTS

Piper Jaffray, Inc.
699 Walnut Street
Des Moines, IA 50309-2207

GENERAL COUNSEL

Primary:

Smith Peterson Law Firm, LLP
35 Main Place, Suite 300
Council Bluffs, IA 51503

Additional:

Gruhn Law Firm
4089 21st Ave SW, Suite 114
Cedar Rapids, IA 52404

INSURANCE CONSULTANT

SilverStone Group Inc.
300 W Broadway, Suite 200
Council Bluffs, IA 51503

ARCHITECTS & ENGINEERS

Bahr Vermeer Haecker Architects
1425 Jones Street
Omaha, NE 68102

OFFICIAL DEPOSITORIES

US Bank
P.O. Box 524
St. Louis, MO 63166-0524

Peoples National Bank
P.O. Box 557
Council Bluffs, IA 51502-0557

Iowa Schools Joint Investment Trust
Bankers Trust
P.O. Box 897
Des Moines, IA 50304

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
Lewis Central Community School District:

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lewis Central Community School District, Council Bluffs, Iowa, as of and for the year ended June 30, 2005, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lewis Central Community School District at June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated October 12, 2005 on our consideration of the Lewis Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports are 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. Those reports are an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 14 through 20 and 45 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. 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 Lewis Central Community School District's basic financial statements. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of

Members American Institute & Iowa Society of Certified Public Accountants

States and Local Governments and Non-Profit Organizations, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Lewis Central Community School District. Such information has been subjected to the auditing procedures applied in the 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 accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.



NOLTE, CORNMAN & JOHNSON, P.C.

October 12, 2005

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management has prepared the following discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2005 in order to enhance the readers' understanding of the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net assets for governmental activities were \$9,838,431 at June 30, 2005 compared to \$7,454,625 at June 30, 2004, an increase of 31.98%.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$2,771,382 or 14.58% of total general fund revenues compared to prior years ending balance of \$2,185,245 or 11.89% of total general fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The audited financial statements of the District consist of three components: They are as follows:

- Management Discussion and Analysis
- Basic Financial Statements, which include government-wide financial statements, fund financial statements and notes to the financial statements
- Required supplemental section that represents individual statements and schedules

The Basic Financial Statements include two types of statements that present different views of the District's finances. The first is the government-wide statements. These statements are presented on a full accrual basis of accounting and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets includes all of the District's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due dates for liabilities. This statement provides a summary of the District's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the District's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statement included in the basic financial statements is the fund financial statements, which are presented for the Board's governmental funds and proprietary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. Because a different basis of accounting is used in the government-wide statements, a reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statement provides information about the District as an economic unit while the fund financial statements provide information on the financial resources of the District's funds. The statement of activities presents information showing how the government'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 the 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 (i.e. earned but unused vacation leave).

Government-wide statements

The government-wide financial statements report information about the District as a whole using the 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 paid or received.

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

- Over time, an increase or decrease in the District's net assets may indicate whether its financial position is improving or deteriorating.
- To assess the District's overall financial health, one needs to consider additional non-financial factors such as changes in the condition of its school buildings and other physical assets.

The District's activities are divided into two categories on the government-wide statements:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Local funding, as well as state and federal aid, finances most of these activities.
- **Business-type activities:** The District charges fees to cover the costs of certain services it provides. School food service is included here.

Fund Financial Statements

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

The District has three types of funds:

Governmental funds: Most of the District's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flows in and out and the balances remaining at year-end that are available for spending. As a result of this focus, the governmental funds 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 term to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds, in the form of a reconciliation, explains the relationship (or differences) between them.

Proprietary Fund: Services for which the District charges a fee are generally reported in the proprietary fund. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The District has three proprietary funds – the School Food Service Fund, the Lucky Children Day Care Fund and the Swimming Pool Fund.

Fiduciary Fund: This is a custodial fund in which the District acts as an agent for other groups. The District has one fiduciary fund – the Agency Fund.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets are an indicator of the fiscal health of the District. The District's net assets were \$9,838,431 at June 30, 2005 compared to \$7,454,625 at June 30, 2004. (See Table 1).

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	\$ 13,199,293	14,796,327	241,265	186,433	13,440,558	14,982,760	-10.29%
Capital assets	24,408,637	24,101,286	400,419	293,488	24,809,056	24,394,774	1.70%
Total assets	37,607,930	38,897,613	641,684	479,921	38,249,614	39,377,534	-2.86%
Long-term obligations	16,209,226	16,966,447	0	0	16,209,226	16,966,447	-4.46%
Other liabilities	11,560,273	14,476,541	22,385	15,744	11,582,658	14,492,285	-20.08%
Total liabilities	27,769,499	31,442,988	22,385	15,744	27,791,884	31,458,732	-11.66%
Net assets:							
Invested in capital assets, net of related debt	6,541,391	7,313,089	400,419	293,488	6,941,810	7,606,577	-8.74%
Restricted	433,994	277,418	0	0	433,994	277,418	56.44%
Unrestricted	2,863,046	(135,882)	218,880	170,689	3,081,926	34,807	8754.33%
Total net assets	\$ 9,838,431	7,454,625	619,299	464,177	10,457,730	7,918,802	32.06%

Investment in capital assets (e.g., land, buildings, furniture and equipment) less any outstanding debt used to acquire those assets is \$6,541,391. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. Approximately \$433,994 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$2,863,046 represents unrestricted net assets which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The following table shows changes in net assets for the year ended June 30, 2005 compared to June 30, 2004.

Table 2
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2005	2004	2005	2004	2005	2004	2004-2005
Revenues:							
Program revenues:							
Charges for services	\$ 2,463,052	2,657,916	921,305	862,731	3,384,357	3,520,647	-3.87%
Operating grants and contributions and restricted interest	2,906,004	2,554,812	441,784	409,098	3,347,788	2,963,910	12.95%
Capital grants and contributions and restricted interest	122,000	0	0	0	122,000	0	100.00%
General revenues:							
Property taxes	8,147,897	8,190,729	0	0	8,147,897	8,190,729	-0.52%
Local option sales and services tax	1,744,662	1,741,642	0	0	1,744,662	1,741,642	0.17%
Unrestricted state grants	8,100,473	7,872,506	0	0	8,100,473	7,872,506	2.90%
Other	208,309	44,228	2,851	1,864	211,160	46,092	358.13%
Total revenues	23,692,397	23,061,833	1,365,940	1,273,693	25,058,337	24,335,526	2.97%
Program expenses:							
Governmental activities:							
Instructional	13,571,767	13,409,055	0	0	13,571,767	13,409,055	1.21%
Support services	5,344,366	4,658,245	0	0	5,344,366	4,658,245	14.73%
Non-instructional programs	2,500	21,784	1,411,115	1,209,534	1,413,615	1,231,318	14.81%
Other expenses	2,389,958	2,268,012	0	0	2,389,958	2,268,012	5.38%
Total expenses	21,308,591	20,357,096	1,411,115	1,209,534	22,719,706	21,566,630	5.35%
Excess(deficiency) of revenues over(under) expenses	2,383,806	2,704,737	(45,175)	64,159	2,338,631	2,768,896	-15.54%
Capital contributions	0	0	200,297	0	200,297	0	100.00%
Changes in net assets	2,383,806	2,704,737	155,122	64,159	2,538,928	2,768,896	-8.31%
Beginning net assets	7,454,625	4,749,888	464,177	400,018	7,918,802	5,149,906	53.77%
Ending net assets	\$ 9,838,431	7,454,625	619,299	464,177	10,457,730	7,918,802	32.06%

Property tax and unrestricted state grants account for 65% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 83% of the total expenses.

Net assets increased during the year, indicating an improvement in the financial condition of the District. During the 2004-05 fiscal year, total net assets of governmental activities increased \$2,383,806 or 31.98%. This increase was the result of a marked reduction in long-term debt obligations as well as management's focus to decrease operational costs in an unsure state economic situation. The Board has made a commitment to attain a 5% General Fund solvency ratio which increased from 11.89% to 14.58% during the 2004-05 fiscal year. The business-type activities performed less well in 2004-05 compared to 2003-04, but on a positive note the District purchased equipment from local option sales and services tax and General Fund adding capital contributions of \$200,297. During the 2004-05 fiscal year, total net assets of business-type activities increased \$155,122 or 33.42%.

Governmental Activities

Revenues for governmental activities were \$23,692,397 and expenses were \$21,308,591.

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.

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	\$ 13,571,767	9,032,389
Support services	5,344,366	5,263,413
Non-instructional programs	2,500	200
Other expenses	2,389,958	1,521,533
Totals	\$ 21,308,591	15,817,535

- The cost financed by users of the District’s programs was \$2,463,052.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,028,004.
- The net cost of governmental activities was financed with \$8,147,897 in property tax, \$1,744,662 in local option sales and services tax, \$8,100,473 in unrestricted state grants, \$198,989 in unrestricted investment earnings and \$9,320 in other income.

Business-Type Activities

Revenues of the District’s business-type activities were \$1,365,940 and expenses were \$1,411,115. The District’s business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2005, the District’s net assets increased in the business-type activities by \$155,122.

Financial Analysis of the District’s Funds

At the end of the fiscal year ended June 30, 2005, the District’s governmental funds reported combined ending fund balances of \$1,535,464, an increase of \$1,312,156 in comparison with the prior year. Of this amount, \$1,238,788 constitutes unreserved fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

The District’s business-type funds did not perform as well as it has in previous years. While food sales remained constant, expenses increased over the previous year. Management believes that this under-performance is temporary and that the coming fiscal year will yield better results. The Capital Projects fund and General fund contributed capital assets of \$200,297 to the School Nutrition fund which increased the net assets, improving the financial position of the business-type funds.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at

the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue and expenditures associated with the elementary building capital project activity. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on pages 45.

The District's total actual receipts were \$3,602,999 less than the total budgeted receipts, a variance of 12.57%. The most significant change resulted in the District receiving less in various components of local sources than originally anticipated.

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

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental and business type activities as of June 30, 2005, amounts to \$24,809,056 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 7 of the notes to the basic financial statements.

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Land	\$ 500,000	500,000	0	0	500,000	500,000	0.00%
Buildings and improvements	23,163,013	22,663,598	0	0	23,163,013	22,663,598	2.20%
Machinery and equipment	745,624	937,688	400,419	293,488	1,146,043	1,231,176	-6.91%
Total	\$ 24,408,637	24,101,286	400,419	293,488	24,809,056	24,394,774	1.70%

Long-Term Debt

At the end of June 30, 2005, the District had total long-term debt of \$16,209,226, a decrease of \$757,221 from the prior fiscal year. Of this amount, \$993,557 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 8 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Total School District		Total Change
	2005	2004	
General obligation bonds	\$ 15,640,000	16,320,000	-4.2%
School bus lease	358,074	467,945	-23.5%
Compensated absences	93,791	85,237	10.0%
Early retirement	117,361	93,265	25.8%
Totals	<u>\$ 16,209,226</u>	<u>16,966,447</u>	<u>-4.5%</u>

Economic Factors and Next Year's Budgets and Rates

Indicators, both financial and non-financial, that will impact the District in the immediate future are:

- The District expects a steady student enrollment over the next several years. This is crucial due to the Iowa school funding formula based in part upon student enrollment.
- A projected 4% increase in allowable growth will allow the District additional state funding in Fiscal year 2006.
- The upcoming Iowa legislative session could again prove to be most challenging in respect to the state budget. The impact of state reductions to education is an unknown that we must be ready to address and compensate.

Requests for Information

This financial report is designed to provide our 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 any questions about this report or need additional information, contact the District's Business Office.

Basic Financial Statements

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments			
ISCAP(Note 6)	\$ 599	0	599
Other	4,810,155	208,762	5,018,917
Receivables:			
Property tax:			
Succeeding year	8,163,966	0	8,163,966
Income surtax	224,573	0	224,573
Inventories	0	32,503	32,503
Capital assets, net of accumulated depreciation(Note 7)	24,408,637	400,419	24,809,056
TOTAL ASSETS	37,607,930	641,684	38,249,614
LIABILITIES			
Accounts payable	96,222	6,606	102,828
Salaries and benefits payable	86,568	5,536	92,104
Construction loan(Note 5)	3,092,500	0	3,092,500
Accrued interest payable	121,017	0	121,017
Deferred revenue:			
Succeeding year property tax	8,163,966	0	8,163,966
Other	0	10,243	10,243
Long-term liabilities(Note 8):			
Portion due within one year:			
Bonds payable	710,000	0	710,000
School bus lease payable	114,723	0	114,723
Compensated absences payable	93,791	0	93,791
Early retirement payable	75,043	0	75,043
Portion due after one year:			
Bonds payable	14,930,000	0	14,930,000
School bus lease payable	243,351	0	243,351
Early retirement payable	42,318	0	42,318
TOTAL LIABILITIES	27,769,499	22,385	27,791,884
NET ASSETS			
Investment in capital assets, net of related debt	6,541,391	400,419	6,941,810
Restricted for:			
Talented and gifted	422	0	422
Salary Improvement Program	1,064	0	1,064
Phase III	12,462	0	12,462
Physical plant and equipment levy	339,817	0	339,817
Other special revenue purposes	80,229	0	80,229
Unrestricted	2,863,046	218,880	3,081,926
TOTAL NET ASSETS	\$ 9,838,431	619,299	10,457,730

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 8,543,650	1,342,441	1,942,349	0	(5,258,860)	0	(5,258,860)
Special instruction	3,280,812	325,289	133,977	0	(2,821,546)	0	(2,821,546)
Other instruction	1,747,305	795,322	0	0	(951,983)	0	(951,983)
	<u>13,571,767</u>	<u>2,463,052</u>	<u>2,076,326</u>	<u>0</u>	<u>(9,032,389)</u>	<u>0</u>	<u>(9,032,389)</u>
Support services:							
Student services	527,202	0	0	0	(527,202)	0	(527,202)
Instructional staff services	526,222	0	0	0	(526,222)	0	(526,222)
Administration services	1,565,776	0	0	0	(1,565,776)	0	(1,565,776)
Operation and maintenance of plant services	1,935,605	0	0	0	(1,935,605)	0	(1,935,605)
Transportation services	706,031	0	80,953	0	(625,078)	0	(625,078)
Other support services	83,530	0	0	0	(83,530)	0	(83,530)
	<u>5,344,366</u>	<u>0</u>	<u>80,953</u>	<u>0</u>	<u>(5,263,413)</u>	<u>0</u>	<u>(5,263,413)</u>
Non-instructional programs:							
Operation of non-instructional programs	2,500	0	2,300	0	(200)	0	(200)
Other expenditures:							
Facilities acquisitions	250,346	0	67,466	122,000	(60,880)	0	(60,880)
Long-term debt interest	723,655	0	0	0	(723,655)	0	(723,655)
AEA flowthrough	678,959	0	678,959	0	0	0	0
Depreciation(unallocated)*	736,998	0	0	0	(736,998)	0	(736,998)
	<u>2,389,958</u>	<u>0</u>	<u>746,425</u>	<u>122,000</u>	<u>(1,521,533)</u>	<u>0</u>	<u>(1,521,533)</u>
Total governmental activities	21,308,591	2,463,052	2,906,004	122,000	(15,817,535)	0	(15,817,535)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	1,261,571	778,686	438,908	0	0	(43,977)	(43,977)
Day care services	134,745	125,602	2,876	0	0	(6,267)	(6,267)
Swimming pool services	14,799	17,017	0	0	0	2,218	2,218
	<u>1,411,115</u>	<u>921,305</u>	<u>441,784</u>	<u>0</u>	<u>0</u>	<u>(48,026)</u>	<u>(48,026)</u>
Total	\$ 22,719,706	3,384,357	3,347,788	122,000	(15,817,535)	(48,026)	(15,865,561)
General Revenues(Expenses):							
Property tax levied for:					\$ 6,265,369	0	6,265,369
General purposes					1,420,140	0	1,420,140
Debt service					462,388	0	462,388
Capital outlay					1,744,662	0	1,744,662
Local option sales and services tax					8,100,473	0	8,100,473
Unrestricted state grants					198,989	5,808	204,797
Unrestricted investment earnings					0	(2,957)	(2,957)
Loss on disposal of capital assets					8,700	0	8,700
Compensation for loss of capital assets					620	0	620
Gain on sale of property							
					<u>18,201,341</u>	<u>2,851</u>	<u>18,204,192</u>
Total general revenues(expenses)					2,383,806	(45,175)	2,338,631
Changes in net assets before capital contributions					0	200,297	200,297
Capital contributions							
Changes in net assets					<u>2,383,806</u>	<u>155,122</u>	<u>2,538,928</u>
Net assets beginning of year					<u>7,454,625</u>	<u>464,177</u>	<u>7,918,802</u>
Net assets end of year					<u>\$ 9,838,431</u>	<u>619,299</u>	<u>10,457,730</u>

* This amount excludes the depreciation that is included in the direct expense of various programs
SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2005

	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments:					
ISCAP(Note 6)	\$ 599	0	0	0	599
Other	3,081,924	582,003	811,386	334,842	4,810,155
Receivables:					
Property tax:					
Succeeding year	5,937,281	482,786	0	1,743,899	8,163,966
Income surtax	224,573	0	0	0	224,573
TOTAL ASSETS	\$ 9,244,377	1,064,789	811,386	2,078,741	13,199,293
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 94,915	0	0	1,307	96,222
Salaries and benefits payable	86,568	0	0	0	86,568
Construction loan(Note 5)	0	0	3,092,500	0	3,092,500
Deferred revenue:					
Succeeding year property tax	5,937,281	482,786	0	1,743,899	8,163,966
Income surtax	224,573	0	0	0	224,573
Total liabilities	6,343,337	482,786	3,092,500	1,745,206	11,663,829
Fund balances:					
Reserved for:					
Debt service	0	0	0	167,018	167,018
Talented and gifted	422	0	0	0	422
Salary Improvement Program	1,064	0	0	0	1,064
Phase III	12,462	0	0	0	12,462
Unreserved:					
Designated for special purpose	115,710	0	0	0	115,710
Undesignated:					
General	2,771,382	0	0	0	2,771,382
Physical Plant and Equipment Levy	0	582,003	0	0	582,003
Capital Projects	0	0	(2,281,114)	0	(2,281,114)
Management	0	0	0	86,288	86,288
Other special revenue purposes	0	0	0	80,229	80,229
Total fund balances	2,901,040	582,003	(2,281,114)	333,535	1,535,464
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,244,377	1,064,789	811,386	2,078,741	13,199,293

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2005

Total fund balances of governmental funds(page 24)	\$ 1,535,464
<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 report as assets in in the governmental funds.	24,408,637
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(121,017)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	224,573
Long-term liabilities, including bonds payable, school bus lease payable, early retirement payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(16,209,226)</u>
Net assets of governmentales activites(page 22)	<u><u>\$ 9,838,431</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 5,992,044	462,388	1,744,662	1,693,892	9,892,986
Tuition	1,667,730	0	0	0	1,667,730
Other	406,050	133,160	5,790	573,611	1,118,611
Intermediate sources	29,414	0	0	0	29,414
State sources	9,803,066	67,757	0	1,066	9,871,889
Federal sources	1,102,874	0	0	0	1,102,874
Total revenues	19,001,178	663,305	1,750,452	2,268,569	23,683,504
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	8,333,123	0	0	154,301	8,487,424
Special instruction	3,281,264	0	0	0	3,281,264
Other instruction	1,133,056	0	0	605,787	1,738,843
	12,747,443	0	0	760,088	13,507,531
Support services:					
Student services	526,486	0	0	0	526,486
Instructional staff services	525,140	0	0	0	525,140
Administration services	1,510,300	0	0	6,307	1,516,607
Operation and maintenance of plant services	1,882,282	0	0	60,890	1,943,172
Transportation services	536,182	0	0	52,101	588,283
Other support services	0	0	0	84,200	84,200
	4,980,390	0	0	203,498	5,183,888
Non-instructional programs:					
Operation of non-instructional programs	0	0	0	2,500	2,500
Other expenditures:					
Facilities acquisitions	0	173,308	1,313,451	0	1,486,759
Long-term debt:					
Principal	0	0	0	789,871	789,871
Interest and fiscal charges	0	0	0	731,160	731,160
AEA flowthrough	678,959	0	0	0	678,959
	678,959	173,308	1,313,451	1,521,031	3,686,749
Total expenditures	18,406,792	173,308	1,313,451	2,487,117	22,380,668
Excess(deficiency) of revenues over(under) expenditures	594,386	489,997	437,001	(218,548)	1,302,836
Other financing sources(uses):					
Compensation for loss of capital assets	8,700	0	0	0	8,700
Sale of property	0	620	0	0	620
Transfers in	0	0	0	130,457	130,457
Transfers out	(64,618)	(65,839)	0	0	(130,457)
	(55,918)	(65,219)	0	130,457	9,320
Net change in fund balances	538,468	424,778	437,001	(88,091)	1,312,156
Fund balance beginning of year	2,362,572	157,225	(2,718,115)	421,626	223,308
Fund balance end of year	\$ 2,901,040	582,003	(2,281,114)	333,535	1,535,464

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds(page 26)	\$ 1,312,156
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
<p>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:</p>	
Capital outlays	\$ 1,277,026
Depreciation expense	(954,564)
Loss on disposal of capital assets	(15,111)
	<u>307,351</u>
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.	789,871
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	7,505
Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.	(427)
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	\$ (24,096)
Compensated absences	(8,554)
	<u>(32,650)</u>
Changes in net assets of governmental activities(page 23)	<u><u>\$ 2,383,806</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

JUNE 30, 2005

	School Nutrition	Lucky Children Day Care	Swimming Pool	Total
ASSETS				
Current assets:				
Cash and pooled investments	\$ 122,374	83,980	2,408	208,762
Inventories	32,503	0	0	32,503
Total current assets	154,877	83,980	2,408	241,265
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation(Note 7)	400,419	0	0	400,419
Total non-current assets	400,419	0	0	400,419
TOTAL ASSETS	555,296	83,980	2,408	641,684
LIABILITIES				
Current liabilities:				
Accounts payable	3,190	3,133	283	6,606
Salaries and benefits payable	0	5,536	0	5,536
Deferred revenue:				
Other	10,243	0	0	10,243
Total current liabilities	13,433	8,669	283	22,385
TOTAL LIABILITIES	13,433	8,669	283	22,385
NET ASSETS				
Invested in capital assets	400,419	0	0	400,419
Unrestricted	141,444	75,311	2,125	218,880
Total net assets	\$ 541,863	75,311	2,125	619,299

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2005

	School Nutrition	Lucky Children Day Care	Swimming Pool	Total
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 778,686	125,602	17,017	921,305
OPERATING EXPENSES:				
Non-instructional programs:				
Food service operations:				
Salaries	388,911	104,005	11,335	504,251
Benefits	126,981	8,110	502	135,593
Services	20,810	5,283	0	26,093
Supplies	628,664	11,026	2,962	642,652
Depreciation	95,208	0	0	95,208
Other	997	6,321	0	7,318
TOTAL OPERATING EXPENSES	1,261,571	134,745	14,799	1,411,115
OPERATING INCOME(LOSS)	(482,885)	(9,143)	2,218	(489,810)
NON-OPERATING REVENUES(EXPENSES):				
State sources	12,072	0	0	12,072
Federal sources	426,836	2,876	0	429,712
Loss on disposal of capital assets	(2,957)	0	0	(2,957)
Interest on investments	3,790	2,018	0	5,808
TOTAL NON-OPERATING REVENUES(EXPENSES)	439,741	4,894	0	444,635
Net income(loss) before capital contributions	(43,144)	(4,249)	2,218	(45,175)
Capital contributions	200,297	0	0	200,297
Changes in net assets	157,153	(4,249)	2,218	155,122
Net assets beginning of year	384,710	79,560	(93)	464,177
Net assets end of year	\$ 541,863	75,311	2,125	619,299

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2005

	School Nutrition	Lucky Children Day Care	Swimming Pool	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 755,224	0	0	755,224
Cash received from miscellaneous sources	24,309	125,602	17,017	166,928
Cash payments to employees for services	(515,892)	(108,668)	(11,837)	(636,397)
Cash payments to suppliers for goods or services	(616,997)	(22,630)	(2,679)	(642,306)
Net cash provided by(used in) operating activities	<u>(353,356)</u>	<u>(5,696)</u>	<u>2,501</u>	<u>(356,551)</u>
Cash flows from non-capital financing activities:				
State grants received	12,072	0	0	12,072
Federal grants received	400,771	2,876	0	403,647
Net cash provided by non-capital financing activities	<u>412,843</u>	<u>2,876</u>	<u>0</u>	<u>415,719</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(4,799)	0	0	(4,799)
Net cash used in capital and related financing activities	<u>(4,799)</u>	<u>0</u>	<u>0</u>	<u>(4,799)</u>
Cash flows from investing activities:				
Interest on investments	3,790	2,018	0	5,808
Net cash provided by investing activities	<u>3,790</u>	<u>2,018</u>	<u>0</u>	<u>5,808</u>
Net increase(decrease) in cash and cash equivalents	58,478	(802)	2,501	60,177
Cash and cash equivalents at beginning of year	63,896	84,782	(93)	148,585
Cash and cash equivalents at end of year	<u>\$ 122,374</u>	<u>83,980</u>	<u>2,408</u>	<u>208,762</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (482,885)	(9,143)	2,218	(489,810)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities used	35,718	0	0	35,718
Depreciation	95,208	0	0	95,208
Increase in inventories	(4,308)	0	0	(4,308)
Increase in accounts payable	2,064	3,133	283	5,480
Increase in salaries and benefits payable	0	314	0	314
Increase in deferred revenue	847	0	0	847
Net cash provided by(used in) operating activities	<u>\$ (353,356)</u>	<u>(5,696)</u>	<u>2,501</u>	<u>(356,551)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS
 AT YEAR END TO SPECIFIC ASSETS INCLUDED ON
 COMBINED BALANCE SHEET:

Current assets:				
Cash and investments	\$ 122,374	83,980	2,408	208,762

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2005, the District received Federal commodities valued at \$35,718.

During the year ended June 30, 2005, the District received capital contributions valued at \$200,297 from the Capital Projects Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND TYPE

JUNE 30, 2005

	<u>Agency Fund</u>
ASSETS	
Cash and pooled investments	\$ 4,611
Total assets	<u>\$ 4,611</u>
LIABILITIES	
Due to other groups	\$ 4,611
Total liabilities	<u>\$ 4,611</u>

SEE NOTES TO FINANCIAL STATEMENTS.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

Note 1. Summary of Significant Accounting Policies

The Lewis Central 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 city of Council Bluffs, Iowa, and the predominate agricultural territory in Pottawattamie County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Lewis Central 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 Lewis Central 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 Pottawattamie Counties 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 Physical Plant and Equipment Levy Fund is utilized to account for property taxes used to purchase equipment and capital improvements.

The Capital Projects Fund is utilized to account for local option sales and services tax and capital improvements.

The District also reports the following major and nonmajor proprietary funds:

The District's proprietary funds are the School Nutrition Fund, Lucky Children Day Care and Swimming Pool Funds. The School Nutrition Fund is a major fund used to account for the food service operations of the District. The Lucky Children Day Care Fund is a nonmajor fund used to account for the day care services of the District. The Swimming Pool Fund is a nonmajor fund used to account for the swimming pool services 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 Fund is used to account for assets held by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they

are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

Under 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 October 12, 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 Funds 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. Cash, Pooled Investments and Cash Equivalents

The cash balance 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 purpose 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.

E. Property Taxes

Property tax in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

F. Inventories

General Fund inventories are valued at cost using the first-in and first-out method. The inventories consist of supplies, and are recorded as expenditures when consumed rather than when purchased:

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method) or market and food commodities which were received from the federal government recorded at the contributed value as of the date received.

G. Capital Assets

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

Asset Class	Amount
Land	\$ 2,500
Buildings and improvements	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	20-50 years
Machinery and equipment	5-12 years

H. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2005, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2005.

I. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

J. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. The cost of vacation payments expected to be liquidated currently is recorded as a liability in the government-wide statement of net assets. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005.

K. 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.

L. 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.

M. Designated Fund Balances

In the governmental fund financial statements, designated funds are not available for appropriation but are set aside for a specific purpose. The designated fund balances are of various resale accounts.

N. 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.

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of disbursements known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor. During the year ended June 30, 2005, the non-instructional programs budget was amended for an increase of 4.57% to the originally approved budgets.
6. Encumbrances are not recognized and appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balance lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

As of June 30, 2005, the carrying amount of the District's bank deposits and pooled investments totaled \$5,018,917 with bank balances of \$5,018,917. These amounts are included in the cash and pooled investments on the combined balance sheet. Of the bank balance, \$100,000 was covered by federal depository insurance and \$4,918,917 was collateralized by securities held by the pledging financial institution or its agent but not in the District's name.

The District had no investments at June 30, 2005.

Note 4. Transfers

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

Transfer to	Transfer from	Amount
Debt Service	General	\$ 64,618
Debt Service	Special Revenue: Physical Plant and Equipment Levy	65,839
Total		\$ 130,457

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

Note 5. Construction Loan

During the year ended June 30, 2004, the District borrowed money on a line of credit to finance short-term construction expenditures. It is expected that once construction is completed, revenue bonds will be issued to repay this loan. Details of the District's short-term borrowings are as follows:

Balance Beginning of Year	Increases	Decreases	Balance End of Year
\$ 2,937,500	155,000	0	3,092,500

Note 6. Iowa School Cash Participation Program (ISCAP)

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

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2004-05A	6/30/04	6/30/05	\$ 599	\$ 0	\$ 0	\$ 0

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

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2004-05A	3.000%	2.463%

Note 7. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 500,000	0	0	500,000
Total capital assets not being depreciated	500,000	0	0	500,000
Capital assets being depreciated:				
Buildings and improvements	36,013,499	1,236,413	0	37,249,912
Machinery and equipment	2,842,030	40,613	141,515	2,741,128
Total capital assets being depreciated	38,855,529	1,277,026	141,515	39,991,040
Less accumulated depreciation for:				
Buildings and improvements	13,349,901	736,998	0	14,086,899
Machinery and equipment	1,904,342	217,566	126,404	1,995,504
Total accumulated depreciation	15,254,243	954,564	126,404	16,082,403
Total capital assets being depreciated, net	23,601,286	322,462	15,111	23,908,637
Governmental activities capital assets, net	\$ 24,101,286	322,462	15,111	24,408,637
Business-type activities:				
Machinery and equipment	\$ 588,911	205,096	68,663	725,344
Less accumulated depreciation	295,423	95,208	65,706	324,925
Business-type activities capital assets, net	\$ 293,488	109,888	2,957	400,419

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 37,348
Other		19,817
Support services:		
Student services		716
Instructional staff		1,000
Administration		42,070
Operation and maintenance of plant		12,262
Transportation		104,353
		<u>217,566</u>
Unallocated depreciation		736,998
Total governmental activities depreciation expense		\$ <u>954,564</u>
Business-type activities:		
Food services		\$ <u>95,208</u>

Note 8. Long-Term Debt

All Long-Term Debt listed is related to governmental activities. A summary of changes in long-term debt for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 16,320,000	\$ 0	\$ 680,000	\$ 15,640,000	\$ 710,000
School Bus Lease	467,945	0	109,871	358,074	114,723
Compensated Absences	85,237	93,791	85,237	93,791	93,791
Early Retirement	93,265	132,746	108,650	117,361	75,043
Total	<u>\$ 16,966,447</u>	<u>\$ 226,537</u>	<u>\$ 983,758</u>	<u>\$ 16,209,226</u>	<u>\$ 993,557</u>

Bonded debt

On October 21, 1998, the District issued general obligation bonds of \$10,000,000 for capital facility construction. On May 1, 1999, the District issued general obligation bonds of \$5,955,000 for capital facility construction. On May 1, 2001, the District issued general obligation bonds of \$3,105,000 for capital facility construction. Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of October 21, 1998			Bond Issue of May 1, 1999		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2006	3.875 %	\$ 415,000	413,126	4.50 %	270,000	119,707
2007	4.00	600,000	397,046	4.00	115,000	107,555
2008	4.00	630,000	373,046	4.10	110,000	102,955
2009	4.00	660,000	347,846	4.20	110,000	98,445
2010	4.00	700,000	321,446	4.25	100,000	93,825
2011-15	4.05-4.25	4,040,000	1,151,950	4.375-4.60	500,000	402,807
2016-21	4.25	2,955,000	255,638	4.75	1,415,000	243,912
Total		<u>\$ 10,000,000</u>	<u>3,260,098</u>		<u>\$ 2,620,000</u>	<u>1,169,206</u>

Year Ending June 30,	Bond Issue of May 1, 2001			Total	
	Interest Rate	Principal	Interest	Principal	Interest
2006	4.00 %	\$ 25,000	146,066	\$ 710,000	678,899
2007	4.00	25,000	145,066	740,000	649,667
2008	4.00	25,000	144,066	765,000	620,067
2009	4.10	30,000	143,066	800,000	589,357
2010	4.20	30,000	141,836	830,000	557,107
2011-15	4.30-4.625	155,000	689,680	4,695,000	2,244,437
2016-21	4.70-4.90	2,730,000	715,370	7,100,000	1,214,920
Total		<u>\$ 3,020,000</u>	<u>2,125,150</u>	<u>\$ 15,640,000</u>	<u>6,554,454</u>

School Bus Lease

During the year ended June 30, 2002 and June 30, 2004, the District entered in to lease agreements with Blue Bird Body Company. The General Fund will be used to liquidate the 2002 bus lease liability. The Special Revenue, Physical Plant and Equipment Levy Fund will be used to liquidate the 2004 bus lease liability. The details of the repayment of this lease are as follows:

Year Ending June 30,	June 30, 2002		
	Interest Rate	Principal	Interest
2006	4.48 %	\$ 59,195	5,423
2007	4.48	61,848	2,770
2008		-	-
2009		-	-
		<u>\$ 121,043</u>	<u>8,193</u>

June 30, 2004		
Interest Rate	Principal	Interest
4.35 %	\$ 55,528	10,311
4.35	57,944	7,895
4.35	60,464	5,374
4.35	63,095	2,744
	<u>\$ 237,031</u>	<u>26,324</u>

Year Ending June 30,	Total	
	Principal	Interest
2006	\$ 114,723	15,734
2007	119,792	10,665
2008	60,464	5,374
2009	63,095	2,744
	<u>\$ 358,074</u>	<u>34,517</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees at various times. Eligible employees must be at least age fifty-three and employees must have completed twenty-five years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2005 totaled \$108,650. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the government-wide financial statements representing the District's commitment to fund early retirement. All early retirement benefits are paid out of the Special Revenue, Management Fund.

Note 9. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$664,022, \$756,971, and \$644,941 respectively, equal to the required contributions for each year.

Note 10. Risk Management

Lewis Central Community School District is a member in the Iowa School Employees Benefits Association, and Iowa Code Chapter 28E organization. The Iowa School Employees Benefits Association (ISEBA) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. ISEBA was formed July 1999 for the purpose of managing and funding employee benefits. ISEBA provides coverage and protection in the following categories: medical, dental, vision and prescription drugs.

In July 2004, the Association converted from a self-funded pool to a fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. In December 2004, ISEBA issued assessments necessary to cover run-out claims received when the program converted from self-funded to fully-insured coverage. ISEBA is recovering the shortfall through a combination of assessment included in their annual premium for the 2004-2005 and 2005-2006 plan years. The deficit recovery is equal to 2% of the annual premium. The total amount of the deficit recoveries of current members is estimated to be \$2.2 million. The District's share of this assessment was \$49,829 was paid with the 2004-2005 premiums. Since the program is now fully insured, there will be no additional assessments due to claims exceeding premiums charged to members.

The Lewis Central Community School District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2005 were \$1,893,046.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw. ISEBA will pay claims incurred before the termination date.

Lewis Central 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 and deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. 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 \$678,959 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Contingencies

As of June 30, 2005, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time; however, management does not believe they will be material to the basic financial statements.

Note 13. Deficit Fund Balance

The District's Capital Projects Fund had a deficit fund balance of \$2,281,114 at June 30, 2005.

Required Supplementary Information

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Lewis
Central

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2005

	Governmental Fund Types - Actual	Proprietary Fund Types - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 12,679,327	\$ 927,113	\$ 13,606,440	\$ 17,049,538	\$ 17,049,538	\$ (3,443,098)
Intermediate sources	29,414	0	29,414	0	0	29,414
State appropriations	9,871,889	12,072	9,883,961	10,555,862	10,555,862	(671,901)
Federal appropriations	1,102,874	429,712	1,532,586	1,050,000	1,050,000	482,586
Total revenues	23,683,504	1,368,897	25,052,401	28,655,400	28,655,400	(3,602,999)
Expenditures:						
Instruction	13,507,531	0	13,507,531	14,410,000	14,410,000	902,469
Support services	5,183,888	0	5,183,888	5,710,260	5,710,260	526,372
Non-instructional programs	2,500	1,411,115	1,413,615	1,421,500	1,486,500	72,885
Other expenditures	3,686,749	0	3,686,749	7,363,834	7,363,834	3,677,085
Total expenditures	22,380,668	1,411,115	23,791,783	28,905,594	28,970,594	5,178,811
Excess(deficiency) of revenues over(under) expenditures	1,302,836	(42,218)	1,260,618	(250,194)	(315,194)	1,575,812
Other financing sources, net	9,320	197,340	206,660	0	0	206,660
Excess(deficiency) of revenues and other financing sources over(under) expenditures	1,312,156	155,122	1,467,278	(250,194)	(315,194)	1,782,472
Balance beginning of year	223,308	464,177	687,485	2,384,238	2,384,238	(1,696,753)
Balance end of year	\$ 1,535,464	\$ 619,299	\$ 2,154,763	\$ 2,134,044	\$ 2,069,044	\$ 85,719

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2005

This budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP 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 expenditures by \$65,000.

Other Supplementary Information

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Lewis
Central

Lewis Central Community School District

Nonmajor Governmental Funds

Special Revenue Funds

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

Management Fund

This fund accounts for property taxes collected to pay property and boiler insurance, fidelity bonds, worker's compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

Student Activity Fund

This fund accounts for funds raised by student groups. Under State Law, the Board retains responsibility for Student Activity Fund's ultimate disposition.

Expendable Trust Fund

This fund accounts for donations for student scholarships. Under State Law, the Board retains responsibility for Expendable Trust Fund's ultimate disposition.

Debt Service Fund

This fund accounts for the payment of principal and interest on District's general long-term debt.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2005

	Special Revenue Funds			Total	Debt Service	Total Nonmajor Governmental Funds
	Manage- ment	Student Activity	Expendable Trust			
ASSETS						
Cash and pooled investments	\$ 86,288	79,650	1,886	167,824	167,018	334,842
Receivables:						
Property tax:						
Succeeding year	355,000	0	0	355,000	1,388,899	1,743,899
TOTAL ASSETS	\$ 441,288	79,650	1,886	522,824	1,555,917	2,078,741
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$ 0	1,307	0	1,307	0	1,307
Deferred revenue:						
Succeeding year property tax	355,000	0	0	355,000	1,388,899	1,743,899
Total liabilities	355,000	1,307	0	356,307	1,388,899	1,745,206
Fund equity:						
Fund balances:						
Reserved for Debt Service	0	0	0	0	167,018	167,018
Unreserved, undesignated	86,288	78,343	1,886	166,517	0	166,517
	86,288	78,343	1,886	166,517	167,018	333,535
TOTAL LIABILITIES AND FUND EQUITY	\$ 441,288	79,650	1,886	522,824	1,555,917	2,078,741

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Manage- ment	Student Activity	Expendable Trust		
REVENUES:					
Local sources:					
Local tax	\$ 273,752	0	0	273,752	1,693,892
Other	5,092	557,931	2,300	565,323	573,611
State sources	172	0	0	172	1,066
TOTAL REVENUES	279,016	557,931	2,300	839,247	2,268,569
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	154,301	0	0	154,301	154,301
Other instruction	0	605,787	0	605,787	605,787
Support services:					
Administration services	6,307	0	0	6,307	6,307
Operation and maintenance of plant services	60,890	0	0	60,890	60,890
Student transportation	52,101	0	0	52,101	52,101
Other support services	84,200	0	0	84,200	84,200
Non-instructional programs:					
Operation of non-instructional programs	0	0	2,500	2,500	2,500
Other expenditures:					
Long-term Debt:					
Principal	0	0	0	0	789,871
Interest and fiscal charges	0	0	0	0	731,160
TOTAL EXPENDITURES	357,799	605,787	2,500	966,086	2,487,117
Deficiency of revenues under expenditures	(78,783)	(47,856)	(200)	(126,839)	(218,548)
OTHER FINANCING SOURCES:					
Operating transfer in	0	0	0	0	130,457
	0	0	0	0	130,457
Excess(deficiency) of revenues and other financing sources over(under) expenditures	(78,783)	(47,856)	(200)	(126,839)	38,748
FUND BALANCE BEGINNING OF YEAR	165,071	126,199	2,086	293,356	421,626
FUND BALANCE END OF YEAR	\$ 86,288	78,343	1,886	166,517	333,535

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND

YEAR ENDED JUNE 30, 2005

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>LAKEVIEW POP TEACHERS' LOUNGE</u>				
ASSETS				
Cash and pooled investments	\$ 434	1,189	369	1,254
LIABILITIES				
Due to other groups	\$ 434	1,189	369	1,254
<u>TITAN HILL TEACHERS</u>				
ASSETS				
Cash and pooled investments	\$ 801	993	0	1,794
LIABILITIES				
Due to other groups	\$ 801	993	0	1,794
<u>ADMINISTRATION POP</u>				
ASSETS				
Cash and pooled investments	\$ 49	399	0	448
LIABILITIES				
Due to other groups	\$ 49	399	0	448
<u>MS POP - TEACHERS' LOUNGE</u>				
ASSETS				
Cash and pooled investments	\$ 484	1,634	1,264	854
LIABILITIES				
Due to other groups	\$ 484	1,634	1,264	854
<u>HS POP TEACHERS' LOUNGE</u>				
ASSETS				
Cash and pooled investments	\$ 56	1,494	1,289	261
LIABILITIES				
Due to other groups	\$ 56	1,494	1,289	261
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 1,824	5,709	2,922	4,611
LIABILITIES				
Due to other groups	\$ 1,824	5,709	2,922	4,611

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Statistical Section

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

GENERAL SCHOOL SYSTEM REVENUES BY SOURCE - GOVERNMENT-WIDE
Last Three Years

	Years Ended June 30,		
	2005	2004	2003
Program Revenues:			
Charges for service	\$ 3,384,357	3,520,647	3,351,059
Operating grants and other contributions	3,347,788	2,963,910	2,695,281
Capital grants and other contributions	122,000	0	0
General Revenues:			
Property taxes	8,147,897	8,190,729	7,995,664
Local option sales and service taxes	1,744,662	1,741,642	1,205,582
Unrestricted state grants	8,100,473	7,872,506	8,305,333
Unrestricted investment earnings	204,797	46,092	187,002
Other	6,363	0	33,837
Total	\$ 25,058,337	24,335,526	23,773,758

Note: Information for years prior to 2003 is not available, due to the implementation of GASB 34.

Source: School District financial records.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

GENERAL SCHOOL SYSTEM EXPENDITURES BY FUNCTION - GOVERNMENT-WIDE
Last Three Years

	Years Ended June 30,		
	2005	2004	2003
Expenditures:			
Instruction:			
Regular instruction	\$ 8,543,650	8,874,419	8,993,328
Special instruction	3,280,812	3,190,347	3,400,547
Other instruction	1,747,305	1,344,289	1,314,155
Support services:			
Student services	527,202	451,700	387,234
Instructional staff services	526,222	694,962	569,934
Administration services	1,565,776	1,256,814	1,355,511
Operation and maintenance of plant services	1,935,605	1,630,776	1,991,550
Transportation services	706,031	549,719	644,907
Other support services	83,530	74,274	52,973
Non-instructional programs:			
Nutrition services	1,261,571	1,086,867	1,071,405
Daycare services	134,745	107,630	122,941
Swimming pool services	14,799	15,037	16,776
Operation of non-instructional programs	2,500	3,500	2,100
Community service and education program	0	18,284	23,357
Other:			
Facilities acquisitions	250,346	0	1,466,144
Long-term debt interest	723,655	869,933	773,918
AEA flow-through	678,959	685,810	734,742
Depreciation(unallocated)	736,998	712,269	628,789
Total	\$ 22,719,706	21,566,630	23,550,311

Note: Information for years prior to 2003 is not available, due to the implementation of GASB 34.

Source: School District financial records.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

GENERAL FUND REVENUE, BY SOURCE

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Local Tax	State	Federal	Miscellaneous	Total
2005	\$5,992,044	\$9,803,066	\$1,102,874	\$2,111,894	\$19,009,878
2004	\$6,072,030	\$9,456,032	\$969,969	\$1,885,425	\$18,383,456
2003	\$5,718,586	\$10,034,743	\$573,316	\$2,102,803	\$18,429,448
2002	\$5,090,149	\$10,228,601	\$474,531	\$2,216,414	\$18,009,695
2001	\$4,811,795	\$10,290,563	\$368,429	\$1,745,271	\$17,216,058
2000	\$4,707,016	\$9,920,241	\$409,846	\$1,551,253	\$16,588,356
1999	\$4,599,485	\$9,499,705	\$325,408	\$1,584,215	\$16,008,813
1998	\$4,451,642	\$8,960,484	\$294,006	\$1,544,491	\$15,250,623
1997	\$4,333,154	\$8,742,707	\$179,640	\$1,380,630	\$14,636,131
1996	\$4,636,686	\$6,680,945	\$216,682	\$1,174,622	\$12,708,935

Source: School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

GENERAL FUND EXPENDITURES, BY PROGRAM AND/OR FUNCTION

LAST TEN FISCAL YEARS

Expenditures by Function

Fiscal Year Ended June 30	Instruction	Support Services	Non- Instructional Programs	Other Expenditures and Other Financing Uses	Total Expenditures
2005	\$12,747,443	\$4,980,390	\$0	\$743,577	\$18,471,410
2004	\$12,090,250	\$4,799,932	\$18,603	\$750,428	\$17,659,213
2003	\$12,694,820	\$4,666,640	\$23,822	\$799,360	\$18,184,642
2002	\$12,575,598	\$4,823,645	\$17,441	\$734,795	\$18,151,479
2001	\$12,280,576	\$4,495,455	\$81,067	\$758,522	\$17,615,620
2000	\$11,789,734	\$4,204,401	\$82,518	\$721,076	\$16,797,729
1999	\$10,994,601	\$4,231,691	\$83,025	\$697,674	\$16,006,991
1998	\$10,113,110	\$4,070,380	\$66,017	\$661,490	\$14,910,997
1997	\$9,399,664	\$3,991,691	\$8,255	\$655,823	\$14,055,433
1996	\$8,443,855	\$3,891,233	\$5,001	\$0	\$12,340,089

Source: School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Valuation Year	Collection Year	Real Property	
		Net Assessed Value	Estimated Actual Value
2003	2004-05 (A)	\$447,720,839	\$763,573,057
2002	2003-04 (B)	\$449,181,616	\$733,149,142
2001	2002-03 (C)	\$424,609,227	\$694,253,692
2000	2001-02 (D)	\$402,517,660	\$609,724,718
1999	2000-01 (E)	\$379,452,155	\$582,555,115
1998	1999-00 (F)	\$333,273,822	\$498,217,543
1997	1998-99 (G)	\$304,948,880	\$472,043,835
1996	1997-98 (H)	\$268,718,266	\$402,532,393
1995	1996-95 (I)	\$254,170,996	\$373,523,413
1994	1995-96 (J)	\$242,480,703	\$321,146,839

- (A) Equalization order applied by County Auditor.
Rollback 48.4558% residential, 99.2570% commercial
- (B) Equalization order applied by County Auditor.
Rollback 51.3874% residential, 100% commercial
- (C) Equalization order applied by County Auditor.
Rollback 51.6676% residential, 97.7701% commercial
- (D) Equalization order applied by County Auditor.
Rollback 56.2651% residential, 100% commercial
- (E) Equalization order applied by County Auditor.
Rollback 54.8525% residential, 98.7732% commercial
- (F) Equalization order applied by County Auditor.
Rollback 56.4789% residential, 100% commercial
- (G) Equalization order applied by County Auditor.
Rollback 54.9090% residential, 97.3606% commercial
- (H) Equalization order applied by County Auditor.
Rollback 58.8424% residential, 100% commercial
- (I) Equalization order applied by County Auditor.
Rollback 59.3180% residential, 97.2824% commercial
- (J) Equalization order applied by County Auditor.
Rollback 67.5074% residential, 100% commercial

Source: Pottawattamie County Auditor
 District Financial Records

Utilities		Total		Ratio of Net Assessed to Total Estimated Actual Value
Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value	
\$111,909,231	\$111,909,231	\$559,630,070	\$875,482,288	63.9%
\$113,657,236	\$113,657,236	\$562,838,852	\$846,806,378	66.5%
\$112,191,434	\$112,191,434	\$536,800,661	\$806,445,126	66.6%
\$111,475,651	\$111,475,651	\$513,993,311	\$721,200,369	71.3%
\$109,941,072	\$109,941,072	\$489,393,227	\$692,496,187	70.7%
\$118,591,097	\$118,591,097	\$451,864,919	\$616,808,640	73.3%
\$131,783,370	\$131,783,370	\$436,732,250	\$603,827,205	72.3%
\$120,200,806	\$120,200,806	\$388,919,072	\$522,733,199	74.4%
\$117,750,112	\$117,750,112	\$371,921,108	\$491,273,525	75.7%
\$121,642,340	\$121,642,340	\$364,123,043	\$442,789,179	82.2%

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

SOURCE OF SCHOOL NUTRITION REVENUES AND REIMBURSEMENTS

LAST TEN FISCAL YEARS

	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
Food Sales	\$754,377	\$705,822	\$672,969	\$657,512	\$571,002	\$531,650	\$478,940	\$453,066	\$431,938	\$417,293
Federal reimbursements	\$391,118	\$334,859	\$310,991	\$308,100	\$284,433	\$284,756	\$283,500	\$289,944	\$262,054	\$258,831
State reimbursements	\$12,072	\$10,718	\$11,717	\$11,995	\$12,313	\$12,845	\$13,183	\$13,374	\$12,498	\$13,760
Commodities consumed	\$35,718	\$59,066	\$62,395	\$75,868	\$47,984	\$32,089	\$41,131	\$42,342	\$42,214	\$60,271
Other	\$28,099	\$45,498	\$18,789	\$23,678	\$19,147	\$11,970	\$15,967	\$23,241	\$14,437	\$23,456
Total	1,221,384	\$1,155,963	\$1,076,861	\$1,077,153	\$934,879	\$873,310	\$832,721	\$821,967	\$763,141	\$773,611

Food Sales	61.77%	61.06%	62.49%	61.04%	61.08%	60.88%	57.52%	55.12%	56.60%	53.94%
Federal reimbursements	32.02%	28.97%	28.88%	28.60%	30.42%	32.61%	34.05%	35.27%	34.34%	33.46%
State reimbursements	0.99%	0.93%	1.09%	1.11%	1.32%	1.47%	1.58%	1.63%	1.64%	1.78%
Commodities consumed	2.92%	5.11%	5.79%	7.04%	5.13%	3.67%	4.94%	5.15%	5.53%	7.79%
Other	2.30%	3.94%	1.74%	2.20%	2.05%	1.37%	1.92%	2.83%	1.89%	3.03%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Levy Year	Collection Year	City of Council Bluffs	
2003	2004-2005	City	17.76669
		Schools	14.22142
		County	6.91234
		Community College	0.73653
		Ag Extension	0.04675
		Assessor	0.35440
		State of Iowa	0.00400
		Total Levy	<u>40.04213</u>
Ratio of Lewis Central Community School District to Total		<u>6.37%</u>	
2002	2003-2004	City	16.74909
		Schools	14.13294
		County	6.23360
		Community College	0.72458
		Ag Extension	0.04588
		Assessor	0.35442
		State of Iowa	0.00400
		Total Levy	<u>38.24451</u>
Ratio of Lewis Central Community School District to Total		<u>6.43%</u>	
2001	2002-2003	City	16.42850
		Schools	14.25350
		County	6.07455
		Community College	0.76610
		Ag Extension	0.04759
		Assessor	0.33984
		State of Iowa	0.00400
		Total Levy	<u>37.91408</u>
Ratio of Lewis Central Community School District to Total		<u>6.81%</u>	
2000	2001-2002	City	15.72002
		Schools	14.41908
		County	5.77339
		Community College	0.62530
		Ag Extension	0.04886
		Assessor	0.31500
		State of Iowa	0.00500
		Total Levy	<u>36.90665</u>
Ratio of Lewis Central Community School District to Total		<u>7.32%</u>	

Continued on following page.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Levy Year	Collection Year	City of Council Bluffs	
1999	2000-2001	City	15.78900
		Schools	14.02650
		County	5.79865
		Community College	0.71479
		Ag Extension	0.05150
		Assessor	0.30269
		State of Iowa	0.00500
		Total Levy	<u>36.68813</u>
Ratio of Lewis Central Community School District to Total		<u>6.78%</u>	
1998	1999-2000	City	15.90748
		Schools	14.59982
		County	5.78038
		Community College	0.64663
		Ag Extension	0.05496
		Assessor	0.33889
		State of Iowa	0.00500
		Total Levy	<u>37.33316</u>
Ratio of Lewis Central Community School District to Total		<u>7.23%</u>	
1997	1998-1999	City	15.86655
		Schools	15.26803
		County	4.90334
		Community College	0.72324
		Ag Extension	0.05710
		Assessor	0.35222
		State of Iowa	0.00500
		Total Levy	<u>37.17548</u>
Ratio of Lewis Central Community School District to Total		<u>0.00%</u>	
1996	1997-1998	City	16.49164
		Schools	12.23440
		County	5.11108
		Community College	0.69113
		Ag Extension	0.06152
		Assessor	0.34663
		State of Iowa	0.00500
		Total Levy	<u>34.94140</u>
Ratio of Lewis Central Community School District to Total		<u>0.00%</u>	

Continued on following page.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Levy Year	Collection Year	City of Council Bluffs	
1995	1996-1997	City	16.51148
		Schools	13.88740
		County	5.81116
		Community College	0.65722
		Ag Extension	0.07202
		Assessor	0.33377
		State of Iowa	<u>0.00500</u>
		Total Levy	<u><u>37.27805</u></u>
Ratio of Lewis Central Community School District to Total		<u>0.00%</u>	
1994	1995-1996	City	16.51342
		Schools	14.80734
		County	5.57777
		Community College	0.61427
		Ag Extension	0.07094
		Assessor	0.59971
		State of Iowa	<u>0.00500</u>
		Total Levy	<u><u>38.18845</u></u>
Ratio of Lewis Central Community School District to Total		<u>0.00%</u>	

Notes: Tax rates expressed in dollars per \$1,000 of assessed valuation.

Source: Pottawattamie County Auditor

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

GOVERNMENTAL FUND TYPES

Levy Year	General	Debt Service	Schoolhouse	Physical Plant and Equipment	Management	Total
PROPERTY TAX LEVIES						
2005	\$5,787,005	\$1,426,603	\$0	\$464,493	\$274,998	\$7,953,099
2004	\$5,827,267	\$1,384,235	\$0	\$467,156	\$259,999	\$7,938,657
2003	\$5,560,307	\$1,386,111	\$0	\$538,494	\$150,002	\$7,634,914
2002	\$4,911,433	\$1,388,460	\$318,915	\$169,618	\$149,999	\$6,938,425
2001	\$4,622,230	\$1,218,056	\$304,235	\$161,500	\$125,002	\$6,431,023
2000	\$4,483,297	\$1,219,470	\$283,930	\$138,810	\$99,998	\$6,225,505
1999	\$4,567,304	\$0	\$281,754	\$137,746	\$119,998	\$5,106,802
1998	\$4,388,151	\$0	\$262,520	\$128,343	\$149,998	\$4,929,012
1997	\$4,348,604	\$0	\$238,857	\$116,775	\$210,000	\$4,914,236
1996	\$4,670,014	\$0	\$235,722	\$115,242	\$149,999	\$5,170,977

PROPERTY TAX COLLECTIONS

2005	\$5,992,044	\$1,420,140	\$0	\$462,388	\$273,752	\$8,148,324
2004	\$6,072,030	\$1,388,954	\$0	\$468,749	\$260,889	\$8,190,622
2003	\$5,718,586	\$1,370,490	\$358,241	\$175,148	\$148,306	\$7,770,771
2002	\$4,822,543	\$1,365,362	\$341,176	\$166,797	\$147,284	\$6,843,162
2001	\$4,559,937	\$1,199,911	\$300,135	\$146,733	\$123,318	\$6,330,034
2000	\$4,482,685	\$1,219,315	\$283,892	\$138,791	\$99,985	\$6,224,668
1999	\$4,562,580	\$0	\$281,461	\$137,604	\$119,882	\$5,101,527
1998	\$4,421,782	\$0	\$264,533	\$129,327	\$151,148	\$4,966,790
1997	\$4,309,561	\$0	\$236,713	\$115,726	\$208,115	\$4,870,115
1996	\$4,613,299	\$0	\$232,858	\$113,842	\$148,251	\$5,108,250

PERCENTAGE COLLECTED

2005	103.54%	99.55%	N/A	99.55%	99.55%	102.45%
2004	104.20%	100.34%	N/A	100.34%	100.34%	103.17%
2003	102.85%	98.87%	N/A	32.53%	98.87%	101.78%
2002	98.19%	98.34%	N/A	98.34%	98.19%	98.63%
2001	98.65%	98.51%	98.65%	90.86%	98.65%	98.43%
2000	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
1999	99.90%	---	99.90%	99.90%	99.90%	99.90%
1998	100.77%	---	100.77%	100.77%	100.77%	100.77%
1997	99.10%	---	99.10%	99.10%	99.10%	99.10%
1996	98.79%	---	98.79%	98.79%	98.83%	98.79%

Source: School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND GENERAL BONDED DEBT PER CAPITA AND PER STUDENT

LAST TEN FISCAL YEARS

Year of Collection	Population	Average Daily Membership	Assessed Values of Property *	General Bonded Debt	Ratio of Bonded Debt To Assessed Value	Bonded Debt Per Capita	Bonded Debt Per Student
2004-05	12,577	2,884	\$559,630,070	\$15,640,000	2.79%	\$1,244	\$5,423
2003-04	12,577	2,746	\$562,838,852	\$16,320,000	2.90%	\$1,298	\$5,943
2002-03	12,577	2,723	\$536,800,661	\$16,965,000	3.16%	\$1,349	\$6,230
2001-02	12,577	2,709	\$513,993,311	\$17,585,000	3.42%	\$1,398	\$6,491
2000-01	12,577	2,682	\$489,393,227	\$18,180,000	3.71%	\$1,445	\$6,779
1999-00	11,079	2,700	\$451,864,919	\$15,625,000	3.46%	\$1,410	\$5,787
1998-99	11,079	2,702	\$436,732,250	\$15,955,000	3.65%	\$1,440	\$5,905
1997-98	11,079	2,741	\$388,919,072	\$0	0.00%	\$0	\$0
1996-97	11,079	2,685	\$371,921,108	\$0	0.00%	\$0	\$0
1995-96	11,079	2,728	\$364,123,043	\$0	0.00%	\$0	\$0

* Total Net Valuation Excluding Tax Increment Financing Valuation.

Source: Pottawattamie County Auditor
School District Financial and Enrollment Records
Council Bluffs Chamber of Commerce

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97	1995-96
Total Assessed Valuation	\$875,482,288	\$846,806,378	\$806,445,126	\$721,200,369	\$692,496,187	\$616,808,640	\$603,827,205	\$522,733,199	\$491,273,525	\$442,789,179
Bonded Debt Limit * 5% of assessed valuation	\$43,774,114	\$42,340,319	\$40,322,256	\$36,060,018	\$34,624,809	\$30,840,432	\$30,191,360	\$26,136,660	\$24,563,676	\$22,139,459
Bonded Debt at end of fiscal year	\$15,700,000	\$16,385,000	\$17,040,000	\$17,670,000	\$18,280,000	\$15,625,000	\$15,955,000	\$0	\$0	\$0
Debt Margin at end of fiscal year	\$28,074,114	\$25,955,319	\$23,282,256	\$18,390,018	\$16,344,809	\$15,215,432	\$14,236,360	\$26,136,660	\$24,563,676	\$22,139,459

* Code of Iowa Section 296.1

Source: Pottawattamie County Auditor
School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2005

Name of Governmental Unit	Total Gross Debt Outstanding	Percentage applicable to Lewis Central Community School District	Lewis Central Community School District Share of Debt
Lewis Central Community School District	\$15,640,000	100.00%	\$15,640,000
City of Council Bluffs	\$57,610,000	21.30%	\$12,271,110
Pottawattamie County	\$12,675,000	19.39%	\$2,458,137
Mills County	\$0	1.93%	\$0
Loess Hills AEA 13	\$0	9.97%	\$0
Iowa Western Community College	\$10,965,000	9.97%	\$1,093,538
			<u>\$31,462,785</u>

Source: Pottawattamie County Auditor
 Mills County Auditor
 Council Bluffs City Clerk

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
 SUMMARY OF VOTES CAST AT SCHOOL ELECTIONS
 LAST TEN FISCAL YEARS

Tax Levy Total

Fiscal Year	Date	Amount Authorized	Amount Defeated	Yes Vote	No Vote	Votes Cast	Expires
2005-06	September 13, 2005	10% of regular budget (1)		552	512	1,064	6/30/2016
2002-03	December 3, 2002	\$0.50 per \$1,000 assessed (2)		546	284	830	6/30/2013
2001-02	December 4, 2001	One cent sales tax (3)		426	346	772	6/30/2010
1999-00	March 28, 2000		One cent sales tax (4)	234	423	657	
1998-99	August 25, 1998		Exceed \$2.70 /\$1,000 (5)	1,248	1,101	2,349	
1998-99	June 23, 1998	\$19.4 million G.O. Bonds (6)		1,141	930	2,071	
1998-99	June 23, 1998		Exceed \$2.70 /\$1,000 (7)	1,405	959	2,364	
1995-96	April 30, 1996		\$11 million G.O. Bonds (8)	1,031	966	1,997	
1995-96	October 24, 1995		\$10.8 million G.O. Bonds (9)	944	764	1,708	

- (1) Instructional Support Levy
- (2) Physical Plant and Equipment Levy
- (3) County-wide 1% Sales and Service Tax
- (4) County-wide 1% Sales and Service Tax
- (5) Exceed \$2.70 per \$1,000 Assessed Valuation
- (6) G.O. Bonds to build new High School, renovate existing buildings
- (7) Exceed \$2.70 per \$1,000 Assessed Valuation
- (8) G.O. Bonds to build new Elementary School, renovate High School, addition to E.A. Krefit Elementary
- (9) G.O. Bonds to build new Elementary School, renovate High School, addition to E.A. Krefit Elementary

Source: School District Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to Total General Fund Expenditures
2004-05	\$680,000	\$709,374	\$1,389,374	\$18,471,410	7.52%
2003-04	\$645,000	\$869,656	\$1,514,656	\$17,594,595	8.61%
2002-03	\$671,903	\$779,714	\$1,451,617	\$18,120,024	8.01%
2001-02	\$595,000	\$792,774	\$1,387,774	\$18,151,479	7.65%
2000-01	\$550,000	\$668,058	\$1,218,058	\$17,615,620	6.91%
1999-00	\$330,000	\$889,840	\$1,219,840	\$16,797,729	7.26%
1998-99	\$0	\$0	\$0	\$16,006,991	0.00%
1997-98	\$0	\$0	\$0	\$14,910,997	0.00%
1996-97	\$0	\$0	\$0	\$14,055,433	0.00%
1995-96	\$0	\$0	\$0	\$12,340,089	0.00%

Source: School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

MISCELLANEOUS DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

GENERAL INFORMATION:

The Lewis Central Community School District is located in Pottawattamie and Mills Counties in western Iowa. Lewis Central serves a portion of the City of Council Bluffs, as well as surrounding unincorporated areas. Council Bluffs, is Iowa's fifth largest city, and is a part of the greater Omaha area. Residents of the school district enjoy all of the amenities of a metropolitan city including close proximity to commercial air service at Omaha's Eppley Field, as well as a diverse employment base.

Fiscal Year Ending June 30,	District Population	Estimated City of Council Bluffs Population	Retail Sales	Number of Retail Firms	Unemployment Rate
2004	12,577	58,268	\$798,695,119	1,232	4.80%
2003	12,577	58,268	\$796,713,586	1,224	4.50%
2002	12,577	58,268	\$810,767,805	1,238	4.00%
2001	12,577	58,268	\$773,729,862	1,255	3.30%
2000	11,079	54,315	\$756,267,688	1,237	2.60%
1999	11,079	54,315	\$710,799,214	1,277	2.50%
1998	11,079	54,315	\$636,076,274	1,279	2.60%
1997	11,079	54,315	\$600,869,243	1,296	3.00%
1996	11,079	54,315	\$563,247,816	1,261	3.80%
1995	11,079	54,315	\$506,924,302	1,252	3.50%

STATISTICAL REVIEW:

Area - 64 square miles

Location - Distance in miles from Council Bluffs, Iowa:

Chicago	461	Milwaukee	505
Denver	550	Minneapolis	371
Des Moines	130	New York	1235
Kansas City	180	St. Louis	432
Los Angeles	1560		

Cultural and Recreational Facilities - 3 public swimming pools, 1 skate park, public library, 15 city parks, 2 sports complexes, 5 golf courses.

Attractions - Rails West Railroad Museum, Union Pacific Railroad Museum, Historic General Dodge House, Lewis & Clark Monument, Golden Spike Monument, Wabash Trace Nature Trail, Mid American Convention Center.

Climate - Average winter temperature 24.8 degrees F.
Average summer temperature 73.8 degrees F.
Average annual rainfall 33.1 inches
Average annual snowfall 27.4 inches

MUNICIPAL SERVICES:

Administrator/Council/Mayor government, full-time fire department, full-time police department, solid waste and recycling residential pickup, electrical, gas and water services.

Sources: Iowa State University, Department of Economics
Council Bluffs Chamber of Commerce
Iowa Workforce Development

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Insured Property Values	Expenditures For Construction	Bank Deposit *
2005	\$63,194,573	\$1,313,451	\$2,901,040
2004	\$52,902,123	\$3,790,595	\$2,362,572
2003	\$51,676,638	\$2,478,782	\$1,638,329
2002	\$51,176,526	\$3,285,819	\$1,374,695
2001	\$49,030,165	\$7,364,205	\$1,516,479
2000	\$34,773,674	\$8,961,357	\$1,916,041
1999	\$34,773,674	\$364,977	\$2,120,762
1998	\$34,773,674	\$0	\$2,122,681
1997	\$34,773,674	\$0	\$1,774,056
1996	\$34,773,674	\$0	\$3,134,729

* School District's General Fund bank deposit at June 30.

Source: Silverstone Group, Inc.
School District Financial Records

**LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2005**

Detail of Coverage	Carrier/ Policy Number	Policy Term	Liability Limits	Annual Premium
PROPERTY Blanket Buildings and Personal Property	Employers Mutual 9A 45075-04	07/01/04 to 07/01/05	Coverage of 100% of full replacement cost as per statement of values. Deductible \$5,000 per occurrence. \$51,676,638 limit, \$5,000 deductible.	\$49,881
Property off school premises and in-transit				
LIABILITY Premises, faculty liability, personal injury, Booster clubs, sexual abuse or misconduct	Employers Mutual 9D 45075-04	07/01/04 to 07/01/05	\$1,000,000 each occurrence limit, \$2,000,000 aggregate.	\$16,135
FLEET Bodily injury, property damage, medical, uninsured motorists, underinsured motorist, comprehensive, collision	Employers Mutual 9C 45075-04	07/01/04 to 07/01/05	\$1,000,000 single limit liability, \$5,000 medical payments. Deductible -buses \$0 Comprehensive, \$100 Collision Other vehicles - \$0 Comprehensive, \$100 Collision Underinsured and uninsured motorists - \$1,000,000.	\$25,614
WORKERS' COMPENSATION	Employers Mutual 9H 45075-04	07/01/04 to 07/01/05	Statutory, \$0 deductible	\$107,055
COMMERCIAL UMBRELLA (EXCESS LIABILITY)	Employers Mutual 9J 45075-04	07/01/04 to 07/01/05	\$5,000,000 occurrence limit, \$5,000,000 aggregate limit	\$15,228
PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY COVERAGE	Employers Mutual 9K 45075-04	07/01/04 to 07/01/05	\$1,000,000 each loss, \$1,000,000 aggregate, \$2,000 deductible per loss	\$2,923
POLLUTION LIABILITY	Employers Mutual 9P 45075-04	07/01/04 to 07/01/05	\$500,000 each incident, \$1,000,000 aggregate \$250 deductible	\$325
EMPLOYEE DISHONESTY	Employers Mutual 9F 45075-04	07/01/04 to 07/01/05	Public employee dishonesty, \$500,000 limit, \$5,000 deductible Forgery or alteration, \$10,000 limit, \$250 deductible	\$1,935
INLAND MARINE School Floater policy for miscellaneous equipment not in a building	Employers Mutual 9A 45075-04	07/01/04 to 07/01/05	\$50,000 limit, \$250 deductible	\$0
CRIME	Employers Mutual 9F 45075-04	07/01/04 to 07/01/05	Theft - various building limits Computer Fraud - \$50,000 limit, \$1,000 deductible	\$0
			TOTAL	<u>\$219,096</u>

Source: School Insurance Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

PRINCIPAL TAXPAYERS

JUNE 30, 2005

Taxpayer	Type of Business	2004 Assessed Value	Percentage of Total Assessed Valuation*
Mid American Production	Utilities	\$63,731,200	10.96%
Mid American Electric	Utilities	\$14,313,079	2.46%
Risen Son Christian Village	Housing/Health Care	\$10,185,131	1.75%
Wal-Mart Real Estate Business	Retail Sales	\$9,925,000	1.71%
Central Iowa Power Coop	Utilities	\$7,482,904	1.29%
Johnson Enterprises Ltd.	Nursery	\$7,470,668	1.28%
Chapelridge of CB Ltd.	Housing	\$7,383,060	1.27%
Menard, Inc.	Retail Sales	\$6,875,000	1.18%
HD Development Maryland Inc.	Retail Sales	\$6,600,000	1.13%
Farnam Co. Inc.	Commercial Development	<u>\$6,559,479</u>	1.13%
Total		<u>\$140,525,521</u>	24.16%

* 2004 Total District tax assessment is \$581,670,092

Source: Pottawattamie County Auditor

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

OFFICIAL ENROLLMENT BY GRADE

LAST TEN FISCAL YEARS

<u>Grade</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>
Kindergarten	164.0	191.0	167.0	153.0	154.0	152.0	145.0	179.0	176.2	160.0
1	200.0	165.0	161.0	159.1	155.0	141.0	194.0	166.1	159.2	167.0
2	177.0	163.0	167.1	158.0	146.1	190.0	169.1	159.0	165.0	204.0
3	180.0	152.0	151.0	153.0	185.0	176.1	171.0	176.0	215.2	166.0
4	162.0	169.0	169.1	185.0	176.0	180.0	178.0	201.0	186.0	197.0
5	182.0	185.0	177.0	176.0	192.0	177.0	201.1	192.0	188.0	158.0
6	194.0	188.0	188.0	187.0	176.0	202.0	200.0	189.0	173.0	200.0
7	198.0	188.0	198.1	182.0	222.0	204.0	192.0	176.0	218.0	209.0
8	199.0	203.0	185.1	218.1	199.1	195.0	189.1	227.0	203.0	173.0
9	210.1	185.1	213.0	184.0	204.0	169.2	225.0	202.4	167.1	210.0
10	186.2	200.2	191.1	194.0	174.0	225.0	210.0	175.0	211.0	192.0
11	196.0	185.1	185.2	155.0	209.0	184.1	167.3	202.0	187.0	196.0
12	190.0	189.0	154.1	190.0	176.0	156.2	205.0	195.0	194.0	180.0
Preschool	9.0	9.0	17.0	15.0	48.0	41.0	30.0	18.0	27.0	31.0
	<u>2,447.3</u>	<u>2,372.4</u>	<u>2,323.8</u>	<u>2,309.2</u>	<u>2,416.2</u>	<u>2,392.6</u>	<u>2,476.6</u>	<u>2,457.5</u>	<u>2,469.7</u>	<u>2,443.0</u>

Changes From Prior
Year
Increase (Decrease)

	74.9	48.6	14.6	-107	23.6	-84	19.1	-12.2	26.7	29
Percent Change	3.16%	2.09%	0.63%	-4.43%	0.99%	-3.39%	0.78%	-0.49%	1.09%	1.20%

Source: School District reports and enrollment records
Certified enrollment as of third Friday in September of school year

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

OPEN ENROLLED STUDENTS

LAST TEN FISCAL YEARS

School Year	Open Enrollment In	Open Enrollment Out	Net Gain (Loss)
2004-05	323.2	104.0	219.2
2003-04	329.0	134.6	194.4
2002-03	311.0	184.0	127.0
2001-02	278.0	144.0	134.0
2000-01	248.0	149.0	99.0
1999-00	245.0	119.0	126.0
1998-99	259.0	110.0	149.0
1997-98	253.0	88.0	165.0
1996-97	222.0	71.0	151.0
1995-96	181.0	54.0	127.0

Source: Certified Annual Enrollment

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

OPERATING COST PER PUPIL

LAST TEN FISCAL YEARS

Fiscal Year	Total Costs*	Average Daily Attendance	Operating Costs Per Pupil
2004-05	\$18,471,410	2,753	\$6,710
2003-04	\$17,594,595	2,606	\$6,752
2002-03	\$18,120,024	2,592	\$6,991
2001-02	\$18,151,479	2,579	\$7,038
2000-01	\$17,615,620	2,476	\$7,115
1999-00	\$16,797,729	2,564	\$6,551
1998-99	\$16,006,991	2,579	\$6,207
1997-98	\$14,910,997	2,573	\$5,795
1996-97	\$14,055,433	2,587	\$5,433
1995-96	\$12,340,089	2,645	\$4,665

* Includes all General Fund Expenditures

Source: School District financial and attendance reports

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

FINANCIAL SOLVENCY RATIO

LAST TEN FISCAL YEARS

School Year	Unreserved, Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio*
2004-05	\$2,771,382	\$19,009,878	14.58%
2003-04	\$2,185,245	\$18,381,251	11.89%
2002-03	\$1,567,860	\$18,429,448	8.51%
2001-02	\$1,285,549	\$17,622,803	7.29%
2000-01	\$1,304,559	\$17,211,494	7.58%
1999-00	\$1,014,209	\$16,588,356	6.11%
1998-99	\$1,254,020	\$16,008,813	7.83%
1997-98	\$1,342,862	\$15,250,623	8.81%
1996-97	\$1,037,761	\$14,636,131	7.09%
1995-96	\$527,241	\$12,708,935	4.15%

* Financial Solvency Ratio =
$$\frac{\text{Undesignated, Unreserved General Fund Balance}}{\text{Actual Revenues}}$$

The financial solvency ratio measures movement and distribution of current assets. The financial solvency ratio represents a school district's year end position after payment of all current and outstanding or accrued liabilities.

Ranges utilized are:

TARGETED SOLVENCY POSITION:

Financial Solvency Ratio ranging from 5% to 10% of actual revenues. A school district is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term obligations.

ACCEPTABLE SOLVENCY POSITION:

Financial Solvency Ratio ranging from 0 to 4.99% of actual revenues. Fund balance is considered adequate for short-term credit purposes as long as other local economic trends, such as property tax collections and enrollment are sound.

SOLVENCY ALERT:

A solvency alert exists if the school corporation has a negative solvency ratio up to -3.0% of actual revenues. A negative solvency position in this range warrants prompt management response but could be caused by operating revenue/expenditure fluctuations within one budget year.

SOLVENCY CONCERN:

A solvency concern exists if the school corporation has a negative solvency ratio in excess of -3.0% of actual revenues.

Source: School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

CERTIFIED STAFF SALARIES

LAST TEN FISCAL YEARS

School Year	Minimum	Maximum	Average
2004-05	\$27,608	\$54,569	\$41,089
2003-04	\$27,608	\$54,569	\$41,089
2002-03	\$27,260	\$53,886	\$40,573
2001-02	\$26,332	\$52,065	\$39,199
2000-01	\$26,332	\$52,065	\$39,199
1999-00	\$25,259	\$49,560	\$37,410
1998-99	\$24,650	\$48,365	\$36,508
1997-98	\$24,128	\$47,341	\$35,735
1996-97	\$23,722	\$46,544	\$33,947
1995-96	\$22,852	\$44,837	\$33,845

Note:

- The above table does not include extra duty pay.
- Average salary does not include supplemental Phase payments.

Source: School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

STAFFING LEVELS*

LAST TEN FISCAL YEARS

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Administration										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Assistant Principals	4.0	3.0	3.0	4.0	4.0	3.0	2.0	2.0	3.0	3.0
All other administrators	3.0	3.0	4.0	3.0	3.0	3.0	4.0	4.0	2.0	2.0
Total Administration	12.0	11.0	13.0	13.0	13.0	12.0	12.0	12.0	11.0	11.0
Instructors										
Regular Program Teachers	131.5	133.0	137.3	139.3	132.8	137.9	132.9	129.3	118.8	118.6
Special Education Teachers	35.5	36.5	36.5	36.5	38.5	42.0	36.5	36.0	30.7	34.7
Counselors	6.8	7.0	8.0	7.0	7.0	3.0	8.0	3.0	7.0	7.0
Media Specialists	4.0	4.0	3.8	3.8	3.8	3.8	3.8	4.0	3.6	3.6
Total Instructors	177.8	180.5	185.5	186.5	182.0	186.7	181.2	172.3	160.1	163.9
Support Personnel										
Coordinators /Technicians	5.0	6.0	7.0	7.0	6.0	1.0	1.0	1.0	1.0	1.0
Nurses	1.1	1.1	1.2	1.2	1.2	1.2	1.8	1.2	1.4	0.0
Clerical	22.0	22.9	29.0	32.0	28.4	34.0	13.0	33.0	32.0	33.0
Paraeducators, Regular	25.0	25.0	25.0	26.0	22.0	25.0	22.0	17.5	23.5	19.5
Paraeducators, Special Ed.	25.0	17.0	17.0	32.0	29.0	23.0	24.0	17.5	23.5	19.5
Custodial and Maintenance	31.0	23.5	12.5	12.0	11.1	8.0	9.0	10.0	9.0	9.0
Food Service	30.0	22.9	30.0	30.0	21.5	26.0	26.0	27.0	25.0	18.8
Bus Drivers	29.0	23.0	22.0	23.0	19.0	22.0	22.0	19.0	18.0	26.0
Total Support Personnel	168.1	141.4	143.7	163.2	138.2	140.2	118.8	126.2	133.4	126.8
Total District Staff	358.0	332.9	342.2	362.7	333.2	338.9	312.0	310.4	304.5	301.7

* FTE (full time equivalent) as of the third Friday in September

Source: District Human Resources Department

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES BY FUND
PER \$1,000 ASSESSED VALUATION

LAST TEN FISCAL YEARS

Fiscal Year Ending <u>June 30,</u>	<u>General</u>	<u>Management</u>	Board <u>PPEL</u>	Voter <u>PPEL</u>	Debt <u>Service</u>	<u>Total</u>
2005	\$10.35038	\$0.49185	\$0.33000	\$0.50000	\$2.54919	\$14.22142
2004	10.38041	0.46315	0.33000	0.50000	2.45938	14.13294
2003	10.38617	0.28019	0.33000	0.67497	2.58217	14.25350
2002	10.39529	0.31748	0.33000	0.67500	2.70131	14.41908
2001	10.25525	0.27734	0.33000	0.67500	2.48891	14.02650
2000	10.65834	0.23773	0.33000	0.67500	2.69875	14.59982
1999	10.94192	0.28748	0.33000	0.67500	0.00000	12.23440
1998	11.28294	0.38568	0.33000	0.67500	0.00000	12.67362
1997	12.28895	0.59345	0.33000	0.67500	0.00000	13.88740
1996	13.37281	0.42953	0.33000	0.67500	0.00000	14.80734

Source: School District Financial Records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY MEMBERSHIP (ADM),
AVERAGE DAILY ATTENDANCE (ADA) AND RATIO OF ADA TO ADM

LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Average Daily Membership (ADM)	Average Daily Attendance (ADA)	Ratio of ADA to ADM
2005	2,884	2,753	95.46%
2004	2,746	2,606	94.90%
2003	2,723	2,592	95.19%
2002	2,709	2,579	95.20%
2001	2,682	2,476	92.32%
2000	2,700	2,564	94.96%
1999	2,702	2,579	95.45%
1998	2,741	2,573	93.87%
1997	2,685	2,587	96.35%
1996	2,728	2,645	96.96%

Source: District enrollment records

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
GENERAL ANALYSIS OF FACILITIES AND STAFFING

Name of School	Date Constructed	Grades Served	Head Count Enrollment Third Friday in September 2005	Teachers Actively Employed* 2005-06	Student Teacher Ratio
High School	2001	9-12 and Special Education	823.6	54.4	15.15
Middle School	1961	6-8 and Special Education	616.0	45.0	13.69
Elementaries:					
Central Elementary	1954	Vacant			
E.A. Kreft Primary	1967	PK-2 and Special Education	573.0	45.0	12.73
Titan Hill Intermediate	1976	3-5 and Special Education	547.0	38.0	14.39
Total Elementary Schools			1,120.0	83.0	13.49
District Total			2,559.6	265.4	9.65

* All certified staff, including support personnel, such as counselors and media specialist (full-time equivalent).

Source: District Research Department.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT

SUMMARY OF BUILDING CONSTRUCTION

<u>Building</u>	<u>Project</u>	<u>Year</u>	<u>Square Footage</u>	<u>Total Square Footage</u>
<u>Elementary Schools:</u>				
Central Elementary	Original Building	1954	19,030	29,030
	Addition	1962	10,000	
E.A. Krefl Primary	Original Building	1967	14,475	67,600
	Addition	1968	6,300	
	Addition	1972	24,825	
	Addition	2000	22,000	
Titan Hill Intermediate School	Original Building	1976	59,732	103,678
	Addition	1978	43,946	
<u>Middle School:</u>				
Middle School	Original Building	1961	62,686	129,822
	Addition	1965	14,820	
	Addition	1966	22,600	
	Addition	1985	29,716	
<u>High School:</u>				
High School	Original Building	2001	172,000	172,000
<u>Other District Facilities:</u>				
Vocational Building	Original Building	1971	19,000	19,000
Educational Resource Center/ Building and Grounds/ Transportation	Original Building	1955	8,388	8,388
		1984	6,400	6,400

Source: District Research Department

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
 MAJOR EMPLOYERS IN THE COUNCIL BLUFFS AREA

<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
Offutt Air Force Base	Air Force	11,200
First Data Card Services Group	Credit card processing	6,500
Omaha Public Schools	Education	6,000
University of Nebraska Medical Center	Health care	5,800
Mutual of Omaha Companies	Insurance	5,400
Methodist Health System	Health care	4,800
Alegent Health/Bergen Mercy Medical Center	Health care	3,800
Oriental Trading Company	Manufacturing	3,500
Baker's Supermarkets, Inc.	Food distribution	3,500
Union Pacific Railroad	Railroad	3,500
U.S. West Communications	Telecommunications	3,200
ITI Marketing Services	Marketing	3,000
Lucent Technologies	Technology equipment	2,800
City of Omaha	City operations	2,600
University of Nebraska at Omaha	Education	2,600
Sitel	Telemarketing	2,600
West Telemarketing Corporation	Telemarketing	2,500
Omaha Public Power District	Electricity	2,300
Alegent Health/Immanuel Medical Center	Health care	2,300
Creighton University	Education	2,200
Iowa Beef Processors	Food packaging plant	1,825
Ameristar Casino	Casino	1,400
ConAgra Frozen Foods	Food packaging plant	1,375
Harvey's Casino Resorts	Casino	1,200

Source: Omaha, Nebraska, Chamber of Commerce
 Council Bluffs, Iowa, Chamber of Commerce
 Pottawattamie County

Single Audit Section

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2005

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DIRECT:			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
COMMUNITY DEVELOPMENT BLOCK GRANT	14.218	FY 05	\$ <u>2,876</u>
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION (non-cash)	10.550	FY 05	<u>35,718</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 05	320,451
SCHOOL BREAKFAST PROGRAM	10.553	FY 05	<u>70,667</u>
			<u>391,118</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	3465-G	<u>252,910</u>
SECONDARY EDUCATION AND TRANSITIONAL SERVICES FOR YOUTH WITH DISABILITIES (PROJECT IOWA: STATEWIDE SYSTEMS CHANGE TO ENHANCE)			
	84.158	FY 05	<u>1,800</u>
STATE GRANTS FOR INNOVATIVE PROGRAMS			
	84.298	FY 05	<u>11,218</u>
COMPREHENSIVE SCHOOL REFORM DEMONSTRATION			
	84.332	FY 04	18,375
COMPREHENSIVE SCHOOL REFORM DEMONSTRATION	84.332	FY 05	<u>21,083</u>
			<u>39,458</u>
IMPROVING TEACHER QUALITY STATE GRANTS			
	84.367	FY 04	15,831
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 05	<u>80,045</u>
			<u>95,876</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)			
	84.369	FY 04	8,227
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 05	<u>7,817</u>
			<u>16,044</u>

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2005

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DEPARTMENT OF EDUCATION (CONTINUED):			
AREA EDUCATION AGENCY:			
VOCATIONAL EDUCATION - BASIC			
GRANTS TO STATES	84.048	FY 05	<u>18,987</u>
SPECIAL EDUCATION -			
GRANTS TO STATES (PART B)	84.027	FY 05	<u>131,587</u>
SPECIAL EDUCATION -			
GRANTS TO STATES (SUCCESS 4)	84.027	FY 05	<u>2,390</u>
HARKIN PRESCHOOL GRANT	84.348	FY 05	<u>80,858</u>
TOTAL			<u>\$ 1,080,840</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Lewis Central 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 financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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 on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Lewis Central Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lewis Central Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated October 12, 2005, which was qualified because of the lack of capital assets. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lewis Central Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting.

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 material weaknesses. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

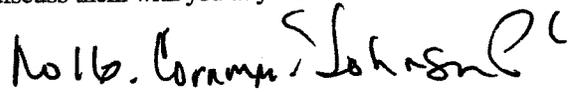
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lewis Central 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, 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 or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Lewis Central 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.

October 12, 2005

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 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
Lewis Central Community School District:

Compliance

We have audited the compliance of Lewis Central Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Lewis Central Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants agreements applicable to each of its major federal programs is the responsibility of Lewis Central Community School District's management. Our responsibility is to express an opinion on Lewis Central Community School District's compliance based on our audit.

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

In our opinion, Lewis Central Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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 condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts

and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations 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 Lewis Central Community School District and other parties to whom Lewis Central Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be use by anyone other than these specified parties.

Nolte - Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

October 12, 2005

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

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 major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
- Clustered Programs
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.556 - School Breakfast Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Lewis Central Community School District qualified as a low-risk auditee.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No matters were reported.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No reportable conditions were reported.

LEWIS CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Part IV: Other Findings Related to Statutory Reporting

IV-A-05 Official Depositories - A resolution naming official depositories has been approved by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

IV-B-05 Certified Budget - District disbursements for the year ended June 30, 2005, did not exceed the amount budgeted.

IV-C-05 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.

IV-D-05 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-E-05 Business Transactions - No business transactions between the District and District officials were noted.

IV-F-05 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-05 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - We will provide the minutes within the time period required, however, we are unable to control the publishing dates.

Conclusion - Response accepted.

IV-H-05 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-I-05 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.

IV-J-05 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.

IV-K-05 Financial Condition - The District had a deficit undesignated fund balance of \$2,281,114 in the Capital Projects Fund.

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

Response - We will monitor this fund and investigate any available options to eliminate the deficit.

Conclusion - Response accepted.