

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2009

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District, Stuart, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 Central Valley Community School District as of June 30, 2009, 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, we have also issued our reports dated April 29, 2010, on our consideration of West Central Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract 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.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 13 and 40 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Valley Community School District's basic financial statements. The financial statements for the five years ended June 30, 2008, (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, 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 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.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

April 29, 2010

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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West Central Valley 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, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,717,148 in fiscal 2008 to \$9,309,139 in fiscal 2009, while General Fund expenditures decreased from \$8,612,976 in fiscal 2008 to \$8,454,446 in fiscal 2009. The District's General Fund balance increased from \$204,531 in fiscal 2008 to \$1,040,818 in fiscal 2009, a 409% increase.
- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal 2009. The decrease in expenditures was due primarily to staffing changes and associated expenses in the district.

### 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 Valley 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 Valley 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 Valley Community School District acts solely as an agent or custodian for the benefit of those outside of District 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 nonmajor funds.

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

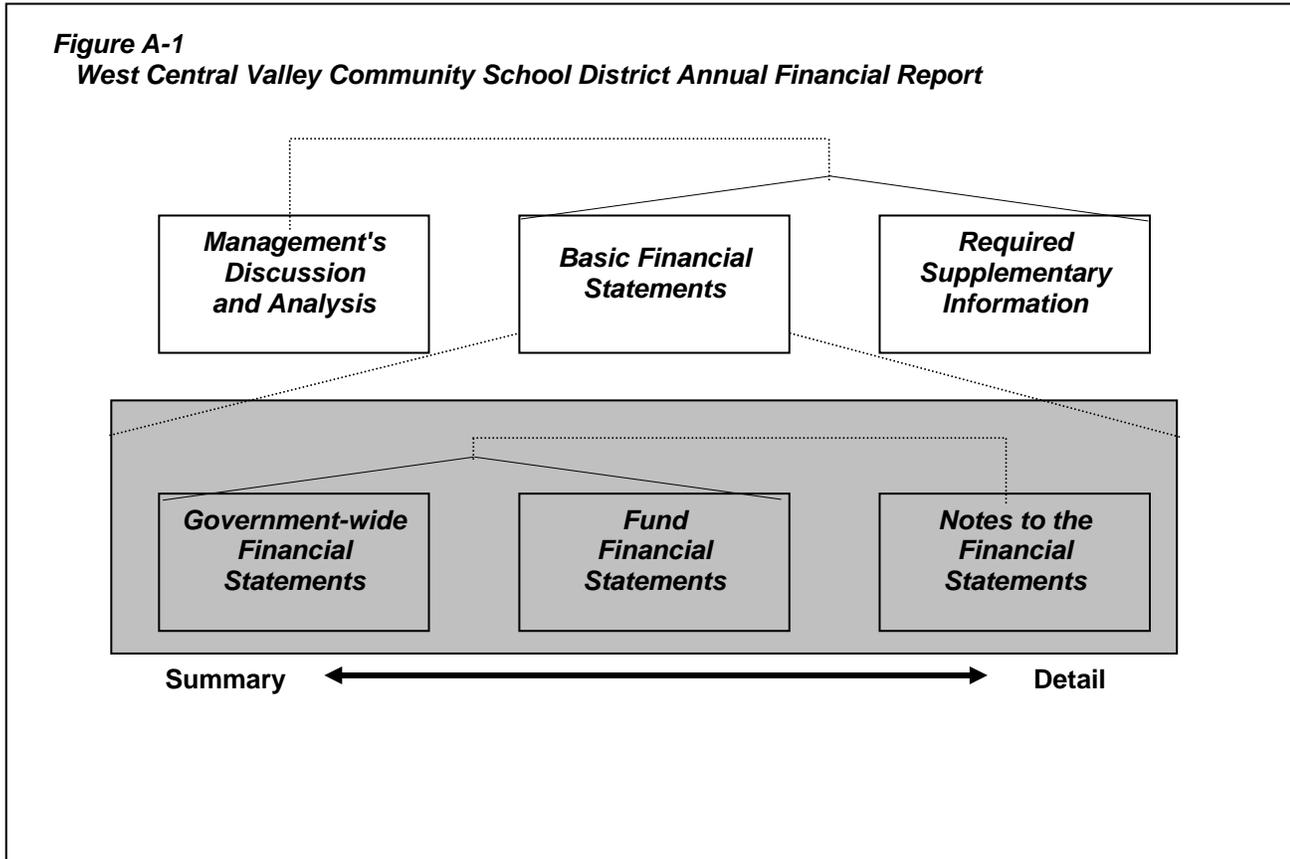


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
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:

*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.

- 1) *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 two Enterprise Fund, the School Nutrition and the Greenhouse Fund.
- 2) The required financial statements for proprietary funds include a statement of net assets, 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 Private-Purpose Trust and Agency Funds.
  - 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 include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations 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, 2009 compared to June 30, 2008.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2008-2009
	Governmental Activities		Business-type Activities		Total School District		
	2009	2008	2009	2008	2009	2008	
	\$	\$	\$	\$	\$	\$	
Current and other assets	23,870,787	7,385,298	23,045	14,434	23,893,832	7,399,732	222%
Capital assets	7,996,444	4,574,206	56,693	67,007	8,053,137	4,641,213	74%
<b>Total assets</b>	<b>31,867,231</b>	<b>11,959,504</b>	<b>79,738</b>	<b>81,441</b>	<b>31,946,969</b>	<b>12,040,945</b>	<b>165%</b>
Long-term liabilities	19,137,219	3,042,762	-	-	19,137,219	3,042,762	529%
Other liabilities	7,282,421	5,756,538	3,147	4,581	7,285,568	5,761,119	26%
<b>Total liabilities</b>	<b>26,419,640</b>	<b>8,799,300</b>	<b>3,147</b>	<b>4,581</b>	<b>26,422,787</b>	<b>8,803,881</b>	<b>200%</b>
Net Assets:							
Invested in capital assets, net of related debt	3,350,069	2,117,776	56,693	67,007	3,406,762	2,184,783	56%
Restricted	1,157,574	935,148	-	-	1,157,574	935,148	24%
Unrestricted	939,948	107,280	19,898	9,853	939,948	117,133	702%
<b>TOTAL NET ASSETS</b>	<b>5,447,591</b>	<b>3,160,204</b>	<b>76,591</b>	<b>76,860</b>	<b>5,524,182</b>	<b>3,237,064</b>	<b>71%</b>

The District's combined total net assets increased by nearly 71%, or approximately \$2,287,118, over the prior year. The largest portion of the District's net assets is 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 approximately \$222,426 or 24% over the prior year.

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 \$822,815, or 702%.

Figure A-4 shows the change in net assets for the years ended June 30, 2009 and 2008.

Figure A-4

	Change in Net Assets						Percentage Change 2008-2009
	Governmental Activities		Business-type Activities		Total School District		
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	
Revenues							
Program Revenues:							
Charges for services	318,937	281,301	177,300	159,191	496,237	440,492	13%
Operating grants & contributions	1,579,131	1,187,052	193,339	176,463	1,772,470	1,363,515	30%
Capital grants & contributions	331,097	-	-	-	331,097	-	100%
General Revenues:							
Property taxes	4,769,930	3,407,739	-	-	4,769,930	3,407,739	40%
Income Surtax	42,962	-	-	-	42,962	-	100%
Statewide sales & services tax	688,754	714,586	-	-	688,754	714,586	-4%
Unrestricted state grants	4,025,584	4,039,463	-	-	4,025,584	4,039,463	-1%
ARRA stabilization	83,892	-	-	-	83,892	-	100%
Unrestricted investment earnings	26,616	-	49	-	26,665	-	100%
Other revenue	15,349	305,659	-	75	15,349	305,734	-95%
<b>Total Revenues</b>	<b>11,882,252</b>	<b>9,935,800</b>	<b>370,688</b>	<b>335,729</b>	<b>12,252,940</b>	<b>10,271,529</b>	<b>19%</b>
Expenses:							
Instruction	6,033,122	6,020,168			6,033,122	6,020,168	<1%
Support services	2,501,518	2,753,488		3,107	2,501,518	2,756,595	-9%
Non-instructional programs		-	389,363	367,569	389,363	367,569	6%
Other expenditures	1,041,819	784,242			1,041,819	784,242	33%
<b>Total expenses</b>	<b>9,576,459</b>	<b>9,557,898</b>	<b>389,363</b>	<b>370,676</b>	<b>9,965,822</b>	<b>9,928,574</b>	<b>1%</b>
<b>Change in net assets before Transfers</b>	<b>2,305,793</b>	<b>377,902</b>	<b>(18,675)</b>	<b>(34,947)</b>	<b>2,287,118</b>	<b>342,955</b>	<b>567%</b>
Transfers	(18,406)	(41,657)	18,406	41,657	-	-	
<b>CHANGE IN NET ASSETS</b>	<b>2,287,387</b>	<b>336,245</b>	<b>(269)</b>	<b>6,710</b>	<b>2,287,118</b>	<b>342,955</b>	<b>567%</b>
Net assets beginning of year	3,160,204	2,823,959	76,860	70,150	3,237,064	2,894,109	12%
Net assets end of year	5,447,591	3,160,204	76,591	76,860	5,524,182	3,237,064	71%

In fiscal year 2009 property tax and unrestricted state grants account for 72% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86% of the total expenses.

As shown in figure A-4, the District as a whole experienced a 19% increase in revenues and a 1% increase in expenses. Property tax increased \$1,362,191 to fund increases in expenses. The increase in revenue is related to increased federal funding and capital projects funds.

### Governmental Activities

Revenues for governmental activities were \$11,882,252 and expenses were \$9,576,459.

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

Figure A-5

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
	\$	\$		\$	\$	
Instruction	6,033,122	6,020,168	<1%	4,521,664	4,877,087	-7%
Support Services Non-instructional Programs	2,501,518	2,753,488	-9%	2,488,303	2,752,366	-10%
Other Expenses	1,041,819	784,242	33%	337,327	460,092	-27%
<b>TOTAL</b>	<b>9,576,459</b>	<b>9,557,898</b>	<b>&lt;1%</b>	<b>7,347,294</b>	<b>8,089,545</b>	<b>-9%</b>

For the year ended June 30, 2009

- The cost financed by users of the District's programs was \$318,937.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,579,131.
- The net cost of governmental activities was financed with \$5,501,646 in property and local other taxes and \$4,025,584 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities were \$370,688 and expenses were \$389,363. The District's business type activities include the School Nutrition Fund and the Greenhouse 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 Valley 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 \$16,408,191, well above last year's ending fund balances of \$1,659,912. However, the primary reason for the increase was the funding held for capital projects yet to be completed.

### Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Increases in revenues were due to the increases in local tax, other local sources, and federal revenues received during the year. Expenditures increased in the instruction and other expenditures functions, but decreased in the support services function. Part of this is due to the increase in salaries and benefits paid out to employees.
- The General Fund balance increased from \$204,531 to \$1,040,818, due to revenues exceeding expenditures.

- The Capital Projects Fund balance increased from \$585,533 to \$14,287,461 due to funding held by the district for capital projects yet to be completed.
- The Debt Service Fund balance increased from \$581,717 to \$640,828. Included in the fund balance at year end is a required reserve of \$303,000 as part of the issuance of the sales tax revenue bonds.

### **Proprietary Fund Highlights**

The District has two proprietary funds, which were noted earlier. The School Nutrition Fund net assets increased from \$73,813 at June 30, 2008 to \$74,100 at June 30, 2009, representing an increase of less than 1%. The Greenhouse Fund balance decreased \$566 due to expenditures exceeding revenues during the year.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$646,396 more than budgeted receipts, a variance of 6%. The most significant variances resulted from the receipt of greater federal funding sources than anticipated, along with special education expenses that decreased from the prior year due to changes in student population served.

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

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2009, the District had invested \$8,053,137, 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 74% 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 \$282,166.

The original cost of the District's capital assets was \$9,338,916. Governmental funds account for \$9,183,210 with the remainder of \$155,706 in the proprietary, School Nutrition Fund.

At June 30, 2009 the District had substantially completed a \$4 million construction project at the middle school and had started construction on high school and elementary projects with an estimated total cost of \$17 million. These projects are being financed with general obligation bonds issued during fiscal year 2009.

Figure A-6

**Capital Assets (net of depreciation)**

	Governmental		Business type		Total		Percentage Change 2008-2009
	Activities		Activities		School District		
	2009	2008	2009	2008	2009	2008	
	\$	\$	\$	\$	\$	\$	
Land	135,991	135,991	-	-	135,991	135,991	0%
Construction in progress	3,025,011	3,468,745	-	-	3,025,011	3,468,745	-13%
Buildings	4,455,034	573,655	-	-	4,455,034	573,655	677%
Improvements	-	-	-	-	-	-	0%
Equipment & furniture	380,408	395,815	56,693	67,007	437,101	462,822	-6%
<b>TOTAL</b>	<b>7,996,444</b>	<b>4,574,206</b>	<b>56,693</b>	<b>67,007</b>	<b>8,053,137</b>	<b>4,641,213</b>	<b>74%</b>

**Long-Term Debt**

At June 30, 2009 the District had long-term debt outstanding of \$18,869,202 in general obligation bonds, revenue bonds, capital leases, compensated absences and early retirement. This represents an increase of approximately 520% 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 School District		Percentage Change 2008-2009
	2009	2008	
	\$	\$	
General obligation bonds	16,225,000	-	100%
Revenue bonds	2,470,000	2,845,000	-13%
Capital leases	51,528	-	100%
Compensated absences	20,414	31,340	-35%
Termination benefits	102,260	166,422	-39%
	<b>18,869,202</b>	<b>3,042,762</b>	<b>520%</b>

**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:

- The District has experienced stable enrollment for a few years; however there was a 24.8 student decrease in the October 2008 enrollment count. There was no definite reason for this fluctuation in enrollment, and the stable trend seen in the past is expected to continue in the future.
- The budget guarantee (whereby Districts are guaranteed 100% of their current budget for the upcoming year) is being phased out over a ten-year period, which began in fiscal year 2005.
- Low allowable growth over several years and enrollment stability is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.

- Continued increases in insurance and health premiums, along with price increases for utilities, gas and other everyday expenditures allows a concern for the District as they try to control spending in the individual funds.

### **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 Symantha Crawford, Business Manager, West Central Valley Community School District, PO Box 550, Stuart, Iowa 50250.

## BASIC FINANCIAL STATEMENTS

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents:			
With fiscal agent	614,359	-	614,359
ISCAP investments	521,602	-	521,602
Other	16,917,558	14,110	16,931,668
Receivables:			
Property tax:			
Delinquent	74,827	-	74,827
Succeeding year	5,154,260	-	5,154,260
Accounts	-	256	256
Accrued interest - ISCAP	4,824	-	4,824
Due from other governments	261,813	-	261,813
Inventories	-	8,679	8,679
Bond issue costs	321,544	-	321,544
Capital assets, net of accumulated depreciation	7,996,444	56,693	8,053,137
<b>Total assets</b>	<b>31,867,231</b>	<b>79,738</b>	<b>31,946,969</b>
<b>Liabilities</b>			
Accounts payable	487,277	-	487,277
Salaries and benefits payable	725,058	-	725,058
Due to other governments	172,116	-	172,116
Accrued interest payable	176,475	-	176,475
Deferred revenue:			
Succeeding year property tax	5,154,260	-	5,154,260
Other	39,844	3,147	42,991
ISCAP warrants payable	515,000	-	515,000
ISCAP accrued interest payable	6,773	-	6,773
ISCAP premium	5,618	-	5,618
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	520,000	-	520,000
Revenue bonds payable	395,000	-	395,000
Capital leases	7,806	-	7,806
Termination benefits	77,967	-	77,967
Compensated absences	20,414	-	20,414
Portion due after one year:			
General obligation bonds payable	15,705,000	-	15,705,000
Revenue bonds payable	2,075,000	-	2,075,000
Bond premium	268,017	-	268,017
Capital leases	43,722	-	43,722
Termination benefits	24,293	-	24,293
<b>Total liabilities</b>	<b>26,419,640</b>	<b>3,147</b>	<b>26,422,787</b>

See notes to financial statements.

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Net assets</b>			
Invested in capital assets, net of related debt	3,350,069	56,693	3,406,762
Restricted for:			
Categorical funding	169,089	-	169,089
Management levy	105,043	-	105,043
Physical plant and equipment levy	55,850	-	55,850
Other special revenue purposes	175,931	-	175,931
Sales tax capital projects	187,308	-	187,308
Debt service	464,353	-	464,353
Unrestricted	939,948	19,898	959,846
<b>Total net assets</b>	<u>5,447,591</u>	<u>76,591</u>	<u>5,524,182</u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2009

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
			<b>Grants, Contributions and Restricted Interest</b>	<b>Contributions and Restricted Interest</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>Governmental activities:</b>				
<b>Instruction:</b>				
Regular	3,948,447	186,709	907,017	-
Special	1,130,039	7,945	156,809	-
Other	954,636	122,768	130,210	-
	<u>6,033,122</u>	<u>317,422</u>	<u>1,194,036</u>	<u>-</u>
<b>Support services:</b>				
Student	108,324	-	-	-
Instructional staff	184,284	-	-	-
Administration	915,961	-	-	-
Operation and maintenance of plant	763,352	-	-	-
Transportation	529,597	1,515	11,700	-
	<u>2,501,518</u>	<u>1,515</u>	<u>11,700</u>	<u>-</u>
<b>Other expenditures:</b>				
Facilities acquisition	29,571	-	-	331,097
Long-term debt interest	550,197	-	29,143	-
AEA flowthrough	344,252	-	344,252	-
Depreciation (unallocated)*	117,799	-	-	-
	<u>1,041,819</u>	<u>-</u>	<u>373,395</u>	<u>331,097</u>
<b>Total governmental activities</b>	<u>9,576,459</u>	<u>318,937</u>	<u>1,579,131</u>	<u>331,097</u>
<b>Business type activities:</b>				
<b>Non-instructional programs:</b>				
Food service operations	388,453	176,946	193,339	-
Greenhouse	910	354	-	-
<b>Total business-type activities</b>	<u>389,363</u>	<u>177,300</u>	<u>193,339</u>	<u>-</u>
<b>Total</b>	<u>9,965,822</u>	<u>496,237</u>	<u>1,772,470</u>	<u>331,097</u>

**General Revenues:**

Property taxes levied for:  
  General purposes  
  Debt service  
  Capital outlay  
Income surtax  
Statewide sales and service tax  
Unrestricted state grants  
ARRA stabilization  
Unrestricted investment earnings  
Other

Total general revenues

## Transfers

Total general revenues and transfers

**Change in net assets**

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(2,854,721)	-	(2,854,721)
(965,285)	-	(965,285)
(701,658)	-	(701,658)
<u>(4,521,664)</u>	<u>-</u>	<u>(4,521,664)</u>
(108,324)	-	(108,324)
(184,284)	-	(184,284)
(915,961)	-	(915,961)
(763,352)	-	(763,352)
(516,382)	-	(516,382)
<u>(2,488,303)</u>	<u>-</u>	<u>(2,488,303)</u>
301,526	-	301,526
(521,054)	-	(521,054)
-	-	-
(117,799)	-	(117,799)
<u>(337,327)</u>	<u>-</u>	<u>(337,327)</u>
<u>(7,347,294)</u>	<u>-</u>	<u>(7,347,294)</u>
-	(18,168)	(18,168)
-	(556)	(556)
-	(18,724)	(18,724)
<u>(7,347,294)</u>	<u>(18,724)</u>	<u>(7,366,018)</u>
3,621,500	-	3,621,500
1,054,373	-	1,054,373
94,057	-	94,057
42,962	-	42,962
688,754	-	688,754
4,025,584	-	4,025,584
83,892	-	83,892
26,616	49	26,665
15,349	-	15,349
<u>9,653,087</u>	<u>49</u>	<u>9,653,136</u>
(18,406)	18,406	-
<u>9,634,681</u>	<u>18,455</u>	<u>9,653,136</u>
2,287,387	(269)	2,287,118
<u>3,160,204</u>	<u>76,860</u>	<u>3,237,064</u>
<u>5,447,591</u>	<u>76,591</u>	<u>5,524,182</u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2009

	General Fund	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash and pooled investments:					
With fiscal agent	-	-	614,359	-	614,359
ISCAP investments	521,602	-	-	-	521,602
Other	1,860,076	14,611,904	9,712	435,866	16,917,558
Receivables:					
Property tax:					
Delinquent	52,986	-	16,757	5,084	74,827
Succeeding year	3,582,901	-	1,247,036	324,323	5,154,260
Accrued interest - ISCAP	4,824	-	-	-	4,824
Due from other governments	127,546	134,267	-	-	261,813
<b>Total assets</b>	<b>6,149,935</b>	<b>14,746,171</b>	<b>1,887,864</b>	<b>765,273</b>	<b>23,549,243</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	26,701	458,710	-	1,866	487,277
Salaries and benefits payable	725,058	-	-	-	725,058
Due to other governments	172,116	-	-	-	172,116
ISCAP warrants payable	515,000	-	-	-	515,000
ISCAP accrued interest payable	6,773	-	-	-	6,773
ISCAP premium	5,618	-	-	-	5,618
Deferred revenue:					
Succeeding year property tax	3,582,901	-	1,247,036	324,323	5,154,260
Income surtax	35,106	-	-	-	35,106
Other	39,844	-	-	-	39,844
Total liabilities	<u>5,109,117</u>	<u>458,710</u>	<u>1,247,036</u>	<u>326,189</u>	<u>7,141,052</u>
Fund balances:					
Reserved for:					
Categorical funding	169,089	-	-	-	169,089
Capital projects	-	14,100,153	-	-	14,100,153
Debt service	-	-	640,828	-	640,828
Unreserved reported in:					
General fund	871,729	-	-	-	871,729
Special revenue funds	-	-	-	439,084	439,084
Capital projects funds	-	187,308	-	-	187,308
Total fund balances	<u>1,040,818</u>	<u>14,287,461</u>	<u>640,828</u>	<u>439,084</u>	<u>16,408,191</u>
<b>Total liabilities and fund balances</b>	<b>6,149,935</b>	<b>14,746,171</b>	<b>1,887,864</b>	<b>765,273</b>	<b>23,549,243</b>

See notes to financial statements.

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2009

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	16,408,191
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,996,444
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	35,106
Bond issue costs are reported as an asset in the statement of net assets and are amortized over the life of the bonds.	321,544
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.	(176,475)
Long-term liabilities, including bonds payable, bond premium, capital leases, termination benefits and compensated absences, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(19,137,219)</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>5,447,591</u></u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General Fund	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	3,431,588	688,754	1,054,373	323,814	5,498,529
Tuition	124,188	-	-	-	124,188
Other	130,285	231,097	29,143	242,815	633,340
State sources	5,214,600	-	-	-	5,214,600
Federal sources	408,478	-	-	-	408,478
Total revenues	<u>9,309,139</u>	<u>919,851</u>	<u>1,083,516</u>	<u>566,629</u>	<u>11,879,135</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,846,109	-	-	145,539	3,991,648
Special	1,129,446	-	-	-	1,129,446
Other	823,062	-	-	122,035	945,097
	<u>5,798,617</u>	<u>-</u>	<u>-</u>	<u>267,574</u>	<u>6,066,191</u>
Support services:					
Student	108,324	-	-	-	108,324
Instructional staff	165,103	-	-	-	165,103
Administration	909,002	-	-	51,528	960,530
Operation and maintenance of plant	709,044	-	-	50,210	759,254
Transportation	420,104	-	-	97,892	517,996
	<u>2,311,577</u>	<u>-</u>	<u>-</u>	<u>199,630</u>	<u>2,511,207</u>
Other expenditures:					
Facilities acquisition	-	3,585,015	-	-	3,585,015
Long-term debt:					
Principal	-	-	1,100,000	-	1,100,000
Interest and fiscal charges	-	-	450,969	-	450,969
Bond issue costs	-	338,467	-	-	338,467
AEA flowthrough	344,252	-	-	-	344,252
	<u>344,252</u>	<u>3,923,482</u>	<u>1,550,969</u>	<u>-</u>	<u>5,818,703</u>
Total expenditures	<u>8,454,446</u>	<u>3,923,482</u>	<u>1,550,969</u>	<u>467,204</u>	<u>14,396,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>854,693</u>	<u>(3,003,631)</u>	<u>(467,453)</u>	<u>99,425</u>	<u>(2,516,966)</u>
Other financing sources (uses):					
Proceeds from capital lease	-	-	-	51,528	51,528
Bonds issued	-	16,950,000	-	-	16,950,000
Bond premium	-	282,123	-	-	282,123
Operating transfers in	-	-	526,564	-	526,564
Operating transfers out	(18,406)	(526,564)	-	-	(544,970)
Total other financing sources (uses)	<u>(18,406)</u>	<u>16,705,559</u>	<u>526,564</u>	<u>51,528</u>	<u>17,265,245</u>
Net change in fund balances	836,287	13,701,928	59,111	150,953	14,748,279
Fund balances beginning of year	<u>204,531</u>	<u>585,533</u>	<u>581,717</u>	<u>288,131</u>	<u>1,659,912</u>
Fund balances end of year	<u>1,040,818</u>	<u>14,287,461</u>	<u>640,828</u>	<u>439,084</u>	<u>16,408,191</u>

## WEST CENTRAL VALLEY 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, 2009

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		14,748,279
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities 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	3,694,090	
Depreciation expense	<u>(271,852)</u>	3,422,238
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		3,117
Bond issue costs are reported as an expense in the governmental fund financial statements, but are capitalized and amortized over the life of the bonds in the government-wide financial statements.		321,544
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		1,100,000
Bond premiums are reported as income in the governmental funds, but are amortized over the life of the bonds in the government-wide financial statements.		(268,017)
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.		(113,334)
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:		
Termination benefits	64,162	
Compensated absences	<u>10,926</u>	75,088
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.		<u>(17,001,528)</u>
<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>2,287,387</u></u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2009

	Nonmajor Enterprise Funds
	<u>\$</u>
<b>Assets</b>	
Cash and cash equivalents	14,110
Accounts receivable	256
Inventories	8,679
Capital assets, net of accumulated depreciation	<u>56,693</u>
<b>Total assets</b>	<u>79,738</u>
<b>Liabilities</b>	
Deferred revenue	<u>3,147</u>
<b>Net assets</b>	
Invested in capital assets	56,693
Unrestricted	<u>19,898</u>
<b>Total net assets</b>	<u><u>76,591</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2009

	Nonmajor Enterprise Funds
	\$
Operating revenue:	
Local sources:	
Charges for service	177,300
Non-instructional programs:	
Salaries	153,002
Benefits	26,828
Purchased services	3,191
Supplies	195,361
Depreciation	10,314
Other	667
	389,363
Operating gain (loss)	(212,063)
Non-operating revenue:	
State sources	4,498
Federal sources	188,841
Interest income	49
Total non-operating revenue	193,388
Gain (loss) before transfers	(18,675)
Transfers in	18,406
Change in net assets	(269)
Net assets beginning of year	76,860
Net assets end of year	76,591

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2009

	Nonmajor Enterprise Funds
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	176,075
Cash received from greenhouse sales	354
Cash payments to employees for services	(185,286)
Cash payments to suppliers for goods or services	(174,268)
Net cash provided by (used by) operating activities	<u>(183,125)</u>
Cash flows from non-capital financing activities:	
Transfer from General Fund	18,406
State grants received	4,498
Federal grants received	164,319
Net cash provided by non-capital financing activities	<u>187,223</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>49</u>
Net increase (decrease) in cash and cash equivalents	4,147
Cash and cash equivalents at beginning of year	<u>9,963</u>
Cash and cash equivalents at end of year	<u><u>14,110</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(212,063)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	24,522
Depreciation	10,314
Decrease (increase) in inventories	749
Decrease (increase) in accounts receivable	243
(Decrease) increase in accounts payable	(320)
(Decrease) increase in salaries and benefits payable	(5,456)
(Decrease) increase in deferred revenue	(1,114)
Net cash used by operating activities	<u><u>(183,125)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2009, the District received \$24,522 of federal commodities.

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2009

	Private Purpose Trust Scholarship
	<u>\$</u>
<b>Assets</b>	
Cash and pooled investments	207,020
<b>Liabilities</b>	
	<u>-</u>
<b>Net Assets</b>	
Reserved for scholarships	<u><u>207,020</u></u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trust Scholarship
	<u>\$</u>
Additions:	
Local sources:	
Interest	5,644
Deductions:	
Support services:	
Scholarships awarded	<u>16,500</u>
Change in net assets	(10,856)
Net assets beginning of year	<u>217,876</u>
Net assets end of year	<u><u>207,020</u></u>

# WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2009

### 1. Summary of Significant Accounting Policies

West Central Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Stuart, Menlo, Dexter and Redfield, Iowa and the predominately agricultural territory in a portion of Adair, Dallas and Guthrie Counties. 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 Valley Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The West Central Valley Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Adair, Dallas and Guthrie County Assessor's Conference Boards.

#### B. Basis of Presentation

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

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

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt 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 not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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 Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District's proprietary funds are the Enterprise, School Nutrition Fund and Enterprise, Greenhouse Fund. The School Nutrition Fund is used to account for the food service operations of the District and the Greenhouse Fund is used to account for the greenhouse sales and expenses.

The District also reports a fiduciary fund, which focuses on net assets and changes in net assets. The District's fiduciary fund includes 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 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 judgements, 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 fund of the District applies 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 financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For 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 became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008, through June 30, 2009, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	500
Buildings	500
Improvements other than buildings	500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-12 years

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

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 represent 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 receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have taken vacation. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, the District did not exceed the published budget.

## 2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 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.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
	\$
Diversified Portfolio	14,547,696

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

	Fair Value
	\$
Goldman Sachs Financial Square Government Funds #465	614,359

Credit risk: The investments in the Iowa Schools Joint Investment Trust and Goldman Sachs Financial Square Government Funds were rated Aaa by Moody's Investors Service.

### 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer To	Transfer From	Amount
		\$
Nonmajor Enterprise: School Nutrition Fund	General Fund	18,406
Debt Service Fund	Capital Projects Fund	526,564

These transfers moved revenues from the funds statutorily required to collect the resources to the funds 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. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2008-09B	1/21/09	1/21/10	521,602	4,824	515,000	6,773

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 the warrant

proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009, is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	-	-	-

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
	%	%
2008-09B	3.000	2.110

## 5. Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Construction in progress	3,468,745	3,555,444	3,999,178	3,025,011
Land	135,991	-	-	135,991
Total capital assets not being depr.	<u>3,604,736</u>	<u>3,555,444</u>	<u>3,999,178</u>	<u>3,161,002</u>
Capital assets being depreciated:				
Buildings	3,600,732	3,999,178	-	7,599,910
Furniture and equipment	1,977,742	138,646	67,167	2,049,221
Total capital assets being deprec.	<u>5,578,474</u>	<u>4,137,824</u>	<u>67,167</u>	<u>9,649,131</u>
Less accumulated depreciation for:				
Buildings	3,027,077	117,799	-	3,144,876
Furniture and equipment	1,581,927	154,053	67,167	1,668,813
Total accumulated depreciation	<u>4,609,004</u>	<u>271,852</u>	<u>67,167</u>	<u>4,813,689</u>
Total capital assets being depreciated, net	<u>969,470</u>	<u>3,865,972</u>	<u>-</u>	<u>4,835,442</u>
Governmental activities capital assets, net	<u>4,574,206</u>	<u>7,421,416</u>	<u>3,999,178</u>	<u>7,996,444</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	155,706	-	4,550	151,156
Less accumulated depreciation	<u>88,699</u>	<u>10,314</u>	<u>4,550</u>	<u>94,463</u>
 Business type activities capital assets, net	 <u>67,007</u>	 <u>(10,314)</u>	 <u>-</u>	 <u>56,693</u>

Depreciation expense was charged to the following functions:

	Amount
	\$
Governmental activities:	
Instruction:	
Regular	25,925
Special	593
Other	9,539
Support services:	
Instructional staff services	19,181
Administration services	962
Operation and maintenance of plant services	4,098
Transportation	<u>93,755</u>
	154,053
Unallocated depreciation	<u>117,799</u>
 Total depreciation expense – governmental activities	 <u>271,852</u>
 Business type activities:	
Food services	<u>10,314</u>

## 6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	-	16,950,000	725,000	16,225,000	520,000
Revenue bonds	2,845,000	-	375,000	2,470,000	395,000
Capital Leases	-	51,528	-	51,528	7,806
Compensated absences	31,340	-	10,926	20,414	20,414
Termination benefits	<u>166,422</u>	<u>-</u>	<u>64,162</u>	<u>102,260</u>	<u>77,967</u>
 Total	 <u>3,042,762</u>	 <u>17,001,528</u>	 <u>1,175,088</u>	 <u>18,869,202</u>	 <u>1,021,187</u>

### Termination Benefits

The District offered a voluntary early retirement plan to its certified employees in a prior year. Eligible employees must be at least age fifty-five and must have completed fifteen years of service, ten of which must be continuous years, to the District. Employees must complete an application which is

subject to approval by the Board of Education. Early retirement incentives for each eligible employee were equal to subtracting the current base pay from the current salary.

At June 30, 2009, the District has obligations to five participants with a total liability of \$102,260. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$64,162.

General Obligation Bonds

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Bond Issue of July, 2008				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2010	4.375	230,000	406,254	636,254
2011	4.375	255,000	396,192	651,192
2012	4.375	365,000	385,035	750,035
2013	4.375	385,000	369,067	754,067
2014	4.375	400,000	352,223	752,223
2015-2019	4.375	2,260,000	1,483,958	3,743,958
2020-2024	4.375	2,780,000	946,490	3,726,490
2025-2028	4.375-4.450	2,600,000	286,922	2,886,922
		9,275,000	4,626,141	13,901,141

Bond Issue of May, 2009				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2010	5.00	290,000	319,283	609,283
2011	5.00	290,000	304,783	594,783
2012	5.00	205,000	290,283	495,283
2013	4.60	215,000	280,033	495,033
2014	4.60	225,000	270,143	495,143
2015-2019	4.60-4.05	1,290,000	1,185,935	2,475,935
2020-2024	4.15-4.45	1,600,000	883,058	2,483,058
2025-2029	4.50-4.80	2,835,000	488,137	3,323,137
		6,950,000	4,021,655	10,971,655

Revenue Bonds Payable

Details of the District's June 30, 2009 local option (statewide) sales and services tax revenue bonded indebtedness are as follows:

Bond Issue of August, 2006				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2010	4.20-4.30	395,000	106,623	501,623
2011	4.30-4.40	410,000	89,628	499,628
2012	4.40-4.50	430,000	71,468	501,468
2013	4.50-4.60	450,000	51,998	501,998
2014	4.60-4.65	425,000	31,178	456,178
2015-2016	4.65-4.70	360,000	14,050	374,050
		2,470,000	364,945	2,834,945

The District has pledged future local option (statewide) sales and services tax revenues to repay the \$3,030,000 bonds issued in August, 2006. The bonds were issued for the purpose of financing a portion of the costs of school infrastructure. The bonds are payable solely from the proceeds of the local options (statewide) sales and services tax revenues received by the District and are payable through 2016. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 73% of the local option (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$2,834,945. For the current year, \$375,000 of principal and \$122,490 of interest was paid on the bonds and total statewide sales and services tax revenues were \$688,754.

The resolution providing for the issuance of the local option sales and services revenue bonds include the following provisions:

- The District is required to establish a Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. There currently is a Reserve Account of \$303,000 on deposit with a fiscal agent.
- All proceeds from the local option (statewide) sales and services tax shall be placed in a Revenue Account.
- Monies in the revenue account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Leases

The District has leased 5 copy machines under a capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2009.

	Year Ending June 30,	Amount
		\$
	2010	12,000
	2011	12,000
	2012	12,000
	2013	12,000
	2014	12,000
Minimum Lease Payments		60,000
Less Amount Representing Interest		8,472
Present Value of Minimum Lease Payments		51,528

**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 that 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 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$313,973, \$301,030, and \$284,753 respectively, equal to the required contributions for each year.

#### **8. Risk Management**

West Central Valley 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 \$344,252 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

#### **10. Construction Commitment**

The District has entered into contracts totaling \$11,423,484 for elementary and high school construction. As of June 30, 2009 costs of \$2,166,293 had been incurred against the contracts. The balances remaining at June 30, 2009 will be paid as work on the project progresses.

REQUIRED SUPPLEMENTARY INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	6,256,057	177,349	6,433,406	6,129,993	6,129,993	303,413
State sources	5,214,600	4,498	5,219,098	5,121,434	5,121,434	97,664
Federal sources	408,478	188,841	597,319	352,000	352,000	245,319
Total revenues	<u>11,879,135</u>	<u>370,688</u>	<u>12,249,823</u>	<u>11,603,427</u>	<u>11,603,427</u>	<u>646,396</u>
Expenditures/Expenses:						
Instruction	6,066,191	-	6,066,191	6,309,221	6,309,221	243,030
Support services	2,511,207	-	2,511,207	3,855,037	3,855,037	1,343,830
Non-instructional programs	-	389,363	389,363	424,257	424,257	34,894
Other expenditures	5,818,703	-	5,818,703	20,134,458	20,134,458	14,315,755
Total expenditures/expenses	<u>14,396,101</u>	<u>389,363</u>	<u>14,785,464</u>	<u>30,722,973</u>	<u>30,722,973</u>	<u>15,937,509</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(2,516,966)	(18,675)	(2,535,641)	(19,119,546)	(19,119,546)	16,583,905
Other financing sources (uses) net	<u>17,265,245</u>	<u>18,406</u>	<u>17,283,651</u>	<u>16,951,000</u>	<u>16,951,000</u>	<u>332,651</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	14,748,279	(269)	14,748,010	(2,168,546)	(2,168,546)	16,916,556
Balance beginning of year	<u>1,659,912</u>	<u>76,860</u>	<u>1,736,772</u>	<u>2,067,159</u>	<u>2,067,159</u>	<u>(330,387)</u>
Balance end of year	<u>16,408,191</u>	<u>76,591</u>	<u>16,484,782</u>	<u>(101,387)</u>	<u>(101,387)</u>	<u>16,586,169</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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 Internal Service, Private Purpose Trust and Agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

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

OTHER SUPPLEMENTARY INFORMATION

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2009

Assets	Special Revenue Funds				Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	District Support Trust Fund	
	\$	\$	\$	\$	
Cash and pooled investments	204,751	39,345	54,355	137,415	435,866
Receivables:					
Property tax:					
Delinquent	3,589	-	1,495	-	5,084
Succeeding year	230,000	-	94,323	-	324,323
<b>Total assets</b>	<b>438,340</b>	<b>39,345</b>	<b>150,173</b>	<b>137,415</b>	<b>765,273</b>
<b>Liabilities &amp; Fund Balances</b>					
Liabilities:					
Accounts payable	1,037	829	-	-	1,866
Deferred revenue:					
Succeeding year property tax	230,000	-	94,323	-	324,323
Total liabilities	231,037	829	94,323	-	326,189
Fund balances:					
Unreserved reported in:					
Special revenue funds	207,303	38,516	55,850	137,415	439,084
<b>Total liabilities and fund balances</b>	<b>438,340</b>	<b>39,345</b>	<b>150,173</b>	<b>137,415</b>	<b>765,273</b>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2009

	Special Revenue Funds				Total
	Management	Student	Physical	District	
	Levy	Activity	Plant and	Support	
	Fund	Equipment	Trust Fund		
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	229,757	-	94,057	-	323,814
Other	16,900	119,667	507	105,741	242,815
Total revenues	<u>246,657</u>	<u>119,667</u>	<u>94,564</u>	<u>105,741</u>	<u>566,629</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	145,539	-	-	-	145,539
Other instruction	-	122,035	-	-	122,035
Support services:					
Administration services	-	-	51,528	-	51,528
Operation and maintenance of plant services	47,611	-	2,599	-	50,210
Transportation services	13,862	-	84,030	-	97,892
Total expenditures	<u>207,012</u>	<u>122,035</u>	<u>138,157</u>	<u>-</u>	<u>467,204</u>
Excess (deficiency) of revenues over (under) expenditures	39,645	(2,368)	(43,593)	105,741	99,425
Other financing sources (uses):					
Proceeds from capital lease	-	-	51,528	-	51,528
Net change in fund balances	39,645	(2,368)	7,935	105,741	150,953
Fund balances beginning of year	<u>167,658</u>	<u>40,884</u>	<u>47,915</u>	<u>31,674</u>	<u>288,131</u>
Fund balances end of year	<u><u>207,303</u></u>	<u><u>38,516</u></u>	<u><u>55,850</u></u>	<u><u>137,415</u></u>	<u><u>439,084</u></u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Net Assets  
Nonmajor Enterprise Funds

June 30, 2009

	Enterprise Funds		
	School Nutrition	Greenhouse	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents	11,619	2,491	14,110
Accounts receivable	256	-	256
Inventories	8,679	-	8,679
Capital assets, net of accumulated depreciation	56,693	-	56,693
<b>Total assets</b>	<u>77,247</u>	<u>2,491</u>	<u>79,738</u>
<b>Liabilities</b>			
Deferred revenue	3,147	-	3,147
<b>Net assets</b>			
Invested in capital assets	56,693	-	56,693
Unrestricted	17,407	2,491	19,898
<b>Total net assets</b>	<u>74,100</u>	<u>2,491</u>	<u>76,591</u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Enterprise Funds

Year ended June 30, 2009

	Enterprise Funds		
	School Nutrition	Greenhouse	Total
	\$	\$	\$
Operating revenue:			
Local sources:			
Charges for service	176,946	354	177,300
Operating expenses:			
Non-instructional programs:			
Salaries	153,002	-	153,002
Benefits	26,828	-	26,828
Purchased services	3,191	-	3,191
Supplies	194,451	910	195,361
Depreciation	10,314	-	10,314
Other	667	-	667
Total operating expenses	388,453	910	389,363
Operating gain (loss)	(211,507)	(556)	(212,063)
Non-operating revenue:			
State sources	4,498	-	4,498
Federal sources	188,841	-	188,841
Interest income	49	-	49
Total non-operating revenue	193,388	-	193,388
Gain (loss) before transfers	(18,119)	(556)	(18,675)
Transfers in	18,406	-	18,406
Change in net assets	287	(556)	(269)
Net assets beginning of year	73,813	3,047	76,860
Net assets end of year	74,100	2,491	76,591

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Cash Flows  
Nonmajor Enterprise Funds

Year ended June 30, 2009

	Enterprise Funds		
	School Nutrition	Greenhouse	Total
	\$	\$	\$
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	176,075	-	176,075
Cash received from greenhouse sales	-	354	354
Cash payments to employees for services	(185,286)	-	(185,286)
Cash payments to suppliers for goods or services	(173,358)	(910)	(174,268)
Net cash used by operating activities	<u>(182,569)</u>	<u>(556)</u>	<u>(183,125)</u>
Cash flows from non-capital financing activities:			
Transfer from General Fund	18,406	-	18,406
State grants received	4,498	-	4,498
Federal grants received	164,319	-	164,319
Net cash provided by non-capital financing activities	<u>187,223</u>	<u>-</u>	<u>187,223</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	49	-	49
Net increase (decrease) in cash and cash equivalents	4,703	(556)	4,147
Cash and cash equivalents at beginning of year	<u>6,916</u>	<u>3,047</u>	<u>9,963</u>
Cash and cash equivalents at end of year	<u>11,619</u>	<u>2,491</u>	<u>14,110</u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>			
Operating gain (loss)	(211,507)	(556)	(212,063)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:			
Commodities used	24,522	-	24,522
Depreciation	10,314	-	10,314
Decrease (increase) in inventories	749	-	749
Decrease (increase) in accounts receivable	243	-	243
(Decrease) increase in accounts payable	(320)	-	(320)
(Decrease) increase in salaries and benefits payable	(5,456)	-	(5,456)
(Decrease) increase in deferred revenue	(1,114)	-	(1,114)
Net cash used by operating activities	<u>(182,569)</u>	<u>(556)</u>	<u>(183,125)</u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra-fund Transfers</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$	\$
Interest	904	143	-	(1,008)	39
Athletics	8,322	72,425	74,266	2,123	8,604
Archery	134	-	131	(3)	-
Play	4,741	865	1,654	67	4,019
Musicals	3,442	4,239	2,407	67	5,341
Cheerleading	873	2,361	3,215	67	86
Class of 2006	-	251	-	(251)	-
Class of 2008	1,799	-	-	(1,799)	-
Class of 2009	3,421	-	3,098	67	390
Class of 2010	984	12,108	8,960	67	4,199
Class of 2011	430	1,021	50	67	1,468
Class of 2012	-	400	-	67	467
FFA	7,226	10,935	14,829	67	3,399
FCCLA	1,625	319	38	67	1,973
Flag/drill team	2,088	1,114	1,010	67	2,259
HS student council	935	619	768	67	853
MS student council	2,769	4,338	5,636	67	1,538
HS yearbook	1,015	6,558	4,903	67	2,737
MS yearbook	176	1,971	1,070	67	1,144
	<u>40,884</u>	<u>119,667</u>	<u>122,035</u>	<u>-</u>	<u>38,516</u>
Total	<u>40,884</u>	<u>119,667</u>	<u>122,035</u>	<u>-</u>	<u>38,516</u>

## WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Fund Types

For the Last Six Years

	Modified Accrual Basis					
	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	5,498,529	4,120,801	3,988,719	3,522,895	3,185,464	2,941,388
Tuition	124,188	128,581	147,461	121,872	123,119	92,374
Other	633,340	458,015	458,195	307,626	250,325	249,459
Intermediate sources	-	364	-	-	-	740
State sources	5,214,600	4,921,040	4,651,132	4,341,906	4,155,901	3,716,899
Federal sources	408,478	305,475	202,315	213,143	277,456	172,395
Total revenues	<u>11,879,135</u>	<u>9,934,276</u>	<u>9,447,822</u>	<u>8,507,442</u>	<u>7,992,265</u>	<u>7,173,255</u>
Expenditures:						
Instruction:						
Regular instruction	3,991,648	3,792,635	3,882,469	3,329,571	3,242,719	3,128,480
Special instruction	1,129,446	1,332,997	1,251,808	1,107,176	1,103,568	1,161,434
Other instruction	945,097	777,642	637,728	828,574	717,999	559,955
Support services:						
Student services	108,324	144,488	139,957	102,442	105,987	118,304
Instructional staff services	165,103	200,167	171,850	163,859	221,747	232,589
Administration services	960,530	906,492	838,715	984,124	865,928	876,788
Operation and maintenance	759,254	930,697	999,165	746,436	863,258	719,670
Transportation services	517,996	453,837	500,425	655,752	474,238	513,264
Non-instructional programs	-	-	-	-	103,676	54,917
Other expenditures:						
Facilities acquisition	3,585,015	1,392,767	2,309,150	598,634	456	146,395
Long-term debt:						
Principal	1,100,000	185,000	62,000	-	82,000	60,000
Interest and other charges	450,969	134,618	69,768	-	5,045	6,689
Bond issue costs	338,467	-	-	-	-	-
AEA flowthrough	344,252	324,150	306,198	285,713	274,845	267,733
Total expenditures	<u>14,396,101</u>	<u>10,575,490</u>	<u>11,169,233</u>	<u>8,802,281</u>	<u>8,061,466</u>	<u>7,846,218</u>

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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 Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 29, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Central Valley 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 West Central Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Central Valley 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

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 Central Valley Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of West Central Valley Community School District's financial statements that is more than inconsequential will not be prevented or detected by West Central Valley Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses to be significant deficiencies 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 Central Valley 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, of the significant deficiencies described above, we believe items 09-I-A, 09-I-B, 09-I-C, and 09-I-D are material weaknesses.

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 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 Central Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. While we have expressed our conclusions on the District's responses, we did not audit West Central Valley 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 Central Valley Community School District and other parties to whom West Central Valley Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

April 29, 2010

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2009

Part I: Findings Related to the Financial Statements:

Significant Deficiencies:

09-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important that District officials are aware that the condition exists.

Recommendation: We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures and investigate methods to increase monitoring activities 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.

09-I-B Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The board secretary, the other co-signer or the checks has access to the stamp. This practice negates the internal control procedure established by requiring two signatures on a check

Recommendation: We recommend that this practice cease. The board may designate a person other than the board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

09-I-C Supporting Documentation: We noted \$450 of credit card payments that were not supported by invoices or receipts.

Recommendation: The District should receive detailed documentation for all credit card charges and then reconcile the documentation to the credit card statements each month.

District Response: We will review our policies and make any necessary adjustments.

Conclusion: Response accepted.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2009

Part I: Findings Related to the Financial Statements (continued):

09-I-D Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

- 09-II-A Certified Budget: Expenditures for the year ended June 30, 2009 did not exceed the amounts budgeted.
- 09-II-B 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.
- 09-II-C Travel Expenses: 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.
- 09-II-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u> \$
Harry Light, board president, co-owner of a trucking company	Driveway rock	284
Jeff Baker, board member, coach	Coaching	1,644
Wayne Gilman, board member, coach, substitute teacher	Coaching and teaching	2,420

The transactions do not appear to represent a conflict of interest since the dollar amounts were less than \$2,500. Wayne Gilman resigned from the Board before his wages reached \$2,500.

Recommendation: Business with District officials is not a conflict of interest if bids are taken or total amount is less than \$2,500. The District should consult legal council prior the entering into contracts or purchasing items from board members.

District Response: We will consult with our attorney when necessary.

Conclusion: Response accepted.

- 09-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 09-II-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.
- 09-II-G Certified Enrollment: The number of basic resident students reported to the Iowa Department of Education on Line 7 of the Certified Enrollment Certification Form for October 2008, was overstated by one student, a foreign exchange student was incorrectly included. Also the calculation for supplemental weighting included two open-enrollment in students.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

Recommendation: The District should review its procedures for compiling the lists of students for certified enrollment.

District Response: The Iowa Department of Education changed the procedures for the electronic filing of the October 2009 certified enrollment. These changes should prevent these types of errors in the future.

Conclusion: Response accepted.

09-II-H Deposits and Investments: No instances of noncompliance 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.

09-II-I Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.

09-II-J Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

According to proposed administrative rules, "Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting." We noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation: All categorical funding expenditures should be posted to the correct expenditure accounts as the expenditures are incurred.

Response: We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion: Response accepted.

09-II-K Statewide Sales and Services Tax: No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2009

Part II: Other Findings Related to Statutory Reporting (continued):

Beginning balance	\$	\$	-
Statewide sales and services tax revenue			688,754
Expenditures/transfers out:			
School infrastructure:			
Buildings and building improvements	162,190		
Debt service for school infrastructure:			
Revenue debt	<u>526,564</u>	<u>688,754</u>	
Ending balance			<u>-</u>