

COMPREHENSIVE ANNUAL FINANCIAL REPORT
WEST DES MOINES COMMUNITY SCHOOL DISTRICT
West Des Moines, Iowa
Year ended June 30, 2007

OFFICIAL ISSUING REPORT
Kurt Subra, CPA, Chief Financial Officer

OFFICE ISSUING REPORT
Administrative Services Division

**West Des Moines Community School District
C O N T E N T S**

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C O N T E N T S (continued)**

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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

January 28, 2008

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, 2007. The report is a reflection of the conditions which have enabled the West Des Moines Community School District to maintain a favorable financial position despite state budget constraints and the related impact on 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 of our District's financial planning. Meeting the educational needs of our students despite state budget constraints 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 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.

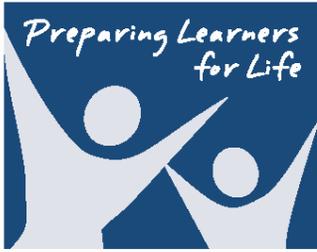
Sincerely,

Dr. Tom Narak
Superintendent

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.



WEST DES MOINES
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January 28, 2008

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, 2007 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 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.

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 2007.

Profile of the Government

In Iowa, school districts operate with local control and have fiscal independence from other government 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 increased slightly the past two years, to a total enrollment of 8,847 resident students in fiscal year 2007.

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 five percent annual increase in the tax base over the past 15 years. In fiscal year 2007, the increase was 5.5%.

Based on conservative projections, the tax base will grow in the 3-4% range. Future projections indicate enrollment will remain fairly stable 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.

In recent years, the state of Iowa faced an economic downturn that severely hampered its ability to fund schools at the same level as in prior years. The District faced inadequate funding for state aid and other state-funded programs. However, the state's tax receipts have started growing again.

The 2006-2007 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. The project was completed in the fall of 2007.

During 2006-2007, remodeling was completed at Fairmeadows Elementary and remodeling design work began for Western Hills and Crestview Elementary Schools and Indian Hills Junior High School.

The Stretching Minds program expanded its summer school program beyond elementary students to include junior high students. The program targets students most likely to benefit from additional opportunities in reading, mathematics and community learning.

The Valley girls' soccer program won "back-to-back" state titles and have now captured state titles four of their last five years; girls' swimming and diving also captured "back-to-back" state titles for a total of four in the program's history; softball had a record setting year in winning the fourth state title in the history of the program; football and boys' track & field were State Runner-Up; boys' soccer and boys' tennis finished third in state competition; girls' golf, boys' swimming and girls' basketball were fourth in the state; boys' golf finished fifth at the state meet. Eleven of our nineteen sport programs placed fifth or higher in state competition while fifteen of our nineteen sport programs competed in state competition in the 2006-07 year.

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 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 (GAAP). The internal control is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable 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 is responsible for ensuring that 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, 2007 provided no instances of material weaknesses in the internal control.

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, and enterprise 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 GAAP 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.

Relevant Financial Policies. Since the funding formula is pupil driven, an increase in total spending authority occurs by increasing the number of pupils or by increasing the cost per pupil. The cost per pupil is determined by the legislature in setting the amount of allowable growth each year. Under the law, the legislature has 30 days after receiving the governor's budget recommendation to set the state percent of growth for the year following the budget year. To illustrate, the 2007 legislature set the FY09 state percent of growth. The allowable growth becomes increasingly important because as a District, if we are faced with declining enrollment in a given year, the amount of allowable growth often will dictate budget reductions that will take place.

Cash Management. Cash, while temporarily idle during the year, was invested in money market deposit accounts. Interest rates ranged from 4.75% to 5.25% during the year, compared to the highest of 5.15% 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. Site safety committees have been operational for ten years. The site safety committees meet monthly to review accidents, the cause of the accidents and to conduct 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 Acknowledgements

Independent Audits. The accounting firm of Denman & Company, LLP performed the annual audit. In addition to meeting requirements set forth in state statutes, the audit was designed to meet the requirements of 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, 2006. 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 GAAP 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 twenty consecutive years.

The School District has also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) for the last twenty-two consecutive years. Upon recommendation of the Association's Panel and 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 and we are submitting it to both associations to determine its eligibility for another certificate.

Acknowledgement

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, Denman & Company, 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.

Respectively submitted,



Dr. Tom Narak
Superintendent



Kurt Subra, CPA
Chief Financial Officer

**West Des Moines Community School District
BOARD OF EDUCATION
Year ended June 30, 2007**

		<u>Term expires</u>
Before September 2006 election:		
Deb Thomas	President	September 2007
Jill Hansen	Vice President	September 2006
Barbara Burnett	Board Member	September 2006
Mark Lyons	Board Member	September 2007
Susan Moritz	Board Member	September 2007
Tom Suckow	Board Member	September 2008
Terry Tobin	Board Member	September 2008
 After September 2006 election:		
Jill Hansen	President	September 2009
Barbara Burnett	Vice President	September 2009
Mark Lyons	Board Member	September 2007
Susan Moritz	Board Member	September 2007
Tom Suckow	Board Member	September 2008
Deb Thomas	Board Member	September 2007
Terry Tobin	Board Member	September 2008

**West Des Moines Community School District
DISTRICT ADMINISTRATION
Year ended June 30, 2007**

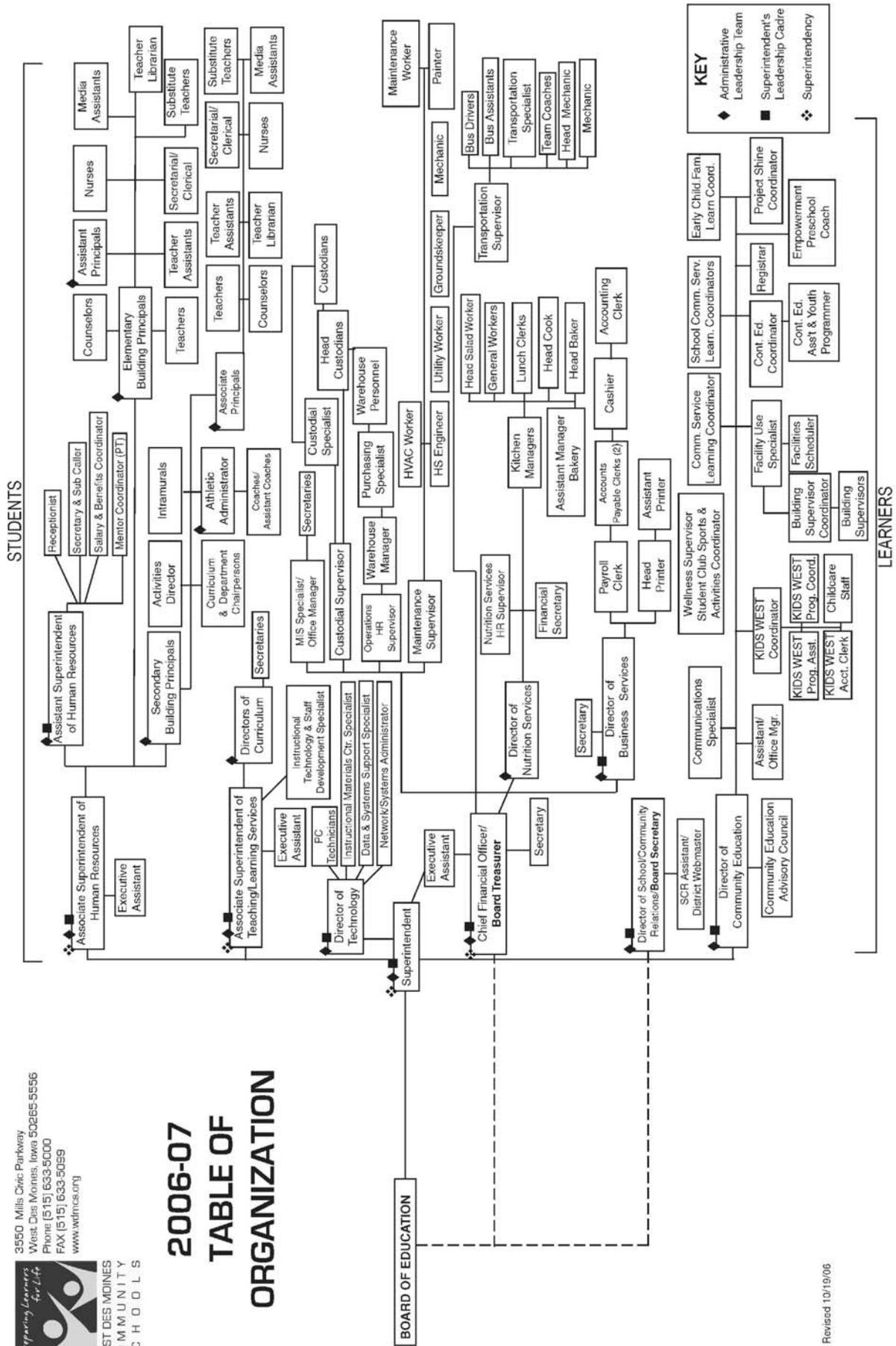
Dr. Tom Narak	Superintendent
Dr. Donna K. Wilkin	Associate Superintendent of Teaching and Learning
Lisa Remy	Associate Superintendent of Human Resources
Dr. Jan Beatty	Assistant Superintendent of Human Resources
Kurt Subra, CPA	Chief Financial Officer
Donna Gregory	Director of Business Services
David 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
Angie Calhoun	Director of Special Education
Dr. Vicky Poole	Valley High School Principal
Rob Boley	Valley High School Associate Principal
Stephen C. Duncan	Valley High School Athletic Administrator
David Maxwell	Valley High School Team Associate Principal
Aiddy Phomvisay	Valley High School Team Associate Principal
Shane Christensen	Indian Hills Junior High Principal
Kerry Ketcham	Indian Hills Junior High Assistant Principal
Tim Miller	Stilwell Junior High Principal
Mitch Kuhnert	Stilwell Junior High Assistant Principal
Dr. Robert Davis	Hillside Elementary School Principal
Brandon Pierce	Clive Elementary School Principal
Kevin Fangman	Crestview Elementary School Principal
Britt K. Cameron	Crossroads Park Elementary School Principal
Carol Seid	Fairmeadows Elementary School Principal
Dr. Lori J. Diebel	Valley Southwoods Freshman High School Principal
Shane Scott Leader	Valley Southwoods Freshman High School Associate Principal/Team
Bryan Stearns Leader	Valley Southwoods Freshman High School Associate Principal/Team
Kathryn Zaun Leader	Valley Southwoods Freshman High School Associate Principal/Team
Rachelle Dawson	Western Hills Elementary School Principal
Dr. Nancy Moorhead	Jordan Creek Elementary School Principal
Mary Jane Stites	Westridge Elementary School Principal
Mark Lane	Jordan Creek and Westridge Elementary Assistant Principal
John Villotti	Phenix Early Childhood Center Principal
Kim Jordan	Walnut Creek Campus Principal



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WEST DES MOINES
 COMMUNITY
 S C H O O L S

2006-07 TABLE OF ORGANIZATION



Revised 10/19/06

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, 2006

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.



Charles S. Cox

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, 2006

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

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, 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, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, 2007, 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 January 14, 2008 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 11 and budgetary comparison information on pages 41 through 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion 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 basic financial statements for the three years ended June 30, 2006 (none of which are presented herein) were audited by other auditors whose report dated January 29, 2007 stated that they expressed unqualified opinions on those 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 Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The 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.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 14, 2008

**West Des Moines Community School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For fiscal year ended June 30, 2007**

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, 2007. 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 \$15,209,657 and \$10,118,081 during the years ended June 30, 2007 and 2006, respectively.

Total revenues for the fiscal year ended June 30, 2007 and 2006 of \$104,473,263 and \$98,038,491 were comprised of general revenues in the amount of \$85,311,668 and \$79,852,753 and program revenues totaling \$19,161,595 and \$18,185,738, respectively.

As of June 30, 2007 the District's governmental funds reported combined ending fund balances of \$28,080,231, an increase of \$5,214,512 in comparison with 2006. Of the total combined fund balance, \$27,270,089 represents unreserved undesignated fund balance. As of June 30, 2006, the District's governmental funds reported combined ending fund balances of \$22,865,719, a decrease of \$15,291,290 in comparison with 2005. Of the total combined fund balance, \$22,087,008 represents unreserved undesignated fund balance.

As of June 30, 2007, unreserved undesignated fund balance of the General Fund was \$12,294,329 or 16.9 percent of total General Fund expenditures and \$9,565,091 or 14.0 percent for 2006.

The West Des Moines Community School District's total long-term bonded debt decreased by \$5,960,000 during fiscal year ended June 30, 2007 and \$5,910,000 during fiscal year ended June 30, 2006. The decrease was due to scheduled debt payments.

OVERVIEW OF 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, 2007**

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 the 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 16 through 19 of this report.

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 four 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 plans 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 20 through 25 of this report.

**West Des Moines Community School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For fiscal year ended June 30, 2007**

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the 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 statement can be found on page 26 of this report.

Notes to 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 41 and 42 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 \$124,722,336 to \$139,931,993.

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, were \$112,055,279 for 2007 and \$103,157,397 for 2006. 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.

Table 1 - Net assets

	<u>Governmental Activities</u>		<u>Business-type</u>		<u>Total District</u>	
	<u>June 30</u>		<u>June 30</u>		<u>June 30</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
ASSETS						
Current and other assets	\$ 92,405,754	\$ 85,519,112	\$2,335,269	\$1,855,877	\$ 94,741,023	\$ 87,374,989
Capital assets	<u>130,140,774</u>	<u>127,042,325</u>	<u>736,682</u>	<u>899,710</u>	<u>130,877,456</u>	<u>127,942,035</u>
Total assets	<u>222,546,528</u>	<u>212,561,437</u>	<u>3,071,951</u>	<u>2,755,587</u>	<u>225,618,479</u>	<u>215,317,024</u>
LIABILITIES						
Noncurrent liabilities	15,780,399	22,007,369	-	-	15,780,399	22,007,369
Other liabilities	<u>69,603,230</u>	<u>68,458,859</u>	<u>302,857</u>	<u>128,460</u>	<u>69,906,087</u>	<u>68,587,319</u>
Total liabilities	<u>85,383,629</u>	<u>90,466,228</u>	<u>302,857</u>	<u>128,460</u>	<u>85,686,486</u>	<u>90,594,688</u>
NET ASSETS						
Invested in capital assets net of debt	111,318,597	102,257,687	736,682	899,710	112,055,279	103,157,397
Restricted	14,597,752	12,250,659	-	-	14,597,752	12,250,659
Unrestricted	<u>11,246,550</u>	<u>7,586,863</u>	<u>2,032,412</u>	<u>1,727,417</u>	<u>13,278,962</u>	<u>9,314,280</u>
Total net assets	<u>\$137,162,899</u>	<u>\$122,095,209</u>	<u>\$2,769,094</u>	<u>\$2,627,127</u>	<u>\$139,931,993</u>	<u>\$124,722,336</u>

The restricted portion of the District's net assets (10.4 percent for 2007 and 9.8 percent for 2006) represents resources that are subject to external restrictions on how they may be used. These restrictions for 2007 include \$3,310,906 for physical plant and equipment levy, \$8,362,370 for local option sales tax, \$2,103,882 for management levy, \$487,078 for public education and recreation levy, and \$333,516 for debt service. The remaining balance of unrestricted net assets, \$13,278,962 for 2007 and \$9,314,280 for 2006, may be used to meet the government's ongoing obligations to students and creditors.

**West Des Moines Community School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For fiscal year ended June 30, 2007**

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 \$15,209,657 during the current fiscal year as compared to \$10,118,081 in 2006. The governmental activities' net assets increased by \$15,067,690 in 2007 and \$9,929,720 in 2006. The business-type activities, which include nutrition, community education, preschool regular education and student construction increased by \$141,967 in 2007 and \$188,361 in 2006. The increase in governmental activities for 2007 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, 2007 and 2006. 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.

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

Table 2 - Program Revenues and Expenses

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total District</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
REVENUES						
Program revenues						
Charges for services and sales	\$ 4,377,162	\$ 5,100,419	\$5,177,810	\$ 4,966,249	\$ 9,554,972	\$10,066,668
Operating grants and contributions	8,494,738	7,133,032	1,111,885	895,014	9,606,623	8,119,070
General revenue						
Property taxes and other taxes	57,565,147	54,311,406	-	-	57,565,147	54,311,406
Other local sources	1,875,703	283,958	96,686	-	1,972,389	283,958
State sources	24,031,009	23,109,701	-	-	24,031,009	23,109,701
Investment earnings	1,904,767	1,739,251	94,273	65,682	1,999,040	1,804,933
Other	(318,747)	403,213	62,830	30,566	(255,917)	433,779
Total revenues	<u>97,929,779</u>	<u>92,080,980</u>	<u>6,543,484</u>	<u>5,957,511</u>	<u>104,473,263</u>	<u>98,038,491</u>
PROGRAM EXPENSES						
Instruction	51,159,998	48,369,475	-	-	51,159,998	48,369,475
Support services	28,042,111	23,988,291	-	-	28,042,111	23,988,291
Noninstructional programs	414,066	429,508	-	-	414,066	429,508
Other	2,328,250	8,166,432	-	-	2,328,250	8,166,432
Interest on long-term debt	1,034,964	1,308,279	-	-	1,034,964	1,308,279
School nutrition	-	-	3,795,831	3,360,467	3,795,831	3,360,467
Community education	-	-	2,296,115	2,187,360	2,296,115	2,187,360
Preschool Regular Education	-	-	192,271	106,262	192,271	106,262
Student Construction	-	-	-	4,336	-	4,336
Total expenses	<u>82,979,389</u>	<u>82,261,985</u>	<u>6,284,217</u>	<u>5,658,425</u>	<u>89,263,606</u>	<u>87,920,410</u>
Excess of revenues over expenses before transfers	14,950,390	9,818,995	259,267	299,086	15,209,657	10,118,081
TRANSFERS	<u>117,300</u>	<u>110,725</u>	<u>(117,300)</u>	<u>(110,725)</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>\$15,067,690</u>	<u>\$ 9,929,720</u>	<u>\$ 141,967</u>	<u>\$ 188,361</u>	<u>\$ 15,209,657</u>	<u>\$10,118,081</u>

**West Des Moines Community School District
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For fiscal year ended June 30, 2007**

GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$97,929,779 and expenses were \$82,979,389. Property taxes and other taxes such as sales tax and utility replacement tax and state sources including state foundation aid are the primary sources of revenue for the District, 58.8 percent and 24.5 percent, respectively, of total revenues. Instruction constitutes the largest portion of expenditures at \$51,159,998 or 61.7 percent of total expenditures.

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

<u>Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Instruction	\$51,159,998	\$48,369,475	\$(41,072,219)	\$(39,215,193)
Support services	28,042,111	23,988,291	(28,042,111)	(23,488,838)
Noninstructional programs	414,066	429,508	(414,066)	(429,508)
Other	2,328,250	8,166,432	455,871	(5,586,716)
Interest on long-term debt	1,034,964	1,308,279	(1,034,964)	(1,308,279)
School nutrition	3,795,831	3,360,467	(447,068)	(110,746)
Community education	2,296,115	2,187,360	324,332	227,659
Preschool Regular Education	192,271	106,262	64,526	(40,203)
Student Construction	—	4,336	63,688	126,128
Total expenses	<u>\$89,263,606</u>	<u>\$87,920,410</u>	<u>\$(70,102,011)</u>	<u>\$(69,825,696)</u>

Net cost of services is 78.5 percent of total cost of services in 2007 and 79.4 percent in 2006. The cost of governmental activities financed by users of the District's programs was \$4,377,162 for 2007 and \$5,100,419 for 2006. Federal and state governments subsidized certain programs with grants and contributions totaling \$8,494,738 for 2007 and \$7,133,032 for 2006. The remaining net cost of the governmental activities was financed with property tax, state foundation aid and investment earnings.

BUSINESS TYPE ACTIVITIES

- The School Nutrition and Community Education programs constitute the majority of the business-type activities.
- The primary sources of income are federal revenues and charges for services.
- The School Nutrition's primary expenses are staff and commodities. The District's free and reduced participation continued to increase during the fiscal year. The School Nutrition Fund had a negative change in net assets of \$306,595 for fiscal year 2007.
- The primary source of revenue for the Community Education fund is sales of services for educational programs. The Community Education fund had a positive change in net assets of \$257,518.

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.

**West Des Moines Community School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For fiscal year ended June 30, 2007**

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 \$28,080,231, an increase of \$5,214,512 in comparison with the prior year fund balance of \$22,865,719. Approximately 97.1 percent or \$27,270,089 for 2007 and \$22,087,008 or 96.6 percent for 2006, constitutes unreserved fund balance, which is available for spending at the government's discretion. The District had designations of \$6,300,000 for cash flow purposes at June 30, 2007 and had no designations at June 30, 2006. The remainder of the fund balance for 2007 is reserved to indicate that it is not available for new spending because it has already been committed for 1) inventories \$67,672; and 2) debt service \$333,516.

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 \$12,703,283 for 2007 and \$9,565,091 for 2006, while total fund balance reached \$12,770,955 for 2007 and \$9,702,188 for 2006. 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 17.4 percent of total General Fund expenditures, while total fund balance also represents approximately 17.5 percent of that same amount for 2007. For 2006, unreserved fund balance represents 14.0 percent of total General Fund expenditures, while total fund balance also represents approximately 14.2 percent of that same amount.

The Physical Plant and Equipment Levy (PPEL) Fund balance increased to \$3,310,906 in 2007 from \$2,805,218 in 2006. This increase is due primarily to proceeds received in June 2007 from the sale of our former operations center.

The Local Option Sales Tax Fund balance increased to \$8,362,370 in 2007 from \$7,259,392 in 2006. This increased fund balances is attributable to reduced capital expenditure activity in 2007, as the Valley High School project is in the final construction phase.

The fund balance of the District's General Fund increased by \$3,068,767 during June 30, 2007. Key factors in this increase are as follows:

- Higher local source revenues and lower expenditures than projected.
- Increased cash reserve to improve fund balance.

For 2006, the fund balance of the District's General Fund increased by \$1,026,446 from 2005. Key factors in this increase are as follows:

- Lower expenditures than projected.
- Increased cash reserve to improve fund balance.

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, 2007**

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

	<u>Budget</u>		<u>Actual Expenditures/</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Expenses</u>	
Instruction	\$ 51,101,807	\$ 51,200,000	\$ 49,132,719	\$2,067,281
Support services	26,196,015	26,690,000	27,326,204	(636,204)
Noninstructional programs	6,610,000	6,565,000	6,702,142	(137,142)
Other	<u>17,941,119</u>	<u>18,910,000</u>	<u>17,707,716</u>	<u>1,202,284</u>
Total	<u>\$101,848,941</u>	<u>\$103,365,000</u>	<u>\$100,868,781</u>	<u>\$2,496,219</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 \$2,935,421 for 2007. Most of the increase can be attributed to the remodeling costs for Valley High School and Fairmeadows Elementary. These costs were paid from sales tax fund revenues. Other major projects included purchases of equipment, copiers and computers.

For 2006, the District recognized a total net increase of \$21,048,187. Most of the increase can be attributed to the remodeling costs for Valley High School and Clive Elementary. All were funded by the sales tax fund.

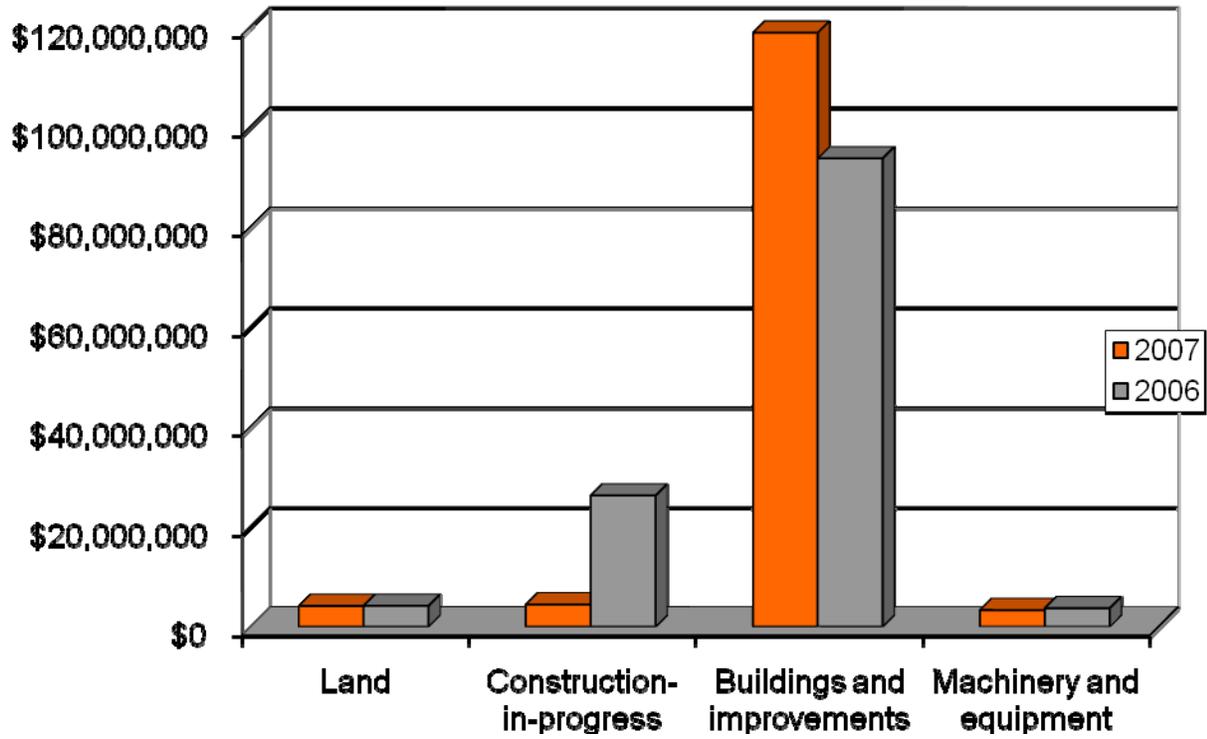
Table 4 - Capital Assets as of June 30 (Net of Depreciation)

	<u>Total</u>	
	<u>2007</u>	<u>2006</u>
Land	\$ 4,181,298	\$ 4,206,798
Construction-in-progress	4,488,483	26,276,623
Buildings and improvements	118,862,244	93,718,842
Machinery and equipment	<u>3,345,431</u>	<u>3,739,772</u>
Totals	<u>\$130,877,456</u>	<u>\$127,942,035</u>

Additional information about the District's capital assets can be found in Note 5 on page 35 to the financial statements.

West Des Moines Community School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For fiscal year ended June 30, 2007

Capital Assets, Net



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

**West Des Moines Community School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For fiscal year ended June 30, 2007**

Debt

As of June 30, 2007, the West Des Moines Community School District had general obligation and revenue bonds outstanding totaling \$18,815,000 compared to \$24,775,000 as of June 30, 2006. In the current year, the District paid \$5,960,000 in principal and \$1,057,038 in interest on outstanding debt.

	2007	2006
General obligation bonds	\$ 3,435,000	\$ 4,655,000
Revenue bonds	<u>15,380,000</u>	<u>20,120,000</u>
 Totals	 <u>\$18,815,000</u>	 <u>\$24,775,000</u>

As of June 30, 2007, the District's available legal debt margin was \$274,475,301 compared to \$251,033,021 as of June 30, 2006.

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 BUDGET 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 five percent annual increase in the tax base over the past 15 years. In fiscal year 2007, the increase was 5.5%.

Based on conservative projections, the tax base will grow in the 3-4 percent range. Future projections indicate enrollment will remain fairly stable 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.

In recent years, the state of Iowa faced economic downturn that severely hampered its ability to fund schools at the same level as in prior years. The District faced inadequate funding for state aid and other state-funded programs. However, the state's tax receipts have started growing again.

All these factors were considered in preparing the West Des Moines Community School District's budget for the 2007 fiscal year. After seven consecutive years of maintaining the tax rate at \$13.50 per \$1,000, this District increased the rate by 1.5% to \$13.70 for fiscal year 2007. The District anticipates that it will maintain the rate at this level.

Request 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 at high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please contact Mr. Kurt Subra, Chief Financial Officer, 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, 2007

ASSETS	Governmental Activities	Business-type Activities	Total
Current assets			
Cash, cash equivalents, and investments	\$ 38,002,830	\$ 2,125,192	\$ 40,128,022
Receivables			
Property taxes	50,750,492	-	50,750,492
Other	3,563,179	78,146	3,641,325
Assets held for resale	-	80,963	80,963
Inventories	67,672	50,399	118,071
Internal balances	(569)	569	-
	<u>92,383,604</u>	<u>2,335,269</u>	<u>94,718,873</u>
Total current assets			
Noncurrent assets			
Bond issuance costs	22,150	-	22,150
Capital assets			
Nondepreciable			
Land	4,166,298	15,000	4,181,298
Construction-in-progress	4,488,483	-	4,488,483
Depreciable			
Buildings and improvements	151,354,237	-	151,354,237
Machinery and equipment	7,579,205	2,294,318	9,873,523
Accumulated depreciation	<u>(37,447,449)</u>	<u>(1,572,636)</u>	<u>(39,020,085)</u>
Net capital assets	<u>130,140,774</u>	<u>736,682</u>	<u>130,877,456</u>
Total noncurrent assets	<u>130,162,924</u>	<u>736,682</u>	<u>130,899,606</u>
	<u>222,546,528</u>	<u>3,071,951</u>	<u>225,618,479</u>
Total assets			

See Notes to Basic Financial Statements.

LIABILITIES	Governmental Activities	Business-type Activities	Total
Current liabilities			
Accounts payable	\$ 3,989,607	\$ 240,816	\$ 4,230,423
Claims payable	1,891,966	-	1,891,966
Accrued liabilities	4,988,298	-	4,988,298
Accrued interest	68,474	-	68,474
Unearned revenue	51,499,425	62,041	51,561,466
General obligation bonds	1,090,000	-	1,090,000
Revenue bonds	4,920,000	-	4,920,000
Compensated absences	362,889	-	362,889
Liability for early retirement	792,571	-	792,571
Total current liabilities	<u>69,603,230</u>	<u>302,857</u>	<u>69,906,087</u>
Noncurrent liabilities			
General obligation bonds	2,345,000	-	2,345,000
Revenue bonds	10,460,000	-	10,460,000
Bond premiums	29,327	-	29,327
Liability for early retirement	2,946,072	-	2,946,072
Total noncurrent liabilities	<u>15,780,399</u>	<u>-</u>	<u>15,780,399</u>
Total liabilities	<u>85,383,629</u>	<u>302,857</u>	<u>85,686,486</u>
NET ASSETS			
Investment in capital assets, net of related debt	111,318,597	736,682	112,055,279
Restricted for			
Physical plant and equipment levy	3,310,906	-	3,310,906
Local option sales tax	8,362,370	-	8,362,370
Management levy	2,103,882	-	2,103,882
Public education and recreation levy	487,078	-	487,078
Debt service	333,516	-	333,516
Unrestricted	11,246,550	2,032,412	13,278,962
Total net assets	<u>137,162,899</u>	<u>2,769,094</u>	<u>139,931,993</u>
Total liabilities and net assets	<u>\$222,546,528</u>	<u>\$3,071,951</u>	<u>\$225,618,479</u>

**West Des Moines Community School District
STATEMENT OF ACTIVITIES
Year ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
PRIMARY GOVERNMENT			
Governmental activities			
Instruction	\$51,159,998	\$4,377,162	\$5,710,617
Support services	28,042,111	-	-
Noninstructional programs	414,066	-	-
Other	2,328,250	-	2,784,121
Interest on long-term debt	1,034,964	-	-
Total governmental activities	<u>82,979,389</u>	<u>4,377,162</u>	<u>8,494,738</u>
Business-type activities			
School nutrition	3,795,831	2,493,675	855,088
Community education	2,296,115	2,620,447	-
Preschool Regular Education	192,271	-	256,797
Student Construction	-	63,688	-
Total business-type activities	<u>6,284,217</u>	<u>5,177,810</u>	<u>1,111,885</u>
Total primary government	<u>\$89,263,606</u>	<u>\$9,554,972</u>	<u>\$9,606,623</u>

General revenues and transfers

General revenues
Property taxes
Local option sales tax
Utility replacement tax
Other local sources
State foundation aid, unrestricted
Loss on sale of capital assets
Investment earnings
Miscellaneous
Transfers
Total general revenues and transfers

Changes in net assets

Net assets, beginning of year

Net assets, end of year

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

Governmental Activities	Business-type Activities	Totals
\$ (41,072,219)	\$ —	\$ (41,072,219)
(28,042,111)	—	(28,042,111)
(414,066)	—	(414,066)
455,871	—	455,871
<u>(1,034,964)</u>	<u>—</u>	<u>(1,034,964)</u>
<u>(70,107,489)</u>	<u>—</u>	<u>(70,107,489)</u>
—	(447,068)	(447,068)
—	324,332	324,332
—	64,526	64,526
—	<u>63,688</u>	<u>63,688</u>
<u>—</u>	<u>5,478</u>	<u>5,478</u>
<u>(70,107,489)</u>	<u>5,478</u>	<u>(70,102,011)</u>
47,730,903	—	47,730,903
8,908,267	—	8,908,267
925,977	—	925,977
1,875,703	96,686	1,972,389
24,031,009	—	24,031,009
(318,747)	—	(318,747)
1,904,767	94,273	1,999,040
—	62,830	62,830
<u>117,300</u>	<u>(117,300)</u>	<u>—</u>
<u>85,175,179</u>	<u>136,489</u>	<u>85,311,668</u>
15,067,690	141,967	15,209,657
<u>122,095,209</u>	<u>2,627,127</u>	<u>124,722,336</u>
<u>\$137,162,899</u>	<u>\$2,769,094</u>	<u>\$139,931,993</u>



WEST DES MOINES
COMMUNITY
S C H O O L S

**West Des Moines Community School District
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2007**

	<u>General</u>	<u>Physical Plant and Equipment</u>	<u>Local Option Sales Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash, cash equivalents and investments	\$18,251,388	\$ 7,583,931	\$4,293,880	\$4,747,011	\$34,876,210
Receivables					
Property taxes	39,113,259	6,650,460	–	4,986,773	50,750,492
Due from other funds	114,000	2,864	3,775,000	–	3,891,864
Other	1,508,598	–	1,145,425	8,806	2,662,829
Inventories	<u>67,672</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>67,672</u>
Total assets	<u>\$59,054,917</u>	<u>\$14,237,255</u>	<u>\$9,214,305</u>	<u>\$9,742,590</u>	<u>\$92,249,067</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,256,607	\$ 539,423	\$ 851,935	\$ 341,642	\$ 3,989,607
Accrued liabilities	4,988,298	–	–	–	4,988,298
Due to other funds	–	3,775,000	–	2,864	3,777,864
Deferred revenue	39,039,057	6,611,926	–	4,969,513	50,620,496
Liability for early retirement	–	–	–	<u>792,571</u>	<u>792,571</u>
Total liabilities	<u>46,283,962</u>	<u>10,926,349</u>	<u>851,935</u>	<u>6,106,590</u>	<u>64,168,836</u>
Fund balances					
Reserved for					
Inventories	67,672	–	–	–	67,672
Debt service	–	–	–	333,516	333,516
Board designated for cash flow purposes	6,300,000	–	–	–	6,300,000
Unreserved, undesignated reported in					
General Fund	6,403,283	–	–	–	6,403,283
Special revenue funds	–	3,310,906	–	3,302,484	6,613,390
Capital projects funds	–	–	<u>8,362,370</u>	<u>–</u>	<u>8,362,370</u>
Total fund balances	<u>12,770,955</u>	<u>3,310,906</u>	<u>8,362,370</u>	<u>3,636,000</u>	<u>28,080,231</u>
Total liabilities and fund balances	<u>\$59,054,917</u>	<u>\$14,237,255</u>	<u>\$9,214,305</u>	<u>\$9,742,590</u>	<u>\$92,249,067</u>

See Notes to Basic Financial Statements.

West Des Moines Community School District
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2007

Total governmental fund balances		\$28,080,231
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		130,140,774
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	\$4,026,970	
Other current liabilities	<u>(2,770,895)</u>	1,256,075
Internal Service Fund allocated to business-type activities		(114,569)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest payable	(68,474)	
General obligation bonds, current	(1,090,000)	
General obligation bonds, noncurrent	(2,345,000)	
Revenue bonds, current	(4,920,000)	
Revenue bonds, noncurrent	(10,460,000)	
Bond issuance costs	22,150	
Bond premium	(29,327)	
Compensated absences, current	(362,889)	
Liability for early retirement, noncurrent	<u>(2,946,072)</u>	<u>(22,199,612)</u>
Net assets of governmental activities		<u>\$137,162,899</u>

West Des Moines Community School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES—GOVERNMENTAL FUNDS
Year ended June 30, 2007

	<u>General</u>	<u>Physical Plant and Equipment</u>	<u>Local Option Sales Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES					
Property taxes and other local sources					
Property taxes	\$36,678,743	\$6,327,993	\$ —	\$ 4,724,167	\$47,730,903
Local option sales tax	—	—	8,908,267	—	8,908,267
Utility replacement	722,579	112,869	—	90,529	925,977
Other local sources	1,679,759	57,643	3,846	134,455	1,875,703
Investment earnings	719,626	230,497	738,756	215,888	1,904,767
Student activities	3,151,836	—	—	1,225,326	4,377,162
State sources					
State foundation aid	24,031,009	—	—	—	24,031,009
Other state sources	7,136,428	—	25,314	48,918	7,210,660
Federal sources	1,684,078	—	—	—	1,684,078
Total revenues	<u>75,804,058</u>	<u>6,729,002</u>	<u>9,676,183</u>	<u>6,439,283</u>	<u>98,648,526</u>
EXPENDITURES					
Current					
Instruction	47,054,150	655	—	2,077,914	49,132,719
Support services					
Student support services	2,540,872	—	—	—	2,540,872
Instructional staff support services	3,730,666	—	—	—	3,730,666
General administration	2,557,123	332,305	—	13,552	2,902,980
Business administration	6,509,090	—	—	56,968	6,566,058
Plant operation and maintenance	7,154,010	—	—	1,299,852	8,453,862
Student transportation	3,131,766	—	—	—	3,131,766
Noninstructional programs	—	—	—	417,925	417,925
Other	117,300	1,977,905	150	27,274	2,122,629
Capital outlay	—	1,130,563	6,918,430	519,056	8,568,049
Debt service					
Principal	—	—	—	5,960,000	5,960,000
Interest	—	—	—	1,057,038	1,057,038
Total expenditures	<u>72,794,977</u>	<u>3,441,428</u>	<u>6,918,580</u>	<u>11,429,579</u>	<u>94,584,564</u>
Excess (deficiency) of revenues over expenditures	<u>3,009,081</u>	<u>3,287,574</u>	<u>2,757,603</u>	<u>(4,990,296)</u>	<u>4,063,962</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	118,185	152,864	3,968,000	5,681,125	9,920,174
Transfers (out)	(58,499)	(3,968,000)	(5,622,625)	(153,750)	(9,802,874)
Proceeds from sale of capital assets	—	1,033,250	—	—	1,033,250
Total other financial sources (uses)	<u>59,686</u>	<u>(2,781,886)</u>	<u>(1,654,625)</u>	<u>5,527,375</u>	<u>1,150,550</u>
Net change in fund balances	3,068,767	505,688	1,102,978	537,079	5,214,512
FUND BALANCES , beginning of year	<u>9,702,188</u>	<u>2,805,218</u>	<u>7,259,392</u>	<u>3,098,921</u>	<u>22,865,719</u>
FUND BALANCES , end of year	<u>\$12,770,955</u>	<u>\$3,310,906</u>	<u>\$8,362,370</u>	<u>\$ 3,636,000</u>	<u>\$28,080,231</u>

See Notes to Basic Financial Statements.

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
Year ended June 30, 2007

Net change in fund balances—total governmental funds **\$ 5,214,512**

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		8,362,428
Depreciation expense by function		
Instruction	\$(3,168,316)	
Support services	<u>(743,666)</u>	(3,911,982)
Proceeds from sale of capital assets	(1,033,250)	
Loss on sale of capital assets	<u>(318,747)</u>	(1,351,997)

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, operating grants and contributions - instruction (400,000)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items

Repayment of bond principal	5,960,000	
Interest	19,613	
Amortization of bond premiums and bond issue costs	<u>2,461</u>	5,982,074

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

1,057,989

Change in Internal Service Fund allocation to business-type activities (62,830)

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	(41,262)	
Change in liability for early retirement		
Instruction	145,878	
Support	57,178	
Noninstruction	3,859	
Change in deferred compensation, support services	<u>11,843</u>	<u>177,496</u>

Change in net assets of governmental activities \$15,067,690

**West Des Moines Community School District
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2007**

	Business-Type Activities Nonmajor Enterprise Funds	Governmental Activities Internal Service Fund
ASSETS		
Current assets		
Cash, cash equivalents, and investments	\$2,125,192	\$3,126,620
Other receivables	78,146	900,350
Due from other funds	19,310	-
Assets held for resale	80,963	-
Inventories	50,399	-
Total current assets	<u>2,354,010</u>	<u>4,026,970</u>
Noncurrent assets		
Capital assets		
Land	15,000	-
Machinery and equipment	2,294,318	-
Less accumulated depreciation	1,572,636	-
Total noncurrent assets	<u>736,682</u>	<u>-</u>
Total assets	<u>\$3,090,692</u>	<u>\$4,026,970</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 240,816	\$ -
Due to other funds	133,310	-
Claims payable	-	1,891,966
Unearned revenue	62,041	878,929
Total liabilities	<u>436,167</u>	<u>2,770,895</u>
NET ASSETS		
Invested in capital assets	736,682	-
Unrestricted	1,917,843	1,256,075
Total net assets	<u>2,654,525</u>	<u>1,256,075</u>
Total liabilities and net assets	<u>\$3,090,692</u>	<u>\$4,026,970</u>

West Des Moines Community School District
RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS TO
THE NET ASSETS OF BUSINESS-TYPE ACTIVITIES
June 30, 2007

Total enterprise funds net assets	\$2,654,525
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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.

114,569

Net assets of business-type activities

\$2,769,094

West Des Moines Community School District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2007

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
OPERATING REVENUES		
Food sales	\$2,493,675	\$ —
Sale of services	2,684,135	—
Charges for services	—	9,615,587
Total operating revenues	<u>5,177,810</u>	<u>9,615,587</u>
OPERATING EXPENSES		
Salaries	2,685,743	—
Employee benefits	826,599	—
Purchased services	447,121	—
Food consumed	1,387,096	—
Supplies	563,985	68,366
Depreciation	326,064	—
Claims and administration	—	8,489,232
Other	47,609	—
Total operating expenses	<u>6,284,217</u>	<u>8,557,598</u>
Operating income (loss)	<u>(1,106,407)</u>	<u>1,057,989</u>
NONOPERATING REVENUE		
Federal food commodities	173,234	—
Federal and state appropriations	938,651	—
Interest	94,273	—
Other	96,686	—
Total nonoperating revenues	<u>1,302,844</u>	<u>—</u>
Income before transfers	<u>196,437</u>	<u>1,057,989</u>
Transfers (out)	<u>(117,300)</u>	<u>—</u>
Change in net assets	79,137	1,057,989
Total net assets, beginning of year	<u>2,575,388</u>	<u>198,086</u>
Total net assets, end of year	<u>\$2,654,525</u>	<u>\$1,256,075</u>

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
Year ended June 30, 2007**

Net changes in net assets in enterprise funds \$ 79,137

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 revenue of certain activities of the Internal Service Fund is reported with business-type activities.

62,830

Change in net assets of governmental activities

\$ 141,967

West Des Moines Community School District
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2007

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$5,375,219	\$9,667,019
Payments to suppliers	(2,079,582)	—
Payments to employees	(3,512,342)	—
Claims paid	—	(8,591,736)
Other payments	(47,609)	—
Net cash provided by (used in) operating activities	(264,314)	1,075,283
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES		
Federal and state appropriations received	938,651	—
Payments on interfund accounts	(94,423)	—
Transfers (out)	(117,300)	—
Other, local donations and grants	96,686	—
Net cash provided by noncapital financing activities	823,614	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(163,036)	—
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	94,273	—
Net increase in cash and cash equivalents	490,537	1,075,283
CASH AND CASH EQUIVALENTS		
Beginning of year	1,634,655	2,051,337
End of year	\$2,125,192	\$3,126,620

See Notes to Basic Financial Statements.

West Des Moines Community School District
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
Year ended June 30, 2007

	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)	\$(1,106,407)	\$1,057,989
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	326,064	-
Federal food commodities used	173,234	-
Change in assets and liabilities		
Receivables	(26,363)	(160,724)
Assets held for resale	195,647	-
Inventories	(886)	-
Accounts payable	175,750	(52,053)
Claims payable	-	86,191
Unearned revenue	<u>(1,353)</u>	<u>143,880</u>
Net cash provided by (used in) operating activities	<u>\$ (264,314)</u>	<u>\$1,075,283</u>
SCHEDULE OF NONCASH ITEMS		
Capital and related financing activities, federal food commodities received	\$ 173,234	\$ -
Operating activities, assets held for resale acquired through accounts payable	1,035	-

**West Des Moines Community School District
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2007**

	<u>Flower</u>
ASSETS	
Cash, cash equivalents, and investments	\$ <u>1,236</u>
LIABILITIES AND FUND EQUITY	
Due to private individuals	\$ <u>1,236</u>

**West Des Moines Community School District
NOTES TO 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 2006-2007 school year was approximately 8,847 regular and special education students. The District employs a total of 1,115 personnel.

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. Interfund services provided and used are not eliminated in the process of consolidation for these statements.

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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though 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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF OPERATIONS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Reporting Entity (continued)

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.

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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF OPERATIONS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Reporting Entity (continued)

Fund Accounting (continued)

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.

Preschool Regular Education Fund: To account for the resources, including registration and tuition fees as well as funding from the Polk County Empowerment, used to service the children eligible to attend one of the eleven preschool centers in the West Des Moines area.

Student Construction Fund: To account for the construction costs of building houses by the Valley High School construction technology classes and the income generated through the sale of these houses.

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 plans for District employees.

Fiduciary Fund Types: Fiduciary fund types are used to account for net assets and changes in net assets. The District has on 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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF OPERATIONS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Reporting Entity (continued)

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 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 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 2006 based on 2005 assessed valuations. These taxes are due in two installments on September 30 and March 31, with a 1.5 percent per month penalty for delinquent payment.

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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF OPERATIONS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

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:

<u>Description</u>	<u>Estimated lives</u>
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 due to the individual assets not meeting the District's capitalization threshold. 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.

Bond discount, premium and issuance costs: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds that approximate the effective interest method.

Deferred and unearned 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, 2007, but which were levied to finance fiscal year 2008 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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF OPERATIONS, REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Significant Accounting Policies (continued)

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.

Self-insurance: The District is self-insured for health and 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.

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.

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.

Net assets restricted through enabling legislation consists of \$3,310,906 for physical plant and equipment levy, \$8,362,370 for local option sales tax, \$2,103,882 for management levy, \$487,078 for public education and recreation levy and \$333,516 for debt service.

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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

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. During the year ended June 30, 2007, disbursements exceeded the amount budgeted in support services and noninstructional functions.

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, 2007, the District's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Dates (Years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Annuity	\$ 294,109	\$ —	\$ 294,109	\$ —	\$ —
Repurchase agreement	<u>4,552,762</u>	<u>—</u>	<u>4,552,762</u>	<u>—</u>	<u>—</u>
	<u>\$4,846,871</u>	<u>\$ —</u>	<u>\$4,846,871</u>	<u>\$ —</u>	<u>\$ —</u>

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; and certain joint investments trusts. The District has no investment policies that would further limit its investment choices.

As of June 30, 2007, 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 percent of the District's investments are in an annuity at ING Insurance Company and a repurchase agreement with JP Morgan Chase. These investments are 6 percent and 94 percent, 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, 2007, the District has \$35,281,151 in deposits and \$4,846,871 in investments. Neither of the District's deposits or investments were subject to custodial credit risk.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 INTERFUND BALANCES

Individual interfund receivables and payables balances as of June 30, 2007, were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major funds		
General	\$ 114,000	\$ -
Special Revenue, Physical Plant and Equipment	2,864	3,775,000
Capital Projects, Local Option Sales Tax	3,775,000	-
Other nonmajor proprietary funds	19,310	133,310
Nonmajor governmental funds	<u>-</u>	<u>2,864</u>
	<u>\$3,911,174</u>	<u>\$3,911,174</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The interfund receivable and payables are schedule to be collected in the subsequent year.

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds		
General	\$ 118,185	\$ 58,499
Special Revenue, Physical Plant and Equipment	152,864	3,968,000
Capital Projects, Local Option Sales Tax	3,968,000	5,622,625
Other nonmajor governmental funds	5,681,125	153,750
Other nonmajor proprietary fund	<u>-</u>	<u>117,300</u>
	<u>\$9,920,174</u>	<u>\$9,920,174</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 FINANCIAL STATEMENTS**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2007</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,191,798	\$ —	\$ 25,500	\$ 4,166,298
Construction-in-progress	<u>26,276,623</u>	<u>9,051,444</u>	<u>30,839,584</u>	<u>4,488,483</u>
Total capital assets, not being depreciated	<u>30,468,421</u>	<u>9,051,444</u>	<u>30,865,084</u>	<u>8,654,781</u>
Capital assets, being depreciated				
Buildings and improvements	124,681,157	29,360,888	2,687,808	151,354,237
Machinery and equipment	<u>7,374,346</u>	<u>789,680</u>	<u>584,821</u>	<u>7,579,205</u>
Total capital assets, being depreciated	<u>132,055,503</u>	<u>30,150,568</u>	<u>3,272,629</u>	<u>158,933,442</u>
Accumulated depreciation				
Buildings and improvements	30,962,315	3,024,491	1,494,813	32,491,993
Machinery and equipment	<u>4,519,284</u>	<u>887,491</u>	<u>451,319</u>	<u>4,955,456</u>
Total accumulated depreciation	<u>35,481,599</u>	<u>3,911,982</u>	<u>1,946,132</u>	<u>37,447,449</u>
Total capital assets, being depreciated, net	<u>96,573,904</u>	<u>26,238,586</u>	<u>1,326,497</u>	<u>121,485,993</u>
Governmental activities capital assets, net	<u>\$127,042,325</u>	<u>\$35,290,030</u>	<u>\$32,191,581</u>	<u>\$130,140,774</u>
Business-type activities				
Capital assets, not being depreciated, land	\$ 15,000	\$ —	\$ —	\$ 15,000
Capital assets, being depreciated, machinery and equipment	2,278,693	161,044	145,419	2,294,318
Accumulated depreciation, machinery and equipment	<u>1,393,983</u>	<u>326,064</u>	<u>147,411</u>	<u>1,572,636</u>
Total capital assets, being depreciated, net	<u>884,710</u>	<u>(165,020)</u>	<u>(1,992)</u>	<u>721,682</u>
Business-type activities capital assets, net	<u>\$ 899,710</u>	<u>\$ (165,020)</u>	<u>\$ (1,992)</u>	<u>\$ 736,682</u>

Depreciation expense was charged to the functions as follows:

Governmental activities		
Instruction		\$3,168,316
Support services		<u>743,666</u>
Total depreciation expense, governmental activities		<u>\$3,911,982</u>
Business-type activities, nutrition		<u>\$ 326,064</u>

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

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:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2007</u>	<u>Balances due within one year</u>
Governmental activities					
General obligation bonds	\$ 4,655,000	\$ -	\$1,220,000	\$ 3,435,000	\$1,090,000
Revenue bonds	20,120,000	-	4,740,000	15,380,000	4,920,000
Deferred compensation	11,843	-	11,843	-	-
Compensated absences	<u>321,627</u>	<u>454,706</u>	<u>413,444</u>	<u>362,889</u>	<u>362,889</u>
 Totals	 <u>\$25,108,470</u>	 <u>\$ 454,706</u>	 <u>\$6,385,287</u>	 <u>\$19,177,889</u>	 <u>\$6,372,889</u>

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, 2007, the amount of liabilities to be paid with resources made available was \$-0-.

The liability for deferred compensation was liquidated by the General Fund.

Compensated absences are generally liquidated by the General Fund.

The District's general obligation debt is as follows:

General Obligation Bonds

- On March 1, 2006, the District issued \$6,025,000 in General Obligation Bonds with an average interest rate of 3.75 percent. As of June 30, 2007, the unpaid balance on the 2006 bonds was \$3,435,000.

Local Option Sales and Service Tax Revenue Bonds

- An issue dated April 1, 2002, having an interest rate varying from 3.000 percent to 4.625 percent and an unpaid balance of \$15,380,000. 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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 LONG-TERM DEBT (continued)

Annual debt service requirements to service all outstanding indebtedness as of June 30, 2007, are as follows:

<u>Year ending June 30</u>	<u>General Obligations Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$1,090,000	\$ 128,812	\$ 4,920,000	\$ 692,875
2009	1,155,000	87,938	5,120,000	483,775
2010	<u>1,190,000</u>	<u>44,626</u>	<u>5,340,000</u>	<u>246,975</u>
Totals	<u>\$3,435,000</u>	<u>\$ 261,376</u>	<u>\$15,380,000</u>	<u>\$1,423,625</u>

As of June 30, 2007, the District did not exceed its legal debt margin computed as follows:

Total assessed valuation	<u>\$5,558,206,021</u>
Debt limit, 5% of total assessed valuation	\$ 277,910,301
Amount of debt applicable to debt limitation, total indebtedness	<u>3,435,000</u>
Excess of debt limit over debt outstanding, legal debt margin	<u>\$ 274,475,301</u>

NOTE 7 EARLY RETIREMENT

In order to hasten early retirement, the District offered an early retirement plan benefit to its employees. The Board reserves the right to amend or revoke this Early Retirement Plan or any provision of this plan at any time, with or without notice.

To be eligible to participate in this Plan, an employee must (1) have worked a minimum of thirty hours per week, or seventy percent of contract, during each of the last ten full years of service; (2) a year of service refers to a school year. Thus, in order to count as a school year, the employee must be employed by the first student contact day in order for that year to count towards a full year of service; (3) have a minimum of ten full years of continuous service in the District; (4) have obtained the age of fifty-five as of June 30, 2007; (5) an employee terminated for just cause, or receiving payments or benefits from or on behalf of the District that are not tied to the performance of current duties, is not eligible (6) an employee is eligible to participate in the plan only at the end of the current school year.

Benefits to eligible employees include a lump sum payment in January following retirement, which is based on the number of sick leave days accumulated as of retirement (125 maximum for nine- and ten-month employees or 135 maximum for 11- and 12-month employees) multiplied by \$20 per day. In addition, eligible employees will receive single hospital/major medical insurance paid-in-full by the District through the month prior to the employee's 65th birthday.

As of June 30, 2007, the District has \$792,571 accrued in the Management Fund, as it is considered due, and an additional \$2,946,072 recorded in the government-wide financial statements. The current year cost to the District was \$911,535 which consisted of 108 participants in the plan. A summary of changes in liability for early retirement is shown as follows:

Balance, June 30, 2006	\$4,083,653
Additions	566,525
Reductions	<u>(911,535)</u>
Balance, June 30, 2007	<u>\$3,738,643</u>

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 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 percent of their annual salary and the District is required to contribute 5.75 percent of annual payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$2,582,191, \$2,488,356 and \$2,400,563, respectively, equal to the required contributions for each year.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; and natural disasters. These risks, except injuries to employees and 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 \$100,000 and aggregate amount of 125 percent of expected claims. The District also self-insures for its dental plan. 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, 2007 and 2006 are as follows:

	Self-Insurance Fund	
	2007	2006
Claims payable, beginning of year	\$1,805,775	\$1,306,167
Incurred claims (including IBNR)	8,489,232	8,592,668
Claim payments	<u>8,403,041</u>	<u>8,093,060</u>
Claims payable, end of year	<u>\$1,891,966</u>	<u>\$1,805,775</u>

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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 RISK MANAGEMENT (continued)

The District became self insured for its workers' compensation exposures beginning in September 2005. Claims which are due and payable are recorded in the Management Fund, a nonmajor governmental fund. Losses on workers' compensation claims are limited through the purchase of stop-loss insurance to \$250,000 per individual and an aggregate amount of \$1,000,000. Liabilities are reported in the financial statements in accounts payable. Changes in the balances of claims liabilities for the year ended June 30, 2007 are as follows:

	Year ended 2007
Claims payable, beginning of year	\$ 100,000
Incurred claims (including IBNR)	413,089
Claim payments	<u>(273,089)</u>
Claims payable, end of year	<u>\$ 240,000</u>

NOTE 10 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 \$2,784,121 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

NOTE 11 CONTINGENCIES

As of June 30, 2007, 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 12 COMMITMENTS

The District has financial commitments relating to a construction project for Valley Schools estimated to be approximately \$6,930,000 in total as of June 30, 2007 of which \$3,550,000 had been paid as of June 30, 2007.

NOTE 13 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

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

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.

**West Des Moines Community School District
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) 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. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, is effective for the District with its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flow from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the District beginning with its year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the government to estimate the components of expected pollution, remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 50, *Pension Disclosures* - an amendment of GASB Statements No. 25 and No. 27, will be effective for the District beginning with its year ending June 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB).

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, will be effective for the District beginning with its year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

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 OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL—ALL GOVERNMENTAL AND PROPRIETARY FUND
REQUIRED SUPPLEMENTAL INFORMATION
Year ended June 30, 2007

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final Budget to Actual Variance Positive (Negative)
				Original	Final	
REVENUES						
Local sources	\$65,722,779	\$5,368,769	\$71,091,548	\$67,636,526	\$67,636,526	\$3,455,022
State sources	31,241,669	39,004	31,280,673	30,036,320	30,036,320	1,244,353
Federal sources	1,684,078	1,072,881	2,756,959	2,549,684	2,549,684	207,275
Total revenues	<u>98,648,526</u>	<u>6,480,654</u>	<u>105,129,180</u>	<u>100,222,530</u>	<u>100,222,530</u>	<u>4,906,650</u>
EXPENDITURES/EXPENSES						
Instruction	49,132,719	—	49,132,719	51,101,807	51,200,000	2,067,281
Support services	27,326,204	—	27,326,204	26,196,015	26,690,000	(636,204)
Noninstructional programs	417,925	6,284,217	6,702,142	6,610,000	6,565,000	(137,142)
Other	17,707,716	—	17,707,716	17,941,119	18,910,000	1,202,284
Total expenditures/expenses	<u>94,584,564</u>	<u>6,284,217</u>	<u>100,868,781</u>	<u>101,848,941</u>	<u>103,365,000</u>	<u>2,496,219</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>4,063,962</u>	<u>196,437</u>	<u>4,260,399</u>	<u>(1,626,411)</u>	<u>(3,142,470)</u>	<u>7,402,869</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	9,920,174	—	9,920,174	9,626,255	9,626,255	293,919
Transfers (out)	(9,802,874)	(117,300)	(9,920,174)	(9,626,255)	(9,626,255)	(293,919)
Proceeds from sale of capital assets	1,033,250	—	1,033,250	9,000	9,000	1,024,250
	<u>1,150,550</u>	<u>(117,300)</u>	<u>1,033,250</u>	<u>9,000</u>	<u>9,000</u>	<u>1,024,250</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,214,512</u>	<u>\$ 79,137</u>	<u>\$ 5,293,649</u>	<u>\$ (1,617,411)</u>	<u>\$ (3,133,470)</u>	<u>\$8,427,119</u>

West Des Moines Community School District
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION—BUDGETARY REPORTING
Year ended June 30, 2007

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 increasing budgeted disbursements by \$1,516,059.

During the year ended June 30, 2007, disbursements in the support services and noninstructional functional areas exceeded the amounts budgeted.

**West Des Moines Community School District
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007**

ASSETS	Special Revenue			
	Management	Playground	Student Activity	Schoolhouse
Cash, cash equivalents and investments	\$3,118,662	\$ 489,674	\$ 769,920	\$ 30,556
Receivables				
Property taxes	3,265,600	493,753	-	-
Other	<u>7,205</u>	<u>-</u>	<u>1,601</u>	<u>-</u>
Total assets	<u>\$6,391,467</u>	<u>\$ 983,427</u>	<u>\$ 771,521</u>	<u>\$ 30,556</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 245,000	\$ 5,086	\$ 81,445	\$ -
Due to other funds	-	-	-	-
Deferred revenue	3,250,014	491,263	9,108	-
Liability for early retirement	<u>792,571</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,287,585</u>	<u>496,349</u>	<u>90,553</u>	<u>-</u>
Fund balances				
Reserved for				
Debt service	-	-	-	-
Unreserved, undesignated reported in				
Special revenue funds	<u>2,103,882</u>	<u>487,078</u>	<u>680,968</u>	<u>30,556</u>
Total fund balances	<u>2,103,882</u>	<u>487,078</u>	<u>680,968</u>	<u>30,556</u>
Total liabilities and fund balances	<u>\$6,391,467</u>	<u>\$ 983,427</u>	<u>\$ 771,521</u>	<u>\$ 30,556</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 325,224	\$ 12,975	\$4,747,011
1,227,420	—	4,986,773
<u>—</u>	<u>—</u>	<u>8,806</u>
<u>\$1,552,644</u>	<u>\$ 12,975</u>	<u>\$9,742,590</u>

\$ —	\$ 10,111	\$ 341,642
—	2,864	2,864
1,219,128	—	4,969,513
<u>—</u>	<u>—</u>	<u>792,571</u>
<u>1,219,128</u>	<u>12,975</u>	<u>6,106,590</u>

333,516	—	333,516
<u>—</u>	<u>—</u>	<u>3,302,484</u>
<u>333,516</u>	<u>—</u>	<u>3,636,000</u>
<u>\$1,552,644</u>	<u>\$ 12,975</u>	<u>\$9,742,590</u>

West Des Moines Community School District
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2007

	<u>Special Revenue</u>			
	<u>Management</u>	<u>Playground</u>	<u>Student Activity</u>	<u>Schoolhouse</u>
REVENUES				
Property taxes and other local sources				
Property taxes	\$2,899,441	\$ 463,153	\$ -	\$ -
Utility replacement	57,119	9,124	-	-
Other local sources	54,058	808	78,746	-
Investment earnings	108,500	19,698	35,324	1,292
Student activities	-	-	1,225,326	-
Other revenues	7,205	-	41,713	-
Total revenue	<u>3,126,323</u>	<u>492,783</u>	<u>1,381,109</u>	<u>1,292</u>
EXPENDITURES				
Current				
Instruction	792,884	-	1,285,030	-
Support services				
General administration	9,479	2,473	-	-
Business administration	31,239	17,552	8,177	-
Plant operation and maintenance	1,299,682	-	170	-
Noninstructional programs	820	417,105	-	-
Other	-	-	26,274	-
Capital outlay	-	-	17,679	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,134,104</u>	<u>437,130</u>	<u>1,337,330</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>992,219</u>	<u>55,653</u>	<u>43,779</u>	<u>1,292</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	58,500	-
Transfers (out)	-	-	(886)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>57,614</u>	<u>-</u>
Net change in fund balances	<u>992,219</u>	<u>55,653</u>	<u>101,393</u>	<u>1,292</u>
FUND BALANCES, beginning of year	<u>1,111,663</u>	<u>431,425</u>	<u>579,575</u>	<u>29,264</u>
FUND BALANCES, end of year	<u>\$2,103,882</u>	<u>\$ 487,078</u>	<u>\$ 680,968</u>	<u>\$ 30,556</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
\$1,361,573	\$ -	\$ 4,724,167
24,286	-	90,529
843	-	134,455
40,473	10,601	215,888
-	-	1,225,326
-	-	48,918
<u>1,427,175</u>	<u>10,601</u>	<u>6,439,283</u>
-	-	2,077,914
-	1,600	13,552
-	-	56,968
-	-	1,299,852
-	-	417,925
1,000	-	27,274
-	501,377	519,056
5,960,000	-	5,960,000
<u>1,057,038</u>	<u>-</u>	<u>1,057,038</u>
<u>7,018,038</u>	<u>502,977</u>	<u>11,429,579</u>
(5,590,863)	(492,376)	(4,990,296)
5,622,625	-	5,681,125
-	(152,864)	(153,750)
<u>5,622,625</u>	<u>(152,864)</u>	<u>5,527,375</u>
31,762	(645,240)	537,079
<u>301,754</u>	<u>645,240</u>	<u>3,098,921</u>
<u>\$ 333,516</u>	<u>\$ -</u>	<u>\$ 3,636,000</u>

West Des Moines Community School District
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2007

ASSETS	School Nutrition	Community Education	Preschool Regular Education	Student Construction	Total
Current assets					
Cash, cash equivalents and investments	\$ 652,534	\$1,433,726	\$ -	\$ 38,932	\$2,125,192
Other receivables	29,042	271	48,833	-	78,146
Due from other funds	-	19,310	-	-	19,310
Assets held for resale	-	-	-	80,963	80,963
Inventories	<u>50,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,399</u>
Total current assets	<u>731,975</u>	<u>1,453,307</u>	<u>48,833</u>	<u>119,895</u>	<u>2,354,010</u>
Noncurrent assets, capital assets					
Land	-	15,000	-	-	15,000
Machinery and equipment	2,294,318	-	-	-	2,294,318
Less accumulated depreciation	<u>1,572,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,572,636</u>
Total noncurrent assets	<u>721,682</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>736,682</u>
Total assets	<u>\$1,453,657</u>	<u>\$1,468,307</u>	<u>\$ 48,833</u>	<u>\$ 119,895</u>	<u>\$3,090,692</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	\$ 42,323	\$ 192,258	\$ 5,200	\$ 1,035	\$ 240,816
Due to other funds	-	114,000	19,310	-	133,310
Unearned revenue	<u>62,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,041</u>
Total liabilities	<u>104,364</u>	<u>306,258</u>	<u>24,510</u>	<u>1,035</u>	<u>436,167</u>
Net assets					
Invested in capital assets	721,682	15,000	-	-	736,682
Unrestricted	<u>627,611</u>	<u>1,147,049</u>	<u>24,323</u>	<u>118,860</u>	<u>1,917,843</u>
Total net assets	<u>1,349,293</u>	<u>1,162,049</u>	<u>24,323</u>	<u>118,860</u>	<u>2,654,525</u>
Total liabilities and net assets	<u>\$1,453,657</u>	<u>\$1,468,307</u>	<u>\$ 48,833</u>	<u>\$ 119,895</u>	<u>\$3,090,692</u>

West Des Moines Community School District
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year ended June 30, 2007

	<u>School Nutrition</u>	<u>Community Education</u>	<u>Preschool Regular Education</u>	<u>Student Construction</u>	<u>Total</u>
OPERATING REVENUES					
Food sales	\$2,493,675	\$ -	\$ -	\$ -	\$2,493,675
Sale of services	<u>-</u>	<u>2,620,447</u>	<u>-</u>	<u>63,688</u>	<u>2,684,135</u>
Total operating revenues	<u>2,493,675</u>	<u>2,620,447</u>	<u>-</u>	<u>63,688</u>	<u>5,177,810</u>
OPERATING EXPENSES					
Salaries	1,251,075	1,360,263	74,405	-	2,685,743
Employee benefits	451,629	352,023	22,947	-	826,599
Purchased services	198,428	166,468	82,225	-	447,121
Food consumed	1,387,096	-	-	-	1,387,096
Supplies	136,930	417,361	9,694	-	563,985
Depreciation	326,064	-	-	-	326,064
Other	<u>44,609</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>47,609</u>
Total operating expenses	<u>3,795,831</u>	<u>2,296,115</u>	<u>192,271</u>	<u>-</u>	<u>6,284,217</u>
Operating income (loss)	<u>(1,302,156)</u>	<u>324,332</u>	<u>(192,271)</u>	<u>63,688</u>	<u>(1,106,407)</u>
NONOPERATING REVENUES					
Federal food commodities	173,234	-	-	-	173,234
Federal and state appropriations	681,854	-	256,797	-	938,651
Interest	43,817	50,456	-	-	94,273
Other	<u>96,656</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>96,686</u>
Total nonoperating revenues	<u>995,561</u>	<u>50,486</u>	<u>256,797</u>	<u>-</u>	<u>1,302,844</u>
Income (loss) before transfers	<u>(306,595)</u>	<u>374,818</u>	<u>64,526</u>	<u>63,688</u>	<u>196,437</u>
Transfers (out)	<u>-</u>	<u>(117,300)</u>	<u>-</u>	<u>-</u>	<u>(117,300)</u>
CHANGES IN NET ASSETS	(306,595)	257,518	64,526	63,688	79,137
NET ASSETS , beginning of year	<u>1,655,888</u>	<u>904,531</u>	<u>(40,203)</u>	<u>55,172</u>	<u>2,575,388</u>
NET ASSETS , end of year	<u>\$1,349,293</u>	<u>\$1,162,049</u>	<u>\$ 24,323</u>	<u>\$ 118,860</u>	<u>\$2,654,525</u>

West Des Moines Community School District
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year ended June 30, 2007

	<u>School Nutrition</u>	<u>Community Education</u>	<u>Preschool Regular Education</u>	<u>Student Construction</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$2,495,003	\$2,620,881	\$ -	\$ 259,335	\$5,375,219
Payments to suppliers	(1,508,807)	(421,547)	(137,248)	(11,980)	(2,079,582)
Payments to employees	(1,702,704)	(1,712,286)	(97,352)	-	(3,512,342)
Other payments	(44,609)	-	(3,000)	-	(47,609)
Net cash provide by (used in) operating activities	<u>(761,117)</u>	<u>487,048</u>	<u>(237,600)</u>	<u>247,355</u>	<u>(264,314)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Federal and state appropriations received	681,854	-	256,797	-	938,651
Receipts from interfund accounts	-	133,197	19,310	-	152,507
Payments from interfund accounts	-	-	(38,507)	(208,423)	(246,930)
Transfers (out)	-	(117,300)	-	-	(117,300)
Other, local donations and grants	<u>96,656</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>96,686</u>
Net cash provided by (used in) noncapital financing activities	<u>778,510</u>	<u>15,927</u>	<u>237,600</u>	<u>(208,423)</u>	<u>823,614</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	<u>(163,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(163,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>43,817</u>	<u>50,456</u>	<u>-</u>	<u>-</u>	<u>94,273</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(101,826)	553,431	-	-	490,537
CASH AND CASH EQUIVALENTS					
Beginning of year	<u>754,360</u>	<u>880,295</u>	<u>-</u>	<u>-</u>	<u>1,634,655</u>
End of year	<u>\$ 652,534</u>	<u>\$1,433,726</u>	<u>\$ -</u>	<u>\$ 38,932</u>	<u>\$2,125,192</u>

West Des Moines Community School District
COMBINING STATEMENT OF CASH FLOWS (continued)
NONMAJOR ENTERPRISE FUNDS
Year ended June 30, 2007

	<u>School Nutrition</u>	<u>Community Education</u>	<u>Preschool Regular Education</u>	<u>Student Construction</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$(1,302,156)	\$ 324,332	\$ (192,271)	\$ 63,688	\$(1,106,407)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	326,064	-	-	-	326,064
Federal food commodities used	173,234	-	-	-	173,234
Change in assets and liabilities					
Receivables	21,505	965	(48,833)	-	(26,363)
Assets held for resale	-	-	-	195,647	195,647
Inventories	(886)	-	-	-	(886)
Accounts payable	21,944	162,282	3,504	(11,980)	175,750
Unearned revenue	<u>(822)</u>	<u>(531)</u>	<u>-</u>	<u>-</u>	<u>(1,353)</u>
Net cash provided by (used in) operating activities	<u>\$ (761,117)</u>	<u>\$ 487,048</u>	<u>\$ (237,600)</u>	<u>\$ 247,355</u>	<u>\$ (264,314)</u>
SCHEDULE OF NONCASH ITEMS					
Capital and related financing activities, federal food commodities received	\$ 173,234	\$ -	\$ -	\$ -	\$ 173,234

West Des Moines Community School District
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year ended June 30, 2007

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Flower Fund				
Assets, cash, cash equivalents, and investments	\$ <u>1,000</u>	\$ <u>236</u>	\$ <u>—</u>	\$ <u>1,236</u>
Liabilities, due to private individuals	\$ <u>1,000</u>	\$ <u>236</u>	\$ <u>—</u>	\$ <u>1,236</u>

**West Des Moines Community School District
STATISTICAL SECTION
CONTENTS**

The statistical section of the West Des Moines Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

CONTENTS	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	53-63
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	64-68
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	69-73
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	74-75
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	76-82

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The District implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

West Des Moines Community School District
NET ASSETS BY COMPONENT
Last Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
GOVERNMENTAL ACTIVITIES					
Invested in capital assets, net of related debt	\$111,318,597	\$102,257,687	\$ 75,240,934	\$ 55,015,332	\$ 38,206,371
Restricted	14,597,752	12,250,659	27,986,161	37,722,387	50,293,751
Unrestricted	<u>11,246,550</u>	<u>7,586,863</u>	<u>8,938,394</u>	<u>8,627,536</u>	<u>6,480,070</u>
Total governmental activities net assets	<u>\$137,162,899</u>	<u>\$122,095,209</u>	<u>\$112,165,489</u>	<u>\$101,365,255</u>	<u>\$ 94,980,192</u>
BUSINESS-TYPE ACTIVITIES					
Invested in capital assets, net of related debt	\$ 736,682	\$ 899,710	\$ 967,914	\$ 1,029,808	\$ 781,580
Unrestricted	<u>2,032,412</u>	<u>1,727,417</u>	<u>1,470,852</u>	<u>1,349,236</u>	<u>1,493,948</u>
Total business-type activities net assets	<u>\$ 2,769,094</u>	<u>\$ 2,627,127</u>	<u>\$ 2,438,766</u>	<u>\$ 2,379,044</u>	<u>\$ 2,275,528</u>
PRIMARY GOVERNMENT					
Invested in capital assets, net of related debt	\$112,055,279	\$103,157,397	\$ 76,208,848	\$ 56,045,140	\$ 38,987,951
Restricted	14,597,752	12,250,659	27,986,161	37,722,387	50,293,751
Unrestricted	<u>13,278,962</u>	<u>9,314,280</u>	<u>10,409,246</u>	<u>9,976,772</u>	<u>7,974,018</u>
Total primary government net assets	<u>\$139,931,993</u>	<u>\$124,722,336</u>	<u>\$114,604,255</u>	<u>\$103,744,299</u>	<u>\$ 97,255,720</u>

*The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

West Des Moines Community School District
EXPENSES, PROGRAM REVENUES AND NET (EXPENSE) REVENUE
Last Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
EXPENSES					
Governmental Activities					
Instruction	\$51,159,998	\$ 48,369,475	\$ 45,983,491	\$ 43,091,363	\$42,296,619
Support services	28,042,111	23,988,291	24,052,185	23,293,867	22,111,550
Noninstructional programs	414,066	429,508	470,095	452,045	443,210
Other	2,328,250	8,166,432	4,364,405	7,548,005	3,797,979
Interest on long-term debt	1,034,964	1,308,279	1,594,395	1,905,422	2,320,789
Total governmental activities expenses	<u>82,979,389</u>	<u>82,261,985</u>	<u>76,464,571</u>	<u>76,290,702</u>	<u>70,970,147</u>
Business-type activities					
Nutrition	3,795,831	3,360,467	3,237,532	2,875,927	2,819,691
Community education	2,296,115	2,187,360	2,184,190	2,138,390	2,196,899
Preschool Regular Education	192,271	106,262	-	-	-
Student Construction	-	4,336	-	-	-
Total business-type activities expenses	<u>6,284,217</u>	<u>5,658,425</u>	<u>5,421,722</u>	<u>5,014,317</u>	<u>5,016,590</u>
Total primary government expenses	<u>\$89,263,606</u>	<u>\$ 87,920,410</u>	<u>\$ 81,886,293</u>	<u>\$ 81,305,019</u>	<u>\$75,986,737</u>
PROGRAM REVENUES					
Governmental activities					
Charges for services					
Instruction	\$ 4,377,162	\$ 4,600,966	\$ 4,041,145	\$ 4,041,320	\$ 3,966,942
Support services	-	499,453	288,278	186,330	146,998
Noninstructional programs	-	-	16,021	31,651	129,301
Operating grants and contributions	<u>8,494,738</u>	<u>7,133,032</u>	<u>6,213,846</u>	<u>6,022,542</u>	<u>5,763,030</u>
Total governmental activities program revenues	<u>12,871,900</u>	<u>12,233,451</u>	<u>10,559,290</u>	<u>10,281,843</u>	<u>10,006,271</u>
Business-type activities					
Charges for services					
Nutrition	2,493,675	2,423,275	2,311,625	2,219,080	2,051,983
Community Education	2,620,447	2,410,950	2,256,705	2,149,003	2,092,751
Preschool Regular Education	-	1,560	-	-	-
Student Construction	63,688	130,464	-	-	-
Operating grants and contributions	<u>1,111,885</u>	<u>895,014</u>	<u>905,224</u>	<u>834,558</u>	<u>688,968</u>
Total business-type program revenues	<u>6,289,695</u>	<u>5,861,263</u>	<u>5,473,554</u>	<u>5,202,641</u>	<u>4,833,702</u>
Total primary government program revenues	<u>\$19,161,595</u>	<u>\$ 18,094,714</u>	<u>\$ 16,032,844</u>	<u>\$ 15,484,484</u>	<u>\$14,839,973</u>
NET (EXPENSE) REVENUE					
Governmental activities	\$(70,107,489)	\$(70,028,534)	\$(65,905,281)	\$(66,008,859)	\$(60,963,876)
Business-type activities	<u>5,478</u>	<u>202,838</u>	<u>51,832</u>	<u>188,324</u>	<u>(182,888)</u>
Total primary government net expense	<u>\$(70,102,011)</u>	<u>\$(69,825,696)</u>	<u>\$(65,853,449)</u>	<u>\$(65,820,535)</u>	<u>\$(61,146,764)</u>

*The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

West Des Moines Community School District
GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
Last Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2007	2006	2005	2004	2003
NET (EXPENSE) REVENUE					
Governmental activities	\$(70,107,489)	\$ (70,028,534)	\$ (65,905,281)	\$ (66,008,859)	\$(60,963,876)
Business-type activities	5,478	202,838	51,832	188,324	(182,888)
Total primary government net expense	<u>(70,102,011)</u>	<u>(69,825,696)</u>	<u>(65,853,449)</u>	<u>(65,820,535)</u>	<u>(61,146,764)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
Governmental activities					
General revenues					
Taxes					
Property taxes	47,730,903	44,492,182	43,601,307	41,802,072	40,093,237
Local option sales tax	8,908,267	8,914,205	7,637,458	8,434,634	7,726,781
Utility replacement tax	925,977	905,019	936,159	971,146	910,625
Other local sources	1,875,703	283,958	419,132	349,931	247,487
State foundation aid, unrestricted	24,031,009	22,933,675	22,296,608	21,797,665	21,512,521
Other state sources, unrestricted	-	176,026	186,105	228,087	255,612
Investment earnings	1,904,767	1,739,251	1,447,612	(1,624,664)	2,964,898
Gain (loss) on disposal of capital assets	(318,747)	-	3,861	-	-
Miscellaneous	-	403,213	114,004	303,438	491,762
Transfers	117,300	110,725	63,269	131,613	73,925
Total governmental activities	<u>85,175,179</u>	<u>79,958,254</u>	<u>76,705,515</u>	<u>72,393,922</u>	<u>74,276,848</u>
Business-type activities					
Other local sources	96,686	-	-	-	-
Investment earnings	94,273	65,682	17,225	12,008	17,718
Miscellaneous	62,830	30,566	53,934	34,797	175,892
Transfers	(117,300)	(220,725)	(63,269)	(131,613)	(73,925)
Total business-type activities	<u>136,489</u>	<u>(14,477)</u>	<u>7,890</u>	<u>(84,808)</u>	<u>119,685</u>
Total primary government	<u>85,311,668</u>	<u>79,943,777</u>	<u>76,713,405</u>	<u>72,309,114</u>	<u>74,396,533</u>
CHANGE IN NET ASSETS					
Governmental activities	15,067,690	9,929,720	10,800,234	6,385,063	13,312,972
Business-type activities	141,967	188,361	59,722	103,516	(63,203)
Total primary government	<u>\$15,209,657</u>	<u>\$ 10,118,081</u>	<u>\$ 10,859,956</u>	<u>\$ 6,488,579</u>	<u>\$13,249,769</u>

*The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.



WEST DES MOINES
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West Des Moines Community School District
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years*
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
GENERAL FUND				
Reserved	\$ 67,672	\$ 137,097	\$ 117,051	\$ 113,191
Unreserved	<u>12,703,283</u>	<u>9,565,091</u>	<u>8,558,691</u>	<u>7,591,840</u>
Total general fund	<u>\$12,770,955</u>	<u>\$ 9,702,188</u>	<u>\$ 8,675,742</u>	<u>\$ 7,705,031</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 333,516	\$ 641,614	\$ 752,209	\$ 1,430,176
Unreserved, reported in				
Special revenue funds	6,613,390	4,847,589	6,328,716	6,717,845
Capital projects funds	<u>8,362,370</u>	<u>7,674,328</u>	<u>22,400,342</u>	<u>31,256,681</u>
Total all other governmental funds	<u>\$15,309,276</u>	<u>\$13,163,531</u>	<u>\$29,481,267</u>	<u>\$39,404,702</u>

Fiscal Year					
<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 161,580	\$ 165,941	\$ 317,946	\$ 258,991	\$ 392,234	\$ 410,653
<u>6,156,164</u>	<u>8,523,397</u>	<u>11,343,206</u>	<u>7,897,024</u>	<u>5,702,922</u>	<u>5,172,202</u>
<u>\$ 6,317,744</u>	<u>\$ 8,689,338</u>	<u>\$11,661,152</u>	<u>\$ 8,156,015</u>	<u>\$ 5,095,156</u>	<u>\$ 5,582,855</u>
\$ 612,193	\$ 434,718	\$ 461,432	\$ 423,986	\$ 448,820	\$ 268,643
8,027,687	6,520,439	4,351,592	4,055,154	3,917,734	2,743,493
<u>43,387,674</u>	<u>46,031,835</u>	<u>6,379,300</u>	<u>779,207</u>	<u>1,061,345</u>	<u>1,963,840</u>
<u>\$52,027,554</u>	<u>\$52,986,992</u>	<u>\$11,192,324</u>	<u>\$ 5,258,347</u>	<u>\$ 5,427,899</u>	<u>\$ 4,975,976</u>

West Des Moines Community School District
GOVERNMENTAL FUNDS REVENUES
Last Ten Fiscal Years*
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
LOCAL SOURCES				
Property taxes	\$47,730,903	\$44,492,182	\$43,601,307	\$41,802,072
Local option sales tax	8,908,267	8,924,205	7,587,458	8,123,534
Utility replacement	925,977	905,019	936,159	971,146
Other local sources	1,875,703	3,929,720	2,887,930	3,102,763
Investment earnings (loss)	1,904,767	1,739,251	1,447,612	(1,624,664)
Student activities	<u>4,377,162</u>	<u>1,184,136</u>	<u>1,469,563</u>	<u>1,362,072</u>
Total local sources	<u>65,722,779</u>	<u>61,164,513</u>	<u>57,930,029</u>	<u>53,736,923</u>
STATE SOURCES				
State foundation aid	24,031,009	22,933,675	22,296,608	21,797,665
Other state sources	<u>7,210,660</u>	<u>5,489,229</u>	<u>4,945,757</u>	<u>5,152,155</u>
Total state sources	<u>31,241,669</u>	<u>28,422,904</u>	<u>27,242,365</u>	<u>26,949,820</u>
FEDERAL SOURCES	<u>1,684,078</u>	<u>1,845,064</u>	<u>1,475,194</u>	<u>1,222,186</u>
Total revenues	<u>\$98,648,526</u>	<u>\$91,432,481</u>	<u>\$86,647,588</u>	<u>\$81,908,929</u>

*Revenue from local and state sources were not broken down into detail prior to fiscal year 2003. Therefore, only the total is shown for these sources.

Fiscal Year					
<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$40,093,237	*	*	*	*	*
8,052,881	*	*	*	*	*
910,625	*	*	*	*	*
3,294,121	*	*	*	*	*
2,964,898	*	*	*	*	*
<u>1,304,348</u>	*	*	*	*	*
<u>56,620,110</u>	<u>51,655,306</u>	<u>51,326,526</u>	<u>41,738,829</u>	<u>39,307,466</u>	<u>39,023,601</u>
21,512,521	*	*	*	*	*
<u>5,217,758</u>	*	*	*	*	*
<u>26,730,279</u>	<u>25,241,325</u>	<u>24,511,098</u>	<u>23,556,641</u>	<u>22,204,558</u>	<u>21,032,756</u>
<u>993,586</u>	<u>724,754</u>	<u>669,283</u>	<u>914,010</u>	<u>737,372</u>	<u>498,251</u>
<u>\$84,343,975</u>	<u>\$77,621,385</u>	<u>\$76,506,907</u>	<u>\$66,209,480</u>	<u>\$62,249,396</u>	<u>\$60,554,608</u>

West Des Moines Community School District
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
Last Ten Fiscal Years*
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
INSTRUCTION	\$49,132,719	\$ 46,207,978	\$44,885,629	\$42,344,118
SUPPORT SERVICES				
Student support services	2,540,872	2,244,901	2,216,145	2,137,215
Instructional staff support services	3,730,666	2,757,027	2,467,936	2,373,555
General administration	2,902,980	881,007	1,313,866	1,240,684
Building administration	—	3,778,110	3,485,597	3,372,496
Business administration	6,566,058	2,901,380	2,777,644	2,452,600
Plant operation and maintenance	8,453,862	7,569,820	6,547,932	5,948,868
Student transportation	3,131,766	2,768,778	2,340,252	2,306,540
Central support	—	—	—	177,745
NONINSTRUCTIONAL PROGRAMS	417,925	406,229	458,630	450,142
OTHER	2,122,629	6,297,320	5,400,981	5,242,969
CAPITAL OUTLAY	8,568,049	23,785,848	16,437,967	14,640,439
DEBT SERVICE				
Principal	5,960,000	5,950,000	5,735,000	8,675,000
Interest	1,057,038	1,348,867	1,599,863	1,933,200
Bond issuance costs	—	32,275	—	—
Total expenditures	<u>\$94,584,564</u>	<u>\$106,929,540</u>	<u>\$95,667,442</u>	<u>\$93,295,571</u>
Debt service as a percentage of noncapital expenditures	8.2%	8.8%	9.3%	13.5%

*Support service expenditures were not broken down into further functional detail for these years. Therefore, only total support services are shown.

Fiscal Year					
2003	2002	2001	2000	1999	1998
\$41,769,792	\$38,346,741	\$35,557,439	\$33,832,207	\$32,350,409	\$31,810,109
	18,562,222	17,194,642	17,243,319	15,170,464	14,940,834
1,938,149	*	*	*	*	*
2,350,940	*	*	*	*	*
1,201,606	*	*	*	*	*
3,307,547	*	*	*	*	*
2,222,219	*	*	*	*	*
5,745,895	*	*	*	*	*
2,098,647	*	*	*	*	*
109,624	*	*	*	*	*
440,522	456,789	398,558	367,231	476,121	460,168
3,496,847	3,822,304	3,694,571	3,876,779	2,644,308	2,353,226
11,413,868	9,124,540	4,228,406	1,929,796	3,577,944	6,146,486
9,185,000	4,955,000	4,864,606	5,709,658	5,415,094	5,845,642
2,528,089	985,363	1,184,571	1,409,183	1,700,832	2,088,303
—	—	—	—	—	—
<u>\$87,808,745</u>	<u>\$76,252,959</u>	<u>\$67,122,793</u>	<u>\$64,368,173</u>	<u>\$61,335,172</u>	<u>\$63,644,768</u>
15.3%	8.8%	9.6%	11.4%	12.3%	13.8%

West Des Moines Community School District
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
Last Ten Fiscal Years*
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ <u>4,063,962</u>	\$ <u>(15,497,059)</u>	\$ <u>(9,019,854)</u>	\$ <u>(11,386,642)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,033,250	12,310	3,861	19,464
Transfers in	9,920,174	9,197,860	8,505,533	5,920,704
Transfers out	(9,802,874)	(9,087,135)	(8,442,264)	(5,789,091)
Premiums on bonds	-	42,734	-	-
Proceeds from revenue bonds	-	-	-	-
Proceeds from general obligation bonds	-	6,025,000	-	-
Payments to escrow agent to refund bonds	-	(5,985,000)	-	-
Proceeds from capital loan notes	-	-	-	-
Total other financing sources	<u>1,150,550</u>	<u>205,769</u>	<u>67,130</u>	<u>151,077</u>
Net change in fund balances	\$ <u>5,214,512</u>	\$ <u>(15,291,290)</u>	\$ <u>(8,952,724)</u>	\$ <u>(11,235,565)</u>

Fiscal Year					
<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$(3,464,770)	\$ 1,368,426	\$9,384,114	\$1,841,307	\$ 914,224	\$(3,090,160)
-	-	-	-	-	-
6,465,902	86,000	883,759	897,493	895,002	1,607,626
(6,391,977)	-	(828,759)	(847,493)	(845,002)	(1,569,626)
-	-	-	-	-	-
-	37,940,493	-	-	-	-
-	-	-	-	6,450,664	-
-	-	-	-	(6,450,664)	-
-	-	-	-	-	2,041,814
<u>73,925</u>	<u>38,026,493</u>	<u>55,000</u>	<u>50,000</u>	<u>50,000</u>	<u>2,079,814</u>
\$(3,390,845)	\$39,394,919	\$9,439,114	\$1,891,307	\$ 964,224	\$(1,010,346)



WEST DES MOINES
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West Des Moines Community School District
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(in thousands of dollars)
(Unaudited)

<u>Fiscal Year</u>	<u>Actual Value</u>				<u>Total Actual Value</u>	<u>Total Taxable Value</u>	<u>Total Direct Rate</u>
	<u>Real Property</u>	<u>Personal Property</u>	<u>Railroad and Utilities Without Gas & Electric</u>	<u>Gas & Electric</u>			
2007	\$5,458,058,380	\$ -	\$ 19,524,282	\$80,623,359	\$5,558,206,021	\$3,520,173,049	13.70031
2006	5,019,942,550	-	19,142,992	74,676,868	5,113,762,410	3,336,798,349	13.50341
2005	4,897,654,080	-	18,035,054	71,019,452	4,986,708,586	3,254,873,265	13.50200
2004	4,440,819,943	-	21,090,380	72,673,765	4,534,584,088	3,095,545,757	13.50422
2003	4,307,206,614	3,332,935	21,335,163	72,423,205	4,404,297,917	2,954,384,680	13.50200
2002	3,987,358,028	5,862,868	19,452,921	72,828,704	4,085,502,521	2,925,201,385	13.48681
2001	3,906,981,268	9,378,569	16,998,749	73,135,511	4,006,494,097	2,844,945,014	13.49887
2000	3,628,669,858	13,719,985	95,485,998	*	3,737,875,841	2,723,358,157	13.50526
1999	3,417,306,707	22,270,513	107,877,451	*	3,547,454,671	2,522,932,244	13.66525
1998	3,138,998,770	24,239,260	102,198,095	*	3,265,436,125	2,446,788,295	13.58058

Note: The assessed values are determined as of January 1, of the fiscal year indicated. These assessed values are used to calculate the taxable values for the second budget following assessment date. For example the total assessed value of \$4,986,708,586 from January 1, 2005 are used for the taxable values for fiscal year 2007.

* 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.

**West Des Moines Community School District
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
(Unaudited)**

Fiscal Year Ended June 30	District Direct Rates				Overlapping Rates			
	General Purposes	Capital Purposes	Debt Service	Total	County	City of Clive	City of Urbandale	City of West Des Moines
2007	11.53627	1.80500	0.35933	13.70060	10.17911	9.24927	9.07393	11.95000
2006	11.32466	1.80500	0.37375	13.50341	9.94718	9.11072	9.07010	11.72540
2005	11.23663	1.80500	0.46037	13.50200	9.96860	8.92714	9.07306	11.72777
2004	10.24171	1.80500	1.45751	13.50422	9.76626	8.92149	9.07000	11.60206
2003	9.89601	1.80500	1.80099	13.50200	9.72617	8.96811	8.97000	11.60003
2002	9.80256	1.80500	1.87925	13.48681	0.54454	8.45211	8.96096	10.90002
2001	10.62980	1.13499	1.73408	13.49887	9.25871	7.91104	8.97000	10.90000
2000	10.19847	1.13498	2.17181	13.50526	9.28374	7.91330	8.83994	10.39994
1999	10.15664	1.13500	2.37361	13.66525	9.29190	7.70014	8.49000	10.90000
1998	10.02578	1.13993	2.41487	13.58058	9.12036	7.60506	8.51857	10.89988

Source: Polk County Auditor.

Overlapping Rates

<u>City of Windsor Heights</u>	<u>Area XI Comm. College</u>	<u>Clive</u>	<u>Special Rates for City of:</u>			<u>Windsor Heights</u>
			<u>Urbandale</u>	<u>West Des Moines</u>		
12.21843	0.68688	0.00000	0.38507	0.16805		0.16805
12.62896	0.68048	0.00000	0.40073	0.17530		0.17530
12.62510	0.59856	0.08701	0.41222	0.08701		0.08701
12.35119	0.58184	0.04365	0.42528	0.04365		0.04365
11.58837	0.54584	0.03742	0.41734	0.03742		0.03742
11.02530	0.54454	0.06012	0.06012	0.06012		0.06012
10.92057	0.54506	0.05743	0.05743	0.05743		0.05743
10.91900	0.52451	0.06024	0.06024	0.06024		0.06024
10.86905	0.50551	0.06264	0.06264	0.06264		0.06264
10.65785	0.47230	0.06381	0.06381	0.06381		0.06381

**West Des Moines Community School District
PRINCIPAL PROPERTY TAXPAYEERS
Current year and Nine Years Ago
(Unaudited)**

<u>Taxpayer</u>	<u>2007</u>			<u>1998</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
Valley West DM	\$ 70,029,260	1	1.99%	\$ 69,955,020	2	2.86%
Mid-America Invest Co	63,571,640	2	1.80	34,397,630	3	1.40
IFBF Property Mgmt Inc	45,477,120	3	1.29	32,276,550	4	1.32
1776 Westakes Parkway, LC	31,936,930	4	0.91	-	-	-
Water Tower Place Shopping Center LC	28,698,740	5	0.82	-	-	-
West Glen I LLC	28,605,000	6	0.81	-	-	-
Colby West Univ Trust	28,220,420	7	0.80	-	-	-
Hy-Vee Food Store, Inc	25,238,380	8	0.72	16,638,730	9	.68
William C. Knapp, LC	23,858,180	9	0.68	-	-	-
Mercy Properties	21,178,250	10	0.60	15,868,200	10	.65
Mid-American Energy Individual	-	-	-	89,720,434	1	3.67
CMS Wellington Apartments	-	-	-	25,313,750	5	1.03
Guidant Services, Inc.	-	-	-	20,136,070	7	.82
R&R Investors, Ltd.	-	-	-	18,562,970	8	.76
	-	-	-	<u>23,170,310</u>	6	<u>.95</u>
Total	<u>\$ 366,813,920</u>		<u>10.42%</u>	<u>\$ 346,039,664</u>		<u>14.14%</u>
Total taxable value	<u>\$3,520,173,049</u>			<u>\$2,446,788,295</u>		

Source: Polk County Auditor.

**West Des Moines Community School District
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections In Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2007	\$48,962,346	\$48,627,453	99.31%	\$ 29,427	\$48,656,880	99.37%
2006	44,670,240	44,537,466	99.70	4,797	44,542,263	99.91
2005	42,819,960	42,773,220	99.89	3,399	42,776,619	99.90
2004	41,078,919	41,003,862	99.82	7,731	41,011,593	99.84
2003	40,283,254	40,083,520	99.50	49,450	40,132,970	99.63
2002	38,831,883	38,662,957	99.56	*	38,662,957	99.56
2001	36,920,867	36,994,021	100.20	*	36,994,021	100.20
2000	34,806,731	34,597,372	99.40	*	34,597,372	99.40
1999	33,472,140	33,452,318	99.94	*	33,452,318	99.94
1998	31,517,237	31,753,333	100.75	*	31,753,333	100.75

Source: District records

Source: Polk County Treasurer

*Information not available

West Des Moines Community School District
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(dollars in thousands, except per capita)
(Unaudited)

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Total</u>	<u>Percent of Actual Taxable Value of Property</u>	<u>Per Capita</u>	<u>Percentage of Personal Income</u>
	<u>General Obligation Bonds</u>	<u>Sales Tax Revenue Bonds</u>	<u>Equipment and Capital Loan Notes</u>				
2007	\$ 3,435,000	\$15,380,000	\$ -	\$18,875,000	0.34%	*	*
2006	4,655,000	20,120,000	-	24,775,000	0.48	425.14	0.157%
2005	5,985,000	24,700,000	-	30,685,000	0.62	526.56	0.206
2004	7,285,000	29,135,000	-	36,420,000	0.80	624.97	0.261
2003	11,640,000	33,455,000	-	45,095,000	1.02	773.83	0.336
2002	16,800,000	37,480,000	-	54,280,000	1.33	931.45	0.426
2001	21,755,000	-	-	21,755,000	0.54	373.32	0.177
2000	25,810,000	-	809,606	26,619,606	0.71	458.96	0.229
1999	30,740,000	-	1,589,264	32,329,264	0.91	557.40	0.293
1998	35,265,000	-	2,334,358	37,599,358	1.15	648.26	0.370

Source: District records

*Information not available

West Des Moines Community School District
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2007
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Polk County	\$251,860,000	22.97%	\$ 57,852,242
City of West Des Moines	133,545,000	71.23	95,124,104
City of Des Moines	360,235,984	.21	756,496
City of Clive	41,440,000	81.80	33,897,920
City of Urbandale	34,410,000	17.65	6,073,365
City of Windsor Heights	11,733,211	51.38	6,028,524
Des Moines Area Community College	<u>68,075,000</u>	14.44	<u>9,830,030</u>
Subtotal, overlapping debt	901,299,195		209,562,681
District direct debt			
General Obligation	3,435,000	100.00	3,435,000
Sales tax revenue	<u>15,380,000</u>	100.00	<u>15,380,000</u>
Total direct and overlapping debt	<u>\$920,114,195</u>		<u>\$228,377,681</u>

*Compares the taxable valuation of the West Des Moines Community School District to the taxable valuation of each taxing district located within the District. Includes TIF incremental values. Does not include ag land.

Source: Treasurer of State of Iowa
Source: Polk County Auditor

**West Des Moines Community School District
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years*
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2007	
Assessed value	<u>\$5,558,206,021</u>
Debt limit (5% of assessed value)	\$ 277,910,301
Debt applicable to limit	<u>3,435,000</u>
Legal debt margin	<u>\$ 274,475,301</u>

	2007	2006	2005	2004
Debt limit	\$277,910,301	\$255,688,121	\$249,335,429	\$226,729,204
Total net debt applicable to limit	<u>3,435,000</u>	<u>4,655,000</u>	<u>5,985,000</u>	<u>7,285,000</u>
Legal debt margin	<u>\$274,475,301</u>	<u>\$251,033,121</u>	<u>\$243,350,429</u>	<u>\$219,444,204</u>
Total net debt applicable to the limit as a percentage of debt limit	1.25%	1.85%	2.46%	3.32%

Source: Polk County Auditor and District records

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$220,214,896	\$204,275,126	\$200,324,705	\$186,893,792	\$177,372,734	\$163,271,806
<u>11,640,000</u>	<u>16,800,000</u>	<u>21,755,000</u>	<u>25,810,000</u>	<u>30,740,000</u>	<u>35,265,000</u>
<u>\$208,574,896</u>	<u>\$187,475,126</u>	<u>\$178,569,705</u>	<u>\$161,083,792</u>	<u>\$146,632,734</u>	<u>\$128,006,806</u>
5.58%	8.96%	12.18%	16.02%	20.96%	27.55%

West Des Moines Community School District
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

<u>Fiscal Year</u>	<u>Local Option Sales Tax Revenue Bonds</u>				<u>Coverage</u>
	<u>Revenue</u>	<u>Debt Service</u>		<u>Total</u>	
		<u>Principal</u>	<u>Interest</u>		
2007	\$13,644,184	\$4,740,000	\$ 882,625	\$5,622,625	2.43%
2006	10,160,547	4,580,000	1,065,675	5,645,675	1.80
2005	8,802,310	4,435,000	1,243,075	5,678,075	1.55
2004	6,294,949	4,320,000	1,383,475	5,703,475	1.10
2003	—	—	—	—	—
2002	—	—	—	—	—
2001	—	—	—	—	—
2000	—	—	—	—	—
1999	—	—	—	—	—
1998	—	—	—	—	—

Source: District records

**West Des Moines Community School District
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 (Unaudited)**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (000's)</u>	<u>(1) Per Capita Personal Income</u>	<u>(1) Unemployment Rate</u>
2006	58,275 *	NA	NA	3.40%
2005	58,275 *	\$15,754,629	\$39,215	2.70
2004	58,275 *	14,918,628	37,862	1.90
2003	58,275 *	13,960,668	35,852	1.70
2002	58,275 *	13,421,332	34,858	1.50
2001	58,275 *	12,735,942	33,487	1.20
2000	58,275 *	12,299,159	32,728	1.00
1999	58,000 **	11,636,115	31,626	1.40
1998	58,000 **	11,031,940	30,523	1.60
1997	58,000 **	10,155,903	28,379	1.90

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

*Population figures related to census taken in 2000

(1) Source: Office of Social & Economic Trend Analysis

www.seta.iastate.edu

NA - Information not available



WEST DES MOINES
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**West Des Moines Community School District
PRINCIPAL EMPLOYERS
Current year and Nine Years Ago
(Unaudited)**

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Wells Fargo Home Mortgage	1,469	1	*	—	—	*
WDM Community Schools	1,350	2	*	—	—	*
FBL Financial (Farm Bureau)	1,160	3	*	800	4	*
Wells Fargo Card Services	1,069	4	*	—	—	*
Marsh Insurance	1,031	5	*	—	—	*
Hy-Vee, Inc.	759	6	*	795	5	*
Iowa Foundation for Medical Care	645	7	*	—	—	*
GuideOne Insurance	523	8	*	—	—	*
ADP National Service Center	520	9	*	—	—	*
ITA Group	450	10	*	—	—	*
Sears Credit Services	—	—	*	1,400	1	*
Norwest Card Services	—	—	*	1,300	2	*
Preferred Risk Insurance Group	—	—	*	850	3	*
KVI	—	—	*	700	6	*
Deere Credit Services	—	—	*	687	7	*
Fawn Engineering Corporation	—	—	*	625	8	*
Associate Credit Card Center	—	—	*	451	9	*
Iowa Realty	—	—	*	375	10	*
Delavan Corporation	—	—	*	353	11	*
All other employers	*	*	*	*	*	*
Total						

Source: West Des Moines Chamber of Commerce

* Information not available.

West Des Moines Community School District
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
Last Ten Fiscal Years
(Unaudited)

	Full-Time Equivalent Employees as of June 30			
	2007	2006	2005	2004
Administration				
Superintendent	1.0	1.0	1.0	1.0
Principals	14.0	13.3	13.3	13.3
Assistant principals	10.5	11.0	11.0	11.0
Other	18.5	9.2	10.7	10.7
Other professionals	<u>23.5</u>	<u>21.0</u>	<u>32.9</u>	<u>59.9</u>
Total supervisory	<u>67.5</u>	<u>55.5</u>	<u>68.9</u>	<u>95.9</u>
Instruction				
Teacher	561.9	554.9	547.6	545.3
Curriculum specialist	-	-	-	-
Counselor	19.5	19.5	19.5	18.5
Chapter 1	4.0	4.0	4.0	5.0
Librarian	<u>9.5</u>	<u>10.0</u>	<u>10.0</u>	<u>10.5</u>
Total instruction	<u>594.9</u>	<u>588.4</u>	<u>581.1</u>	<u>579.3</u>
Student services				
Nurse	3.0	3.0	3.0	7.5
Other professionals (noninstructional)	<u>5.9</u>	<u>6.1</u>	<u>4.8</u>	<u>5.3</u>
Total student services	<u>8.9</u>	<u>9.1</u>	<u>7.8</u>	<u>12.8</u>
Support and administration				
Clerical/secretarial	49.0	55.2	71.2	71.5
Teacher associate	202.9	162.8	143.0	131.9
Other support personnel	173.2	208.7	203.0	161.1
Crafts/trades	<u>18.4</u>	<u>15.0</u>	<u>17.0</u>	<u>27.3</u>
Total support and administration	<u>443.5</u>	<u>441.7</u>	<u>434.2</u>	<u>391.8</u>
Total	<u>1,114.8</u>	<u>1,094.7</u>	<u>1,092.0</u>	<u>1,079.8</u>

* Information not available

Full-Time Equivalent Employees as of June 30						Percentage Change 1998 - 2007
2003	2002	2001	2000	1999	1998	
1.0	1.0	1.0	1.0	1.0	1.0	-
13.3	14.3	14.3	14.3	15.0	15.0	(7.1)%
12.0	12.0	11.0	11.0	11.0	12.0	-
10.7	12.7	10.7	15.7	13.0	14.0	(14.0)
<u>57.9</u>	<u>35.0</u>	<u>25.0</u>	<u>25.0</u>	<u>25.0</u>	<u>24.0</u>	<u>(36.2)</u>
<u>94.9</u>	<u>75.0</u>	<u>62.0</u>	<u>67.0</u>	<u>65.0</u>	<u>66.0</u>	<u>(50.2)</u>
545.8	539.4	539.1	537.3	524.4	523.3	1.3
-	1.0	1.0	1.0	1.5	1.0	-
18.5	18.5	18.5	18.5	18.5	18.5	-
5.0	5.0	5.0	5.0	5.0	5.0	-
<u>10.5</u>	<u>10.5</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>-</u>
<u>579.8</u>	<u>574.4</u>	<u>573.6</u>	<u>571.8</u>	<u>559.4</u>	<u>557.8</u>	<u>1.3</u>
7.5	7.5	7.5	7.5	7.5	7.5	-
<u>2.0</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.2</u>	<u>1.2</u>	<u>27.1</u>
<u>9.5</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>8.7</u>	<u>8.7</u>	<u>27.1</u>
73.4	70.1	61.5	56.5	75.0	78.2	(22.5)
138.7	118.4	*	*	*	*	13.8
167.8	190.3	315.0	328.2	321.1	324.5	2.8
<u>23.5</u>	<u>22.0</u>	<u>24.0</u>	<u>24.0</u>	<u>23.0</u>	<u>23.0</u>	<u>(11.8)</u>
<u>403.4</u>	<u>400.8</u>	<u>400.5</u>	<u>408.7</u>	<u>419.1</u>	<u>425.7</u>	<u>(17.7)</u>
<u>1,087.6</u>	<u>1,059.2</u>	<u>1,045.1</u>	<u>1,056.5</u>	<u>1,052.2</u>	<u>1,058.2</u>	<u>(30.5)%</u>



WEST DES MOINES
COMMUNITY
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**West Des Moines Community School District
OPERATING STATISTICS
Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>General Fund Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Fee or Reduced-Price Meals</u>
2007	8,847	\$72,739,399	\$8,221	5.80%	594.9	14.87	16.60%
2006	8,798	68,359,777	7,770	1.66	588.4	14.95	12.30
2005	8,573	65,523,847	7,643	7.88	581.1	14.75	12.90
2004	8,741	61,934,352	7,085	1.59	579.3	15.09	11.70
2003	8,755	61,056,104	6,974	5.79	579.8	15.10	9.30
2002	8,747	57,661,045	6,592	7.03	574.4	15.23	10.50
2001	8,687	53,499,598	6,159	0.33	573.6	15.14	9.60
2000	8,327	51,117,274	6,139	2.68	571.8	14.56	9.60
1999	8,294	49,587,957	5,979	3.39	559.4	14.83	9.60
1998	8,247	47,694,243	5,783	5.90	557.8	14.78	8.30

Source: District records

West Des Moines Community School District
SCHOOL BUILDING INFORMATION
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year			
	2007	2006	2005	2004
Elementary				
Clegg Park (1957, 1970, 1989, 1991)				
Square feet	41,260	41,260	41,260	41,260
Number of classrooms	14	14	14	14
Enrollment	–	–	–	261
Clive (1952, 1955, 1957, 1959, 1976, 1989, 1991)				
Square feet	67,802	67,802	67,802	67,802
Number of classrooms	21	21	21	21
Enrollment	401	426	383	426
Crestview (1961, 1966, 1969, 1976, 1991)				
Square feet	59,310	59,310	59,310	49,310
Number of classrooms	22	22	22	22
Enrollment	483	493	516	522
Crossroads Park (1977)				
Square feet	60,619	60,619	60,619	60,619
Number of classrooms	21	21	21	21
Enrollment	520	529	507	520
Fairmeadows (1957, 1962, 1976, 1987, 1992)				
Square feet	51,435	51,435	51,435	51,435
Number of classrooms	23	21	21	21
Enrollment	484	473	465	487
Hillside (2004)				
Square feet	81,222	81,222	81,222	–
Number of classrooms	45	45	45	–
Enrollment	586	564	575	–
Jordan Creek (1992)				
Square feet	82,000	82,000	82,000	82,000
Number of classrooms	35	35	35	34
Enrollment	760	770	770	764
Rex Mathes (1951, 1956, 1969, 1989, 1991)				
Square feet	44,401	44,401	44,401	44,401
Number of classrooms	3	3	3	15
Enrollment	–	–	–	310
Phenix (1939, 1992)				
Square feet	36,650	36,650	36,650	36,650
Number of classrooms	10	10	10	10
Enrollment	160	164	144	155
Western Hills (1967, 1968, 1971, 1988, 1992)				
Square feet	73,689	73,689	73,689	73,689
Number of classrooms	25	25	25	25
Enrollment	403	392	414	404
Westridge (1990)				
Square feet	81,000	81,000	81,000	81,000
Number of classrooms	32	32	32	32
Enrollment	709	724	723	739

*Information not available

Fiscal Year

2003	2002	2001	2000	1999	1998
41,260	41,260	41,260	41,260	41,260	41,260
14	14	14	14	14	17
269	263	271	250	275	257
67,802	67,802	67,802	67,802	67,802	67,802
21	21	21	21	21	23
403	395	407	432	455	464
59,310	59,310	59,310	59,310	59,310	59,310
22	22	22	22	22	24
530	534	545	534	530	528
60,619	60,619	60,619	60,619	60,619	60,619
21	21	21	21	21	26
500	491	459	457	448	459
51,435	51,435	51,435	51,435	51,435	51,435
21	21	21	21	21	24
501	488	496	501	488	503
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
82,000	82,000	82,000	82,000	82,000	81,000
34	33	31	31	31	31
756	725	708	699	662	645
44,401	44,401	44,401	44,401	44,401	44,401
15	15	15	14	14	17
288	336	349	335	313	303
36,650	36,650	36,650	36,650	36,650	36,650
10	10	10	10	10	11
144	154	156	157	153	156
73,689	73,689	73,689	73,689	73,689	73,689
25	25	25	22	22	28
417	429	445	473	490	510
81,000	81,000	81,000	81,000	81,000	81,000
31	31	31	31	31	31
733	733	733	722	723	652

**West Des Moines Community School District
SCHOOL BUILDING INFORMATION (continued)
Last Ten Fiscal Years
(Unaudited)**

School	Fiscal Year			
	2007	2006	2005	2004
Middle				
Indian Hills (1977, 1992)				
Square feet	115,074	115,074	115,074	115,074
Number of classrooms	45	45	45	45
Enrollment	622	637	638	632
Stilwell (1960, 1962, 1968, 1984, 1988, 1992, 2002)				
Square feet	95,520	95,520	95,520	95,520
Number of classrooms	42	42	42	42
Enrollment	745	711	665	753
High				
Valley Southwoods Freshman (1999)				
Square feet	162,500	162,500	162,500	162,500
Number of classrooms	44	44	44	44
Enrollment	685	650	696	683
Valley (1964, 1967, 1969, 1970, 1989, 1992, 2005)				
Square feet	312,599	310,196	310,196	*
Number of classrooms	107	101	101	101
Enrollment	1,890	1,859	1,823	1,793
Other				
Walnut Creek Campus 8 th Street (1999)				
Square feet	18,052	18,052	18,052	18,052
Number of classrooms	16	16	16	16
Enrollment	158	171	182	188

Source: District records.

*Information not available

Fiscal Year					
2003	2002	2001	2000	1999	1998
115,074	115,074	115,074	115,074	115,074	115,074
45	45	45	45	45	39
662	644	622	632	635	651
95,520	95,520	*	*	*	*
42	42	42	42	42	31
735	686	653	663	697	681
162,500	162,500	162,500	162,500	162,500	162,500
44	44	44	44	44	44
611	621	650	618	635	644
*	*	*	*	*	*
101	101	101	101	101	101
1,749	1,716	1,700	1,677	1,680	1,643
18,052	18,052	18,052	18,052	18,052	18,052
16	16	16	14	8	8
172	181	161	151	163	139



WEST DES MOINES
COMMUNITY
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**West Des Moines Community School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2007**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
<i>Passed through State Department of Agriculture and State of Iowa Department of Education</i>			
Noncash Assistance, USDA Commodities	10.550	42-6004525	\$ <u>173,234</u>
National School Breakfast Program	10.553	42-6004525	61,431
National School Lunch Program	10.555	42-6004525	588,631
Summer Food Service Program for Children	10.559	42-6004525	<u>15,815</u>
Total nutrition cluster			<u>665,877</u>
U S. Department of Education			
Direct Programs			
Smaller Learning Communities	84.215L	42-6001433	75,491
Foreign Language Assistance	84.293B	42-6001433	211,875
<i>Passed through State of Iowa Department of Education</i>			
Title I - Grants to Local Educational Agencies	84.010A	42-6004525	299,867
Special Education - Grants to States	84.027	42-6004525	497,336
Special Education Grant Institution Decision Making	84.027	42-6004525	2,775
Vocational Education Basic Grants to States - Carl Perkins Basic Grant	84.048A	42-6004525	75,206
Safe and Drug-Free Schools and Community - State Grants	84.186A	42-6004525	24,063
Safe and Drug-Free Schools and Community - National Program	84.184	42-6004525	7,843
Title V, Part A - Innovation Education Program Strategies	84.298A	42-6004525	7,800
Comprehensive School Reform Demonstration	84.332	42-6004525	16,893
Title II - Improving Teacher Quality State Grant	84.367	42-6004525	202,915
Grants for State Assessments and Related Activities	84.369	42-6004525	59,808
Goals 2000	84.276	42-6004525	3,649
Advanced Placement	84.938	42-6004525	212
U.S. Department of Health and Human Services			
<i>Passed through Drake University, Head Start</i>			
	93.600	42-0680460	8,312
<i>Passed through State of Iowa Department of Health and Human Services</i>			
Child Care and Development Block Grant	93.575	42-6004568	<u>688</u>
Total expenditures of federal awards			<u>\$2,333,844</u>

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, 2007

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, 2007. 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, 2007**

<u>Findings</u>	<u>Status</u>	<u>Corrective Action Plan or Other Explanation</u>
Reportable Conditions in Internal Control		
06-II-A Capital outlay expenditures are not properly being reconciled throughout the year to the general ledger and identified as a capital asset on a timely basis.	Corrective action taken	
06-II-B The District's June 2006 bank reconciliation was not performed timely or accurately.	Uncorrected	See corrective action plan at 07-II-A
Reportable Conditions in Administering Federal Awards		
06-III-A The District does not have a system in place to document the allocation of split funded employee payroll costs related to Title 1.	Corrective action taken	
06-III-B Semiannual certifications are not prepared and signed by employees who work solely with the Title 1 program.	Corrective action taken	
Other Findings Related to Required Statutory Reporting		
06-IV-F The District did not publish the proceedings of each regular, adjourned, or special meeting of the board in at least one newspaper published in the District within two weeks following the adjournment of the meeting.	Uncorrected	See corrective action plan at 07-IV-F
06-IV-G Documentation to support the number of foster care students reported as enrolled is not maintained.	Uncorrected	See corrective action plan at 07-IV-G
06-IV-G Certain variances were noted in the documentation maintained to support the basic enrollment certified to the Iowa Department of Education for September 2005.	Corrective action taken	
06-IV-J The Preschool Regular Education Fund had a deficit fund balance as of June 30, 2006.	Corrective action taken	



WEST DES MOINES
COMMUNITY
S C H O O L S

**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, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 14, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the West Des Moines Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Des Moines Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Des Moines Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood a misstatement of West Des Moines Community School District's financial statements that is more than inconsequential will not be prevented or detected by West Des Moines Community School District's internal control. We consider the deficiency described in Part II of the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by West Des Moines Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Des Moines Community School District's responses to findings identified in our audit are described in the accompanying schedule of findings. While we have expressed our conclusions on the District's responses, we did not audit the West Des Moines Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Des Moines Community School District and other parties to whom West Des Moines Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 14, 2008

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education of
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 programs for the year ended June 30, 2007. West Des Moines Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. 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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 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 each of its major federal programs for the year ended June 30, 2007.

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 grant agreements applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Des Moines Community School District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over noncompliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Des Moines Community School District and other parties to whom West Des Moines Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 14, 2008

**West Des Moines Community School District
SCHEDULE OF FINDINGS
Year ended June 30, 2007**

Part I—Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, not considered a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs are as follows:
 - National School Nutrition Cluster
 - CFDA Number 10.555 National School Lunch Program
 - CFDA Number 10.553 National School Breakfast Program
 - CFDA Number 10.559 Summer Food Service Program

 - CFDA Number 84.027 Special Education - Grants to States
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Des Moines Community School District qualified as a low-risk auditee.

West Des Moines Community School District
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2007

Part II Findings Related to the Basic Financial Statements

A. Significant Deficiency in internal control.

07-II-A Finding: The District's June 2007 bank reconciliation was not performed timely or accurately.

Condition: The District did not reconcile the bank account for several months due to conversion to a new software.

Context: To ensure cash is being appropriately accounted for, bank reconciliations should be performed on a monthly basis, and any variances should be investigated immediately to ensure transactions are being posted to the proper accounts and reported in the proper time period.

Effect: A transaction error was not detected timely and posted to the correct accounts.

Recommendation: We recommend bank reconciliations be performed timely and any variances be investigated immediately.

Response and corrective action plan: Personnel and software changes within the District delayed completion of the monthly bank reconciliation. Our expectation is that the reconciliation will be performed more timely in the future.

B. Compliance findings.

None

Part III Findings and Questioned Costs for Federal Awards

None

**West Des Moines Community School District
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2007**

Part IV—Other Findings Related to Required Statutory Reporting

07-IV-A CERTIFIED BUDGET

Expenditures during the year ended June 30, 2007 exceeded the amount budgeted in the support services and noninstructional functions. Chapter 24.9 of the Code of Iowa states, in part, that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation

An amendment to the budget in an amount adequate so that expenditures do not exceed budget in any of the functions should have been adopted.

Response and corrective action plan

We will continue to monitor budget activity in the future to ensure that adequate amendments are adopted.

Conclusion

Response accepted.

07-IV-B QUESTIONABLE EXPENDITURES

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

07-IV-C 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.

07-IV-D BUSINESS TRANSACTIONS

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

07-IV-E BOND COVERAGE

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

**West Des Moines Community School District
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2007**

07-IV-F BOARD MINUTES

The following was noted regarding the Board minutes:

Finding

The District did not publish the proceedings of each regular, adjourned, or special meeting of the board in at least one newspaper published in the District within two weeks following the adjournment of the meeting.

Recommendation

Proceedings of regular, adjourned or special meeting of the board should be published in at least one newspaper published in the District within two weeks following the adjournment of the meeting in accordance with Chapter 279.35 & 279.36.

Response and corrective action plan

The District will make every attempt to publish minutes on a timely basis.

Conclusion

Response accepted.

07-IV-G CERTIFIED ENROLLMENT

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

Finding

The District does not keep documentation supporting the number of foster care students reported as enrolled with 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.

Response and corrective action plan

The District will contact the Iowa Department of Education to identify procedures for more effectively tracking and documenting foster care students.

Conclusion

Response accepted.

**West Des Moines Community School District
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2007**

07-IV-H 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.

07-IV-I CERTIFIED ANNUAL REPORT

The certified annual report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

**West Des Moines Community School District
CORRECTIVE ACTION PLAN
Year Ended June 30, 2007**

<u>Current Number</u>	<u>Comment</u>	<u>Corrective Action Plan</u>	<u>Anticipated Date of Completion</u>	<u>Contact Person</u>
Significant Deficiency in Internal Control				
07-II-A	The District's June 2007 bank reconciliation was not performed timely or accurately.	See corrective action plan at 07-II-A	June 30, 2008	Donna Gregory
Other Findings Related to Required Statutory Reporting				
07-IV-A	The District's expenditures exceeded the amount budgeted in the support services and noninstructional functions during the year ended June 30, 2007.	See corrective action plan at 07-IV-A	June 30, 2008	Kurt Subra
07-IV-F	The District did not publish the proceedings of each regular, adjourned, or special meeting of the board in at least one newspaper published in the District within two weeks following the adjournment of the meeting.	See corrective action plan at 07-IV-F	June 30, 2008	Kay Rosene
07-IV-G	Documentation to support the number of foster care students reported as enrolled is not maintained.	See corrective action plan at 07-IV-G	June 30, 2008	Kurt Subra