West Central Community School District

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

June 30, 2006

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West Central Community School District

Officials

Name	Title	Term Expires
	Board of Education	
	(Before September 2005 Election)	
Jack Williams	President	2005
Chad Ingels	Vice President	2007
Charlie Barry	Board Member	2005
Alan Albrecht	Board Member	2006
Brent Sharff	Board Member	2006
	Board of Education	
	(After September 2005 Election)	
Chad Ingels	President	2007
Charlie Barry	Vice President	2008
Alan Albrecht	Board Member	2006
Brent Sharff	Board Member	2006
Jack Williams	Board Member	*2006
	School Officials	
Todd Abrahamson	Superintendent	2006
Kenda Wedemeier	District Secretary/Treasurer & Business Manager	2006
Brian Gruhn	Attorney	2006

* Board Appointed

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P.O. Box 310
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Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District, Maynard, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated August 17, 2006 on my consideration of West Central Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

MEMBER: Iowa Society of Certified Public Accountants • Minnesota Society of Certified Public Accountants
• American Institute of Certified Accountants • Division for CPA Firms • Private Companies Practice Section

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Keith Oltrogge CPA PC

Keith Oltrogge
Certified Public Accountant

August 17, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $2,740,671 in fiscal 2005 to $2,992,954 in fiscal 2006, while General Fund expenditures increased from $2,614,358 in fiscal 2005 to $2,866,122 in fiscal 2006. The District's General Fund balance increased from $385,595 in fiscal year 2005 to $512,427 in fiscal year 2006, a 25% increase.

- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal year 2006. The increase in expenditures was due primarily to an increase in the spending in support services.

- Although interest rates declined during the past three fiscal years, when combined with more cash available to be invested, the result was interest earnings in the General Fund alone increasing from $12,955 in fiscal 2005 to $23,798 in fiscal 2006.

- In fiscal 2006, the voter approved Local Option Sales Tax revenue was $160,712.

- The District's solvency ratio has increased from 15% at June 30, 2005 to 17.1% at June 30, 2006. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

Figure A-1
West Central Community School District Annual Financial Report

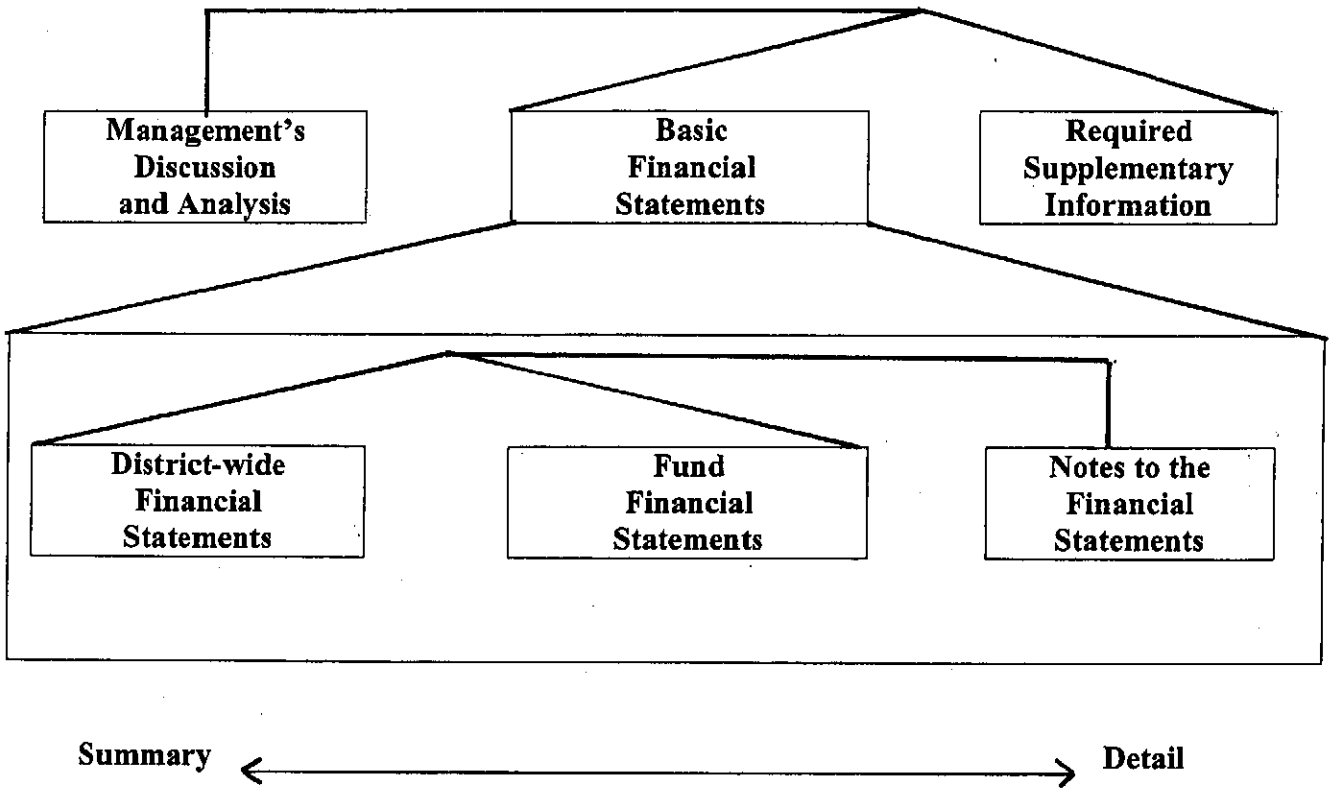

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2006 compared to June 30, 2005.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other assets	$2,687,004	$2,415,127	$32,850	$25,309	$2,719,854	$2,440,436	$279,418
Capital assets	827,175	594,303	12,852	15,454	840,027	609,757	230,270
Total assets	$3,514,179	$3,009,430	$45,702	$40,763	$3,559,881	$3,050,193	$509,688
Long-term liabilities	$74,358	$47,831	$-	$-	$74,358	$47,831	$26,527
Other liabilities	1,897,553	1,770,886	2,250	1,641	1,899,803	1,772,527	127,276
Total liabilities	$1,971,911	$1,818,717	$2,250	$1,641	$1,974,161	$1,820,358	$153,803
Net assets:							
Invested in capital assets, net of related debt	$773,048	$594,303	$12,852	$15,454	$785,900	$609,757	$176,143
Restricted	281,135	227,333	-	-	281,135	227,333	53,802
Unrestricted	488,085	369,077	30,600	23,668	518,685	392,745	125,940
Total net assets	$1,542,268	$1,190,713	$43,452	$39,122	$1,585,720	$1,229,835	$355,885

The District's combined net assets increased by nearly 23%, or approximately $356,000, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by approximately $54,000, or 19% over the prior year. The increase was primarily a result of increased revenue in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately $126,000, or 29%. This increase in unrestricted net assets was a result of the District's increased revenues from tuition and other local sources.

Figure A-4 shows the change in net assets for the year ended June 30, 2006.

Figure A-4
Changes in Net Assets

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	$229,144	$85,723	$314,867
Operating grants, contributions and restricted interest	560,337	45,572	605,909
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	1,443,282	-	1,443,282
Local option sales and services tax	160,712	-	160,712
Unrestricted state grants	1,048,805	-	1,048,805
Unrestricted investment earnings	26,605	361	26,966
Other	22,589	-	22,589
Total revenues	$3,491,474	$131,656	$3,623,130
Program expenses:			
Governmental activities:			
Instruction	$1,982,087	$-	$1,982,087
Support services	1,041,599	-	1,041,599
Non-instructional programs	-	127,326	127,326
Other expenses	150,183	-	150,183
Total expenses	$3,173,869	$127,326	$3,301,195
Change in net assets	$317,605	$4,330	$321,935

Property tax and unrestricted state grants account for 69% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 92% of the total expenses.

Governmental Activities

Revenues for governmental activities were $3,491,474 and expenses were $3,173,869. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	$1,982,087	$1,195,051
Support services	1,041,599	1,039,154
Non-instructional programs	-	-
Other expenses	150,183	150,183
Totals	$3,173,869	$2,384,388

- The cost financed by users of the District's programs was $314,867.
- Federal and state governments subsidized certain programs with grants and contributions totaling $605,909.
- The net cost of governmental activities was financed with $1,603,994 in property and other taxes and $1,048,805 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were $131,656 and expenses were $127,326. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of $791,396, well above last year's ending fund balances of $644,241. The primary reason for the increase was the $225,000 Public Charter School Grant received.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues.
- The General Fund balance increased from $385,595 to $512,427, due in part to the increased revenue.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from $36,814 in fiscal 2005 to $95,761 in fiscal 2006. Revenues decreased and the District substantially reduced spending from the PPEL Fund in order to maintain the financial condition of the fund.
- The Capital Projects Fund balance decreased from $93,732 to $50,660, due to facilities improvement.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from $39,122 at June 30, 2005 to $42,452 at June 30, 2006, representing an increase of approximately 10%.

BUDGETARY HIGHLIGHTS

Over the course of the year, West Central Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with the Charter School Grant.

The District's revenues were $239,924 more than budgeted revenues, a variance of 7%. The most significant variance resulted from the District receiving more in Federal aid than originally anticipated.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, the District had invested $.84 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 27% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was $116,619.

The original cost of the District's capital assets was $3.2 million. Governmental funds account for $3.15 million, with the remainder of $.05 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Land	$62,506	$62,506	$-	$-	$62,506	$62,506	$-
Buildings	421,078	336,879	-	-	421,078	336,879	84,199
Furniture and equipment	343,591	194,918	12,852	15,454	356,443	210,372	146,071
Totals	$827,175	$594,303	$12,852	$15,454	$840,027	$609,757	$230,270

Long-Term Debt

At June 30, 2006, the District had $74,358 in other long-term debt outstanding. This represents an increase of approximately 36% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2006	2005	2005-2006
Notes payable	$54,127	$-	$54,127
Early retirement	20,231	47,841	-27,610
Totals	$74,358	$47,841	$26,517

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Fayette County has advised the District that the District's total taxable valuation will remain about the same for property tax collected in fiscal 2006.
- The District has experienced declining enrollment for the past three years and expects that trend to continue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

West Central Community School District

Statement of Net Assets

June 30, 2006

	Govern-mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
ISCAP	$ 440,143	$ -	$ 440,143
Other	829,350	26,991	856,341
Receivables:			
Property tax:			
Delinquent	21,411	-	21,411
Succeeding year	1,354,671	-	1,354,671
Accounts	21,280	586	21,866
Accrued interest:			
ISCAP	3,120	-	3,120
Due from other governments	17,029	-	17,029
Inventories	-	5,273	5,273
Capital assets, net of accumulated depreciation	827,175	12,852	840,027
Total Assets	$ 3,514,179	$ 45,702	$ 3,559,881
Liabilities			
Accounts payable	$ 37,235	$ 58	$ 37,293
Salaries and benefits payable	57,642	100	57,742
Other current liabilities	3,145	-	3,145
Accrued interest	1,945	-	1,945
Deferred revenue-succeeding year property tax	1,354,671	-	1,354,671
Deferred revenue-other	-	2,092	2,092
ISCAP warrants payable	440,000	-	440,000
ISCAP accrued interest payable	2,915	-	2,915
Long-term liabilities:			
Portion due within one year:			
Note payable	26,565	-	26,565
Early retirement	16,036	-	16,036
Portion due after one year:			
Note payable	27,562	-	27,562
Early retirement	4,195	-	4,195
Total Liabilities	$ 1,971,911	$ 2,250	$ 1,974,161
Net Assets			
Invested in capital assets, net of related debt	$ 773,048	$ 12,852	785,900
Restricted for:			
Management levy	45,462	-	45,462
Physical plant and equipment levy	95,761	-	95,761
Other special revenue purposes	139,912	-	139,912
Unrestricted	488,085	30,600	518,685
Total Net Assets	$ 1,542,268	$ 43,452	$ 1,585,720

See notes to financial statements.

West Central Community School District

Statement of Activities

Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	$ 1,319,772	$ 97,587	$ 484,946	$ -
Special instruction	288,887	13,301	66,988	-
Other instruction	373,428	118,256	5,958	-
	$ 1,982,087	$ 229,144	$ 557,892	$ -
Support Services:				
Student services	$ 76,208	$ -	$ 2,445	$ -
Instructional staff services	64,675	-	-	-
Administration services	463,915	-	-	-
Operation and maintenance of plant services	257,789	-	-	-
Transportation services	179,012	-	-	-
	$ 1,041,599	$ -	$ 2,445	$ -
Non-instructional programs	$ -	$ -	$ -	$ -
Other Expenditures:				
Facilities acquisition	$ 42,268	$ -	$ -	$ -
Long-term debt interest	1,945	-	-	-
AEA flow-through	105,970	-	-	-
	$ 150,183	$ -	$ -	$ -
Total Governmental Activities	$ 3,173,869	$ 229,144	$ 560,337	$ -
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	$ 127,326	$ 85,723	$ 45,572	$ -
Total	$ 3,301,195	$ 314,867	$ 605,909	$ -

	Net (Expense) Revenue And Changes in Net Assets		
	Governmental Activities	Business Type Activities	Total
$	-737,239	$ -	$ -737,239
	-208,598	-	-208,598
	-249,214	-	-249,214
$	-1,195,051	$ -	$ -1,195,051
$	-73,763	$ -	$ -73,763
	-64,675	-	-64,675
	-463,915	-	-463,915
	-257,789	-	-257,789
	-179,012	-	-179,012
$	-1,039,154	$ -	$ -1,039,154
$	-	$ -	$ -
$	-42,268	$ -	$ -42,268
	-1,945	-	-1,945
	-105,970	-	-105,970
$	-150,183	$ -	$ -150,183
$	-2,384,388	$ -	$ -2,384,388
$	-	$ 3,969	$ 3,969
$	-2,384,388	$ 3,969	$ -2,380,419

West Central Community School District

Statement of Activities

Year Ended June 30, 2006

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

See notes to financial statements.

	Net (Expense) Revenue And Changes in Net Assets		
	Governmental Activities	Business Type Activities	Total
$	1,321,070	$ -	$ 1,321,070
	122,212	-	122,212
	160,712	-	160,712
	1,048,805	-	1,048,805
	26,605	361	26,966
	22,589	-	22,589
$	2,701,993	$ 361	$ 2,702,354
$	317,605	$ 4,330	$ 321,935
	33,950	-	33,950
$	351,555	$ 4,330	$ 355,885
	1,190,713	39,122	1,229,835
$	1,542,268	$ 43,452	$ 1,585,720

West Central Community School District

Balance Sheet
Governmental Funds

June 30, 2006

	General	Non-major Special Revenue	Total
Assets			
Cash and Pooled Investments:			
ISCAP	$ 440,143	$ -	$ 440,143
Other	555,146	274,204	829,350
Receivables:			
Property Tax:			
Delinquent	18,327	3,084	21,411
Succeeding year	1,169,273	185,398	1,354,671
Accounts	10,199	11,081	21,280
Accrued interest:			
ISCAP	3,120	-	3,120
Due from other governments	17,029	-	17,029
Total Assets	$ 2,213,237	$ 473,767	$ 2,687,004
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 35,370	$ 1,865	$ 37,235
Salaries and benefits payable	50,107	7,535	57,642
ISCAP warrants payable	440,000	-	440,000
ISCAP accrued interest payable	2,915	-	2,915
Deferred Revenue:			
Succeeding year property tax	1,169,273	185,398	1,354,671
Other current liabilities	3,145	-	3,145
Total Liabilities	$ 1,700,810	$ 194,798	$ 1,895,608
Fund Balances:			
Reserved	$ 22,397	$ -	$ 22,397
Unreserved	490,030	278,969	768,999
Total Fund Balances	$ 512,427	$ 278,969	$ 791,396
Total Liabilities and Fund Balances	$ 2,213,237	$ 473,767	$ 2,687,004

See notes to financial statements.

West Central Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2006

Total fund balances of governmental funds (page 16)	$	791,396
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		827,175
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds		-
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds		-1,945
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds		-74,358
Net assets of governmental activities (page 13)	$	1,542,268

See notes to financial statements.

West Central Community School District

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

Year Ended June 30, 2006

	General	Non-Major Special Revenue	Total
Revenues:			
Local Sources:			
Local tax	$ 1,221,437	$ 382,557	$ 1,603,994
Tuition	105,135	-	105,135
Other	57,240	115,963	173,203
Intermediate sources	-	-	-
State sources	1,262,051	-	1,262,051
Federal sources	347,091	-	347,091
Total Revenues	$ 2,992,954	$ 498,520	$ 3,491,474
Expenditures:			
Current:			
Instruction:			
Regular instruction	$ 1,294,079	$ 31,745	$ 1,325,824
Special instruction	287,561	-	287,561
Other instruction	248,402	123,003	371,405
	$ 1,830,042	$ 154,748	$ 1,984,790
Support Services:			
Student services	$ 43,710	$ 41,580	$ 85,290
Instructional staff services	57,132	24,768	81,900
Administration services	463,644	-	463,644
Operation and maintenance of plant services	211,781	41,123	252,904
Transportation services	153,843	60,846	214,689
	$ 930,110	$ 168,317	$ 1,098,427
Non-instructional programs	$ -	$ -	$ -
Other Expenditures:			
Facilities acquisition	$ -	$ 243,209	$ 243,209
AEA flow-through	105,970	-	105,970
	$ 105,970	$ 243,209	$ 349,179
Total Expenditures	$ 2,866,122	$ 566,274	$ 3,432,396
Excess (deficiency) of revenues over (under) expenditures	$ 126,832	$ -67,754	$ 59,078
Other Financing Sources (Uses):			
Loan proceeds	$ -	$ 54,127	$ 54,127
Operating transfers in	-	33,950	33,950
Total Other Financing Sources (Uses)	$ -	$ 88,077	$ 88,077
Net change in fund balances	$ 126,832	$ 20,323	$ 147,155
Fund balances beginning of year	385,595	258,646	644,241
Fund Balances End of Year	$ 512,427	$ 278,969	$ 791,396

See notes to financial statements.

West Central Community School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds To the Statement of Activities

Year Ended June 30, 2006

Net change in fund balances – total governmental funds (page 18)		$ 147,155
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 346,889	
Depreciation expense	-114,017	232,872
Certain delinquent property tax not collected for several months after year-end is not considered available revenue and is deferred in the governmental funds		-
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:		
Issued	$ -54,127	
Repaid	-	-54,127
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		-1,945
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Early retirement		27,600
Change in Net Assets of Governmental Activities (page 15)		$ 351,555

See notes to financial statements.

West Central Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2006

	School Nutrition
Assets	
Cash and cash equivalents	$ 26,991
Accounts receivable	586
Inventories	5,273
Capital assets, net of accumulated depreciation	12,852
Total Assets	$ 45,702
Liabilities	
Accounts payable	$ 58
Salaries and benefits payable	100
Deferred revenue	2,092
Total Liabilities	$ 2,250
Net Assets	
Invested in capital assets, net of related debt	$ 12,852
Unrestricted	30,600
Total Net Assets	$ 43,452

See notes to financial statements.

West Central Community School District

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year Ended June 30, 2006

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	$ 85,723
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	$ 47,564
Benefits	6,266
Purchased services	1,103
Supplies	69,791
Depreciation	2,602
Total operating expenses	$ 127,326
Operating loss	$ -41,603
Non-operating revenues:	
State sources	$ 1,725
Federal sources	43,847
Interest income	361
Total non-operating revenues	$ 45,933
Change in net assets	$ 4,330
Net assets beginning of year	39,122
Net Assets End of Year	$ 43,452

See notes to financial statements.

West Central Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2006

		School Nutrition
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	$	85,882
Cash paid to employees for services		-53,741
Cash paid to suppliers for goods or services		-65,476
Net cash used by operating activities	$	-33,335
Cash flows from non-capital financing activities:		
State grants received	$	1,725
Federal grants received		35,553
Net cash provided by non-capital financing activities	$	37,278
Cash flows from investing activities:		
Interest on investments	$	361
Net increase in cash and cash equivalents	$	4,304
Cash and cash equivalents beginning of year		22,687
Cash and Cash Equivalents End of Year	$	26,991
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$	-41,603
Adjustments to reconcile operating loss to net cash used by operating activities:		
Commodities used		6,248
Depreciation		2,602
(Increase) in inventories		-933
(Increase) in accounts receivable		-259
Increase in accounts payable		58
Increase in salaries and benefits payable		89
Increase in deferred revenue		463
Net Cash Used by Operating Activities	$	-33,335

Non-cash investing, capital and financing activities:

During the year ended June 30, 2006, the District received $8,294 of federal commodities.

See notes to financial statements.

West Central Community School District

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2006

	Private Purpose Trust Scholarship
Assets	
Cash and pooled investments	$ 7,745
Liabilities	
Accounts payable	$ -
Net Assets	
Reserved for scholarships	$ 7,745

See notes to financial statements.

West Central Community School District

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

Year Ended June 30, 2006

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	$ 25,063
Interest income	115
Total additions	$ 25,178
Deductions	
Support services:	
Supplies	$ 9,162
Change in net assets, before transfers	$ 16,016
Transfer out	-33,950
Change in net assets	$ -17,934
Net assets beginning of year	25,679
Net Assets End of Year	$ 7,745

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, West Central Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. West Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental fund:

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

The District reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.

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

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

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

Asset Class	Amount
Land	$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

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

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

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

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, expenditures in the support services functional area exceeded the amount budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
Capital Projects	Private Purpose Trust - Scholarship	$ 33,950

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

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District' s participation in ISCAP at June 30, 2006 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premiums
2005-06B	1/26/06	1/26/07	$ 149,547	$ 3030	$ 149,000	$ 2,843	$ 930
2006-07A	6/28/06	6/28/07	290,596	90	291,000	72	2,215
Total			$ 440,143	$ 3,120	$ 440,000	$ 2,915	$ 3,145

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2006.

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

Series	Interest Rates on Warrants	Interest Rates on Investments
2005-06B	4.500%	4.772%
2006-06A	4.500%	5.676%

(5) Capital Assets

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 62,506	$ -	$ -	$ 62,506
Total capital assets not being depreciated	$ 62,506	$ -	$ -	$ 62,506
Capital assets being depreciated:				
Buildings	$ 1,204,663	$ 102,839	$ 8,080	$ 1,299,422
Improvements other than buildings	3,712	-	-	3,712
Furniture and equipment	1,566,807	244,050	29,796	1,781,061
Total capital assets being depreciated	$ 2,775,182	$ 346,889	$ 37,876	$ 3,084,195
Less accumulated depreciation for:				
Buildings	$ 867,784	$ 18,640	$ 8,080	$ 878,344
Improvements other than buildings	3,712	-	-	3,712
Furniture and equipment	1,371,889	95,377	29,796	1,437,470
Total accumulated depreciation	$ 2,243,385	$ 114,017	$ 37,876	$ 2,319,526
Total capital assets being depreciated, net	$ 531,797	$ 232,872	$ -	$ 764,669
Governmental Activities Capital Assets, Net	$ 594,303	$ 232,872	$ -	$ 827,175

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	$ 30,365	$ -	$ -	$ 30,365
Less accumulated depreciation	14,911	2,602	-	17,513
Business Type Activities Capital Assets, Net	$ 15,454	$ -2,602	$ -	$ 12,852

Depreciation expense was charged to the following functions:

Governmental Activities:		
Instruction:		
Regular	$	49,752
Special		1,326
Other		2,023
Support services:		
Instructional staff		-
Administration		271
Operation and maintenance of plant		4,885
Transportation		55,760
	$	114,017
Unallocated		-
Total Depreciation Expense – Governmental Activities	$	114,017
Business Type Activities:		
Food service operations	$	2,602

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2006 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	$ -	$ 54,127	$ -	$ 54,127	$ 26,565
Early retirement	47,831	-	27,600	20,231	16,036
Total	$ 47,831	$ 54,127	$ 27,600	$ 74,358	$ 42,601

Bus Loan

On July 19, 2005, the District borrowed $54,127 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 3.75%, with two annual payments of $28,595.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty and employees must have completed twenty-four years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is $8,400 paid in cash over a two-year period. Early retirement benefits paid during the year ended June 30, 2006 totaled $20,600.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2006, 2005 and 2004. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004 were $102,070, $98,246 and $98,657, respectively, equal to the required contributions for each year.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $105,970 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Required Supplementary Information

West Central Community School District

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

Required Supplementary Information

Year Ended June 30, 2006

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	$ 1,882,332	$ 86,084
Intermediate sources	-	-
State sources	1,262,051	1,725
Federal sources	347,091	43,847
Total Receipts	$ 3,491,474	$ 131,656
Disbursements:		
Instruction	$ 1,984,790	$ -
Support services	1,098,427	-
Non-instructional programs	-	127,326
Other expenditures	349,179	-
Total Disbursements	$ 3,432,396	$ 127,326
Excess (deficiency) of receipts over (under) disbursements	$ 59,078	$ 4,330
Other financing sources (uses), net	88,077	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	$ 147,155	$ 4,330
Balances beginning of year	644,241	39,122
Balances End of Year	$ 791,396	$ 43,452

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
$	1,968,416	$ 1,913,338	$ 1,913,338	$ 55,078
	-	-	-	-
	1,263,776	1,274,868	1,274,868	-11,092
	390,938	195,000	195,000	195,938
$	3,623,130	$ 3,383,206	$ 3,383,206	$ 239,924
$	1,984,790	$ 2,506,754	$ 2,506,754	$ 521,964
	1,098,427	780,439	1,005,439	-92,988
	127,326	204,045	204,045	76,719
	349,179	507,559	507,559	158,380
$	3,559,722	$ 3,998,797	$ 4,223,797	$ 664,075
$	63,408	$ -615,591	$ -840,591	$ 903,999
	88,077	-	-	88,077
$	151,485	$ -615,591	$ -840,591	$ 992,076
	683,363	722,189	722,189	-38,826
$	834,848	$ 106,598	$ -118,402	$ 953,250

West Central Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2006

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

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

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

During the year ending June 30, 2006, expenditures in the support services function exceeded the amount budgeted.

Other Supplementary Information

West Central Community School District

Combining Balance Sheet
Non-Major Special Revenue Funds

June 30, 2006

	Management Levy
Assets	
Cash and pooled investments	$ 71,653
Receivables:	
Property Tax:	
Delinquent	1,575
Succeeding year	80,000
Accounts	-
Total Assets	$ 153,228
Liabilities and Fund Equity	
Liabilities:	
Accounts payable	$ -
Salaries and benefits payable	7,535
Deferred Revenue:	
Succeeding year property tax	80,000
Total Liabilities	$ 87,535
Fund Equity:	
Unreserved fund balances	$ 65,693
Total Liabilities and Fund Equity	$ 153,228

See accompanying independent auditor's report.

	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
$	67,591	$ 95,273	$ 39,687	$ 274,204
	-	1,509	-	3,084
	-	105,398	-	185,398
	108	-	10,973	11,081
$	67,699	$ 202,180	$ 50,660	$ 473,767
$	844	$ 1,021	$ -	$ 1,865
	-	-	-	7,535
	-	105,398	-	185,398
$	844	$ 106,419	$ -	$ 194,798
$	66,855	$ 95,761	$ 50,660	$ 278,969
$	67,699	$ 202,180	$ 50,660	$ 473,767

West Central Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds

Year Ended June 30, 2006

		Management Levy
Revenues:		
Local sources:		
Local tax	$	99,633
Other		520
Total Revenues	$	100,153
Expenditures:		
Current:		
Instruction:		
Regular instruction	$	31,745
Other instruction		-
Support services:		
Student services		16,592
Instructional staff services		-
Operation and maintenance of plant services		31,623
Transportation services		6,719
Other expenditures:		
Facilities acquisition		-
Total Expenditures	$	86,679
Excess (deficiency) of revenues over (under) expenditures	$	13,474
Other financing sources (uses):		
Loan proceeds	$	-
Operating transfers in		-
Total other financing sources (uses)	$	-
Excess (deficiency) over revenues and other financing sources over (under) expenditures and other financing uses	$	13,474
Fund balances beginning of year		52,219
Fund Balances End of Year	$	65,693

See accompanying independent auditor's report

	Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
$	-	$ 122,212	$ 160,712	$ 382,557
	113,977	534	932	115,963
$	113,977	$ 122,746	$ 161,644	$ 498,520
$	-	$ -	$ -	$ 31,745
	123,003	-	-	123,003
	-	24,988	-	41,580
	-	24,768	-	24,768
	-	9,500	-	41,123
	-	54,127	-	60,846
	-	4,543	238,666	243,209
$	123,003	$ 117,926	$ 238,666	$ 566,274
$	-9,026	$ 4,820	$ -77,022	$ -67,754
$	-	$ 54,127	$ -	$ 54,127
	-	-	33,950	33,950
$	-	$ 54,127	$ 33,950	$ 88,077
$	-9,026	$ 58,947	$ -43,072	$ 20,323
	75,881	36,814	93,732	258,646
$	66,855	$ 95,761	$ 50,660	$ 278,969

West Central Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2006

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra-Fund Transfers	Balance End of Year
Potpourri/Pepsi Funds	$ 17,781	$ 7,431	$ 8,719	$ -	$ 16,493
Yearbook	-	6,079	4,596	-	1,483
Student Council	5,048	5,074	5,273	-	4,849
Industrial Arts Club	1,559	660	1,139	-	1,080
Spanish Club	16,713	1,887	8,035	-	10,565
Senior Class	117	30	3,656	3,567	58
Junior Class	3,568	2,270	3,081	1,769	4,526
Sophomore Class	5,335	319	15	-1,324	4,315
Freshman Class	4,011	360	60	-1,307	3,004
8th Grade	2,704	300	37	-1,572	1,395
7th Grade	1,134	675	-	-456	1,353
6th Grade	677	1,138	-	-677	1,138
Dramatics	35	1,297	742	-	590
Vocal Music	592	6,998	6,351	-	1,239
Instrumental Music	2,580	28,076	28,456	-	2,200
Athletics/Cheerleaders	5,797	32,220	34,521	-	3,496
Musical/Concert	2,269	1,518	1,092	-	2,695
Resale	2,159	5,198	5,032	-	2,325
Student Sales	-	6,285	6,285	-	-
School Store	3,802	6,162	5,913	-	4,051
Total	$ 75,881	$ 113,977	$ 123,003	$ -	$ 66,855

See accompanying independent auditor's report.

West Central Community School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2006	2005	2004	2003
Revenues:				
Local Sources:				
Local tax	$ 1,603,994	1,566,663	$ 1,541,666	$ 1,444,122
Tuition	105,135	123,884	94,614	90,241
Other	173,203	160,173	139,862	163,343
Intermediate sources	-	-	-	-
State sources	1,262,051	1,208,978	1,129,526	1,120,264
Federal sources	347,091	132,515	124,120	104,447
Total	$ 3,491,474	3,192,213	$ 3,029,788	$ 2,922,417
Expenditures:				
Instruction:				
Regular instruction	$ 1,325,824	1,274,530	$ 1,284,799	$ 1,192,340
Special instruction	287,561	312,201	443,725	381,214
Other instruction	371,405	334,254	226,936	265,417
Support services:				
Student services	85,290	62,575	15,971	27,982
Instructional staff services	81,900	26,920	38,471	42,258
Administration services	463,644	370,212	362,137	328,894
Operation and maintenance of plant services	252,904	218,514	221,229	352,799
Transportation services	214,689	99,812	82,537	83,253
Central support services	-	-	-	6,726
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	243,209	171,727	138,813	-
Long-term debt:				
Principal	-	45,700	92,140	60,970
Interest and other charges	-	2,171	2,770	5,009
AEA flow-through	105,970	103,247	103,304	109,927
Other	-	934	-	-
Total	$ 3,432,396	3,022,797	$ 3,012,832	$ 2,856,789

See accompanying independent auditor's report.

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

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

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated August 17, 2006. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item I-A-06 is a material weakness.

MEMBER: Iowa Society of Certified Public Accountants • Minnesota Society of Certified Public Accountants
• American Institute of Certified Accountants • Division for CPA Firms • Private Companies Practice Section

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

Keith Oltrogge CPA P.C

Keith Oltrogge
Certified Public Accountant

August 17, 2006

West Central Community School District

Schedule of Findings

Year Ended June 30, 2006

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-06 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Conclusion – Response accepted.

West Central Community School District

Schedule of Findings

Year Ended June 30, 2006

Part II - Other Findings Related to Statutory Reporting:

II-A-06 Certified Budget – Expenditures for the year ended June 30, 2006 exceed the amended certified budget amount in the support services function.

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

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

II-B-06 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-06 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-06 Business Transactions – Business transactions between the District and District officials or employees were noted.

II-E-06 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-06 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-06 Certified Enrollment –No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-I-06 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.