

West Central Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2005

Table of Contents

	<u>Page</u>	
Officials	1	
Independent Auditor's Report	2-3	
Management's Discussion and Analysis	4-12	
Basic Financial Statements:		<u>Exhibit</u>
Government-wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14-15
Governmental Fund Financial Statements:		
Balance Sheet	C	16
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets	D	17
Statement of Revenues, Expenditures and Changes in Fund Balances	E	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds to the Statement of Activities	F	19
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	20
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	21
Statement of Cash Flows	I	22
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	23
Statement of Changes in Fiduciary Net Assets	K	24
Notes to Financial Statements		25-32
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements And Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Funds		33
Notes to Required Supplementary Information- Budgetary Reporting		34
Other Supplementary Information:	<u>Schedule</u>	
Non-major Special Revenue Funds:		
Combining Balance Sheet	1	35
Combining Schedule of Revenues, Expenditures and Changes In Fund Balances	2	36
Schedule of Changes in Special Revenue Fund-Student Activity Accounts	3	37
Schedule of Revenues by Source and Expenditures by Function- All Governmental Funds	4	38
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		39-40
Schedule of Findings		41-42

West Central Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2004 Election)		
Jack Williams	President	2005
Chad Ingels	Vice President	2004
Charlie Barry	Board Member	2005
Alan Albrecht	Board Member	2006
Brent Sharff	Board Member	2006
Board of Education		
(After September 2004 Election)		
Jack Williams	President	2005
Chad Ingels	Vice President	2007
Charlie Barry	Board Member	2005
Alan Albrecht	Board Member	2006
Brent Sharff	Board Member	2006
School Officials		
Todd Abrahamson	Superintendent	2005
Kenda Wedemeier	District Secretary/Treasurer & Business Manager	2005
Brian Gruhn	Attorney	2005

Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District, Maynard, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

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

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

In accordance with Government Auditing Standards, I have also issued my report dated August 31, 2005 on my consideration of West Central Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

August 31, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,647,295 in fiscal 2004 to \$2,740,671 in fiscal 2005, while General Fund expenditures decreased from \$2,626,766 in fiscal 2004 to \$2,614,358 in fiscal 2005. The District's General Fund balance increased from \$259,282 in fiscal year 2004 to \$385,595 in fiscal year 2005, a 3% increase.
- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal year 2005. The decrease in expenditures was due primarily to a decrease in the spending of Special Ed funds.
- Although interest rates declined during the past three fiscal years, when combined with more cash available to be invested, the result was interest earnings in the General Fund alone increasing from \$7,734 in fiscal 2004 to \$12,955 in fiscal 2005.
- In fiscal 2005, the voter approved Local Option Sales Tax revenue was \$136,022.
- The District's solvency ratio has increased from 10% at June 30, 2004 to 15% at June 30, 2005. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

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

**Figure A-2
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

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

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

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

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District’s net assets at June 30, 2005 compared to June 30, 2004.

**Figure A-3
Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	\$2,415,127	\$2,514,723	\$25,309	\$26,301	\$2,440,436	\$2,541,024	-\$100,588
Capital assets	594,303	475,183	15,454	6,128	609,757	481,311	128,446
Total assets	\$3,009,430	\$2,989,906	\$40,763	\$32,429	\$3,050,193	\$3,022,335	\$27,858
Long-term liabilities	\$47,831	\$74,030	\$-	\$-	\$47,831	\$74,030	-\$26,199
Other liabilities	1,770,886	2,030,388	1,641	1,734	1,772,527	2,032,122	-259,595
Total liabilities	\$1,818,717	\$2,104,418	\$1,641	\$1,734	\$1,820,358	\$2,106,152	-\$285,794
Net assets:							
Invested in capital assets, net of related debt	\$594,303	\$429,483	\$15,454	\$6,128	\$609,757	\$435,611	\$174,146
Restricted	227,333	196,723	-	-	227,333	196,723	30,610
Unrestricted	369,077	259,282	23,668	24,567	392,745	283,849	108,896
Total net assets	\$1,190,713	\$885,488	\$39,122	\$30,695	\$1,229,835	\$916,183	\$313,652

The District’s combined net assets increased by nearly 25%, or approximately \$313,000, over the prior year. The largest portion of the District’s net assets is in the “invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt”. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets increased by approximately \$30,000, or 13% over the prior year. The increase was primarily a result of increased revenue in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$109,000, or 28%. This increase in unrestricted net assets was a result of the District’s increased revenues from tuition and other local sources.

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

**Figure A-4
Changes in Net Assets**

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	\$259,917	\$68,603	\$328,520
Operating grants, contributions and restricted interest	322,892	48,204	371,096
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	1,430,641	-	1,430,641
Local option sales and services tax	136,022	-	136,022
Unrestricted state grants	1,018,601	-	1,018,601
Unrestricted investment earnings	15,589	328	15,917
Other	8,551	-	8,551
Total revenues	\$3,192,213	\$117,135	\$3,309,348
Program expenses:			
Governmental activities:			
Instruction	\$1,960,903	\$-	\$1,960,903
Support services	810,223	-	810,223
Non-instructional programs	-	119,859	119,859
Other expenses	104,711	-	104,711
Total expenses	\$2,875,837	\$119,859	\$2,995,696
Change in net assets	\$316,376	-\$2,724	\$313,652

Property tax and unrestricted state grants account for 74% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 92% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,192,213 and expenses were \$2,875,837. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

**Figure A-5
Total and Net Cost of
Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$1,960,903	\$1,487,519
Support services	810,223	804,045
Non-instructional programs	-	-
Other expenses	104,711	1,464
Totals	\$2,875,837	\$2,293,028

- The cost financed by users of the District's programs was \$328,520.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$371,096.
- The net cost of governmental activities was financed with \$1,566,663 in property and other taxes and \$1,018,601 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$117,135 and expenses were \$119,859. 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.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$644,241, well above last year's ending fund balances of \$485,976. The primary reason for the increase in combined fund balances in fiscal 2005 is due to increased revenue from the Local Option Sales Tax.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues.
- The General Fund balance increased from \$259,282 to \$385,595, due in part to the increased revenue and decreased expenditures.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from \$41,763 in fiscal 2004 to \$36,814 in fiscal 2005. Revenues decreased and the District substantially reduced spending from the PPEL Fund in order to maintain the financial condition of the fund.
- The Capital Projects Fund balance increased due to the receipt of Local Option Sales Tax revenue. Fiscal 2005 ended with a balance of \$93,732.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$30,695 at June 30, 2004 to \$39,122 at June 30, 2005, representing an increase of approximately 22%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$32,024 less than budgeted receipts, a variance of 0.09%. The most significant variance resulted from the District receiving less in state aid than originally anticipated.

The District's 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 actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had invested \$.594 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 20% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$67,475.

The original cost of the District's capital assets was \$2.80 million. Governmental funds account for \$2.77 million, with the remainder of \$.03 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$1,204,663 at June 30, 2005, compared to \$1,068,285 reported at June 30, 2004. This increase resulted from roofing and tuck-pointing financed by the new Local Option Sales Tax.

**Figure A-6
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	\$62,506	\$62,506	\$-	\$-	\$62,506	\$62,506	\$-
Buildings	336,879	212,033	-	-	336,879	212,033	124,846
Furniture and equipment	194,918	200,644	15,454	6,128	210,372	206,772	3,600
Totals	\$594,303	\$475,183	\$15,454	\$6,128	\$609,757	\$481,311	\$128,446

Long-Term Debt

At June 30, 2005, the District had \$47,831 in other long-term debt outstanding. This represents a decrease of approximately 35% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

**Figure A-7
Outstanding Long-term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2005	2004	2004-2005
Notes payable	\$-	\$45,700	-\$45,700
Early retirement	47,841	28,330	19,511
Totals	\$47,841	\$74,030	-\$26,189

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Fayette County has advised the District that the District's total taxable valuation will remain about the same for property tax collected in fiscal 2006.
- The District has experienced declining enrollment for the past three years and expects that trend to continue.
- The District has evaluated the condition of its facilities and equipment and determined, due to age and use, repairs and remodeling must be done during fiscal 2006 at a cost of \$74,000. To pay for these expenses, the District will use a combination of resources from the Capital Projects Fund and the Physical Plant and Equipment Levy Fund.
- The District has received a \$50,000 Public Charter School Grant from the State of Iowa. These funds will be used during fiscal 2006 to create a public charter school. This is a pilot program created by the State of Iowa to improve student learning.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kenda Wedemeier, District Secretary/Treasurer and Business Manager, West Central Community School District, 305 Pember Street, Maynard IA 50655.

Basic Financial Statements

West Central Community School District

Statement of Net Assets

June 30, 2005

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
ISCAP	\$ 295,106	\$ -	\$ 295,106
Other	683,102	22,687	705,789
Receivables:			
Property tax:			
Delinquent	22,569	-	22,569
Succeeding year	1,364,638	-	1,364,638
Accounts	17,885	327	18,212
Accrued interest:			
ISCAP	1,989	-	1,989
Due from other governments	29,838	-	29,838
Inventories	-	2,295	2,295
Capital assets, net of accumulated depreciation	594,303	15,454	609,757
Total Assets	\$ 3,009,430	\$ 40,763	\$ 3,050,193
Liabilities			
Accounts payable	\$ 14,692	\$ -	\$ 14,692
Salaries and benefits payable	42,544	11	42,555
Other current liabilities	2,871	-	2,871
Deferred revenue-succeeding year property tax	1,364,638	-	1,364,638
Deferred revenue-other	50,000	1,630	51,630
ISCAP warrants payable	294,000	-	294,000
ISCAP accrued interest payable	2,141	-	2,141
Long-term liabilities:			
Portion due within one year:			
Early retirement	17,200	-	17,200
Portion due after one year:			
Early retirement	30,631	-	30,631
Total Liabilities	\$ 1,818,717	\$ 1,641	\$ 1,820,358
Net Assets			
Invested in capital assets, net of related debt	\$ 594,303	\$ 15,454	\$ 609,757
Restricted for:			
Management levy	4,388	-	4,388
Physical plant and equipment levy	36,814	-	36,814
Other special revenue purposes	186,131	-	186,131
Unrestricted	369,077	23,668	392,745
Total Net Assets	\$ 1,190,713	\$ 39,122	\$ 1,229,835

See notes to financial statements.

West Central Community School District

Statement of Activities

Year Ended June 30, 2005

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,314,448	\$ 150,589	\$ 134,863	\$ -
Special instruction	312,201	16,008	79,634	-
Other instruction	334,254	87,142	5,148	-
	\$ 1,960,903	\$ 253,739	\$ 219,645	\$ -
Support Services:				
Student services	\$ 59,688	\$ -	\$ -	\$ -
Instructional staff services	20,230	-	-	-
Administration services	370,212	-	-	-
Operation and maintenance of plant services	221,492	-	-	-
Transportation services	138,601	6,178	-	-
	\$ 810,223	\$ 6,178	\$ -	\$ -
Non-instructional programs	\$ -	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ -	\$ -	\$ -	\$ -
Long-term debt interest	530	-	-	-
AEA flow-through	103,247	-	103,247	-
Depreciation (unallocated) *	-	-	-	-
Other	934	-	-	-
	\$ 104,711	\$ -	\$ 103,247	\$ -
Total Governmental Activities	\$ 2,875,837	\$ 259,917	\$ 322,892	\$ -
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 119,859	\$ 68,603	\$ 48,204	\$ -
Total	\$ 2,995,696	\$ 328,520	\$ 371,096	\$ -

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -1,028,996	\$ -	\$ -1,028,996
-216,559	-	-216,559
-241,964	-	-241,964
<u>\$ -1,487,519</u>	<u>\$ -</u>	<u>\$ -1,487,519</u>
\$ -59,688	\$ -	\$ -59,688
-20,230	-	-20,230
-370,212	-	-370,212
-221,492	-	-221,492
-132,423	-	-132,423
<u>\$ -804,045</u>	<u>\$ -</u>	<u>\$ -804,045</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -
-530	-	-530
-	-	-
-	-	-
-934	-	-934
<u>\$ -1,464</u>	<u>\$ -</u>	<u>\$ -1,464</u>
<u>\$ -2,293,028</u>	<u>\$ -</u>	<u>\$ -2,293,028</u>
<u>\$ -</u>	<u>\$ -3,052</u>	<u>\$ -3,052</u>
<u>\$ -2,293,028</u>	<u>\$ -3,052</u>	<u>\$ -2,296,080</u>

West Central Community School District

Statement of Activities

Year Ended June 30, 2005

	<u>Program Revenues</u>		
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>	<u>Charges for Services</u>		
General Revenues:			
Property Tax Levied For:			
General purposes			
Debt service			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total General Revenues			
Change in net assets before transfers			
Transfers			
Change in net assets			
Net assets beginning of year			
Net Assets End of Year			

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

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 1,289,879	\$ -	\$ 1,289,879
-	-	-
140,762	-	140,762
136,022	-	136,022
1,018,601	-	1,018,601
15,589	328	15,917
8,551	-	8,551
<hr/> \$ 2,609,404	<hr/> \$ 328	<hr/> \$ 2,609,732
\$ 316,376	\$ -2,724	\$ 313,652
-11,151	11,151	-
<hr/> \$ 305,225	<hr/> \$ 8,427	<hr/> \$ 313,652
885,488	30,695	916,183
<hr/> \$ 1,190,713	<hr/> \$ 39,122	<hr/> \$ 1,229,835

West Central Community School District

Balance Sheet
Governmental Funds

June 30, 2005

Assets	General	Non-major Special Revenue	Total
Cash and Pooled Investments:			
ISCAP	\$ 295,106	\$ -	\$ 295,106
Other	431,114	251,988	683,102
Receivables:			
Property Tax:			
Delinquent	19,293	3,276	22,569
Succeeding year	1,167,171	197,467	1,364,638
Accounts	17,885	-	17,885
Accrued interest:			
ISCAP	1,989	-	1,989
Due from other governments	18,532	11,306	29,838
Total Assets	\$ 1,951,090	\$ 464,037	\$ 2,415,127
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 7,304	\$ 7,388	\$ 14,692
Salaries and benefits payable	42,008	536	42,544
ISCAP warrants payable	294,000	-	294,000
ISCAP accrued interest payable	2,141	-	2,141
Deferred Revenue:			
Succeeding year property tax	1,167,171	197,467	1,364,638
Other	50,000	-	50,000
Other current liabilities	2,871	-	2,871
Total Liabilities	\$ 1,565,495	\$ 205,391	\$ 1,770,886
Fund Balances:			
Reserved for debt service	\$ -	\$ -	\$ -
Unreserved	385,595	258,646	644,241
Total Fund Balances	\$ 385,595	\$ 258,646	\$ 644,241
Total Liabilities and Fund Balances	\$ 1,951,090	\$ 464,037	\$ 2,415,127

See notes to financial statements.

West 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 16)	\$	644,241
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		594,303
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds		-
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		-
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds		<u>-47,831</u>
Net assets of governmental activities (page 13)	\$	<u>1,190,713</u>

West Central Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2005

	General	Non-Major Special Revenue	Total
Revenues:			
Local Sources:			
Local tax	\$ 1,210,186	\$ 356,477	\$ 1,566,663
Tuition	123,884	-	123,884
Other	65,108	95,065	160,173
Intermediate sources	-	-	-
State sources	1,208,978	-	1,208,978
Federal sources	132,515	-	132,515
Total Revenues	\$ 2,740,671	\$ 451,542	\$ 3,192,213
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 1,262,500	\$ 12,030	\$ 1,274,530
Special instruction	312,201	-	312,201
Other instruction	225,840	108,414	334,254
	\$ 1,800,541	\$ 120,444	\$ 1,920,985
Support Services:			
Student services	\$ 42,594	\$ 19,981	\$ 62,575
Instructional staff services	20,230	6,690	26,920
Administration services	370,212	-	370,212
Operation and maintenance of plant services	184,125	34,389	218,514
Transportation services	93,409	6,403	99,812
	\$ 710,570	\$ 67,463	\$ 778,033
Non-instructional programs	\$ -	\$ -	\$ -
Other Expenditures:			
Facilities acquisition	\$ -	\$ 171,727	\$ 171,727
Long-Term Debt:			
Principal	-	45,700	45,700
Interest and fiscal charges	-	2,171	2,171
AEA flow-through	103,247	-	103,247
Other	-	934	934
	\$ 103,247	\$ 220,532	\$ 323,779
Total Expenditures	\$ 2,614,358	\$ 408,439	\$ 3,022,797
Excess of revenues over expenditures	\$ 126,313	\$ 43,103	\$ 169,416
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ 47,871	\$ 47,871
Operating transfers out	-	-59,022	-59,022
Total Other Financing Sources (Uses)	\$ -	\$ -11,151	\$ -11,151
Net change in fund balances	\$ 126,313	\$ 31,952	\$ 158,265
Fund balances beginning of year	259,282	226,694	485,976
Fund Balances End of Year	\$ 385,595	\$ 258,646	\$ 644,241

See notes to financial statements.

West 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 18) \$ 158,265

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 186,595	
Depreciation expense	-67,475	119,120

Certain delinquent property tax not collected for several months after year-end is not considered available revenue and is deferred in the governmental funds

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	\$ -	
Repaid	45,700	45,700

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.

1,641

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, as follows:

Early retirement		-19,501

Change in Net Assets of Governmental Activities (page 15)	\$	305,225
---	----	---------

See notes to financial statements.

West Central Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2005

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 22,687
Accounts receivable	327
Inventories	2,295
Capital assets, net of accumulated depreciation	<u>15,454</u>
Total Assets	<u>\$ 40,763</u>
Liabilities	
Salaries and benefits payable	\$ 11
Deferred revenue	<u>1,630</u>
Total Liabilities	<u>\$ 1,641</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 15,454
Unrestricted	<u>23,668</u>
Total Net Assets	<u>\$ 39,122</u>

West Central Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2005

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 68,603
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 45,544
Benefits	5,925
Purchased services	1,720
Supplies	64,140
Depreciation	2,530
Total operating expenses	\$ 119,859
Operating loss	\$ -51,256
Non-operating revenues:	
State sources	\$ 1,798
Federal sources	46,406
Interest income	328
Total non-operating revenues	\$ 48,532
Change in net assets, before transfers	\$ -2,724
Transfer in	11,151
Change in net assets	\$ 8,427
Net assets beginning of year	30,695
Net Assets End of Year	\$ 39,122

West Central Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2005

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 68,421
Cash paid to employees for services	-45,544
Cash paid to suppliers for goods or services	-66,287
Net cash used by operating activities	<u>\$ -43,410</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 1,798
Federal grants received	39,889
Net cash provided by non-capital financing activities	<u>\$ 41,687</u>
Cash flows from financing activities:	
Purchase of equipment	<u>\$ -705</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 328</u>
Net decrease in cash and cash equivalents	\$ -2,100
Cash and cash equivalents beginning of year	<u>24,787</u>
Cash and Cash Equivalents End of Year	<u>\$ 22,687</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -51,256
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	6,326
Depreciation	2,530
(Increase) in inventories	-712
(Increase) in accounts receivable	-205
(Decrease) in accounts payable	-69
(Decrease) in salaries and benefits payable	-1
(Decrease) in deferred revenue	-23
Net Cash Used by Operating Activities	<u>\$ -43,410</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2005, the District received \$6,517 of federal commodities.

West Central Community School District

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2005

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ <u>25,679</u>
Liabilities	
Accounts payable	\$ <u>-</u>
Net Assets	
Reserved for scholarships	\$ <u>25,679</u>

West Central Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended June 30, 2005

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 11,948
Interest income	176
Total additions	<u>\$ 12,124</u>
Deductions	
Support services:	
Supplies	<u>\$ 727</u>
Change in net assets	\$ 11,397
Net assets beginning of year	<u>14,282</u>
Net Assets End of Year	<u>\$ 25,679</u>

West Central Community School District

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

West Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Maynard, Westgate and Randalia, Iowa and portions of the predominately agricultural territory in Fayette County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, West 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. West Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, 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 non-major governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

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

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

C. Measurement Focus and Basis of Accounting

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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

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

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

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

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair 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	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

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

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

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and a charter school grant that will be recognized in fiscal 2006.

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

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

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

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

(3) Inter-fund Transfers

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

Transfer to	Transfer from	Amount
Hot Lunch	Special Revenue:	
	Capital Projects	\$ 11,151
Debt Service	Physical Plant and Equipment Levy	47,871
		<u>\$ 59,022</u>

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

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School 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	\$ 26	\$ -	\$ -	\$ -
2004-05B	1/28/05	1/27/06	144,416	1,957	144,000	2,112
2005-06A	6/30/05	6/30/06	150,664	32	150,000	29
Total			<u>\$ 295,106</u>	<u>\$ 1,989</u>	<u>\$ 294,000</u>	<u>\$ 2,141</u>

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. There was no ISCAP advance activity 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%
2004-05B	3.500%	2.280%
2005-06A	3.903%	2.500%

(5) **Capital Assets**

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

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 62,506	\$ -	\$ -	\$ 62,506
Construction in progress	-	-	-	-
Total capital assets not being depreciated	\$ 62,506	\$ -	\$ -	\$ 62,506
Capital assets being depreciated:				
Buildings	\$ 1,068,285	\$ 136,378	\$ -	\$ 1,204,663
Improvements other than buildings	3,712	-	-	3,712
Furniture and equipment	1,516,590	50,217	-	1,566,807
Total capital assets being depreciated	\$ 2,588,587	\$ 186,595	\$ -	\$ 2,775,182
Less accumulated depreciation for:				
Buildings	\$ 856,252	\$ 11,532	\$ -	\$ 867,784
Improvements other than buildings	3,712	-	-	3,712
Furniture and equipment	1,315,946	55,943	-	1,371,889
Total accumulated depreciation	\$ 2,175,910	\$ 67,475	\$ -	\$ 2,243,385
Total capital assets being depreciated, net	\$ 412,677	\$ 119,120	\$ -	\$ 531,797
Governmental Activities Capital Assets, Net	\$ 475,183	\$ 119,120	\$ -	\$ 594,303
Business type activities:				
Furniture and equipment	\$ 18,509	\$ 11,856	\$ -	\$ 30,365
Less accumulated depreciation	12,381	2,530	-	14,911
Business Type Activities Capital Assets, Net	\$ 6,128	\$ 9,326	\$ -	\$ 15,454

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 25,708
Special	-
Other	-

Support services:

Instructional staff	-
Administration	-
Operation and maintenance of plant	2,978
Transportation	38,789
	<u>\$ 67,475</u>

Unallocated

-

Total Depreciation Expense – Governmental Activities

\$ 67,475

Business Type Activities:

Food service operations	<u>\$ 2,530</u>
-------------------------	-----------------

(6) Long-term Liabilities

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

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 45,700	\$ -	\$ 45,700	\$ -	\$ -
Early retirement	28,330	42,395	22,894	47,831	17,200
Total	<u>\$ 74,030</u>	<u>\$ 42,395</u>	<u>\$ 68,594</u>	<u>\$ 47,831</u>	<u>\$ 17,200</u>

Bus Loan

On April 5, 2004, the District borrowed \$45,700 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 4.5%, with two annual payments of \$24,491.

During the year ended June 30, 2005, the District made principal and interest payments of \$47,871 under the agreement. The loan dated April 5, 2004 was paid in full.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty and employees must have completed twenty-four years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is \$8,400 paid in cash over a two-year period. Early retirement benefits paid during the year ended June 30, 2005 totaled \$22,894.

(7) 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 covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$98,246, \$98,657, and \$96,899, respectively, equal to the required contributions for each year.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$103,247 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.

(10) Commitments

The District has entered into a contract totaling \$54,127 for a 65 passenger school bus to be delivered in July 2005. The bus will be financed with a note at the Maynard Savings Bank at 3.75% for two years.

In May 2005, the District entered into a contract for \$57,950 for bleachers that will be installed in August 2005. The District's share of the contract is \$20,000, with the remainder to be paid by the West Central Foundation Trust and an anonymous donor.

(11) Charter Schools Grant

The District received \$50,000 in June 2005 from the State of Iowa. These funds will be used during the 2005-2006 fiscal year for the Public Charter Schools Program. These funds are recorded as deferred revenue.

(12) Related Parties

During the year ended June 30, 2005, the District had business transactions between the District and District officials totaling \$630.

Required Supplementary Information

West Central Community School District

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances --
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2005

	<u>Governmental Funds Actual</u>	<u>Proprietary Fund Actual</u>
Receipts:		
Local sources	\$ 1,850,720	\$ 68,931
Intermediate sources	-	-
State sources	1,208,978	1,798
Federal sources	132,515	46,406
Total Receipts	<u>\$ 3,192,213</u>	<u>\$ 117,135</u>
Disbursements:		
Instruction	\$ 1,920,985	\$ -
Support services	778,033	-
Non-instructional programs	-	119,859
Other expenditures	323,779	-
Total Disbursements	<u>\$ 3,022,797</u>	<u>\$ 119,859</u>
 Excess (deficiency) of receipts over (under) disbursements	 \$ 169,416	 \$ -2,724
 Other financing sources (uses), net	 <u>-11,151</u>	 <u>11,151</u>
 Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	 \$ 158,265	 \$ 8,427
Balances beginning of year	<u>485,976</u>	<u>30,695</u>
 Balances End of Year	 <u>\$ 644,241</u>	 <u>\$ 39,122</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts Final	Final to Actual Variance
\$	1,919,651	\$ 1,930,084	\$ -10,433
	-	-	-
	1,210,776	1,233,288	-22,512
	178,921	178,000	921
\$	<u>3,309,348</u>	\$ <u>3,341,372</u>	\$ <u>-32,024</u>
\$	1,920,985	\$ 2,393,597	\$ 472,612
	778,033	782,018	3,985
	119,859	157,085	37,226
	323,779	413,702	89,923
\$	<u>3,142,656</u>	\$ <u>3,746,402</u>	\$ <u>603,746</u>
\$	166,692	\$ -405,030	\$ 571,722
	-	-	-
\$	166,692	\$ -405,030	\$ 571,722
	516,671	120,248	396,423
\$	<u>683,363</u>	\$ <u>-284,782</u>	\$ <u>968,145</u>

West 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 Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

Other Supplementary Information

West Central Community School District

Combining Balance Sheet
Non-Major Special Revenue Funds

June 30, 2005

	Debt Service	Management Levy
Assets		
Cash and pooled investments	\$ -	\$ 51,420
Receivables:		
Property Tax:		
Delinquent	-	1,335
Succeeding year	-	100,000
Due from other governments	-	-
Total Assets	<u>\$ -</u>	<u>\$ 152,755</u>
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ -	-
Salaries and benefits payable	-	536
Deferred Revenue:		
Succeeding year property tax	-	100,000
Total Liabilities	<u>\$ -</u>	<u>\$ 100,536</u>
Fund Equity:		
Unreserved fund balances	<u>\$ -</u>	<u>\$ 52,219</u>
Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 152,755</u>

See accompanying independent auditor's report.

	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
\$	76,579	\$ 41,563	\$ 82,426	\$ 251,988
	-	1,941	-	3,276
	-	97,467	-	197,467
	-	-	11,306	11,306
\$	76,579	\$ 140,971	\$ 93,732	\$ 464,037
\$	698	\$ 6,690	\$ -	\$ 7,388
	-	-	-	536
	-	97,467	-	197,467
\$	698	\$ 104,157	\$ -	\$ 205,391
\$	75,881	\$ 36,814	\$ 93,732	\$ 258,646
\$	76,579	\$ 140,971	\$ 93,732	\$ 464,037

West Central Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds

Year Ended June 30, 2005

	Debt Service	Management Levy	
Revenues:			
Local sources:			
Local tax	\$ -	\$ 79,693	
Other	-	8,401	
Total Revenues	\$ -	\$ 88,094	
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ -	\$ 12,030	
Other instruction	-	-	
Support services:			
Student services	-	17,094	
Instructional staff services	-	-	
Operation and maintenance of plant services	-	34,389	
Transportation services	-	6,403	
Other expenditures:			
Facilities acquisition	-	-	
Long-term debt:			
Principal	45,700	-	
Interest	2,171	-	
Other	-	423	
Total Expenditures	\$ 47,871	\$ 70,339	
Excess (deficiency) of revenues over (under) expenditures	\$ -47,871	\$ 17,755	
Other financing sources (uses):			
Operating transfers in	\$ 47,871	\$ -	
Operating transfers out	-	-	
Total other financing sources (uses)	\$ 47,871	\$ -	
Excess (deficiency) over revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 17,755	
Fund balances beginning of year	-	34,464	
Fund balances end of year	\$ -	\$ 52,219	

See accompanying independent auditor's report

Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
\$ -	\$ 140,762	\$ 136,022	\$ 356,477
85,305	741	618	95,065
<u>\$ 85,305</u>	<u>\$ 141,503</u>	<u>\$ 136,640</u>	<u>\$ 451,542</u>
\$ -	\$ -	\$ -	\$ 12,030
108,414	-	-	108,414
-	2,887	-	19,981
-	6,690	-	6,690
-	-	-	34,389
-	-	-	6,403
-	89,004	82,723	171,727
-	-	-	45,700
-	-	-	2,171
511	-	-	934
<u>\$ 108,925</u>	<u>\$ 98,581</u>	<u>\$ 82,723</u>	<u>\$ 408,439</u>
<u>\$ -23,620</u>	<u>\$ 42,922</u>	<u>\$ 53,917</u>	<u>\$ 43,103</u>
\$ -	\$ -	\$ -	\$ 47,871
-	-47,871	-11,151	-59,022
<u>\$ -</u>	<u>\$ -47,871</u>	<u>\$ -11,151</u>	<u>\$ -11,151</u>
\$ -23,620	\$ -4,949	\$ 42,766	\$ 31,952
99,501	41,763	50,966	226,694
<u>\$ 75,881</u>	<u>\$ 36,814</u>	<u>\$ 93,732</u>	<u>\$ 258,646</u>

West Central Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2005

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Potpourri/Pepsi Funds	\$ 38,542	\$ 8,767	\$ 30,575	\$ 1,047	\$ 17,781
Yearbook	326	6,197	6,849	326	-
Student Council	5,157	5,886	5,718	-277	5,048
Industrial Arts Club	1,130	1,128	689	-10	1,559
Spanish Club	16,713	-	-	-	16,713
Senior Class	30	345	2,775	2,517	117
Junior Class	2,548	1,864	2,326	1,482	3,568
Sophomore Class	4,029	198	34	1,142	5,335
Freshman Class	5,215	620	57	-1,767	4,011
8 th Grade	3,404	649	-	-1,349	2,704
7 th Grade	2,057	423	-	-1,346	1,134
6 th Grade	710	677	-	-710	677
Dramatics	25	89	331	252	35
Vocal Music	1,520	4,400	4,919	-409	592
Instrumental Music	1,715	9,739	8,874	-	2,580
Athletics/Cheerleaders	6,511	27,299	28,013	-	5,797
Musical/Concert	2,402	2,564	2,445	-252	2,269
Resale	3,388	3,023	3,606	-646	2,159
Student Sales	-	6,143	6,143	-	-
School Store	4,079	5,294	5,571	-	3,802
Total	\$ 99,501	\$ 85,305	\$ 108,925	\$ -	\$ 75,881

See accompanying independent auditor's report.

West Central Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Four Years

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Local Sources:				
Local tax	\$ 1,566,663	\$ 1,541,666	\$ 1,444,122	\$ 1,161,760
Tuition	123,884	94,614	90,241	84,569
Other	160,173	139,862	163,343	138,748
Intermediate sources	-	-	-	-
State sources	1,208,978	1,129,526	1,120,264	1,198,018
Federal sources	132,515	124,120	104,447	89,744
Total	\$ 3,192,213	\$ 3,029,788	\$ 2,922,417	\$ 2,672,839
Expenditures:				
Instruction:				
Regular instruction	\$ 1,274,530	\$ 1,284,799	\$ 1,192,340	\$ 1,200,633
Special instruction	312,201	443,725	381,214	354,504
Other instruction	334,254	226,936	265,417	253,278
Support services:				
Student services	62,575	15,971	27,982	54,523
Instructional staff services	26,920	38,471	42,258	40,834
Administration services	370,212	362,137	328,894	306,796
Operation and maintenance of plant services	218,514	221,229	352,799	193,732
Transportation services	99,812	82,537	83,253	86,836
Central support services	-	-	6,726	-
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	171,727	138,813	-	129,476
Long-term debt:				
Principal	45,700	92,140	60,970	35,170
Interest and other charges	2,171	2,770	5,009	4,606
AEA flow-through	103,247	103,304	109,927	109,584
Other	934	-	-	-
Total	\$ 3,022,797	\$ 3,012,832	\$ 2,856,789	\$ 2,769,972

**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**

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
West Central Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West 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 my report thereon dated August 31, 2005. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item I-A-05 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Central Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

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

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

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



Keith Oltrogge
Certified Public Accountant

August 31, 2005

West Central Community School District

Schedule of Findings

Year Ended June 30, 2005

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-05 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

West Central Community School District

Schedule of Findings

Year Ended June 30, 2005

Part II - Other Findings Related to Statutory Reporting:

II-A-05 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were exceeded during the year ended June 30, 2005.

Recommendation – The District should review the maximum deposit amounts and increase them as necessary.

Response – We will review the maximum deposit amounts and increase them.

Conclusion – Response accepted.

II-B-05 Certified Budget – Disbursements for the year ended June 30, 2005 did not exceed the amounts budgeted.

II-C-05 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

II-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.

II-E-05 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Chad Ingels, Board Member	Officiating JH & JV Basketball	\$560
Brent Sharff, Board Member	Officiating JV Basketball	\$70

In accordance with an Attorney General’s opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest.

II-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 the coverage is adequate for current operations.

II-G-05 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions requiring Board approval which had not been approved by the Board were noted.

II-H-05 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-I-05 Deposits and Investments – 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 were noted.

II-J-05 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely and I noted no significant deficiencies in the amounts reported.