

West Des Moines Community School District
West Des Moines, Iowa

Comprehensive Annual Financial Report
State of Iowa

Year Ended 06.30.2005

Official Issuing Report:
Galen Howsare, Associate Superintendent of Administrative Services

Office Issuing Report:
Administrative Services Division

Contents

Introductory Section

Table of contents	i – ii
Message from the District Superintendent	iii
Letter of transmittal	iv – viii
List of principal officials:	
Board of education	ix
District administration	x
Table of organization	xi
Certificate of achievement for excellence in financial reporting	xii
Certificate of excellence in financial reporting	xiii

Financial Section

Independent auditor's report	1 – 2
Management's discussion and analysis	3 – 12
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	13 – 14
Statement of activities	15 – 16
Fund financial statements:	
Balance sheet – governmental funds	17 – 18
Reconciliation of total governmental fund balances to net assets of governmental activities	19
Statement of revenues, expenditures and changes in fund balances - governmental funds	20 – 21
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	22
Statement of net assets – proprietary funds	23
Reconciliation of enterprise funds net assets to the net assets of business-type activities	24
Statement of revenues, expenses and changes in net assets - proprietary funds	25
Reconciliation of the change in net assets of enterprise funds to the statement of activities	26
Statement of cash flows – proprietary funds	27 – 28
Statement of fiduciary assets and liabilities – agency fund	29
Notes to basic financial statements	30 – 43
Required Supplementary Information:	
Budgetary comparison schedule – all governmental funds and enterprise funds	44 – 45
Note to required supplementary information – budgetary reporting	46
Nonmajor governmental funds:	
Combining balance sheet	47 – 48
Combining statement of revenues, expenditures and changes in fund balances	49 – 50
Nonmajor enterprise funds:	
Combining statement of net assets	51
Combining statement of revenues, expenses and changes in net assets	52
Combining statement of cash flows	53
Agency Fund, statement of changes in assets and liabilities	54

Contents

Statistical Section (unaudited)

Government-wide revenues	55 – 56
Government-wide expenses by function	57 – 58
Comparison of taxes and intergovernmental revenue	59 – 60
General district revenue, by source	61
General district expenditures, by program	62
Property tax levies and collections	63 – 66
Assessed and estimated actual value of taxable property	67 – 68
Property tax rates per \$1,000 assessed valuation - direct and overlapping governments	69 – 70
Comparative ratio of general bonded debt to assessed values and bonded debt per capita	71
Computation of overlapping and direct debt	72
Ratio of annual debt service expenditures for general bonded debt to total general expenditures	73
Demographic statistics:	
General analysis of facilities, classrooms and staffing	74 – 75
Operating cost per pupil	76
District staffing levels	77 – 78
Building and certified resident student enrollment by grade	79 – 80
Miscellaneous information and demographic statistics	81 – 83
Property values and construction	84
Bank deposits	85
Ten principal taxpayers in the district	86
Major employers in the district	87
Schedule of insurance coverage	88 – 89

Compliance Section

Schedule of expenditures of federal awards	90
Notes to schedule of expenditures of federal awards	91
Summary schedule of prior audit findings	92
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	93 – 94
Independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	95 – 96
Schedule of findings and questioned costs	97 – 100
Corrective action plan	101



WEST DES MOINES
COMMUNITY
S C H O O L S

Learning Resource Center
3550 Mills Civic Parkway
West Des Moines, IA 50265

Phone (515) 633-5000
Fax (515) 633-5099
wdmcs.org

Dr. Tom Narak,
Superintendent

October 7, 2005

The Board of Education and Residents
West Des Moines Community School District

Ladies and Gentlemen:

The following report is a comprehensive financial record of the district for the fiscal year which ended June 30, 2005. The report is a reflection of the conditions which have enabled the West Des Moines Community School District to maintain a favorable financial position during a time when state budget constraints have presented significant fiscal challenges to local school districts across our state.

The shared vision of the district states "The West Des Moines Community School District will be a caring community of learners that knows and lifts every child. We will inspire joy in learning. Our schools will excel at preparing each student for his or her life journey."

This vision provides the foundation for our district's financial planning. Meeting the educational needs of our students during challenging economic times is no simple task. The educational success of the West Des Moines Community School District is due to many factors including:

- An outstanding and effective Board of Education
- A very supportive community with high expectations for student achievement
- Supportive parents who have high expectations for outstanding schools
- A team of outstanding and dedicated teachers, staff, and administrators
- Students who understand the importance of a quality education

As you review the information included in this important document, please be sure to contact us if you have any questions or suggestions. Our focus is upon the learning needs of all of our students. With your help and support we will continue to be an excellent school district. We all can take pride in the outstanding success of our students.

Sincerely,

Dr. Tom Narak

The West Des Moines
Community School District
will be a caring community
of learners that knows
and lifts every child.
We will inspire joy in learning.
Our schools will excel
at preparing each student
for his or her life journey.

October 7, 2005

The Board of Education and Residents
West Des Moines Community School District

The Comprehensive Annual Financial Report of the West Des Moines Community School District (the District) for the fiscal year ended June 30, 2005 is submitted herewith. The District is an independent entity governed by a seven-member board. Responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the officials of the District's Administrative Services Division. We believe that the data is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position and results of operations of the District as measured by the financial activity of the various funds; and that all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit compliance. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal District officials. The financial section includes the Management's Discussion and Analysis, the basic financial statements, the independent auditor's report and the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District was required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Nonprofit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, summary schedule of prior audit findings, the independent auditor's report on internal control over financial reporting and on compliance and other matters, independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance, a schedule of findings and questioned costs and corrective action plan are included in the single audit compliance section of this report.

This report includes all funds of the West Des Moines Community School District. The District provides a full range of programs and services including instructional; administrative; transportation; food service; maintenance of sites and facilities; custodial; clerical; extra, co-curricular and athletic activities; and community education.

As part of the new reporting model, management is responsible for preparing a Management's Discussion and Analysis. This discussion follows the independent auditor's report and provides an assessment of the District's finances for 2005.

Profile of the Government

In Iowa, school districts operate with local control and have fiscal independence from other governmental entities. The District operates in compliance with the accounting principles generally accepted in the United States of America (GAAP) and currently prepares its financial statements per the Governmental Accounting Standards Board (GASB) Statement No. 34.

The West Des Moines Community School District serves more than 58,000 people who live in the western portion of Polk County-West Des Moines, Clive, parts of Urbandale and Windsor Heights and nearby rural areas. Covering 36.6 square miles, the District has grown up around a former railroad center, Valley Junction, and the farmland north and south of the Raccoon River. The District experienced rapid growth up until the fall of 1975 when enrollment reached 6,726 students. Enrollment gradually declined to 5,825 students in the fall of 1982, but increased annually (except for September 1999) through September 2002. Enrollment declined more than 200 students during fiscal years 2004 and 2005, but has a slight increase for the current year with 8,775.

The District operates fourteen schools, a maintenance/transportation/warehouse facility, a stadium and the Learning Resource Center (administrative offices). The West Des Moines Community School District provides a comprehensive Pre K-12 educational program and an extensive Community Education program.

Economic Condition and Outlook

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the state. The economic condition and outlook of the District have remained strong during the past ten years, following several years of very high economic growth and steady enrollment growth. This growth has had a positive effect on employment and the District's tax base. The District has averaged nearly a seven percent annual increase in the tax base over the past 25 years and continued an increase during 2005 at the rate of 5.11%.

Based on conservative projections, the tax base will grow in the 3-4% range. While experiencing an enrollment decline the last two years, future projections would indicate enrollment will remain fairly stable or slightly increase over the next five years.

Retail sales, building permits and population increases in the western suburbs far exceed that of any other location in the metropolitan area or in the state of Iowa. These increases are projected to continue if economic conditions remain favorable. A large percentage of these increases are occurring outside the School District boundaries.

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

The 2004-2005 school year included many stories of success. The shared vision and five guiding principles continue to be the foundation for curriculum development, integration of technology, community involvement and the learning process.

The shared vision is carefully considered in all District efforts: "The West Des Moines Community School District will be a caring community of learners that knows and lifts every child. We will inspire joy in learning. Our schools will excel at preparing each student for his or her life journey."

The District continues the transformation of Valley High School as construction began on the major remodeling in fall 2004. Valley High School received a Smaller Learning Community Grant of \$400,000 to continue development of a personalized learning environment for each student.

During 2004-2005, construction continued on Clive Elementary. Construction began on the Fairmeadows Elementary project once school was dismissed.

The Stretching Minds program continues to offer summer school for elementary students in grades 1 – 6 identified as those most likely to benefit from additional opportunities in reading, mathematics and community learning experiences.

The District received a Most Valuable Pollution Prevention Award. Only thirteen organizations from around the nation received this honor.

Valley High School had twelve athletic programs qualify and/or place high in their state tournaments. State champions included baseball, softball, co-ed golf, girls' soccer and girls' track and field while state runner-up honors went to football, boys' golf and boys' swimming. Girls' swimming and diving, boys' soccer and girls' golf placed third in the state. Boys' tennis received fourth place honors at state.

The Valley High School Acapella Choir received a special invitation to perform at Disney Hall at Orlando, Florida.

Strong emphasis was placed on personalized learning and strengthening caring relationships.

Other Financial Information

Management of the District is responsible for establishing and maintaining an internal control designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state and county financial assistance, the District also is responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and external auditors.

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control over financial reporting and its compliance with applicable laws and regulations, including those related to major federal awards programs. The results of the District's single audit for the fiscal year ended June 30, 2005 provided no instances of material weaknesses in the internal control or violations of applicable laws and regulations.

Budgetary Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the General Fund, special revenue funds, Debt Service Fund, enterprise funds and capital projects funds are included in the annual appropriated budget by program. Project length financial plans are adopted for the capital projects funds and budgeted accordingly on an annual basis. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by program level for all funds combined rather than at the individual fund level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at the fiscal year's end. However, encumbrances generally are re-appropriated as part of the following year's budget.

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

Basis of Presentation. The charts and accounts used by the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records conform with the Uniform Accounting System for Iowa Schools, Chapter 11 of the Code of Iowa and Area Educational Agencies issued by the Department of Education, state of Iowa. The chart of accounts manual is updated annually and the District is in full compliance with these requirements.

Cash Management. Cash, while temporarily idle during the year, was invested in money market deposit accounts. Interest rates ranged from 1.25% to 3.25% during the year, compared to the highest rate of 1.5% of the previous year. This aspect of the District's finances has gained importance in recent years as we have sought to maximize the yield on our investments without forfeiting the use of fund balances.

Risk Management. During 1993, the District initiated a program to lower the experience mode in workers' compensation claims by utilizing a single medical care facility for these claims. A safety committee network has been operational for eight years. The network includes site safety committees which meet monthly to review accidents, the cause of these accidents and inspections of the sites and facilities for hazards. Recommendations are made that become an integral part of staff development, the maintenance operation or facility and site improvement.

Awards and Acknowledgments

Independent Audit. The accounting firm of McGladrey & Pullen, LLP was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements, combining and individual fund statements and other schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Des Moines Community School District for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The Certificate of Achievement is the highest form of recognition for excellence in state and local financial reporting.

In order to be presented this award, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The West Des Moines Community School District has received a Certificate of Achievement for the last eighteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

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

A certificate from both associations is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the program requirements of GFOA and ASBO International and we are submitting it to both associations to determine its eligibility for another certificate.

For 2005-06, the District will be establishing a District Safety Committee to meet quarterly to review all safety conditions.

Acknowledgment

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the accounting staff and our auditors, McGladrey & Pullen, LLP. We would like to express our appreciation to all staff members who assisted and contributed to this report. Also, appreciation is expressed for the interest and support of the Board of Education in conducting the financial operations of the District in a most responsible and progressive manner.

Respectfully submitted,



Dr. Tom Narak
Superintendent



Galen Howsare, RSBA
Associate Superintendent of Administrative Services

West Des Moines Community School District

**Board of Education
Year Ended June 30, 2005**

		<u>Term Expires</u>
Before September 2004 election:		
Susan Moritz	President	September 2004
John Ambroson	Vice President	September 2005
James Aipperspach	Board Member	September 2004
Jill Hansen	Board Member	September 2006
Barbara Burnett	Board Member	September 2006
Gretchen Tegeler	Board Member	September 2005
Deb Thomas	Board Member	September 2004
After September 2004 election:		
John Ambroson	President	September 2005
Gretchen Tegeler	Vice President	September 2005
Barbara Burnett	Board Member	September 2006
Jill Hansen	Board Member	September 2006
Mark Lyons	Board Member	September 2007
Susan Moritz	Board Member	September 2007
Deb Thomas	Board Member	September 2007

West Des Moines Community School District

District Administration Year Ended June 30, 2005

Dr. Tom Narak	Superintendent
Dr. Donna K. Wilkin	Associate Superintendent of Teaching and Learning
Dr. Debra VanGorp	Associate Superintendent of Human Resources
Dr. Jan Beatty	Assistant Superintendent of Human Resources
Cheryl Huisman	Assistant Superintendent of Human Resources
Galen G. Howsare, RSBA	Associate Superintendent of Administrative Services
Janice Miller-Hook	Director of Business Services
David D. Blum	Director of Curriculum
Dr. Phyllis M. Staplin	Director of Curriculum
Linda J. Sanda	Director of Community Education
Elizabeth N. Hanna	Director of Nutrition Services
Kay K. Rosene	Director of School/Community Relations
Dr. Gordon K. Dahlby	Director of Curriculum/Technology
Brian Abeling	Director of Curriculum/Technology
Dr. Susan Meade	Director of Special Education
Dr. Vicky Poole	Valley High School Principal
Dr. Liz Celania-Fagen	Valley High School Associate Principal
Stephen C. Duncan	Valley High School Athletic Administrator
Kim Jordan	Valley High School Team Associate Principal
Dr. Jody Ratigan	Valley High School Team Associate Principal
Lisa Remy	Indian Hills Junior High Principal
Shane Christensen	Indian Hills Junior High Assistant Principal
Tim Miller	Stilwell Junior High Principal
Cotton Koch	Stilwell Junior High Assistant Principal
Dr. Robert Davis	Hillside Elementary School Principal
Brent Robins	Hillside Elementary School Assistant Principal
Gene Haigh	Clive Elementary School Principal
Doug Stilwell	Crestview Elementary School Principal
Britt K. Cameron	Crossroads Park Elementary School Principal
Judith A. Jesse	Fairmeadows Elementary School Principal
Dr. Lori J. Diebel	Valley Southwoods Freshman High School Principal
Dr. Jay Prescott	Valley Southwoods Freshman High School Associate Principal/Team Leader
Bryan Stearns	Valley Southwoods Freshman High School Associate Principal/Team Leader
Kathryn Zaun	Valley Southwoods Freshman High School Associate Principal/Team Leader
Dr. Nancy E. Werner	Western Hills Elementary School Principal
Dr. Nancy Moorhead	Jordan Creek Elementary School Principal
Gerald D. Page	Westridge Elementary School Principal
Dave Peterson	Jordan Creek and Westridge Elementary Administrative Assistant
John Villotti	Phenix Early Childhood Center Principal
Fae Ramsay	Walnut Creek Campus Principal

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Des Moines
Community School District,
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zelle

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

West Des Moines Community School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

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

President

Executive Director

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Education
West Des Moines Community School District
West Des Moines, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Des Moines Community School District 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 the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 and budgetary comparison information on pages 44 through 46 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise West Des Moines Community School District's basic financial statements. The combining nonmajor fund financial statements and other statements listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and is not a required part of the basic financial statements. 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 introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
September 2, 2005

West Des Moines Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

It is an honor to present to you the financial picture of West Des Moines Community School District. We offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the West Des Moines Community School District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

The District showed an increase in net assets of \$10,859,956 and \$6,488,579 during the years ended June 30, 2005 and 2004, respectively.

Total revenues for the fiscal year ended June 30, 2005 and 2004 of \$92,746,249 and \$87,793,598 were comprised of general revenues in the amount of \$76,713,405 and \$72,309,114 and program revenues totaling \$16,032,844 and \$15,484,484, respectively.

As of June 30, 2005, the District's governmental funds reported combined ending fund balances of \$38,157,009, a decrease of \$8,952,724 in comparison with 2004. Of the total combined fund balance, \$13,981,460 represents unreserved undesignated fund balance. As of June 30, 2004, the District's governmental funds reported combined ending fund balances of \$47,109,733, a decrease of \$11,235,565 in comparison with 2003. Of the total combined fund balance, \$13,407,312 represents unreserved undesignated fund balance.

As of June 30, 2005, unreserved undesignated fund balance for the General Fund was \$6,758,691 or 10.3% of total General Fund expenditures and \$5,791,840 or 9.4% for 2004.

The West Des Moines Community School District's total long-term bonded debt decreased by \$5,735,000 during fiscal year ended June 30, 2005 and \$8,675,000 during fiscal year ended June 30, 2004. The decrease was due to scheduled debt payments.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to the West Des Moines Community School District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of West Des Moines Community School District's finances in a manner similar to a private-sector business.

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

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

West Des Moines Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

Both of the government-wide financial statements reflect functions of West Des Moines Community School District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, noninstructional programs, other and interest on long-term debt. Business-type activities are those that the District charges a fee to help cover the costs, such as School Nutrition and Community Education.

The government-wide financial statements include only West Des Moines Community School District. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the District.

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

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

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

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

The basic governmental fund financial statements can be found on pages 17 through 22 of this report.

West Des Moines Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

Proprietary funds – The District maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District maintains two enterprise funds. Internal service funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The District maintains one internal service fund to account for the premium and claim payments for the self-insured health insurance plan for District employees. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. Because the service provided by the District predominately benefits governmental, rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 23 through 28 of this report.

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

The basic fiduciary fund financial statements can be found on page 29 of this report.

Notes to the basic 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.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the West Des Moines Community School District's budgetary comparison. Required supplementary information can be found on pages 44 through 46 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's total net assets have increased from a year ago from \$103,744,299 to \$114,604,255.

A significant portion of the District's total assets reflects its investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District's net assets invested in capital assets, net of related debt, was \$76,208,848 for 2005 and \$56,045,140 for 2004. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

West Des Moines Community School District

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2005**

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total District	
	2005	2004	2005	2004	2005	2004
Assets						
Current and other assets	\$ 97,953,559	\$ 103,340,772	\$ 1,594,311	\$ 1,446,123	\$ 99,547,870	\$ 104,786,895
Capital assets	105,925,934	91,435,332	967,914	1,029,808	106,893,848	92,465,140
Total assets	203,879,493	194,776,104	2,562,225	2,475,931	206,441,718	197,252,035
Liabilities						
Noncurrent liabilities	27,048,320	32,615,692	-	-	27,048,320	32,615,692
Other liabilities	64,665,684	60,795,157	123,459	96,887	64,789,143	60,892,044
Total liabilities	91,714,004	93,410,849	123,459	96,887	91,837,463	93,507,736
Net Assets						
Invested in capital assets net of debt	75,240,934	55,015,332	967,914	1,029,808	76,208,848	56,045,140
Restricted	22,031,683	30,875,771	-	-	22,031,683	30,875,771
Unrestricted	14,892,872	15,474,152	1,470,852	1,349,236	16,363,724	16,823,388
Total net assets	\$ 112,165,489	\$ 101,365,255	\$ 2,438,766	\$ 2,379,044	\$ 114,604,255	\$ 103,744,299

The restricted portion of the District's net assets (19.2 percent for 2005 and 29.8 percent for 2004) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2005 include \$525,394 for debt service and \$21,506,289 for capital projects relating to the local option sales and service tax for school infrastructure authorized by Iowa Code Chapter 422E. The remaining balance of unrestricted net assets, \$16,363,724 for 2005 and \$16,823,388 for 2004, may be used to meet the government's ongoing obligations to students and creditors.

At the end of the current fiscal year, the West Des Moines Community School District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The District's total net assets increased by \$10,859,956 during the current fiscal year as compared to \$6,488,579 in 2004. The governmental activities' net assets increased by \$10,800,234 in 2005 and \$6,385,063 in 2004. The business-type activities, which include nutrition and community education, increased by \$59,722 in 2005 and \$103,516 in 2004. The increase in governmental activities for 2005 was mainly attributable to less than expected budgeted expenditures.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2005 and 2004. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes and unrestricted grants such as state foundation support.

West Des Moines Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

Expenses are shown in programs including instruction, support services, noninstructional programs, other interest on long-term debt, school nutrition and community education.

Table 2 - Program Revenues and Expenses

	Governmental Activities		Business-Type Activities		Total District	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services and sales	\$ 4,345,444	\$ 4,259,301	\$ 4,568,330	\$ 4,368,083	\$ 8,913,774	\$ 8,627,384
Operating grants and contributions	6,213,846	6,022,542	905,224	834,558	7,119,070	6,857,100
General revenue:						
Property taxes and other taxes	52,174,924	51,207,852	-	-	52,174,924	51,207,852
Other local sources	419,132	349,931	-	-	419,132	349,931
State sources	22,482,713	22,025,752	-	-	22,482,713	22,025,752
Investment earnings	1,447,612	(1,624,664)	17,225	12,008	1,464,837	(1,612,656)
Other	117,865	303,438	53,934	34,797	171,799	338,235
Total revenues	87,201,536	82,544,152	5,544,713	5,249,446	92,746,249	87,793,598
Program expenses:						
Instruction	45,983,491	43,091,363	-	-	45,983,491	43,091,363
Support services	24,052,185	23,293,867	-	-	24,052,185	23,293,867
Noninstructional programs	470,095	452,045	-	-	470,095	452,045
Other	4,364,405	7,548,005	-	-	4,364,405	7,548,005
Interest on long-term debt	1,594,395	1,905,422	-	-	1,594,395	1,905,422
School nutrition	-	-	3,237,532	2,875,927	3,237,532	2,875,927
Community education	-	-	2,184,190	2,138,390	2,184,190	2,138,390
Total expenses	76,464,571	76,290,702	5,421,722	5,014,317	81,886,293	81,305,019
Excess of revenues over expenses before transfers	10,736,965	6,253,450	122,991	235,129	10,859,956	6,488,579
Transfers	63,269	131,613	(63,269)	(131,613)	-	-
Increase in net assets	\$ 10,800,234	\$ 6,385,063	\$ 59,722	\$ 103,516	\$ 10,859,956	\$ 6,488,579

West Des Moines Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

Table 3 below discloses cost of services for governmental and business-type activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by state aid or local taxes. The difference in these two columns would represent restricted grants and charges for services.

Table 3 - Governmental and Business-Type Activities

Programs	Total Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
Instruction	\$ 45,983,491	\$ 43,091,363	\$ (38,377,476)	\$ (33,052,125)
Support services	24,052,185	23,293,867	(23,613,272)	(23,082,913)
Noninstructional programs	470,095	452,045	(454,074)	(420,394)
Other	4,364,405	7,548,005	(1,866,064)	(7,548,005)
Interest on long-term debt	1,594,395	1,905,422	(1,594,395)	(1,905,422)
School nutrition	3,237,532	2,875,927	(113,659)	82,071
Community education	2,184,190	2,138,390	165,491	106,253
Total expenses	\$ 81,886,293	\$ 81,305,019	\$ (65,853,449)	\$ (65,820,535)

Net cost of services is 80% of total cost of services in 2005 and 81% in 2004.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the West Des Moines Community School District's governmental funds reported combined ending fund balances of \$38,157,009, a decrease of \$8,952,724 in comparison with the prior year fund balance of \$47,109,733. Approximately 36.6% of the 2005 total amount, \$13,981,461 for 2005 and \$13,048,443 or 27.7% for 2004, constitutes unreserved fund balance, which is available for spending at the government's discretion. The District has also designated \$300,000 for medical claims and \$1,500,000 for legal claims for 2005 and 2004. The remainder of the fund balance for 2005 is reserved to indicate that it is not available for new spending because it has already been committed for 1) inventories \$74,150; 2) encumbrances \$269,716; 3) debt service \$525,393; and 4) capital projects \$21,506,289.

West Des Moines Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$8,558,691 for 2005 and \$5,791,840 for 2004, while total fund balance reached \$8,675,742 for 2005 and \$7,705,031 for 2004. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13% of total General Fund expenditures, unreserved, undesignated General Fund balance represents 10%, while total fund balance also represents approximately 13% of that same amount for 2005. For 2004, unreserved fund balance represents 12% of total General Fund expenditures, unreserved, undesignated General Fund balance represents 9%, while total fund balance also represents approximately 12% of that same amount.

The Physical Plant and Equipment Levy (PPEL) Fund balance decreased to \$4,693,714 in 2005 from \$5,051,107 in 2004. This decrease is due to scheduling and timing of capital projects.

The Local Option Sales Tax Fund balance decreased to \$21,590,749 in 2005 from \$30,857,014 in 2004. This decrease is mostly attributable to the remodeling costs of Valley High School, Clive Elementary School and the completion of Hillside Elementary School during 2005.

The fund balance of the District's General Fund increased by \$970,711 during June 30, 2005. Key factors in this increase are as follows:

- Lower expenditures than projected.
- Increased cash reserve to improve fund balance.
- The Board's commitment to a total tax rate of \$13.50/\$1,000

For 2004, the fund balance of the District's General Fund increased by \$1,387,287 from 2003. Key factors in this decline are as follows:

- Higher revenues than projected and lower expenditures than projected.
- Increased cash reserve to improve fund balance
- The Board's commitment to a total tax rate of \$13.50/\$1,000.

Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget which includes all funds except internal service and agency funds as described in the note to required supplementary information.

West Des Moines Community School District

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2005**

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

	Budget		Actual Expenditures/ Expenses	Variance
	Original	Final		
Instruction	\$ 46,600,000	\$ 46,092,569	\$ 44,885,629	\$ 1,206,940
Support services	21,738,878	24,845,644	21,149,372	3,696,272
Noninstructional programs	5,960,000	5,761,156	5,878,810	(117,654)
Other	29,512,221	33,379,914	29,173,811	4,206,103
	<u>\$ 103,811,099</u>	<u>\$ 110,079,283</u>	<u>\$ 101,087,622</u>	<u>\$ 8,991,661</u>

Differences between the original budget and the final amended budget are mainly due to an expected increase due to timing in capital outlay projects.

Capital Assets and Debt Administration

The following table shows ending balances of capital assets invested in various categories. The District recognized a total net increase of \$14,428,708 for 2005. Most of the increase can be attributed to the remodeling costs for Valley High School, Clive Elementary, Operations Facility and the completion of Hillside Elementary. All were funded by the sales tax fund except operations which was funded by PPEL. Other major projects included cabling, purchases of musical equipment and other equipment, copiers and computer acquisitions.

For 2004, the District recognized a total net increase of \$8,382,189. Most of the increase can be attributed to the construction of Hillside Elementary funded by the sales tax fund. Other major projects included roofing, purchase of musical equipment, and other equipment, buses, land purchases, copiers, concrete/asphalt equipment, fiber optics network and computer acquisitions.

Additional information about the District's capital assets can be found in Note 5 to the financial statements.

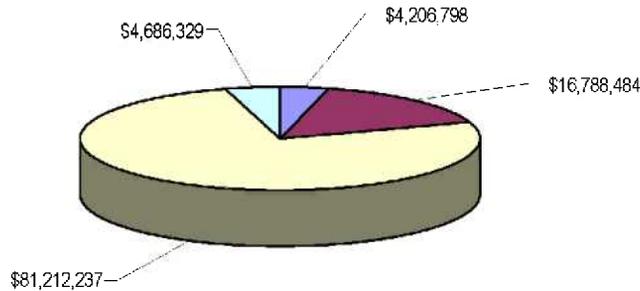
Table 4 - Capital Assets as of June 30 (Net of Depreciation)

	Total	
	2005	2004
Land	\$ 4,206,798	\$ 4,206,798
Construction-in-progress	16,788,484	12,978,225
Buildings and improvements	81,212,237	70,822,671
Machinery and equipment	4,686,329	4,457,446
Totals	<u>\$ 106,893,848</u>	<u>\$ 92,465,140</u>

West Des Moines Community School District

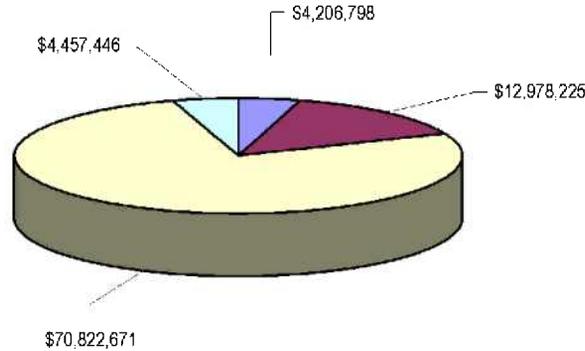
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2005

Capital Assets - 2005



■ Land ■ Construction-in-progress ■ Buildings and improvements ■ Machinery and equipment

Capital Assets - 2004



■ Land ■ Construction-in-progress ■ Buildings and improvements ■ Machinery and equipment

The above graphs show the category of the District's capital assets.

Debt

As of June 30, 2005, the West Des Moines Community School District had general obligation and revenue bonds outstanding totaling \$30,685,000 compared to \$36,420,000 as of June 30, 2004. In the current year, the District paid \$5,735,000 in principal and \$1,599,863 in interest on outstanding debt.

Table 5 - Outstanding Debt as of June 30

	2005	2004
General obligation bonds	\$ 5,985,000	\$ 7,285,000
Revenue bonds	24,700,000	29,135,000
	\$ 30,685,000	\$ 36,420,000

As of June 30, 2005, the District's available legal debt margin was \$160,854,917 compared to \$155,458,663 as of June 30, 2004.

West Des Moines Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2005

Additional information about the District's long-term debt can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The District is located in the central part of the state, within the larger Des Moines metropolitan area and ranks as one of the top growth areas of the state. The economic condition and outlook of the District have remained strong during the past ten years, following several years of very high economic growth and steady enrollment growth. This growth has had a positive effect on employment and the District's tax base. The District has averaged nearly a seven percent annual increase in the tax base over the past 25 years and continued an increase during 2005 at the rate of 5.11%.

Based on conservative projections, the tax base will grow in the 3-4% range. While experiencing an enrollment decline the last two years, future projections would indicate enrollment will remain fairly stable or slightly increase over the next five years.

Retail sales, building permits and population increases in the western suburbs far exceed that of any other location in the metropolitan area or in the state of Iowa. These increases are projected to continue if economic conditions remain favorable. A large percentage of these increase are occurring outside the School District boundaries.

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

All of these factors were considered in preparing the West Des Moines Community School District's budget for the 2006 fiscal year. The District was able to maintain a total tax rate of \$13.50 per \$1,000 for the seventh consecutive year.

Requests for Information

These financial statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Mr. Galen Howsare, Associate Superintendent of Administrative Services, West Des Moines Community School District, 3550 Mills Civic Parkway, West Des Moines, Iowa, 50265-5556.

West Des Moines Community School District

Statement of Net Assets
June 30, 2005

Assets	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and investments	\$ 49,722,109	\$ 1,363,674	\$ 51,085,783
Receivables:			
Property taxes	45,900,268	-	45,900,268
Accrued interest	12,087	-	12,087
Other	1,639,492	55,470	1,694,962
Inventories	74,150	84,392	158,542
Internal balances	(90,775)	90,775	-
Prepaid expense	696,228	-	696,228
Total current assets	97,953,559	1,594,311	99,547,870
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	4,191,798	15,000	4,206,798
Construction-in-progress	16,788,484	-	16,788,484
Depreciable:			
Buildings and improvements	109,910,953	-	109,910,953
Machinery and equipment	7,640,357	2,268,217	9,908,574
Accumulated depreciation	(32,605,658)	(1,315,303)	(33,920,961)
Total noncurrent assets	105,925,934	967,914	106,893,848
Total assets	\$ 203,879,493	\$ 2,562,225	\$ 206,441,718

See Notes to Basic Financial Statements.

Liabilities	Governmental Activities	Business-Type Activities	Total
Current liabilities:			
Accounts payable	\$ 5,413,792	\$ 62,369	\$ 5,476,161
Claims payable	1,306,167	-	1,306,167
Accrued liabilities	5,252,293	-	5,252,293
Accrued interest	127,854	-	127,854
Unearned revenue	45,847,292	61,090	45,908,382
General obligation bonds	1,375,000	-	1,375,000
Revenue bonds	4,580,000	-	4,580,000
Compensated absences	158,623	-	158,623
Deferred compensation	11,349	-	11,349
Liability for early retirement	593,314	-	593,314
Total current liabilities	64,665,684	123,459	64,789,143
Noncurrent liabilities:			
General obligation bonds	4,610,000	-	4,610,000
Revenue bonds	20,120,000	-	20,120,000
Compensated absences	183,881	-	183,881
Liability for early retirement	2,134,439	-	2,134,439
Total noncurrent liabilities	27,048,320	-	27,048,320
Total liabilities	91,714,004	123,459	91,837,463
Net Assets			
Investment in capital assets, net of related debt	75,240,934	967,914	76,208,848
Restricted for:			
Debt service	525,394	-	525,394
Capital projects	21,506,289	-	21,506,289
Unrestricted	14,892,872	1,470,852	16,363,724
Total net assets	112,165,489	2,438,766	114,604,255
Total liabilities and net assets	\$ 203,879,493	\$ 2,562,225	\$ 206,441,718

West Des Moines Community School District

**Statement of Activities
For the Year Ended June 30, 2005**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Primary Government			
Governmental activities:			
Instruction	\$ 45,983,491	\$ 4,041,145	\$ 3,564,870
Support services	24,052,185	288,278	150,635
Noninstructional programs	470,095	16,021	-
Other	4,364,405	-	2,498,341
Interest on long-term debt	1,594,395	-	-
Total governmental activities	76,464,571	4,345,444	6,213,846
Business-type activities:			
School nutrition	3,237,532	2,311,625	812,248
Community education	2,184,190	2,256,705	92,976
Total business-type activities	5,421,722	4,568,330	905,224
Total primary government	\$ 81,886,293	\$ 8,913,774	\$ 7,119,070

General Revenues and Transfers

General revenues:

- Property taxes
- Local option sales tax
- Utility replacement tax
- Other local sources
- State foundation aid, unrestricted
- Other state sources, unrestricted
- Investment earnings
- Gain on disposal of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

- Changes in net assets
- Net assets, beginning of year
- Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (38,377,476)	\$ -	\$ (38,377,476)
(23,613,272)	-	(23,613,272)
(454,074)	-	(454,074)
(1,866,064)	-	(1,866,064)
(1,594,395)	-	(1,594,395)
(65,905,281)	-	(65,905,281)
-	(113,659)	(113,659)
-	165,491	165,491
-	51,832	51,832
(65,905,281)	51,832	(65,853,449)
43,601,307	-	43,601,307
7,637,458	-	7,637,458
936,159	-	936,159
419,132	-	419,132
22,296,608	-	22,296,608
186,105	-	186,105
1,447,612	17,225	1,464,837
3,861	-	3,861
114,004	53,934	167,938
63,269	(63,269)	-
76,705,515	7,890	76,713,405
10,800,234	59,722	10,859,956
101,365,255	2,379,044	103,744,299
\$ 112,165,489	\$ 2,438,766	\$ 114,604,255

West Des Moines Community School District

**Balance Sheet
Governmental Funds
June 30, 2005**

Assets	General	Physical Plant and Equipment	Local Option Sales Tax
Cash and investments	\$ 15,513,302	\$ 5,645,968	\$ 23,071,525
Receivables:			
Property taxes	35,416,477	6,147,221	-
Accrued interest	-	-	12,087
Other	606,967	-	1,032,350
Inventories	74,150	-	-
Total assets	\$ 51,610,896	\$ 11,793,189	\$ 24,115,962
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,259,367	\$ 977,001	\$ 2,125,213
Accrued liabilities	5,252,293	-	-
Deferred revenue	35,423,494	6,122,474	400,000
Liability for early retirement	-	-	-
Total liabilities	42,935,154	7,099,475	2,525,213
Fund balances:			
Reserved for:			
Inventories	74,150	-	-
Encumbrances	42,901	140,996	84,460
Debt service	-	-	-
Capital projects	-	-	21,506,289
Unreserved, designated reported in:			
General Fund:			
Medical claims	300,000	-	-
Legal claims	1,500,000	-	-
Unreserved, undesignated reported in:			
General Fund	6,758,691	-	-
Special revenue funds	-	4,552,718	-
Capital Projects Fund	-	-	-
Total fund balances	8,675,742	4,693,714	21,590,749
Total liabilities and fund balances	\$ 51,610,896	\$ 11,793,189	\$ 24,115,962

See Notes to Basic Financial Statements.

Nonmajor		Total	
Governmental Funds			
\$	3,836,016	\$	48,066,811
	4,336,570		45,900,268
	-		12,087
	175		1,639,492
	-		74,150
<u>\$</u>	<u>8,172,761</u>	<u>\$</u>	<u>95,692,808</u>

\$	52,211	\$	5,413,792
	-		5,252,293
	4,330,432		46,276,400
	593,314		593,314
<u>\$</u>	<u>4,975,957</u>	<u>\$</u>	<u>57,535,799</u>

	-		74,150
	1,359		269,716
	525,394		525,394
	-		21,506,289
	-		300,000
	-		1,500,000
	-		6,758,691
	1,775,998		6,328,716
	894,053		894,053
<u></u>	<u>3,196,804</u>	<u></u>	<u>38,157,009</u>
<u>\$</u>	<u>8,172,761</u>	<u>\$</u>	<u>95,692,808</u>

West Des Moines Community School District

Reconciliation of Total Governmental Fund Balances to Net Assets of
Governmental Activities
June 30, 2005

Total governmental fund balances	\$ 38,157,009
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>105,925,934</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds, deferred revenue	<u>429,108</u>
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the Internal Service Fund is included in governmental activities in the statement of net assets:	
Other current assets	2,351,526
Other current liabilities	<u>(1,306,167)</u>
	<u>1,045,359</u>
Internal Service Fund allocated to business-type activities	<u>(90,775)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest payable	(127,854)
General obligation bonds, current	(1,375,000)
General obligation bonds, noncurrent	(4,610,000)
Revenue bonds, current	(4,580,000)
Revenue bonds, noncurrent	(20,120,000)
Compensated absences, current	(158,623)
Compensated absences, noncurrent	(183,881)
Deferred compensation, current	(11,349)
Deferred compensation, noncurrent	-
Liability for early retirement, noncurrent	<u>(2,134,439)</u>
	<u>(33,301,146)</u>
Net assets of governmental activities	\$ 112,165,489

See Notes to Basic Financial Statements.

West Des Moines Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2005

	General	Physical Plant and Equipment	Local Option Sales Tax
Revenues:			
Property taxes and other local sources:			
Property taxes	\$ 33,721,729	\$ 5,878,945	\$ -
Local option sales tax	-	-	7,587,458
Utility replacement	736,472	115,789	-
Other local sources	2,627,917	7,180	122,687
Investment earnings	220,950	76,402	1,092,165
Student activities	250,040	-	-
State sources:			
State foundation aid	22,296,608	-	-
Other state sources	4,945,757	-	-
Federal sources			
	1,475,194	-	-
Total revenues	66,274,667	6,078,316	8,802,310
Expenditures:			
Current:			
Instruction	43,079,488	-	-
Support services:			
Student support services	2,216,145	-	-
Instructional staff support services	2,467,936	-	-
General administration	1,313,866	-	-
Building administration	3,485,597	-	-
Business administration	1,246,194	-	-
Plant operation and maintenance	6,532,278	-	-
Student transportation	2,340,252	-	-
Noninstructional programs	-	-	-
Other	2,498,341	2,765,825	133,216
Capital outlay	343,750	1,218,521	14,804,414
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	65,523,847	3,984,346	14,937,630
Excess (deficiency) of revenues over expenditures	750,820	2,093,970	(6,135,320)
Other financing sources (uses):			
Transfers in	216,070	3,892	2,605,256
Transfers (out)	(40)	(2,455,255)	(5,736,201)
Proceeds from sale of capital assets	3,861	-	-
Total other financing sources (uses)	219,891	(2,451,363)	(3,130,945)
Net change in fund balances	970,711	(357,393)	(9,266,265)
Fund balances, beginning of year	7,705,031	5,051,107	30,857,014
Fund balances, end of year	\$ 8,675,742	\$ 4,693,714	\$ 21,590,749

See Notes to Basic Financial Statements.

Nonmajor Governmental Funds		Total
\$	4,000,633	\$ 43,601,307
	-	7,587,458
	83,898	936,159
	130,146	2,887,930
	58,095	1,447,612
	1,219,523	1,469,563
	-	22,296,608
	-	4,945,757
	-	1,475,194
	<u>5,492,295</u>	<u>86,647,588</u>
	1,806,141	44,885,629
	-	2,216,145
	-	2,467,936
	-	1,313,866
	-	3,485,597
	1,531,450	2,777,644
	15,654	6,547,932
	-	2,340,252
	458,630	458,630
	3,599	5,400,981
	71,282	16,437,967
	5,735,000	5,735,000
	1,599,863	1,599,863
	<u>11,221,619</u>	<u>95,667,442</u>
	<u>(5,729,324)</u>	<u>(9,019,854)</u>
	5,680,315	8,505,533
	(250,768)	(8,442,264)
	-	3,861
	<u>5,429,547</u>	<u>67,130</u>
	(299,777)	(8,952,724)
	3,496,581	47,109,733
\$	<u>3,196,804</u>	\$ <u>38,157,009</u>

West Des Moines Community School District

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2005**

Net change in fund balances - total governmental funds	\$ (8,952,724)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay	17,474,543
Depreciation expense by function:	
Instruction	(127,608)
Support services	(2,856,333)
	<u>(2,983,941)</u>
Proceeds from sale of capital assets	(3,861)
Gain on sale of capital assets	3,861
	<u>-</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue:	
Local option sales tax	50,000
Operating grants and contributions - instruction	(15,130)
	<u>34,870</u>
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	5,735,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, interest expense	5,468
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	(227,439)
Change in Internal Service Fund allocation to business-type activities	1,542
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 governmental funds:	
Change in compensated absences, support services	(171)
Change in liability for early retirement:	
Instruction	(235,847)
Support	(88,460)
Noninstruction	(11,310)
Change in deferred compensation, support services	48,703
	<u>(287,085)</u>
Change in net assets of governmental activities	<u><u>\$ 10,800,234</u></u>

See Notes to Basic Financial Statements.

West Des Moines Community School District

Statement of Net Assets
 Proprietary Funds
 June 30, 2005

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Assets		
Current Assets:		
Cash and investments	\$ 1,363,674	\$ 1,655,298
Other receivables	55,470	-
Inventories	84,392	-
Prepaid expense	-	696,228
Total current assets	1,503,536	2,351,526
Noncurrent assets:		
Capital assets:		
Land	15,000	-
Machinery and equipment	2,268,217	-
Less accumulated depreciation	(1,315,303)	-
Total noncurrent assets	967,914	-
Total assets	\$ 2,471,450	\$ 2,351,526
Liabilities		
Current Liabilities:		
Accounts payable	\$ 62,369	\$ -
Claims payable	-	1,306,167
Deferred revenue	61,090	-
Total liabilities	123,459	1,306,167
Net Assets		
Invested in capital assets, net of related debt	967,914	-
Unrestricted	1,380,077	1,045,359
Total net assets	2,347,991	1,045,359
Total liabilities and net assets	\$ 2,471,450	\$ 2,351,526

See Notes to Basic Financial Statements.

West Des Moines Community School District

**Reconciliation of Enterprise Funds Net Assets to the Net Assets of Business-Type Activities
June 30, 2005**

Total enterprise funds net assets \$ 2,347,991

Amounts reported for business-type activities in the statement of net assets are different because internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the Internal Service Fund is included in governmental activities in the statement of net assets.

Net assets of business-type activities

90,775
\$ 2,438,766

See Notes to Basic Financial Statements.

West Des Moines Community School District

**Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenues:		
Food sales	\$ 2,283,525	\$ -
Sale of services	2,284,805	-
Charges for services	-	7,733,001
Total operating revenues	4,568,330	7,733,001
Operating expenses:		
Salaries	2,443,459	-
Employee benefits	759,153	-
Purchased services	285,983	-
Food consumed	1,375,027	-
Supplies	325,257	-
Depreciation	157,925	-
Claims and administration	-	7,960,440
Other	73,376	-
Total operating expenses	5,420,180	7,960,440
Operating (loss)	(851,850)	(227,439)
Nonoperating revenue:		
Federal food commodities	223,206	-
Federal and state appropriations	682,018	-
Interest	17,225	-
Other	53,934	-
Total nonoperating revenues	976,383	-
Income (loss) before transfers	124,533	(227,439)
Transfers in	58,126	-
Transfers (out)	(121,395)	-
Change in net assets	61,264	(227,439)
Total net assets, beginning of year	2,286,727	1,272,798
Total net assets, end of year	\$ 2,347,991	\$ 1,045,359

See Notes to Basic Financial Statements.

West Des Moines Community School District

**Reconciliation of the Change in Net Assets of Enterprise Funds to the
Statement of Activities
For the Year Ended June 30, 2005**

Net changes in net assets in enterprise funds \$ 61,264

Amounts reported for proprietary activities in the statement of activities are different because internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of the Internal Service Fund is reported with business-type activities.

(1,542)

Change in net assets of governmental activities

\$ 59,722

See Notes to Basic Financial Statements.

West Des Moines Community School District

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 4,561,677	\$ 7,733,001
Payments to suppliers	(1,740,148)	-
Payments to employees	(3,204,081)	-
Claims paid	-	(7,250,559)
Other payments	(73,376)	(112,000)
Net cash provided by (used in) operating activities	(455,928)	370,442
Cash Flows From Noncapital Financing Activities:		
Federal and state appropriations received	682,018	-
Transfers in	58,126	-
Transfers (out)	(121,395)	-
Other, local donations and grants	53,934	-
Net cash provided by noncapital financing activities	672,683	-
Cash Flows From Capital and Related Financing Activities, purchases of capital assets		
	(96,031)	-
Cash Flows From Investing Activities, interest received		
	17,225	-
Net increase in cash and cash equivalents	137,949	370,442
Cash and Cash Equivalents:		
Beginning of year	1,225,725	1,284,856
End of year	\$ 1,363,674	\$ 1,655,298

(Continued)

West Des Moines Community School District

**Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2005**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities, operating income (loss)	\$ (851,850)	\$ (227,439)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	157,925	-
Federal food commodities used	223,206	-
Change in assets and liabilities:		
Receivables	(11,374)	-
Inventories	(407)	-
Prepaid expenses	-	(112,000)
Accounts payable	23,320	-
Claims payable	-	709,881
Accrued liabilities	(1,469)	-
Deferred revenue	4,721	-
Net cash provided by (used in) operating activities	\$ (455,928)	\$ 370,442
Schedule of noncash capital and related financing activities, federal food commodities received	\$ 223,206	\$ -

See Notes to Basic Financial Statements.

West Des Moines Community School District

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2005

	<u>Flower</u>
Assets , cash and investments	<u>\$ 718</u>
Liabilities , due to private individuals	<u>\$ 718</u>

See Notes to Basic Financial Statements.

West Des Moines Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies

Nature of operations:

The West Des Moines Community School District (the "District") was incorporated under Chapter 274 of the State Code of Iowa. The District has the power to make rules and regulations for its own government consistent with the laws of the state of Iowa and the regulations of the Iowa State Board of Education. The District is governed by the elected West Des Moines Community School Board of Education (the "Board"). The District is composed of one high school, one-ninth grade school, two junior high schools, nine elementary schools and one alternative high school. Student enrollment (kindergarten through high school) for the 2004-2005 school year was approximately 8,775 regular and special education students. The District employs a total of 1,288 personnel including 40 administrators, 558 full-time and 44 part-time teachers; 431 full-time and 215 part-time educational support staff.

Reporting entity:

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a 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. In addition, the GASB issued Statement No. 39, in May 2002, which sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the District and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, there are no other organizations which should be included in these basic financial statements.

Basis of presentation: The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide and fund financial statements: The government-wide financial statements (i.e., 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 the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes 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 activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

West Des Moines Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even through the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental funds:

General Fund: The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the fund consists primarily of local property taxes and state governmental aid.

Physical Plant and Equipment Fund: Accounts for the resources used to pay for the purchase and improvement of sites, demolition work, special assessments and major building repairs. The fund is required to be accounted for as a special revenue fund by state statutes.

Local Option Sales Tax Fund: The Local Option Sales Tax Fund, a capital projects fund, accounts for all financial transactions from the local option sales and services tax for school infrastructure authorized by Iowa Code Chapter 422E.

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

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

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

West Des Moines Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Playground Fund: Accounts for the resources used to establish and maintain public recreation places and playgrounds and necessary accommodations for children and adults.

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

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

Debt Service Fund: Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of local property taxes.

Capital Projects Fund: Accounts for acquisition or construction of major capital facilities other than those specifically accounted for in the Local Option Sales Tax Fund.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered nonmajor:

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

Community Education Fund: Accounts for the educational programs available to the general public on a fee basis.

Internal Service Fund: The Internal Service Fund is used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District's Internal Service Fund is used to account for the premium and claim payments for the self-insured health insurance plan for District employees.

West Des Moines Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Fiduciary Fund Types: Fiduciary fund types are used to account for net assets and changes in net assets. The District has one fiduciary fund which is considered an Agency Fund.

Flower Fund: To account for donations to be used for flower purchases for memorials or illnesses of District employees.

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

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues – exchange and nonexchange transactions: Property taxes, other taxes, grants, entitlements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which it is budgeted. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used if first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized in revenue was certified in March 2004 based on 2003 assessed valuations. These taxes are due in two installments on September 30 and March 31, with a 1.5% per month penalty for delinquent payment.

West Des Moines Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

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 revenue of the District's proprietary funds are charges for food sales or tuition and fees. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Significant accounting policies:

The significant accounting policies followed by the District include the following:

Pooled cash and investment accounts: Separate bank accounts and investments are not maintained for all District funds, as certain funds maintain their cash and investment balances in a pooled account. Accounting records are maintained to show the portion of the pooled account attributable to each participating fund.

Inventories: Inventories are stated at cost (first-in, first-out), which approximates market. The consumption method of accounting is applied to the governmental fund type inventories. Unused commodities at balance sheet date are reported as inventory in the statement of net assets.

Capital assets: General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair values as of the date received. The District maintains a capitalization threshold of \$5,000 (\$500 for the School Nutrition Fund). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction-in-progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	20 - 50 years
Machinery and equipment	5 - 20 years

The District's collection of library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

West Des Moines Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Deferred revenue: Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Accrued payroll: Payroll and the related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but have balances payable in July and August, have been accrued as a liability as they are applicable to services provided during the respective fiscal years, and will be paid with available resources.

Compensated absences: For governmental funds, the unpaid compensated absences that are considered due are recorded within the funds. There is no amount considered due as of year-end. The amount of the liability not considered due is not reported in fund financial statements. However, the entire compensated absence liability is reported on the government-wide financial statements.

Early retirement plan: Benefits to be provided during the next year for those employees electing early retirement in the current year, plus the related insurance costs, are considered due and, therefore, are accrued as a liability of the Management Fund, a special revenue fund. The amount of the liability not considered due is not reported in the fund financial statements. However, the entire balance of the early retirement liability is reported on the government-wide financial statements.

Self-insurance: The District is self-insured for health dental benefits. The District's premiums and claims are accounted for in the Internal Service Fund. Premiums are charged by the Internal Service Fund to operating funds based upon number of employees and selected coverage in each fund.

There have been no significant reductions in insurance coverage for the District from the prior year.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental fund types. Open encumbrances at year-end are reported as reservations of fund balances. Encumbrances do not constitute expenditures or liabilities.

Cash flows: For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fund equity: Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Designations of fund balance represents tentative management plans that are subject to change.

West Des Moines Community School District

Notes to Basic Financial Statements

**Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies
(Continued)**

Net assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund activity: Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Budgetary and Budgetary Control

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget.

Note 3. Cash and Cash Equivalents and Investments

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within three hundred and ninety-seven days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt.

As of June 30, 2005, the District's investment balances were as follows:

Investment Type	Fair Value	Maturity dates (Years)			
		Less than 1	1 to 5	6 to 10	More than 10
Annuity	\$ 264,359	\$ -	\$ 264,359	\$ -	\$ -
Repurchase agreement	3,748,000	-	-	-	3,748,000
	<u>\$ 4,012,359</u>	<u>\$ -</u>	<u>\$ 264,359</u>	<u>\$ -</u>	<u>\$ 3,748,000</u>

West Des Moines Community School District

Notes to Basic Financial Statements

Note 3. Cash and Cash Equivalents and Investments (Continued)

Credit risk: The District is authorized by statute to invest public funds not currently needed for operating expenses 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 and the Treasurer of the State of Iowa; perfected repurchase agreements; certain joint investments trusts. The District has no investment policies that would further limit its investment choices.

As of June 30, 2005, the District's investments which include a repurchase agreement and an annuity were not applicable to be rated by a nationally recognized statistical rating organization.

Concentration of credit risk: The District's general investment policy is to apply the prudent-person rule: In making investments, the District will exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use to meet the goals of the investment program.

The District places no limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are in an annuity at IGN Insurance Company and a repurchase agreement with JP Morgan Chase. These investments are 93% and 7%, respectively, of the District's total investments. The annuity is included in the District's General Fund and the repurchase agreement investment is all included in the Local Option Sales Tax Fund.

Custodial credit risk: For deposits, this is the risk that in the event of bank failure, the District's deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2005, the District had no deposits or investments subject to custodial credit risk.

Note 4. Interfund Balances

The following is a schedule of transfers as included in the basic financial statements of the District:

	Transfers In	Transfers Out
Major funds:		
General	\$ 216,070	\$ 40
Special Revenue, Physical Plant and Equipment	3,892	2,455,255
Capital Projects, Local Option Sales Tax	2,605,256	5,736,201
Other nonmajor governmental funds	5,680,315	250,768
Other nonmajor proprietary funds	58,126	121,395
	<u>\$ 8,563,659</u>	<u>\$ 8,563,659</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

West Des Moines Community School District

Notes to Basic Financial Statements

Note 5. Capital Assets

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

Governmental Activities	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2004
Capital assets, not being depreciated:				
Land	\$ 4,191,798	\$ -	\$ -	\$ 4,191,798
Construction-in-progress	12,978,225	16,258,138	12,447,879	16,788,484
Total capital assets, not being depreciated	17,170,023	16,258,138	12,447,879	20,980,282
Capital assets, being depreciated:				
Buildings and improvements	97,463,074	12,447,879	-	109,910,953
Machinery and equipment	6,493,517	1,216,405	69,565	7,640,357
Total capital assets, being depreciated	103,956,591	13,664,284	69,565	117,551,310
Accumulated depreciation:				
Buildings and improvements	26,640,403	2,058,313	-	28,698,716
Machinery and equipment	3,050,879	925,628	69,565	3,906,942
Total accumulated depreciation	29,691,282	2,983,941	69,565	32,605,658
Total capital assets, being depreciated, net	74,265,309	10,680,343	-	84,945,652
Governmental activities capital assets, net	\$ 91,435,332	\$ 26,938,481	\$ 12,447,879	\$ 105,925,934

West Des Moines Community School District

Notes to Basic Financial Statements

Note 5. Capital Assets (Continued)

Business-Type Activities	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005
Capital assets, not being depreciated, land	\$ 15,000	\$ -	\$ -	\$ 15,000
Total capital assets, not being depreciated	15,000	-	-	15,000
Capital assets, being depreciated, machinery and equipment	2,190,641	96,031	18,455	2,268,217
Total capital assets, being depreciated	2,190,641	96,031	18,455	2,268,217
Accumulated depreciation, machinery and equipment	1,175,833	157,925	18,455	1,315,303
Total accumulated depreciation	1,175,833	157,925	18,455	1,315,303
Total capital assets, being depreciated, net	1,014,808	(61,894)	-	952,914
Business-type activities capital assets, net	\$ 1,029,808	\$ (61,894)	\$ -	\$ 967,914

Depreciation expense was charged to the functions as follows:

Governmental activities:	
Instruction	\$ 127,608
Support services	2,856,333
Total depreciation expense, governmental activities	\$ 2,983,941
Business-type activities, nutrition	<u>\$ 157,925</u>

Note 6. Long-Term Debt

The following is a summary of changes in long-term debt of the District including liabilities for deferred compensation, compensated absences and early retirement:

	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005	Balances Due Within One Year
Governmental activities:					
General obligation bonds	\$ 7,285,000	\$ -	\$ 1,300,000	\$ 5,985,000	\$ 1,375,000
Revenue bonds	29,135,000	-	4,435,000	24,700,000	4,580,000
Deferred compensation	60,052	221	48,924	11,349	11,349
Liability for early retirement	2,266,065	928,931	467,243	2,727,753	593,314
Compensated absences	342,333	158,794	158,623	342,504	158,623
	\$ 39,088,450	\$ 1,087,946	\$ 6,409,790	\$ 33,766,606	\$ 6,718,286

West Des Moines Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Debt (Continued)

Deferred compensation:

The District has entered into unfunded, nonqualified plans of deferred compensation, ineligible under the terms of Section 457 of the Internal Revenue Code of 1986, as amended, with certain employees of the District. Liabilities under these agreements vest and are paid after the employees have remained in the continuous employment of the District for a predetermined number of years.

As of June 30, 2005, the amount of liabilities to be paid with resources made available was \$11,349. The liability for early retirement is generally liquidated by the Management Fund.

Compensated absences are generally liquidated by the General Fund.

The District's general obligation debt is as follows:

General Obligation Bonds

- An issue dated June 1, 1995, having an interest rate varying from 4.9% to 5.1% and an unpaid balance of \$535,000.
- An issue dated April 1, 1996, having an interest rate varying from 4.5% to 5.0% and an unpaid balance of \$5,450,000.

Local Option Sales and Service Tax Revenue Bonds

- An issue dated April 1, 2002, having an interest rate varying from 3.000% to 4.625% and an unpaid balance of \$24,700,000. The bonds are special limited revenue obligations and payments of principal and interest are secured solely by a pledge of the local option tax revenues and by the reserve funds and certain other amounts held under the bond resolution.

Principal payments for the bonds are due annually on June 1 and interest payments are due semiannually on June 1 and December 1.

Annual debt service requirements to service all outstanding indebtedness as of June 30, 2005, are as follows:

Year ending June 30:	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2006	\$ 1,375,000	\$ 294,638	\$ 4,580,000	\$ 1,065,675
2007	1,185,000	227,888	4,740,000	882,475
2008	1,075,000	170,176	4,920,000	692,875
2009	1,150,000	117,500	5,120,000	483,775
2010	1,200,000	60,000	5,340,000	246,975
	<u>\$ 5,985,000</u>	<u>\$ 870,202</u>	<u>\$ 24,700,000</u>	<u>\$ 3,371,775</u>

West Des Moines Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Debt (Continued)

As of June 30, 2005, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	\$ 3,336,798,349
Debt limit, 5% of total assessed valuation	\$ 166,839,917
Amount of debt applicable to debt limitation, total indebtedness	5,985,000
Excess of debt limit over debt outstanding, legal debt margin	\$ 160,854,917

Note 7. Retirement System

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

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$2,400,563, \$2,338,203 and \$2,300,743, respectively, equal to the required contributions for each year.

Note 8. Risk Management

The District is exposed to various risk of loss related to tort, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks, except claim payments for health and dental insurance, are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District has established an internal service fund to account for premium and claim payments for a self-insured group health insurance plan for the District's employees to meet potential losses from medical claims. Self-insurance is in effect up to an individual stop loss amount of \$75,000 and aggregate amount of 125% of expected claims. As of September 1, 2004, the District's dental plan also became self-insured. The dental plan includes no aggregate reinsurance.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors. Changes in the balances of claims payable during the years ended June 30, 2005 and 2004 are as follows:

	Self-Insurance Fund	
	2005	2004
Claims payable, beginning of year	\$ 596,286	\$ 673,950
Incurred claims (including IBNR)	7,960,440	4,647,815
Claim payments	7,250,559	4,725,479
Claims payable, end of year	<u>\$ 1,306,167</u>	<u>\$ 596,286</u>

West Des Moines Community School District

Notes to Basic Financial Statements

Note 8. Risk Management (Continued)

Each participating fund makes payments to the self-insurance fund for amounts which are determined based on historical claims experience. Such payments are displayed on the financial statements as revenues and expenditures/expenses. There have been no significant reductions in insurance coverage from the prior year.

Note 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 local area education agency. The District's actual amount for this purpose totaled \$2,498,341 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

Note 10. Contingencies

As of June 30, 2005, the District is involved in various claims 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 11. Commitments

The District has financial commitments relating to various construction projects for Hillside, Fairmeadows and Valley Schools that are estimated to be approximately \$19,502,000 in total as of June 30, 2005.

Note 12. Jointly Governed Organization

The District is a member of a cooperative venture with the City of West Des Moines, Iowa organized under Chapter 28E of the Code of Iowa to acquire property for the development of school sites, city offices, a library and/or other public purposes. The venture is governed by a task force made up of five representatives appointed by the District's Board of Education and five representatives appointed by the City Council. Under this agreement, each party is responsible for their proportionate shares of the costs in accordance with their respective ownership interest.

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, during the year ended June 30, 2005. This Statement established and modified disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement required certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also established and modified disclosure requirements for deposit risks.

The GASB has also issued several statements not yet implemented by the District. The statements which might impact the District are as follows:

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

West Des Moines Community School District

Notes to Basic Financial Statements

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, was issued April 2004. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. The provisions of this Statement will be effective for the District beginning with its year ending June 30, 2008.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued May 2004, will be effective for the District beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the District beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement No. 34, issued December 2004, will be effective for the District beginning with its year ending June 30, 2006. The purpose of Statement No. 46 is to help governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation.

GASB Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, will be effective for the District beginning with its year ending June 30, 2006. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources.

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

West Des Moines Community School District

Budgetary Comparison Schedule - All Governmental Funds and Enterprise Funds
 Required Supplementary Information
 For the Year Ended June 30, 2005

	Governmental Fund Types Actual	Enterprise Funds Actual	Total Actual
Revenues:			
Local sources	\$ 57,930,029	\$ 4,639,489	\$ 62,569,518
State sources	27,242,365	119,904	27,362,269
Federal sources	1,475,194	785,320	2,260,514
Total revenues	86,647,588	5,544,713	92,192,301
Expenditures/Expenses:			
Instruction	44,885,629	-	44,885,629
Support services	21,149,372	-	21,149,372
Noninstructional programs	458,630	5,420,180	5,878,810
Other	29,173,811	-	29,173,811
Total expenditures/expenses	95,667,442	5,420,180	101,087,622
Excess (deficiency) of revenues over expenditures/expenses	(9,019,854)	124,533	(8,895,321)
Other financing sources (uses):			
Transfers in	8,505,533	58,126	8,563,659
Transfers (out)	(8,442,264)	(121,395)	(8,563,659)
Proceeds from sale of capital assets	3,861	-	3,861
	67,130	(63,269)	3,861
Net change in fund balance	\$ (8,952,724)	\$ 61,264	\$ (8,891,460)

See Note to Required Supplementary Information.

Budgeted Amounts		Final Budget to Actual Variance - Positive (Negative)
Original	Final	
\$ 62,627,454	\$ 62,306,299	\$ 263,219
27,733,088	27,397,407	(35,138)
1,609,893	2,168,397	92,117
91,970,435	91,872,103	320,198
46,600,000	46,092,569	1,206,940
21,738,878	24,845,644	3,696,272
5,960,000	5,761,156	(117,654)
29,512,221	33,379,914	4,206,103
103,811,099	110,079,283	8,991,661
(11,840,664)	(18,207,180)	9,311,859
8,070,075	8,468,256	95,403
(8,070,075)	(8,468,256)	(95,403)
12,000	5,000	(1,139)
12,000	5,000	(1,139)
\$ (11,828,664)	\$ (18,202,180)	\$ 9,310,720

West Des Moines Community School District

Note to Required Supplementary Information – Budgetary Reporting For the Year Ended June 30, 2005

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 internal service and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, noninstructional programs and other expenditures. The legal level of control is at the aggregated functional level, not at the fund or fund type level. During the year, the District adopted one budget amendment decreasing budgeted revenues by \$105,332 and increasing budgeted disbursements by \$6,268,184.

During the year ended June 30, 2005, disbursements in the functional areas did not exceed the amounts budgeted, except for noninstructional programs in which actual exceeded final budget by \$117,654.

West Des Moines Community School District

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2005

	Special Revenue		
	Management	Playground	Student Activity
Assets			
Cash and investments	\$ 1,366,840	\$ 398,895	\$ 625,879
Receivables:			
Property taxes	2,507,424	452,100	-
Other	-	-	175
Total assets	\$ 3,874,264	\$ 850,995	\$ 626,054
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 5,177	\$ 43,463
Deferred revenue	2,499,996	450,468	9,745
Liability for early retirement	593,314	-	-
Total liabilities	3,093,310	455,645	53,208
Fund balances:			
Reserved for:			
Encumbrances	-	-	1,359
Debt service	-	-	-
Unreserved, undesignated reported in:			
Special revenue funds	780,954	395,350	571,487
Capital Projects Fund	-	-	-
Total fund balances	780,954	395,350	572,846
Total liabilities and fund balances	\$ 3,874,264	\$ 850,995	\$ 626,054

Schoolhouse	Debt Service	Capital Projects	Total
\$ 28,207	\$ 518,871	\$ 897,324	\$ 3,836,016
-	1,377,046	-	4,336,570
-	-	-	175
<u>\$ 28,207</u>	<u>\$ 1,895,917</u>	<u>\$ 897,324</u>	<u>\$ 8,172,761</u>

\$ -	\$ 300	\$ 3,271	\$ 52,211
-	1,370,223	-	4,330,432
-	-	-	593,314
<u>-</u>	<u>1,370,523</u>	<u>3,271</u>	<u>4,975,957</u>

-	-	-	1,359
-	525,394	-	525,394
28,207	-	-	1,775,998
-	-	894,053	894,053
<u>28,207</u>	<u>525,394</u>	<u>894,053</u>	<u>3,196,804</u>
<u>\$ 28,207</u>	<u>\$ 1,895,917</u>	<u>\$ 897,324</u>	<u>\$ 8,172,761</u>

West Des Moines Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2005

	Special Revenue		
	Management	Playground	Student Activity
Revenues			
Property taxes and other local sources:			
Property taxes	\$ 1,951,405	\$ 428,587	\$ -
Utility replacement	42,618	9,360	-
Other local sources	10,424	3,250	115,333
Investment earnings	13,467	5,405	10,341
Student activities	-	-	1,219,523
Total revenue	2,017,914	446,602	1,345,197
Expenditures			
Current:			
Instruction	577,700	-	1,228,441
Support services:			
Business administration	1,531,450	-	-
Plant operation and maintenance	-	-	-
Noninstructional programs	-	458,630	-
Other	-	-	-
Capital outlay	-	-	71,282
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	2,109,150	458,630	1,299,723
Excess (deficiency) of revenue over expenditures	(91,236)	(12,028)	45,474
Other financing sources (uses):			
Transfers in	-	-	2,240
Transfers (out)	(16,981)	(1,000)	(82,787)
Total other financing sources (uses)	(16,981)	(1,000)	(80,547)
Net change in fund balances	(108,217)	(13,028)	(35,073)
Fund balances, beginning of year	889,171	408,378	607,919
Fund balances, end of year	\$ 780,954	\$ 395,350	\$ 572,846

Schoolhouse	Debt Service	Capital Projects	Total
\$ -	\$ 1,620,641	\$ -	\$ 4,000,633
-	31,920	-	83,898
-	1,139	-	130,146
1,438	15,364	12,080	58,095
-	-	-	1,219,523
1,438	1,669,064	12,080	5,492,295
-	-	-	1,806,141
-	-	-	1,531,450
-	-	15,654	15,654
-	-	-	458,630
-	3,599	-	3,599
-	-	-	71,282
-	5,735,000	-	5,735,000
-	1,599,863	-	1,599,863
-	7,338,462	15,654	11,221,619
1,438	(5,669,398)	(3,574)	(5,729,324)
-	5,678,075	-	5,680,315
(150,000)	-	-	(250,768)
(150,000)	5,678,075	-	5,429,547
(148,562)	8,677	(3,574)	(299,777)
176,769	516,717	897,627	3,496,581
\$ 28,207	\$ 525,394	\$ 894,053	\$ 3,196,804

West Des Moines Community School District

Combining Statement of Net Assets
 Nonmajor Enterprise Funds
 June 30, 2005

	School Nutrition	Community Education	Total
Assets			
Current Assets:			
Cash and investments	\$ 701,084	\$ 662,590	\$ 1,363,674
Other receivables	28,988	26,482	55,470
Inventories	84,392	-	84,392
Total current assets	814,464	689,072	1,503,536
Noncurrent assets, capital assets:			
Land	-	15,000	15,000
Machinery and equipment	2,268,217	-	2,268,217
Less accumulated depreciation	(1,315,303)	-	(1,315,303)
Total noncurrent assets	952,914	15,000	967,914
Total assets	\$ 1,767,378	\$ 704,072	\$ 2,471,450
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 31,593	\$ 30,776	\$ 62,369
Deferred revenue	61,090	-	61,090
Total liabilities	92,683	30,776	123,459
Net Assets			
Invested in capital assets, net of related debt	952,914	15,000	967,914
Unrestricted	721,781	658,296	1,380,077
Total net assets	1,674,695	673,296	2,347,991
Total liabilities and net assets	\$ 1,767,378	\$ 704,072	\$ 2,471,450

West Des Moines Community School District

Combining Statement of Revenues, Expenses and Changes in Net Assets
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2005

	School Nutrition	Community Education	Total
Operating revenues:			
Food sales	\$ 2,283,525	\$ -	\$ 2,283,525
Sale of services	28,100	2,256,705	2,284,805
Total operating revenues	2,311,625	2,256,705	4,568,330
Operating expenses:			
Salaries	1,127,426	1,316,033	2,443,459
Employee benefits	414,824	344,329	759,153
Purchased services	94,674	191,309	285,983
Food consumed	1,375,027	-	1,375,027
Supplies	66,835	258,422	325,257
Depreciation	157,925	-	157,925
Other	-	73,376	73,376
Total operating expenses	3,236,711	2,183,469	5,420,180
Operating income (loss)	(925,086)	73,236	(851,850)
Nonoperating revenues:			
Federal food commodities	223,206	-	223,206
Federal and state appropriations	589,042	92,976	682,018
Interest	9,530	7,695	17,225
Other	53,326	608	53,934
Total nonoperating revenues	875,104	101,279	976,383
Income (loss) before transfers	(49,982)	174,515	124,533
Transfers in	58,126	-	58,126
Transfers (out)	(395)	(121,000)	(121,395)
Changes in net assets	7,749	53,515	61,264
Net assets, beginning of year	1,666,946	619,781	2,286,727
Net assets, end of year	\$ 1,674,695	\$ 673,296	\$ 2,347,991

West Des Moines Community School District

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2005

	School Nutrition	Community Education	Total
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 2,309,842	\$ 2,251,835	\$ 4,561,677
Payments to suppliers	(1,295,887)	(444,261)	(1,740,148)
Payments to employees	(1,542,250)	(1,661,831)	(3,204,081)
Other payments	-	(73,376)	(73,376)
Net cash provided by (used in) operating activities	(528,295)	72,367	(455,928)
Cash Flows From Noncapital Financing Activities:			
Federal and state appropriations received	589,042	92,976	682,018
Transfers in	58,126	-	58,126
Transfers (out)	(395)	(121,000)	(121,395)
Other, local donations and grants	53,326	608	53,934
Net cash provided by (used in) noncapital financing activities	700,099	(27,416)	672,683
Cash Flows From Capital and Related Financing Activities, purchases of capital assets			
	(96,031)	-	(96,031)
Cash Flows From Investing Activities, interest received			
	9,530	7,695	17,225
Net increase in cash and cash equivalents	85,303	52,646	137,949
Cash and Cash Equivalents:			
Beginning of year	615,781	609,944	1,225,725
End of year	\$ 701,084	\$ 662,590	\$ 1,363,674
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (925,086)	\$ 73,236	\$ (851,850)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	157,925	-	157,925
Federal food commodities used	223,206	-	223,206
Change in assets and liabilities:			
Receivables	(6,504)	(4,870)	(11,374)
Inventories	(407)	-	(407)
Accounts payable	17,850	5,470	23,320
Accrued liabilities	-	(1,469)	(1,469)
Deferred revenue	4,721	-	4,721
Net cash provided by (used in) operating activities	\$ (528,295)	\$ 72,367	\$ (455,928)
Schedule of noncash capital and related financing activities, federal food commodities received			
	\$ 223,206	\$ -	\$ 223,206

West Des Moines Community School District

Statement of Changes in Assets and Liabilities

Agency Fund

For the Year Ended June 30, 2005

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Flower Fund				
Assets, cash and investments	\$ 1,535	\$ 1,531	\$ 2,348	\$ 718
Liabilities, due to private individuals	\$ 1,535	\$ 1,531	\$ 2,348	\$ 718

West Des Moines Community School District

Government-Wide Revenues
Last Three Years

Fiscal Year	Program Revenues				Taxes
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
2005	\$ 8,913,774	\$ 7,119,070	\$ -	\$ 52,174,924	
2004	8,627,384	6,857,100	-	51,207,852	
* 2003	8,387,975	6,451,998	-	48,730,643	

* Fiscal year 2003 was the first year of government-wide financial statements.

Source: District records.

Program Revenues

Other Local Sources	State Sources	Investment Earnings	Gain on Sale of Capital Assets	Miscellaneous	Total
\$ 419,132	\$ 22,482,713	\$ 1,464,837	\$ 3,861	\$ 167,938	\$ 92,746,249
349,931	22,025,752	(1,612,656)	-	338,235	87,793,598
247,487	21,768,133	2,982,616	-	667,654	89,236,506

West Des Moines Community School District

**Government-Wide Expenses by Function
Last Three Fiscal Years**

Fiscal Year	Instruction	Support Services	Noninstructional Programs	Other Expenditures
2005	\$ 45,983,491	\$ 24,052,185	\$ 470,095	\$ 4,364,405
2004	43,091,363	23,293,867	452,045	7,548,005
* 2003	42,311,562	22,111,550	443,210	3,797,979

* Fiscal year 2003 was the first year of government-wide financial statements.

Source: District records.

Interest on Long-Term Debt	School Nutrition	Community Education	Total
\$ 1,594,395	\$ 3,237,532	\$ 2,184,190	\$ 81,886,293
1,905,422	2,875,927	2,138,390	81,305,019
2,320,789	2,804,748	2,196,899	75,986,737

West Des Moines Community School District

**Comparison of Taxes and Intergovernmental Revenue
Last Ten Fiscal Years**

	Year Ended June 30,			
	2005	2004	2003	2002
Local:				
General and special revenue funds	\$ 47,446,575	\$ 42,418,786	\$ 39,787,048	\$ 38,201,943
Debt service and capital projects funds	10,483,454	11,318,137	16,833,062	13,453,363
	<u>57,930,029</u>	<u>53,736,923</u>	<u>56,620,110</u>	<u>51,655,306</u>
State, General and special revenue funds	<u>27,242,365</u>	<u>26,949,820</u>	<u>26,730,279</u>	<u>25,241,325</u>
Federal, General and special revenue funds	<u>1,475,194</u>	<u>1,222,186</u>	<u>993,586</u>	<u>724,754</u>
Totals	<u>\$ 86,647,588</u>	<u>\$ 81,908,929</u>	<u>\$ 84,343,975</u>	<u>\$ 77,621,385</u>

Source: District records.

Year Ended June 30,

	2001	2000	1999	1998	1997	1996
\$	38,571,903	\$ 35,438,609	\$ 32,699,360	\$ 31,113,077	\$ 23,094,849	\$ 24,509,754
	12,754,623	6,300,220	6,608,106	7,910,524	8,694,402	5,285,296
	51,326,526	41,738,829	39,307,466	39,023,601	31,789,251	29,795,050
	24,511,098	23,556,641	22,204,558	21,032,756	20,164,359	15,333,983
	669,283	914,010	737,372	498,251	421,304	406,397
\$	76,506,907	\$ 66,209,480	\$ 62,249,396	\$ 60,554,608	\$ 52,374,914	\$ 45,535,430

West Des Moines Community School District

**General District Revenue, By Source
Last Ten Fiscal Years**

Year Ended June 30,	Local		State	Appropriations		Total
	Taxes	Miscellaneous		Federal		
2005	\$ 33,721,729	\$ 3,835,379	\$ 27,242,365	\$ 1,475,194	\$ 66,274,667	
2004	30,884,443	4,035,859	26,949,820	1,222,186	63,092,308	
2003	26,956,469	3,789,789	26,730,279	993,586	58,470,123	
2002	26,468,995	2,617,420	25,241,325	724,754	55,052,494	
2001	28,756,627	3,116,221	24,511,098	669,283	57,053,229	
2000	26,117,907	2,642,768	23,556,641	914,010	53,231,326	
1999	24,933,703	2,472,899	22,204,558	542,290	50,153,450	
1998	23,956,466	2,312,007	21,032,756	498,251	47,799,480	
1997	22,124,509	2,192,716	20,164,359	421,304	44,902,888	
1996	21,426,549	2,036,828	15,333,983	406,397	39,203,757	

Includes only General Fund revenue.

Source: District records.

West Des Moines Community School District

**General District Expenditures, by Program
Last Ten Fiscal Years**

Year Ended June 30,	Instruction	Support Services	Noninstructional Programs	Other Expenditures	Capital Outlay	Total Expenditures
2005	\$ 43,079,488	\$ 19,602,268	\$ -	\$ 2,498,341	\$ 343,750	\$ 65,523,847
2004	40,769,115	18,559,355	-	2,477,442	128,440	61,934,352
2003	40,065,556	18,032,511	-	2,556,083	401,954	61,056,104
2002	36,877,812	17,810,304	22,260	2,470,704	479,965	57,661,045
2001	33,770,928	16,561,592	26,268	2,478,523	662,287	53,499,598
2000	32,207,619	15,787,205	29,467	2,381,253	711,730	51,117,274
1999	31,115,173	14,894,987	104,952	2,264,700	1,208,145	49,587,957
1998	30,498,063	14,546,931	113,631	2,154,724	380,894	47,694,243
1997	*	*	*	*	769,941	44,590,571
1996	*	*	*	*	840,125	39,870,116

Includes only General Fund expenditures.

* Account structure and related classification was updated in fiscal year 1998. Classification of amounts is not available prior to fiscal year 1998.

Source: District records.

West Des Moines Community School District

Property Tax Levies and Collections
Last Ten Fiscal Years

	Governmental Fund Types			
	General	Special Revenue		
		Tort Liability	Unemployment Compensation	Early Retirement Incentive
Property tax levies				
Levy year:				
2004 *	\$ 34,561,370	N/A	N/A	N/A
2003 *	31,653,690	N/A	N/A	N/A
2002 *	27,636,604	N/A	N/A	N/A
2001 *	26,574,460	N/A	N/A	N/A
2000 *	28,641,199	N/A	N/A	N/A
1999	25,824,080	N/A	N/A	N/A
1998	24,974,506	N/A	N/A	N/A
1997	23,880,968	N/A	N/A	N/A
1996	21,927,274	N/A	N/A	N/A
1995	21,545,702	N/A	N/A	N/A
Property tax collections				
Fiscal year:				
2004-05 *	\$ 34,458,201	N/A	N/A	N/A
2003-04 *	31,619,807	N/A	N/A	N/A
2002-03 *	27,587,367	N/A	N/A	N/A
2001-02 *	26,444,918	N/A	N/A	N/A
2000-01 *	28,514,766	N/A	N/A	N/A
1999-00	25,875,475	N/A	N/A	N/A
1998-99	24,832,885	N/A	N/A	N/A
1997-98	23,876,310	N/A	N/A	N/A
1996-97	22,099,320	N/A	N/A	N/A
1995-96	21,312,998	N/A	N/A	N/A

* Property tax plus utility replacement tax.

Source: District records.

(Continued)

Governmental Fund Types

Special Revenue

Management	Playground	Schoolhouse (\$.67-1/2)	PEEL (\$1.67)	Debt Service	Total
\$ 2,000,000	\$ 439,258	N/A	\$ 6,012,224	\$ 1,657,388	\$ 44,670,240
50,000	417,899	N/A	5,712,620	4,985,751	42,819,960
1,600,000	398,842	N/A	5,505,802	5,937,671	41,078,919
2,100,002	394,902	N/A	5,276,381	5,937,509	40,283,254
1,599,997	384,039	N/A	3,001,612	5,205,036	38,831,883
1,950,006	367,599	N/A	2,723,358	6,055,824	36,920,867
650,008	340,596	N/A	2,522,933	6,318,688	34,806,731
649,989	330,292	1,651,494	807,391	6,152,006	33,472,140
650,000	311,683	1,558,413	761,891	6,307,976	31,517,237
599,997	296,095	1,480,473	723,787	5,314,853	29,960,907
\$ 1,994,023	\$ 437,947	N/A	\$ 5,994,734	\$ 1,652,561	\$ 44,537,466
49,939	417,451	N/A	5,706,027	4,979,996	42,773,220
1,597,155	398,131	N/A	5,495,095	5,926,114	41,003,862
2,089,765	392,978	N/A	5,249,076	5,906,783	40,083,520
1,592,569	382,256	N/A	2,989,439	5,183,927	38,662,957
1,953,887	368,330	N/A	2,728,778	6,067,551	36,994,021
646,321	338,665	N/A	2,508,627	6,270,874	34,597,372
649,863	330,227	1,651,162	807,233	6,137,523	33,452,318
655,109	314,127	1,570,641	767,893	6,346,243	31,753,333
593,516	292,897	5,257,770	1,464,482	715,970	29,637,633

West Des Moines Community School District

Property Tax Levies and Collections
 Last Ten Fiscal Years (Continued)

	Governmental Fund Types			
	General	Special Revenue		
		Tort Liability	Unemployment Compensation	Early Retirement Incentive
Percentage collected				
Fiscal year:				
2004-05 *	99.70%	N/A	N/A	N/A
2003-04 *	99.89	N/A	N/A	N/A
2002-03 *	99.82	N/A	N/A	N/A
2001-02 *	99.51	N/A	N/A	N/A
2000-01 *	99.56	N/A	N/A	N/A
1999-00	100.20	N/A	N/A	N/A
1998-99	99.43	N/A	N/A	N/A
1997-98	99.98	N/A	N/A	N/A
1996-97	100.78	N/A	N/A	N/A
1995-96	98.92	N/A	N/A	N/A
Delinquent property taxes receivable				
Fiscal year:				
2004-05	-	N/A	N/A	N/A
2003-04	-	N/A	N/A	N/A
2002-03	-	N/A	N/A	N/A
2001-02	-	N/A	N/A	N/A
2000-01	-	N/A	N/A	N/A
1999-00	-	N/A	N/A	N/A
1998-99	-	N/A	N/A	N/A
1997-98	-	N/A	N/A	N/A
1996-97	-	N/A	N/A	N/A
1995-96	-	N/A	N/A	N/A

* Includes property tax and utility replacement.

Source: District records.

Governmental Fund Types

Special Revenue

Management	Playground	Schoolhouse (\$.67-1/2)	PEEL (\$1.67)	Debt Service	Total
99.70%	99.70%	N/A	99.71%	99.71%	99.70%
99.88	99.89	N/A	99.88	99.88	99.89
99.82	99.82	N/A	99.81	99.81	99.82
99.51	99.51	N/A	99.48	99.48	99.50
99.54	99.54	N/A	99.59	99.59	99.56
100.20	100.20	N/A	100.20	100.19	100.20
99.43	99.43	N/A	99.43	99.24	99.39
99.98	99.98	99.98	99.98	99.76	99.94
100.79	100.78	100.78	100.79	100.61	100.75
98.92	98.92	98.93	98.92	98.92	98.92
-	-	N/A	-	-	-
-	-	N/A	-	-	-
-	-	N/A	-	-	-
-	-	N/A	-	-	-
-	-	N/A	-	-	-
-	-	N/A	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

West Des Moines Community School District

**Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Levy Year	Collection Year	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2004	2005-06	\$ 3,249,601,652	\$ 5,019,942,550	\$ -	\$ -
2003	2004-05	3,163,838,872	4,897,654,080	-	-
2002	2003-04	3,001,781,612	4,440,819,943	-	-
2001	2002-03	2,857,380,401	4,307,206,614	3,332,935	3,332,935
2000	2001-02	2,827,056,892	3,987,358,028	5,862,868	5,862,868
1999	2000-01	2,745,469,458	3,906,981,268	9,378,569	9,378,569
1998	1999-00	2,614,152,174	3,628,669,858	13,719,985	13,719,985
1997	1998-99	2,392,872,854	3,417,306,707	22,270,513	22,270,513
1996	1997-98	2,320,350,580	3,138,998,770	24,239,620	24,239,260
1995	1996-97	2,189,360,262	2,994,417,798	28,254,926	28,254,926

* Gas and electric was broken out of the total utilities in fiscal year 2000 due to change in state law. Gas and electric is no longer subject to property tax, but instead pay utility replacement taxes.

Source: Polk County Auditor.

Railroad and Utilities Without Gas & Electric		Gas & Electric		Total		Ratio of Total Assessed Value to Total Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$ 19,142,992	\$ 19,142,992	\$ 68,053,705	\$ 74,676,868	\$ 3,336,798,349	\$ 5,113,762,410	65.25%
18,025,742	18,035,054	73,008,651	71,019,452	3,254,873,265	4,986,708,586	65.27
21,090,380	21,090,380	72,673,765	72,673,765	3,095,545,757	4,534,584,088	68.27
21,248,139	21,335,163	72,423,205	72,423,205	2,954,384,680	4,404,297,917	67.08
19,452,921	19,452,921	72,828,704	72,828,704	2,925,201,385	4,085,502,521	71.60
16,961,476	16,998,749	73,135,511	73,135,511	2,844,945,014	4,006,494,097	71.00
95,485,998	95,485,998	*	*	2,723,358,157	3,737,875,841	72.86
107,788,877	107,877,451	*	*	2,522,932,244	3,547,454,671	71.12
102,198,095	102,198,095	*	*	2,446,788,295	3,265,436,125	74.93
91,144,808	91,219,654	*	*	2,308,759,996	3,113,892,378	74.14

West Des Moines Community School District

Property Tax Rates Per \$1,000 Assessed Valuation
 Direct and Overlapping Governments
 Last Ten Fiscal Years

	Levy Year	Collection Year	Polk County and State	Area XI Community College
City of Clive	2004	2005-06	9.94718	0.68408
	2003	2004-05	9.96860	0.59856
	2002	2003-04	9.76626	0.58184
	2001	2002-03	9.72617	0.54584
	2000	2001-02	9.64388	0.54454
	1999	2000-01	9.25871	0.54506
	1998	1999-00	9.28374	0.52451
	1997	1998-99	9.29190	0.50551
	1996	1997-98	9.12036	0.47230
	1995	1996-97	9.22555	0.50661
City of Urbandale	2004	2005-06	9.94718	0.68408
	2003	2004-05	9.96860	0.59856
	2002	2003-04	9.76626	0.58184
	2001	2002-03	9.72617	0.54584
	2000	2001-02	9.64388	0.54454
	1999	2000-01	9.25871	0.54506
	1998	1999-00	9.28374	0.52451
	1997	1998-99	9.29190	0.50551
	1996	1997-98	9.12036	0.47230
	1995	1996-97	9.22555	0.50661
City of West Des Moines	2004	2005-06	9.94718	0.68408
	2003	2004-05	9.96860	0.59856
	2002	2003-04	9.76626	0.58184
	2001	2002-03	9.72617	0.54584
	2000	2001-02	9.64388	0.54454
	1999	2000-01	9.25871	0.54506
	1998	1999-00	9.28374	0.52451
	1997	1998-99	9.29190	0.50551
	1996	1997-98	9.12036	0.47230
	1995	1996-97	9.22555	0.50661
City of Windsor Heights	2004	2005-06	9.94718	0.68408
	2003	2004-05	9.96860	0.59856
	2002	2003-04	9.76626	0.58184
	2001	2002-03	9.72617	0.54584
	2000	2001-02	9.64388	0.54454
	1999	2000-01	9.25871	0.54506
	1998	1999-00	9.28374	0.52451
	1997	1998-99	9.29190	0.50551
	1996	1997-98	9.12036	0.47230
	1995	1996-97	9.22555	0.50661

Source: Polk County Auditor.

West Des Moines Community School District	City	Special	Total	Ratio of West Des Moines Community School District to Total
13.50341	9.11072	0.00000	33.24539	0.40617
13.50200	8.92714	0.08701	33.08331	0.40812
13.50422	8.92149	0.04365	32.81746	0.41149
13.50200	8.96811	0.03742	32.77954	0.41190
13.48681	8.45211	0.06012	32.18746	0.41901
13.49887	7.91104	0.05743	31.27111	0.43167
13.50526	7.91330	0.06024	31.28705	0.43166
13.66525	7.70014	0.06264	31.22544	0.43763
13.58058	7.60506	0.06381	30.84211	0.44033
13.54320	7.63657	0.18548	31.09741	0.43551
13.50341	9.07010	0.40073	33.60550	0.40182
13.50200	9.07306	0.41222	33.55444	0.40239
13.50422	9.07000	0.42528	33.34760	0.40495
13.50200	8.97000	0.41734	33.16135	0.40716
13.48681	8.96096	0.06012	32.69631	0.41249
13.49887	8.97000	0.05743	32.33007	0.41753
13.50526	8.83994	0.06024	32.21369	0.41924
13.66525	8.49000	0.06264	32.01530	0.42684
13.58058	8.51857	0.06381	31.75562	0.42766
13.54320	8.52000	0.18548	31.98084	0.42348
13.50341	11.72540	0.17530	36.03537	0.37473
13.50200	11.72777	0.08701	35.88394	0.37627
13.50422	11.60206	0.04365	35.49803	0.38042
13.50200	11.60003	0.03742	35.41146	0.38129
13.48681	10.90002	0.06012	34.63537	0.38939
13.49887	10.90000	0.05743	34.26007	0.39401
13.50526	10.89994	0.06024	34.27369	0.39404
13.66525	10.90000	0.06264	34.42530	0.39695
13.58058	10.89988	0.06381	34.13693	0.39783
13.54320	10.90532	0.18548	34.36616	0.39409
13.50341	12.62896	0.17530	36.93893	0.36556
13.50200	12.62510	0.08701	36.78127	0.36709
13.50422	12.35119	0.04365	36.24716	0.37256
13.50200	11.58837	0.03742	35.39980	0.38142
13.48681	11.02530	0.06012	34.76065	0.38799
13.49887	10.92057	0.05743	34.28064	0.39378
13.50526	10.91900	0.06024	34.29275	0.39382
13.66525	10.86905	0.06264	34.39435	0.39731
13.58058	10.65785	0.06381	33.89490	0.40067
13.54320	10.37181	0.18548	33.83265	0.40030

West Des Moines Community School District

**Comparative Ratio of General Bonded Debt to Assessed Values and Bonded Debt
Per Capita
Last Ten Fiscal Years**

Fiscal Year of Collection	Population	(1) Assessed Value Property	Legal Debt Limit (5%)	(2) Indebtedness	Debt to Assessed Value	Debt Per Capita
2004-05	58,775*	\$ 3,336,798,349	\$ 166,839,917	\$ 5,985,000	0.18%	\$ 102
2003-04	58,775*	3,254,873,265	162,743,663	7,285,000	0.22	124
2002-03	58,775*	3,095,545,757	154,777,288	11,640,000	0.38	198
2001-02	58,775*	2,954,384,680	147,719,234	16,800,000	0.57	286
2000-01	58,275*	2,925,201,385	146,260,069	21,755,000	0.74	373
1999-00	58,000**	2,844,945,014	142,247,251	26,619,606	0.94	459
1998-99	58,000**	2,723,358,157	136,167,908	32,329,264	1.19	557
1997-98	58,000**	2,522,932,244	126,146,612	37,599,358	1.49	648
1996-97	58,000**	2,446,787,935	122,339,397	41,395,000	1.69	714
1995-96	57,000**	2,308,759,996	115,438,000	43,480,000	1.88	763

* Population figures relate to census taken in 2000.

** Estimated increase from "West Des Moines Fact Book" or census.

(1) Source: Polk County Auditor.

(2) Source: District records.

West Des Moines Community School District

**Computation of Overlapping and Direct Debt
June 30, 2005**

	Total Debt Outstanding	Percentage Applicable in West Des Moines Community School District	West Des Moines Community School District Share of the Debt
Overlapping:			
Polk County	\$ 181,330,000	23.78%	\$ 43,120,274
City of West Des Moines	148,215,000	100.00	148,215,000
City of Des Moines	318,385,000	0.23	732,285
City of Clive	12,870,000	100.00	12,870,000
City of Urbandale	33,085,000	19.73	6,527,670
City of Windsor Heights	9,430,000	47.18	4,449,074
Urbandale SS	7,071,000	33.22	2,348,986
	<u>\$ 710,386,000</u>		<u>\$ 218,263,289</u>
Direct, West Des Moines Community School District:			
General obligation	\$ 5,985,000	100.00%	\$ 5,985,000
Sales tax revenue bond	24,700,000	100.00	24,700,000
	<u>\$ 30,685,000</u>		<u>\$ 30,685,000</u>

Source: Polk County.

West Des Moines Community School District

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total
General Expenditures

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenditures*	Ratio of Debt Service to Total Expenditures
2004-05	\$ 1,300,000	\$ 356,788	\$ 1,656,788	\$ 65,523,847	2.53%
2003-04	4,355,000	549,725	4,904,725	61,934,352	7.92
2002-03	5,160,000	771,360	5,931,360	61,056,104	9.71
2001-02	4,955,000	985,363	5,940,363	57,661,045	10.30
2000-01	4,864,606	1,184,571	6,049,177	53,499,598	11.31
1999-00	5,709,658	1,409,183	7,118,841	51,117,274	13.93
1998-99	5,415,094	1,700,832	7,115,926	49,587,957	14.35
1997-98	5,845,642	2,088,303	7,933,945	47,694,243	16.64
1996-97	4,155,000	2,083,027	6,238,027	44,590,571	13.99
1995-96	3,510,000	1,781,531	5,291,531	39,870,116	13.27

* Includes only General Fund expenditures.

Source: District records.

West Des Moines Community School District

**General Analysis of Facilities, Classrooms and Staffing
June 30, 2005**

Name of School	Dates Constructed
Elementary Schools:	
Clegg Park (2004-05 relocated to Clive)	1957, 1970, 1989, 1991
Clive (closed during 2004-05 for remodeling)	1952, 1955, 1957, 1959, 1976, 1989, 1991
Crestview	1961, 1966, 1969, 1976, 1991
Crossroads Park	1977
Fairmeadows	1957, 1962, 1976, 1987, 1992
Hillside	2004
Jordan Creek	1992
Rex Mathes (closed during 2004-05 with partial demolition)	1951, 1956, 1969, 1989, 1991
Phenix	1939, 1992
Western Hills	1967, 1968, 1971, 1988, 1992
Westridge	1990
Junior High Schools:	
Indian Hills	1977, 1992
Stilwell	1960, 1962, 1968, 1984, 1988, 1992, 2002
Alternative High School - Walnut Creek Campus 8th Street	1999
High School - Valley Southwoods Freshman	1997
High School - Valley	1964, 1967, 1969, 1970, 1989, 1992, 2005
Open Enrollment/Tuition Out	539
Open Enrollment/Tuition In	314
Totals	<u><u>853</u></u>
Other facilities - nonstudent occupancy:	
Maintenance/Transportation*	1976, 1980, 1992
Community Education	1960, demolished 2002
Learning Resource Center	1995
Stadium, 8th Street	1938, demolished 2002
Stadium, Mills Civic Parkway	2002
(A) Student/teacher ratio - Elementary	23.66
(B) Student/teacher ratio - Junior High	17.24
(C) Student/teacher ratio - High School	14.58
(D) Student/teacher ratio - District Wide	18.43
* New operations building (Delavan)	2003

Grades Served	Building Enrollment, Third Friday in September 2004 *	Number of Classrooms	Regular Classroom Teaching Sections
K-6 and special education	-	14	14
K-6 and special education	383	21	20
K-6 and special education	516	22	22
K-6 and special education	507	21	21
K-6 and special education	465	21	21
K-6 and special education	575	45	25
K-6 and special education	770	35	35
K-6 and special education	-	3	-
K-6 and special education	144	10	10
K-6 and special education	414	25	18
K-6 and special education	723	32	32
	<u>4,497</u>	<u>249</u>	<u>218</u>
7-8 and special education	638	45	45
7-8 and special education	665	42	42
	<u>1,303</u>	<u>87</u>	<u>87</u>
9-12 and special education	182	16	16
9 and special education	696	44	44
9-12 and special education	1,823	101	97
	<u>2,701</u>	<u>161</u>	<u>157</u>
	<u>8,501</u>	<u>497</u>	<u>462</u>

* Includes open enrollment-in or tuition-in.

Source: District records.

West Des Moines Community School District

Operating Cost Per Pupil
Last Ten Fiscal Years

Fiscal Year	Total Costs*	Daily Membership	Operating Cost Per Pupil
2004-05	\$ 65,523,847	8,573	\$ 7,643
2003-04	61,934,352	8,741	7,085
2002-03	61,056,104	8,755	6,974
2001-02	57,661,045	8,747	6,592
2000-01	53,499,598	8,687	6,159
1999-00	51,117,274	8,327	6,139
1998-99	49,587,957	8,294	5,979
1997-98	47,694,243	8,247	5,783
1996-97	44,590,571	8,165	5,461
1995-96	39,870,116	8,064	4,944

* Includes only General Fund expenditures

Source: District records.

West Des Moines Community School District

District Staffing Levels
Last Ten Fiscal Years

	2005	2004	2003	2002 *
Administration:				
Superintendent	1.0	1.0	1.0	1.0
Principal	13.3	13.3	13.3	14.3
Assistant principal	11.0	11.0	12.0	12.0
Other administrators	10.7	10.7	10.7	12.7
Total administration	36.0	36.0	37.0	40.0
Other professionals	32.9	59.9	57.9	35.0
Instruction:				
Teacher	547.6	545.3	545.8	539.4
Curriculum specialist	-	-	-	1.0
Counselor	19.5	18.5	18.5	18.5
Chapter 1	4.0	5.0	5.0	5.0
Librarian	10.0	10.5	10.5	10.5
Total instruction	581.1	579.3	579.8	574.4
Professional, other:				
Nurse	3.0	7.5	7.5	7.5
Other professional	4.8	5.3	2.0	1.5
Total professional, other	7.8	12.8	9.5	9.0
Support personnel:				
Office/clerical	71.2	71.5	73.4	70.1
Crafts/trades	17.0	27.3	23.5	22.0
Teacher associate	143.0	131.9	138.7	118.4
Other support personnel	203.0	161.1	167.8	190.3
Total support personnel	434.2	391.8	403.4	400.8
Totals*	1,092.0	1,079.8	1,087.6	1,059.2

* Starting in 2002, F.T.E. (full-time equivalent) represents all funds.

Source: District records.

2001	2000	1999	1998	1997	1996
1.0	1.0	1.0	1.0	1.0	1.0
14.3	14.3	15.0	15.0	15.0	14.0
11.0	11.0	11.0	12.0	9.0	7.0
10.7	15.7	13.0	14.0	14.0	14.0
37.0	42.0	40.0	42.0	39.0	36.0
25.0	25.0	25.0	24.0	21.0	15.0
539.1	537.3	524.4	523.3	507.4	490.5
1.0	1.0	1.5	1.0	1.0	0.5
18.5	18.5	18.5	18.5	18.5	19.0
5.0	5.0	5.0	5.0	4.5	4.5
10.0	10.0	10.0	10.0	10.0	10.0
573.6	571.8	559.4	557.8	541.4	524.5
7.5	7.5	7.5	7.5	7.5	6.9
1.5	1.5	1.2	1.2	1.2	4.4
9.0	9.0	8.7	8.7	8.7	11.3
61.5	56.5	75.0	78.2	75.2	71.5
24.0	24.0	23.0	23.0	25.0	22.0
-	-	-	-	-	-
315.0	328.2	321.1	324.5	305.7	290.4
400.5	408.7	419.1	425.7	405.9	383.9
1,045.1	1,056.5	1,052.2	1,058.2	1,016.0	970.7

West Des Moines Community School District

Building and Certified Resident Student Enrollment by Grade
Last Ten Fiscal Years

	2004	2003	2002	2001
Grade:				
PK	28	29	24	22
Kindergarten	591	590	650	617
1	617	660	627	654
2	632	629	643	659
3	619	630	667	698
4	634	670	720	665
5	663	700	675	655
6	678	646	662	711
7	648	662	749	720
8	658	726	703	653
9	717	702	663	675
10	710	686	703	694
11	648	681	672	669
12	651	653	597	557
Special education *	56	48	13	31
In-District subtotal	8,550	8,712	8,768	8,680
Open enrollment/tuition in	(314)	(321)	(290)	(274)
Tuition/open enrollment out	539	525	508	448
Totals (certified resident enrollment)	8,775	8,916	8,986	8,854

* Special education for 1998 and 1999 included by grade level.

Source: District records.

Third Friday in September

2000	1999	1998	1997	1996	1995
16	14	12	14	11	-
621	625	647	602	618	700
637	682	637	611	677	690
678	656	641	702	684	605
650	623	716	682	623	652
642	707	707	636	643	648
722	695	652	640	649	642
685	661	653	654	679	631
646	661	672	677	647	677
666	667	684	652	682	664
685	691	699	689	624	612
710	650	667	647	623	590
621	655	623	574	569	563
583	530	591	508	540	528
30	-	-	131	77	80
8,592	8,517	8,601	8,419	8,346	8,282
(227)	(200)	(241)	(177)	(173)	(181)
368	364	334	335	321	308
8,733	8,681	8,694	8,577	8,494	8,409

West Des Moines Community School District

Miscellaneous Information and Demographic Statistics

The West Des Moines Community School District serves more than 58,000 people who live in the western portion of Polk County -- West Des Moines and Clive, parts of Urbandale and Windsor Heights and nearby rural areas. Covering 36.6 square miles, the District has grown up around a former railroad center, Valley Junction, and the farmland north and south of the Raccoon River. The District experienced a rapid growth up to the fall of 1975 when enrollment reached 6,726 students. Enrollment gradually declined to 5,825 students in the fall of 1982 but has increased each year since then except for September 1999 and 2003. Certified enrollment in the fall of 2003 was approximately 8,917 students.

The West Des Moines Community School District provides a comprehensive K-12 educational program and an extensive community education program.

In 2003-2004, the District operated 15 schools, maintenance/transportation/warehouse facilities, a stadium, and a Learning Resource Center (administrative offices). In the fall of 2004, Clegg Park Elementary and Rex Mathes Elementary will be merged into Hillside Elementary. The following data provides the number of buildings per grade levels:

	04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96
Headstart - 3	1	1	1	1	1	1	1	1	1	1
Elementary - K-6	8	9	9	9	9	9	9	9	9	9
Junior High - 7-8	2	2	2	2	2	2	2	2	2	2
High School - 9	1	1	1	1	1	1	1	1	-	-
High School - 9-12 *	2	2	2	2	2	2	2	2	2	2

* Includes the Alternative High School opened in fiscal year 95-96.

The District and the City of West Des Moines have worked cooperatively to develop the city/school campus area. Located on this site are the Learning Resource Center, Valley Southwoods Freshman High School, Jordan Creek Elementary, Valley Stadium, West Des Moines City Hall and the West Des Moines Public Library.

A fleet of 55 buses is owned by the District. Nearly 3,300 students are transported daily. School breakfasts and lunches are prepared in four locations with approximately 1,100,000 meals served annually.

The Board of Education usually holds regular meetings on the second and fourth Mondays of each month. All meetings are open to the public unless the Board calls for an executive session. During each meeting, an open forum time is conducted when citizens may speak to the Board. There are seven elected, voting members who serve three-year terms without pay on the school board. A portion of the seats on the Board of Education is up for election every September.

The District is strategically located at the crossroads of Interstate 35 and 80, with the local Interstate 235 also running through West Des Moines. This area offers an ever-increasing number of professional and retail services. Next door is the state capital, which provides additional cultural, recreational and consumer services.

In 2003, there were nearly 300 businesses in West Des Moines employing 25 or more people. The total workforce in the city limits of West Des Moines is approximately 38,000 people daily. More than 6,500 people work in the city limits of Clive. Both cities have one of the highest ratios of jobs to population in the greater Des Moines area.

(Continued)

West Des Moines Community School District

Miscellaneous Information and Demographic Statistics (Continued)

Commercial banking services are provided by two charter banks with combined deposits in excess of \$600,000,000. In addition, the District is served by 16 branch offices of major Des Moines banks. Rail service to the Des Moines metropolitan area is provided by Amtrak, Des Moines Union Railway, Burlington Northern and Santa Fe Railroad and Iowa Interstate Railroad.

Utilities are provided by MidAmerican Energy. The City of West Des Moines owns and operates its own municipal waterworks. Windsor Heights, Clive and Urbandale obtain water from the Des Moines Water Works. The sanitary sewer system for the communities in the District is part of the system operated by the City of Des Moines. Qwest provides telephone line service. Each of the cities in the District has its own full-time police and fire departments.

More than 425 noncredit continuing education classes are available each year through the School District. Credited continuing education classes are also available through Des Moines Area Community College, Grandview College, Drake University, Upper Iowa University, Vitterbo College and several business and trade schools. Iowa State University is located 45 miles to the north of Ames, Iowa.

Statistical Review: (All data from the Greater Des Moines Chamber of Commerce unless noted otherwise.)

Area - 36.6 square miles.

Altitude - 773.839 feet above sea level.

Location - At the "Crossroads" of two of the nation's most traveled Interstate Highways, I-35 and I-80, six miles west of downtown Des Moines.

Distance in miles from -

Chicago	325	Omaha	132
Dallas	703	Los Angeles	1,801
Denver	679	Minneapolis	246
Kansas City	189	St. Louis	320

Population - 58,275 (Sources: 2000 census.)

Climate -

- Average winter temperature - 23 degrees
- Average summer temperature - 74 degrees
- Average annual snowfall - 33.4 inches
- Average annual rainfall - 30.8 inches

Municipal Services - Both West Des Moines and Clive have the Mayor/Council form of government, with an appointed City Manager. West Des Moines employs 57 professional and 13 volunteer officers while the Clive police force has 19 officers. Fire protection is provided by paid and volunteer personnel. In West Des Moines, there are 21 paid firefighters and 70 volunteers plus 9 paid emergency medical personnel and 31 volunteers. Clive has three professional firefighters, forty-four volunteers and four emergency medical personnel.

Newspapers - One daily in Metropolitan area. Also 23 weekly trade papers.

Churches - Thirty-two churches, representing 16 denominations.

(Continued)

West Des Moines Community School District

Miscellaneous Information and Demographic Statistics (Continued)

Education -

West Des Moines Community School District:

15 public schools

8,861 pupils

582 certificated instructional personnel

9th largest school district in Iowa

Adult and continuing education provided by the West Des Moines Community School District Community Education Division.

Other Educational Programs:

Three nonpublic schools

Four vocational/technical schools

Five universities, five colleges, one school of nursing and one university of osteopathic medicine within a 45-mile radius.

Public Library – Two public libraries with a cooperative card agreement for use in any metropolitan area library.

Parks - Twenty-five parks available to the public within the West Des Moines Community School District boundaries, 16 in West Des Moines, seven in Clive and two in Urbandale.

Special Attractions/Activities in Metropolitan Area:

Blank Park Zoo

Des Moines Botanical Center

Science Center

State Capital

State Fairgrounds

Prairie Meadows Race Track and Casino

Vets Auditorium

Living History Farms

Des Moines Playhouse

Civic Center

State Historical Building

Des Moines Art Center

Adventureland Park

Sec Taylor Baseball Stadium

Drake Relays

Raccoon River Park

Des Moines Metro Opera

Jordan Creek Town Center

Construction - \$75 - \$110 per square foot average cost for residential housing, dependent upon one or two-story construction (Source: City of West Des Moines, 2003).

In 2000, Offspring Magazine named the West Des Moines Community School District the second best K-12 district in the Plains area (Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, South Dakota, Utah and Wyoming).

In 2001, Expansion Management Magazine awarded West Des Moines Community Schools with a Gold Medal rating and ranked the District in the top 18% of the national schools.

In 2002 and 2003, the District was recognized by the Eleventh Annual School System WHAT PARENTS WANT AWARD by School Match. Only 14% of the nation's schools are recognized for meeting the needs of families choosing schools.

In 2004, Expansion Management Magazine awarded West Des Moines Community School District with a Gold Award rating and ranked the District in the top 17% of the districts nationwide.

West Des Moines Community School District

Property Values and Construction* Last Ten Fiscal Years

Fiscal year:	(1) Insured Property Values	(2) Expenditures for Construction
2005	\$ 179,846,565	\$ 13,624,065
2004	150,433,671	12,967,882
2003	148,169,499	6,944,750
2002	129,485,256	5,692,336
2001	125,629,790	1,034,706
2000	111,455,706	625,933
1999	108,367,704	1,331,741
1998	90,270,209	1,154,524
1997	84,196,255	12,005,131
1996	75,666,079	2,931,867

* Schedule refers only to District owned property.

(1) Source: Insurance Association/Employers Mutual Companies.

(2) Source: District records.

West Des Moines Community School District

Bank Deposits Last Ten Fiscal Years*

<u>Fiscal year ended June 30,</u>	<u>Bank Deposits</u>
2005	*
2004	\$ 1,035,502,000
2003	724,795,000
2002	701,916,000
2001	642,859,000
2000	908,697,000
1999	1,531,647,537
1998	1,134,553,731
1997	1,045,768,026
1996	918,145,765

Source: Area financial institutions

* Information is not available until November 2005.

West Des Moines Community School District

**Ten Principal Taxpayers in the District
June 30, 2005**

Taxpayers	Type of Business	January 2005 Total Taxable Value	Percentage* to 2005 Total Taxable Valuation	Percentage of Total Taxable Value
Valley West DM	Retail/Commercial	\$ 86,500,000	2.59%	25.41%
Mid America Investment	Professional Office Space	56,344,000	1.69	16.55
IFBF Property Management	Insurance	40,475,110	1.21	11.89
Knapp Family, L.C.	Commercial	30,431,830	0.91	8.94
Hy-Vee Food Stores, Inc.	Commercial/Office	24,261,690	0.73	7.12
Colby West University Trust	Commercial	23,437,500	0.70	6.89
Mercy Properties	Health Care	21,436,700	0.64	6.30
CMS Wellington Apartments	Commercial	20,794,800	0.62	6.11
Fountain Three	Real Estate	18,946,500	0.57	5.57
Twenty-Three Hundred Ltd.	Prof/Commercial	17,752,900	0.53	5.22
		<u>\$ 340,381,030</u>	<u>10.19%</u>	<u>100.00%</u>

* January 2005 total taxable valuation of \$3,336,798,349 - Source: Aid and Levy Worksheet from State Department of Management.

Source: Polk County Auditor.

West Des Moines Community School District

Major Employers in the District* June 30, 2005

Name	Product/Service	Employees
CitiCards/Citi Group	Credit card center	1,770
Hy-Vee Food Stores	Retail food	1,500
Wells Fargo Home Mortgage	Mortgage	1,232
Farm Bureau Mutual	Agriculture/insurance	1,117
Krause Gentle Corp.	Retail - Convenience stores	712
Wells Fargo Card Services	Retail - Financial services	697
Guideone Insurance Group	Property and casualty insurance	642
Iowa Foundation for Medical Care	Health services	623
ITA Group	Management consulting	400
Turbine Fuel Technologies	Design, development, & manufacture of gas turbine fuel injection components	393

* Not including the District itself as an employer, which employs 1,200 full-time and part-time employees.

Source: West Des Moines Chamber of Commerce.

West Des Moines Community School District

**Schedule of Insurance Coverage
June 30, 2005**

Company	Type of Policy	Policy Period	
		From	To
Employers Mutual Companies	Business Protection Policy - Property Coverage - Policy No. 8A7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Inland Marine Policy - Scheduled Equipment - Policy No. 8C7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Business Protection Policy - General Comprehensive Liability - Policy No. 8D7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Business Protection Policy - Automobile Policy No. 8E7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Business Protection Policy - Crime Coverage - Policy No. 8F7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Workers' Compensation - Policy No. 8H7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Linebacker Policy - Errors and Omission Coverage - Policy No. 8K7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Umbrella Liability - Policy No. 8J7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Pollution Liability Policy No. 8P7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Employee Dishonesty Policy No. 8S7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Difference of Conditions Policy No. 8M7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Excess Liability Policy No. 8Y7-34-70-06	07/01/05	07/01/06
Employers Mutual Companies	Builders risk - Policy No. 8R7-34-70-06	07/01/05	07/01/06

Source: Insurance Associates/Employers Mutual Companies

Liability Limits	Annual Premium
Building and property replacement; costs/blanket - \$123,457,058 \$2,000,000 blanket boiler and vessels - business interruption and extra expense	\$ 136,102
Valley High School	68,344
Coverage for scheduled audio visual equipment computers, musical instruments and uniforms - as needed - \$1,500,000	24,051
General aggregate - \$2,000,000; personal advertising limit - \$1,000,000; products/completed operations - \$2,000,000 aggregate; fire damage - \$100,000; any one occurrence limit - \$1,000,000; medical expense - \$5,000	91,808
\$1,000,000 liability insurance/ \$5,000 auto medical per person; \$1,000,000 uninsured motorist; \$1,000,000 underinsured motorist	106,348
\$25,000 disappearance & destruction; \$25,000 robbery and safe burglary; \$1,000,000 employee dishonesty; \$250,000 forgery and alteration; \$1,000,000 computer fraud; \$1,000,000 funds transfer fraud	7,456
\$500,000 employer's liability/workers' compensation	257,166
\$1,000,000 Linebacker	9,132
\$15,000,000 Umbrella	62,567
\$500,000 Pollution, fungi, mold, and bacteria endorsement	1,125
Excess group \$20,000,000/\$20,000,000	4,840
DIC \$10,000,000 limit	11,058
Builders Risk	6,425

West Des Moines Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog Of Federal Domestic Assistance Number	Pass- Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through State Department of Agriculture and State of Iowa Department of Education:			
Noncash Assistance, USDA Commodities	10.550	77-1737	\$ 223,206
National School Breakfast Program	10.553	77-1737	42,270
National School Lunch Program	10.555	77-1737	470,438
National School Fruit and Vegetable	10.555	77-1737	19,881
Summer Food Service Program for Children	10.559	77-1737	24,170
Total nutrition cluster			556,759
Child and Adult Care Food Program	10.558	77-1737	9,264
			789,229
U.S. Department of Education:			
Direct Programs:			
Smaller Learning Communities	84.215L	N/A	111,276
Foreign Language Assistance	84.293B	N/A	16,008
Passed through State of Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010A	N/A	229,754
Special Education - Grants to States	84.027	N/A	468,284
Vocational Education Basic Grants to States - Carl Perkins Basic Grant	84.048A	77-6957	78,850
Safe and Drug-Free Schools and Community - State Grants	84.186A	77-6957	28,010
Title V, Part A - Innovative Education Program Strategies	84.298A	N/A	30,589
Comprehensive School Reform Demonstration	84.332	N/A	78,211
Title I - Accountability Grant	84.348	N/A	13,570
Title II - Improving Teacher Quality State Grant	84.367	N/A	203,047
Grants for State Assessments and Related Activities	84.369	N/A	51,702
			1,309,301
U.S. Department of Health and Human Services,			
Direct Program - Head Start			
	93.600	N/A	4,959
Passed through State of Iowa Department of Health and Human Services:			
Child Care and Development Block Grant	93.575	N/A	4,600
			9,559
Total expenditures of federal awards			\$ 2,108,089

See Notes to Schedule of Expenditures of Federal Awards.

West Des Moines Community School District

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2005

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of West Des Moines Community School District for the year ended June 30, 2005. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

West Des Moines Community School District

Summary Schedule of Prior Audit Findings Year Ended June 30, 2005

	Findings	Status	Corrective Action Plan or Other Explanation
Reportable Conditions in Internal Control			
04-II-A	The District does not have an adequate system in place to track expenditures for federal awards as they are incurred.	Corrective action taken.	
Reportable Conditions in Administering Federal Awards			
04-III-A	The District reported the incorrect number of free and reduced priced lunches for the Nutrition program.	Corrective action taken.	
Other Findings Related to Required Statutory Reporting:			
04-IV-A	<u>Finding 1</u> : The maximum deposit amounts stated in the District's resolution were exceeded for two months of the year ended June 30, 2004.	Corrective action taken.	
04-IV-B	<u>Finding 1</u> : Disbursements exceeded the amended certified budget amounts in the "other" function.	Partially corrected.	See revised finding and corrective action plan at 05-IV-B.
04-IV-H	<u>Finding 1</u> : Documentation to support the number of foster care students reported as enrolled is not maintained.	Uncorrected.	See corrective action plan at 05-IV-H.
04-IV-H	<u>Finding 2</u> : The District over-reported the number of certified enrollment students in the certified enrollment submitted to the state.	Corrective action taken.	
04-IV-H	<u>Finding 3</u> : The District included some open enrollment students in its supplementary weighting calculation for certified enrollment reported to the state.	Corrective action taken.	

McGladrey & Pullen

Certified Public Accountants

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
West Des Moines Community School District
West Des Moines, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Des Moines Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 West Des Moines 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 assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-II-A and 05-II-B.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses. We also noted other matters involving the internal control over financial reporting, which we have reported to management of West Des Moines Community School District in a separate letter dated September 2, 2005.

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance 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 basic 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 in Section IV of the Schedule of Findings and Questioned Costs are not intended to constitute legal interpretation of those statutes.

This report is intended solely for the information of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
September 2, 2005

McGladrey & Pullen

Certified Public Accountants

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

To the Board of Education
West Des Moines Community School District
West Des Moines, Iowa

Compliance

We have audited the compliance of West Des Moines Community School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to the District's major federal program for the year ended June 30, 2005. West Des Moines Community School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Des Moines Community School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Des Moines Community School District's compliance with those requirements.

In our opinion, West Des Moines Community School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of West Des Moines Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Des Moines 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
September 2, 2005

West Des Moines Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2005**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

CFDA Number	Name of Federal Program
10.555	National School Lunch Program
10.555	National School Fruit and Vegetable Program
10.553	National School Breakfast Program
10.559	Summer Food Service Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

West Des Moines Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2005

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Reportable conditions in internal control.

05-II-A

Finding: The Physical Plant and Equipment Fund had not been properly reconciled throughout the year to identify construction-in-progress and related retainages payable.

Condition: The District had incurred construction-in-progress expenditures throughout the year in the Physical Plant and Equipment Fund that had not been identified timely as a capital asset and adjusted for.

Effect: Capital expenditures made throughout the year may go undetected from being captured as capital assets on the District's system.

Recommendation: We recommend the District reconcile the construction-in-progress account (object code 450), in the Physical Plant and Equipment Fund along with other funds that include construction-in-progress such as the Local Option Sales Tax Fund throughout the year to identify items that need to be appropriately capitalized. Any expenditures in this construction account that are not capitalized should be accounted for and explained. In addition, any related retainage payables associated with these projects should be identified and adjusted for at year-end.

Response and Corrective Action Plan: The District will reconcile construction-in-progress in all funds.

05-II-B

Finding: Many accounts in the Nutrition Fund are not reconciled to the general ledger and adjusted to actual at year-end by the District.

Condition: Capital outlay expenses are not being reviewed timely and adjusted to capitalize appropriate amounts within the capital asset system and on the general ledger. This also affects accumulated depreciation, depreciation expense, and gain/loss accounts. Other accounts not adjusted to actual on the general ledger at year-end include accounts receivable, SNAP revenue, and commodity revenue and expenses.

Effect: Actual results are not accurately reported and adjusted for on the general ledger at year-end for the Nutrition Fund by the District.

Recommendation: We recommend the District establish a system to properly reconcile and adjust to actual amounts on the general ledger and related subsidiary systems for all of the Nutrition Fund accounts at year-end.

Response and Corrective Action Plan: The District will reconcile the Nutrition Fund to the general ledger and make the appropriate entries.

(Continued)

West Des Moines Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2005

B. Compliance findings.

None

III. Findings and Questioned Costs for Federal Awards

A. Reportable conditions in administering federal awards.

None

B. Instance of Noncompliance

None

IV. Other Findings Related to Required Statutory Reporting

05-IV-A – Official Depositories

Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.

05-IV-B - Certified Budget

Finding: Disbursements for the year ended June 30, 2005 exceeded the amended certified budget amounts in the noninstructional programs function due to timing of capital projects.

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

Corrective Action Plan: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Corrective action plan accepted.

05-IV-C - 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.

(Continued)

West Des Moines Community School District

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2005

05-IV-D - 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.

05-IV-E - Business Transactions

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

05-IV-F - Bond Coverage

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

05-IV-G - Board Minutes

No transactions requiring Board approval which had not been approved in the Board minutes were noted.

05-IV-H - Certified Enrollment

No material variances in the basic enrollment data certified to the Department of Education were noted other than the following:

Finding 1: The District does not keep documentation supporting the number of foster care students reported as enrolled within the District.

Recommendation: The District is required to maintain instructions on file describing the procedures for tracking the number of foster care students, which includes communication with foster care facilities. Information from these facilities should be maintained in the file as supporting documentation.

Corrective Action Plan: The District will work with Heartland AEA, the Iowa Department of Education and the District's Special Education Director to develop procedures for more effectively tracking and documenting foster care students.

Conclusion: Corrective action plan accepted.

05-IV-I - Deposits and Investments

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

05-IV-J - Certified Annual Report

The Certified Annual Report was filed with the Department of Education timely.

West Des Moines Community School District

**Corrective Action Plan
Year Ended June 30, 2005**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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Reportable Conditions in Internal Control

05-II-A	The Physical Plant and Equipment Fund had not been properly reconciled throughout the year to identify construction-in-progress and related retainages payable.	See corrective action plan at 05-II-A.	June 30, 2006	Galen Howsare
05-II-B	Many accounts in the Nutrition Fund are not reconciled to the general ledger and adjusted to actual at year-end by the District.	See corrective action plan at 05-II-B.	June 30, 2006	Galen Howsare

Other Findings Related to Required Statutory Reporting:

05-IV-B	Disbursements exceeded the amended certified budget amounts in the noninstructional programs function.	See corrective action plan at 05-IV-B.	June 30, 2006	Galen Howsare
05-IV-H	Documentation to support the number of foster care students reported as enrolled is not maintained.	See corrective action plan at 05-IV-H.	June 30, 2006	Galen Howsare