

West Central Community School District

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

June 30, 2010

Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor’s Report		2-3
Management’s Discussion and Analysis		4-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14-15
Governmental Fund Financial Statements:		
Balance Sheet	C	16
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets	D	17
Statement of Revenues, Expenditures and Changes in Fund Balances	E	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds to the Statement of Activities	F	19
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	20
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	21
Statement of Cash Flows	I	22
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	23
Statement of Changes in Fiduciary Net Assets	K	24
Notes to Financial Statements		25-33
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenue, Expenditures/Expenses And Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Funds		34
Notes to Required Supplementary Information- Budgetary Reporting		35
Schedule of Funding Progress for the Retiree Health Plan		36
Other Supplementary Information:	<u>Schedule</u>	
Non-major Funds:		
Combining Balance Sheet	1	37
Combining Schedule of Revenues, Expenditures and Changes In Fund Balances	2	38
Schedule of Changes in Special Revenue Fund-Student Activity Accounts	3	39
Schedule of Revenues by Source and Expenditures by Function- All Governmental Funds	4	40
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		41-42
Schedule of Findings		43-45

Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District, Maynard, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 22, 2010 on my consideration of West Central Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Keith Oltrogge CPA". The signature is stylized and cursive.

Keith Oltrogge
Certified Public Accountant

December 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,122,812 in fiscal 2009 to \$2,799,772 in fiscal 2010, while General Fund expenditures increased from \$2,897,932 in fiscal 2009 to \$2,942,356 in fiscal 2010. The District's General Fund balance decreased from \$975,983 in fiscal year 2009 to \$833,399 in fiscal year 2010, a 14.6% decrease.
- The decrease in General Fund revenues was attributable to a decrease in state grant revenue in fiscal year 2010. The increase in expenditures was due primarily to an increase in the spending in support services.
- The District's solvency ratio has decreased from 32.3% at June 30, 2009 to 26.0% at June 30, 2010. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

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

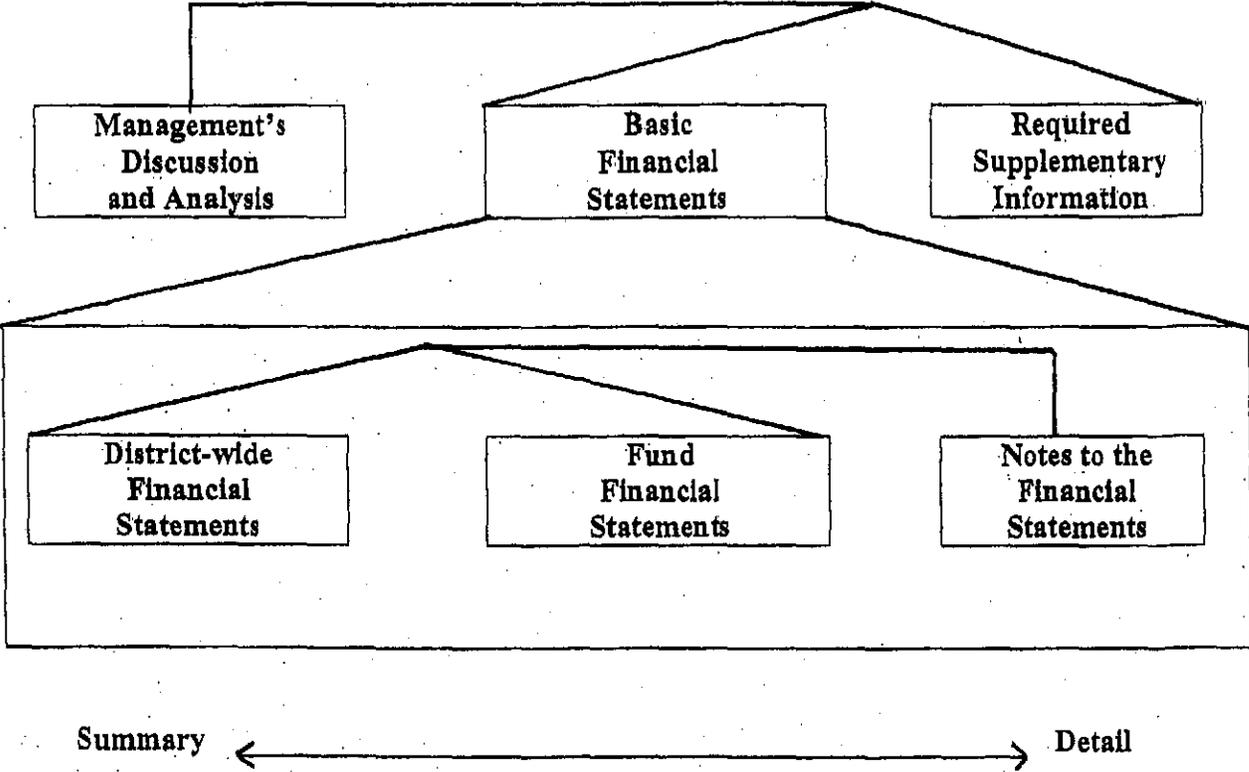


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District’s net assets at June 30, 2010 compared to June 30, 2009.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Current and other assets	\$3,606,798	\$3,530,426	\$29,700	\$9,010	\$3,636,498	\$3,539,436	\$97,062
Capital assets	1,145,094	943,572	7,539	9,020	1,152,633	952,592	200,041
Total assets	\$4,751,892	\$4,473,998	\$37,239	\$18,030	\$4,789,131	\$4,492,028	\$297,103
Long-term liabilities	\$236,617	\$87,987	\$-	\$-	\$236,617	\$87,987	\$148,630
Other liabilities	1,841,553	1,687,345	10,065	2,327	1,851,618	1,689,672	161,946
Total liabilities	\$2,078,170	\$1,775,332	\$10,065	\$2,327	\$2,088,235	\$1,777,659	\$310,576
Net assets:							
Invested in capital assets, net of related debt	\$1,077,077	\$911,518	\$7,539	\$9,020	\$1,084,616	\$920,538	\$164,078
Restricted	373,289	442,241	-	-	373,289	442,241	-68,952
Unrestricted	1,223,356	1,344,907	19,635	6,683	1,242,991	1,351,590	-108,599
Total net assets	\$2,673,722	\$2,698,666	\$27,174	\$15,703	\$2,700,896	\$2,714,369	-\$13,473

The District’s combined net assets decreased by nearly 0.5%, or approximately \$13,500, over the prior year. The largest portion of the District’s net assets is in the “invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt”. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets decreased by approximately \$69,000, or 15.6% over the prior year. The increase was primarily a result of increased revenue in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$10,800, or 8%. This increase in unrestricted net assets was a result of the District’s increased revenues from tuition and other local sources.

Figure A-4 shows the change in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009.

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

	Governmental Activities		Business Type Activities		Total District		Total Change 2009-10
	2010	2009	2010	2009	2010	2009	
Revenues:							
Program revenues:							
Charges for service	\$267,372	\$271,958	\$87,192	\$88,376	\$354,564	\$360,334	-1.6%
Operating grants, contributions and restricted interest	628,719	450,038	69,460	58,738	698,179	508,776	37.2%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	0%
General revenues:							
Property tax	1,570,074	1,511,944	-	-	1,570,074	1,511,944	3.8%
Local option sales and service tax	180,890	188,430	-	-	180,890	188,430	-4.0%
Unrestricted state grants	726,312	1,157,207	-	-	726,312	1,157,207	-37.2%
Unrestricted investment earnings	25,413	58,181	197	213	25,610	58,394	-56.1%
Other	21,637	33,059	-	-	21,637	33,059	-34.6%
Total revenues	\$3,420,417	\$3,670,817	\$156,849	\$147,327	\$3,577,266	\$3,818,144	-6.3%
Program expenses:							
Governmental activities:							
Instruction	\$2,394,818	\$2,262,074	\$-	\$-	\$2,394,818	\$2,262,074	5.9%
Support services	905,946	880,213	-	-	905,946	880,213	2.9%
Non-instructional programs	-	-	145,378	157,346	145,378	157,346	-7.6%
Other expenses	142,735	137,066	-	-	142,735	137,066	4.1%
Total expenses	\$3,443,499	\$3,279,353	\$145,378	\$157,346	\$3,588,877	\$3,436,699	4.4%
Change in net assets	-\$23,082	\$391,464	\$11,471	-\$10,019	-\$11,611	\$381,445	-0.97%

In fiscal year 2010, property tax and unrestricted state grants account for 67% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$3.6 million, of which approximately \$3.4 million was for governmental activities and \$0.2 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.3% decrease in revenues and a 4.4% increase in expenses. Property tax increased approximately \$58,000 to fund the increase in expenses. The increase in expenses is related to increases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$3,420,417 and expenses were \$3,443,499 for the year ended June 30, 2010. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2010 compared to the year ended June 30, 2009.

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

	Total Cost of Services		Change 2009-10	Net Cost of Services		Change 2009-10
	2010	2009		2010	2009	
Instruction	\$2,394,818	\$2,262,074	5.9%	\$1,500,827	\$1,542,166	-2.7%
Support services	905,946	880,213	2.9%	903,846	878,125	2.9%
Non-instructional programs	-	-	-	-	-	-
Other expenses	142,735	137,066	4.1%	142,735	137,066	4.1%
Totals	\$3,443,499	\$3,279,353	5.0%	\$2,547,408	\$2,557,357	-0.4%

- The cost financed by users of the District's programs was \$354,564.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$698,179.
- The net cost of governmental activities was financed with \$1,750,964 in property and other taxes and \$726,312 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$156,849 and expenses were \$145,378. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,766,163 well below last year's ending fund balances of \$1,844,085.

Governmental Fund Highlights

- The General Fund balance decreased from \$975,983 to \$833,399, due in part to the decreased revenue.
- The Management balance increased from \$135,874 to \$192,528, due in part to the increase in property taxes.
- The Capital Projects Fund balance increased from \$407,159 to \$469,302 at June 30, 2010, representing an increase of approximately 13.3%.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$15,703 at June 30, 2009 to \$27,174 at June 30, 2010, representing an increase of approximately 42%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$540,194 less than budgeted revenues, a variance of 13.1%. The most significant variance resulted from the District receiving less in State aid than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$1,152,633, 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 17.4% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$147,606.

The original cost of the District's capital assets was \$3,884,153. Governmental funds account for \$3,866,377, with the remainder of \$17,776 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Land	\$62,506	\$62,506	\$-	\$-	\$62,506	\$62,506	\$-
Buildings	628,096	517,392	-	-	628,096	517,392	110,704
Improvement other than buildings	105,083	109,690	-	-	105,083	109,690	-4,607
Furniture and equipment	349,409	253,984	7,539	9,020	356,948	263,004	93,944
Totals	\$1,145,094	\$943,572	\$7,539	\$9,020	\$1,152,633	\$952,592	\$200,041

Long-Term Debt

At June 30, 2010, the District had \$68,017 in other long-term debt outstanding. This represents an increase of approximately 212% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2010	2009	2009-2010
Notes payable	\$68,017	\$32,054	\$35,963

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Fayette County has advised the District that the District's total taxable valuation will remain about the same for property tax collected in fiscal 2010.
- The District has experienced declining enrollment for the past three years and expects that trend to continue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

West Central Community School District

Statement of Net Assets

June 30, 2010

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,925,871	\$ 23,888	\$ 1,949,759
Receivables:			
Property tax:			
Delinquent	16,786	-	16,786
Succeeding year	1,426,241	-	1,426,241
Accounts	62,726	602	63,328
Due from other governments	175,174	-	175,174
Inventories	-	5,210	5,210
Capital assets, net of accumulated depreciation	1,145,094	7,539	1,152,633
Total Assets	\$ 4,751,892	\$ 37,239	\$ 4,789,131
Liabilities			
Accounts payable	\$ 38,599	\$ -	\$ 38,599
Salaries and benefits payable	252,277	7,584	259,861
Accrued interest	918	-	918
Deferred revenue-succeeding year property tax	1,426,241	-	1,426,241
Deferred revenue-other	123,518	2,481	125,999
Long-term liabilities:			
Portion due within one year:			
Note payable	34,009	-	34,009
Early retirement	36,000	-	36,000
Portion due after one year:			
Notes payable	34,008	-	34,008
Early retirement	121,141	-	121,141
Net OPEB liability	11,459	-	11,459
Total Liabilities	\$ 2,078,170	\$ 10,065	\$ 2,088,235
Net Assets			
Invested in capital assets, net of related debt	\$ 1,077,077	\$ 7,539	1,084,616
Restricted for:			
Categorical funding	66,968	-	66,968
Management levy	35,387	-	35,387
Physical plant and equipment levy	210,815	-	210,815
Other special revenue purposes	60,119	-	60,119
Unrestricted	1,223,356	19,635	1,242,991
Total Net Assets	\$ 2,673,722	\$ 27,174	\$ 2,700,896

West Central Community School District

Statement of Activities

Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,545,901	\$ 114,722	\$ 506,875	\$ -
Special instruction	287,983	17,777	97,545	-
Other instruction	560,934	134,873	22,199	-
	<u>\$ 2,394,818</u>	<u>\$ 267,372</u>	<u>\$ 626,619</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 47,862	\$ -	\$ 2,100	\$ -
Instructional staff services	84,153	-	-	-
Administration services	374,321	-	-	-
Operation and maintenance of plant services	247,760	-	-	-
Transportation services	151,850	-	-	-
	<u>\$ 905,946</u>	<u>\$ -</u>	<u>\$ 2,100</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 11,396	\$ -	\$ -	\$ -
Long-term debt interest	1,151	-	-	-
AEA flow-through	130,188	-	-	-
	<u>\$ 142,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 3,443,499</u>	<u>\$ 267,372</u>	<u>\$ 628,719</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 145,378	\$ 87,192	\$ 69,460	\$ -
Total	<u>\$ 3,588,877</u>	<u>\$ 354,564</u>	<u>\$ 698,179</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -924,304	\$ -	\$ -924,304
-172,661	-	-172,661
-403,862	-	-403,862
<u>\$ -1,500,827</u>	<u>\$ -</u>	<u>\$ -1,500,827</u>
\$ -45,762	\$ -	\$ -45,762
-84,153	-	-84,153
-374,321	-	-374,321
-247,760	-	-247,760
-151,850	-	-151,850
<u>\$ -903,846</u>	<u>\$ -</u>	<u>\$ -903,846</u>
\$ -11,396	\$ -	\$ -11,396
-1,151	-	-1,151
-130,188	-	-130,188
<u>\$ -142,735</u>	<u>\$ -</u>	<u>\$ -142,735</u>
<u>\$ -2,547,408</u>	<u>\$ -</u>	<u>\$ -2,547,408</u>
\$ -	\$ 11,274	\$ 11,274
<u>\$ -2,547,408</u>	<u>\$ 11,274</u>	<u>\$ -2,536,134</u>

West Central Community School District

Statement of Activities

Year Ended June 30, 2010

	<u>Program Revenues</u>		
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>	<u>Charges for Services</u>		

General Revenues:

- Property Tax Levied For:
 - General purposes
 - Capital outlay
- Statewide sales, service and use tax
- Unrestricted state grants
- Unrestricted investment earnings
- Other

Total General Revenues

Change in net assets

Net assets beginning of year

Prior period adjustment

Adjusting beginning balance

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 1,416,162	\$ -	\$ 1,416,162
153,912	-	153,912
180,890	-	180,890
726,312	-	726,312
25,413	197	25,610
21,637	-	21,637
\$ 2,524,326	\$ 197	\$ 2,524,523
\$ -23,082	\$ 11,471	\$ -11,611
2,698,666	15,703	2,714,369
-1,862	-	-1862
\$ 2,696,804	\$ 15,703	\$ 2,712,507
\$ 2,673,722	\$ 27,174	\$ 2,700,896

West Central Community School District

Balance Sheet
Governmental Funds

June 30, 2010

Assets	General	Management	Capital Projects	Non-major	Total
Cash and Pooled Investments	\$ 1,048,616	\$ 190,896	\$ 416,022	\$ 270,337	\$ 1,925,871
Receivables:					
Property Tax:					
Delinquent	13,877	1,568	-	1,341	16,786
Succeeding year	1,079,067	240,000	-	107,174	1,426,241
Accounts	1,584	64	60,792	286	62,726
Due from other governments	142,511	-	-	32,663	175,174
Total Assets	\$ 2,285,655	\$ 432,528	\$ 476,814	\$ 411,801	\$ 3,606,798
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 30,057	\$ -	\$ 7,512	\$ 1,030	\$ 38,599
Salaries and benefits payable	252,277	-	-	-	252,277
Deferred Revenue:					
Succeeding year property tax	1,079,067	240,000	-	107,174	1,426,241
Other	90,855	-	-	32,663	123,518
Total Liabilities	\$ 1,452,256	\$ 240,000	\$ 7,512	\$ 140,867	\$ 1,840,635
Fund Balances:					
Reserved for:					
Categorical funding	\$ 66,968	\$ -	\$ -	\$ -	\$ 66,968
Unreserved	766,431	192,528	469,302	270,934	1,699,195
Total Fund Balances	\$ 833,399	\$ 192,528	\$ 469,302	\$ 270,934	\$ 1,766,163
Total Liabilities and Fund Balances	\$ 2,285,655	\$ 432,528	\$ 476,814	\$ 411,801	\$ 3,606,798

See notes to financial statements.

West Central Community School District

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

June 30, 2010

Total fund balances of governmental funds (page 16)	\$ 1,766,163
<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	1,145,094
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	-918
Long-term liabilities, including notes payable, early retirement and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported in the funds	<u>-236,617</u>
Net assets of governmental activities (page 13)	<u>\$ 2,673,722</u>

West Central Community School District

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

Year Ended June 30, 2010

	General	Management	Capital Projects	Non-Major	Total
Revenues:					
Local Sources:					
Local tax	\$ 1,281,530	\$ 134,632	\$ 180,890	\$ 153,912	\$ 1,750,964
Tuition	121,704	-	-	-	121,704
Other	41,629	3,626	3,796	143,667	192,718
Intermediate sources					
State sources	1,069,762	64	-	58	1,069,884
Federal sources	285,147	-	-	-	285,147
Total Revenues	\$ 2,799,772	\$ 138,322	\$ 184,686	\$ 297,637	\$ 3,420,417
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 1,332,923	\$ 17,713	\$ -	\$ -	\$ 1,350,636
Special instruction	292,440	-	-	-	292,440
Other instruction	429,085	-	-	138,479	567,564
	\$ 2,054,448	\$ 17,713	\$ -	\$ 138,479	\$ 2,210,640
Support Services:					
Student services	\$ 11,395	\$ 21,290	\$ -	\$ 27,890	\$ 60,575
Instructional staff services	75,876	7,777	-	22,889	106,542
Administration services	368,357	-	-	-	368,357
Operation and maintenance of plant services	200,939	28,515	-	10,638	240,092
Transportation services	101,153	6,373	-	136,034	243,560
	\$ 757,720	\$ 63,955	\$ -	\$ 197,451	\$ 1,019,126
Other Expenditures:					
Facilities acquisition	\$ -	\$ -	\$ 122,543	\$ 48,706	\$ 171,249
Principal	-	-	-	32,054	32,054
Interest	-	-	-	1,237	1,237
AEA flow-through	130,188	-	-	-	130,188
	\$ 130,188	\$ -	\$ 122,543	\$ 81,997	\$ 334,728
Total Expenditures	\$ 2,942,356	\$ 81,668	\$ 122,543	\$ 417,927	\$ 3,564,494
Excess (deficiency) of revenues over (under) expenditures					
	\$ -142,584	\$ 56,654	\$ 62,143	\$ -120,290	\$ -144,077
Other financing sources (uses):					
Loan proceeds	\$ -	\$ -	\$ -	\$ 68,017	\$ 68,017
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 68,017	\$ 68,017
Excess (deficiency) over revenue and other financing sources over (under) expenditures and other financing uses					
	\$ -142,584	\$ 56,654	\$ 62,143	\$ -54,135	\$ -77,922
Fund balances beginning of year					
	\$ 975,983	\$ 135,874	\$ 407,159	\$ 325,069	\$ 1,844,085
Prior period adjustment					
	\$ -	\$ -	\$ -	\$ -1,862	\$ -1,862
Adjusted beginning of year					
	\$ 975,983	\$ 135,874	\$ 407,159	\$ 323,207	\$ 1,842,223
Fund Balances End of Year					
	\$ 833,399	\$ 192,528	\$ 469,302	\$ 270,934	\$ 1,766,163

See notes to financial statements.

West Central Community School District

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

Year Ended June 30, 2010

Net change in fund balances – total governmental funds (page 18) \$ -77,922

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

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

Expenditures for capital assets	\$ 347,647	
Depreciation expense	<u>-146,125</u>	201,522

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

Issued	\$ -68,017	
Repaid	<u>32,054</u>	-35,963

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.

86

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	\$ -101,208	
Other postemployment benefits	<u>-11,459</u>	-112,667

Change in Net Assets of Governmental Activities (page 15) \$ -24,944

West Central Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2010

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 23,888
Accounts receivable	602
Inventories	5,210
Capital assets, net of accumulated depreciation	7,539
Total Assets	<u>\$ 37,239</u>
Liabilities	
Salaries and benefits payable	\$ 7,584
Deferred revenue	2,481
Total Liabilities	<u>\$ 10,065</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 7,539
Unrestricted	19,635
Total Net Assets	<u>\$ 27,174</u>

West Central Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2010

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 87,192
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 47,097
Benefits	6,629
Purchased services	1,185
Supplies	88,736
Depreciation	1,481
Other	250
Total operating expenses	\$ 145,378
Operating loss	\$ -58,186
Non-operating revenues:	
State sources	\$ 1,451
Federal sources	68,009
Interest income	197
Total non-operating revenues	\$ 69,657
Change in net assets	\$ 11,471
Net assets beginning of year	15,703
Net Assets End of Year	\$ 27,174

West Central Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2010

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 87,760
Cash paid to employees for services	-46,572
Cash paid to suppliers for goods or services	-80,338
Net cash used by operating activities	<u>\$ -39,150</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 1,451
Federal grants received	56,983
Net cash provided by non-capital financing activities	<u>\$ 58,434</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 197</u>
Net decrease in cash and cash equivalents	\$ 19,481
Cash and cash equivalents beginning of year	<u>4,407</u>
Cash and Cash Equivalents End of Year	<u>\$ 23,888</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -58,186
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	11,026
Depreciation	1,481
(Increase) in inventories	-1,192
(Increase) in accounts receivable	-17
Increase in salaries and benefits payable	7,153
Increase in deferred revenue	585
Net Cash Used by Operating Activities	<u>\$ -39,150</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$11,026 of federal commodities.

West Central Community School District

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2010

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ <u>5,992</u>
Liabilities	
Accounts payable	\$ <u>-</u>
Net Assets	
Reserved for scholarships	\$ <u>5,992</u>

West Central Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

Year Ended June 30, 2010

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 4,678
Interest income	49
Total additions	\$ 4,727
 Deductions	
Support services:	
Supplies	\$ 3,994
 Change in net assets	\$ 733
Net assets beginning of year	5,259
 Net Assets End of Year	\$ 5,992

West Central Community School District

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental 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 Management Fund is used to account for all resources used for District insurance and early retirement benefits.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities

The District reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

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

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

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

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

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

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

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

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

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and a charter school grant that will be recognized in fiscal 2010.

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

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

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

E. **Budgets and Budgetary Accounting**

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

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Physical Plant and Equipment Levy	<u>\$ 33,291</u>

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

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 62,506	\$ -	\$ -	\$ 62,506
Total capital assets not being depreciated	\$ 62,506	\$ -	\$ -	\$ 62,506
Capital assets being depreciated:				
Buildings	\$ 1,463,138	\$ 146,756	\$ -	\$ 1,609,894
Improvements other than buildings	122,390	3,455	-	125,845
Furniture and equipment	1,956,660	197,436	85,964	2,068,132
Total capital assets being depreciated	\$ 3,542,188	\$ 347,647	\$ 85,964	\$ 3,803,871
Less accumulated depreciation for:				
Buildings	\$ 945,746	\$ 36,052	\$ -	\$ 981,798
Improvements other than buildings	12,700	8,062	-	20,762
Furniture and equipment	1,702,676	102,011	85,964	1,718,723
Total accumulated depreciation	\$ 2,661,122	\$ 146,125	\$ 85,964	\$ 2,721,283
Total capital assets being depreciated, net	\$ 881,066	\$ 201,522	\$ -	\$ 1,082,588
Governmental Activities Capital Assets, Net	\$ 943,572	\$ 201,522	\$ -	\$ 1,145,094
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 24,011	\$ -	\$ 6,235	\$ 17,776
Less accumulated depreciation	14,991	1,481	6,235	10,237
Business Type Activities Capital Assets, Net	\$ 9,020	\$ 1,481	\$ -	\$ 7,539

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 85,144
Special	2,777
Other	2,370

Support services:

Administration	5,115
Operation and maintenance of plant	6,395
Transportation	44,324

Total Depreciation Expense – Governmental Activities \$ 146,125

Business Type Activities:

Food service operations	<u>\$ 1,481</u>
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(5) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 32,054	\$ 68,017	\$ 32,054	\$ 68,017	\$ 34,009
Early retirement	55,933	120,000	18,792	157,141	36,000
Net OPEB liability	-	11,459	-	11,459	-
Total	\$ 87,987	\$ 199,476	\$ 50,846	\$ 236,617	\$ 70,009

Bus Loan

On December 15, 2009, the District borrowed \$68,017 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 2.5%, with two annual payments of \$34,008.50.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty and employees must have completed twenty-four years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2010 totaled \$18,792.

(6) **Pension and Retirement Benefits**

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$118,597, \$104,399 and \$95,294, respectively, equal to the required contributions for each year.

(7) **Other Postemployment Benefits (OPEB)**

The District implemented GASB Statement No 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 27 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County’s net OPEB obligations:

Annual required contribution	\$	15,213
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost	\$	15,213
Contributions made		-3,754
Increase in net OPEB obligation	\$	11,459
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	\$	11,459

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$66,089 to the medical plan. Plan members eligible for benefits contributed \$157,208, or 30% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$15,213	24.7%	\$11,459

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$116,172 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$116,172. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,380,290 and the ratio of the UAAL to covered payroll was 8.4%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District’s funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$369.59 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$130,188 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

Program	Amount
Home School Assistance Program	\$ 3,940
Gifted and Talented	25,459
At Risk Programs	7,683
Foster Care Claim	1,570
Beginning Teacher Mentoring	754
Teacher Salary Supplement	5,250
Iowa Early Intervention Grant	520
Core Curriculum	5,361
Professional Development	9,532
Market Factors	6,899
	<u>\$ 66,968</u>

(11) Subsequent Events

The District has evaluated subsequent events through December 2, 2010 which is the date that the financial statements were available to be issued.

(12) Prior Period Adjustment

The Special Revenue Fund, Student Activity Account, Student Sales had a prior period adjustment of \$1,862.

Required Supplementary Information

West Central Community School District

**Budgetary Comparison Schedule of Revenue, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2010

	<u>Governmental Funds Actual</u>	<u>Proprietary Fund Actual</u>
Receipts:		
Local sources	\$ 2,065,386	\$ 87,389
Intermediate sources	-	-
State sources	1,069,884	1,451
Federal sources	285,147	68,009
Total Receipts	<u>\$ 3,420,417</u>	<u>\$ 156,849</u>
Disbursements:		
Instruction	\$ 2,210,640	\$ -
Support services	1,019,126	-
Non-instructional programs	-	145,378
Other expenditures	334,728	-
Total Disbursements	<u>\$ 3,564,494</u>	<u>\$ 145,378</u>
Excess (deficiency) of receipts over (under) disbursements	\$ -144,077	\$ 11,471
Other financing sources net	<u>66,155</u>	-
Excess (deficiency) of revenue and other financing sources over (under) expenditures/expenses and other financing uses	\$ -77,922	\$ 11,471
Balances beginning of year	<u>1,844,085</u>	<u>15,703</u>
Balances End of Year	<u>\$ 1,766,163</u>	<u>\$ 27,174</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	2,152,775	\$ 2,251,325	\$ -98,550
	-	-	-
	1,071,335	1,397,875	-326,540
	353,156	468,260	-115,104
\$	<u>3,577,266</u>	<u>\$ 4,117,460</u>	<u>\$ -540,194</u>
\$	2,210,640	\$ 2,914,868	\$ 704,228
	1,019,126	1,300,990	281,864
	145,378	389,882	244,504
	334,728	1,020,606	685,878
\$	<u>3,709,872</u>	<u>\$ 5,626,346</u>	<u>\$ 1,916,474</u>
\$	-132,606	\$ -1,508,886	\$ 1,376,280
	66,155	-	66,155
\$	-66,451	\$ -1,508,886	\$ 1,442,435
	1,859,788	1,544,991	314,797
\$	<u>1,793,337</u>	<u>\$ 36,105</u>	<u>\$ 1,757,232</u>

West Central Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2010

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

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

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

West Central Community School District

**Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)**

Required Supplementary Information

June 30, 2010

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$116	\$116	0.0%	\$1,380	8%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB obligation, funded status and funding progress.

Other Supplementary Information

West Central Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2010

	Special Revenue		Total
	Student Activity	Physical Plant and Equipment Levy	
Assets			
Cash and pooled investments	\$ 60,863	\$ 209,474	\$ 270,337
Receivables:			
Property Tax:			
Delinquent	-	1,341	1,341
Succeeding year	-	107,174	107,174
Accounts	286	-	286
Due from other governments	-	32,663	32,663
Total Assets	\$ 61,149	\$ 350,652	\$ 411,801
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 1,030	\$ -	\$ 1,030
Deferred Revenue:			
Succeeding year property tax	-	107,174	107,174
Other	-	32,663	32,663
Total Liabilities	\$ 1,030	\$ 139,837	\$ 140,867
Fund Equity:			
Unreserved fund balances	\$ 60,119	\$ 210,815	\$ 270,934
Total Liabilities and Fund Equity	\$ 61,149	\$ 350,652	\$ 411,801

See accompanying independent auditor's report.

West Central Community School District

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

Year Ended June 30, 2010

	Special Revenue			
	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 153,912	\$ -	\$ 153,912
Other	135,570	8,097	-	143,667
State sources	-	58	-	58
Total Revenues	\$ 135,570	\$ 162,067	\$ -	\$ 297,637
Expenditures:				
Current:				
Instruction:				
Other instruction	\$ 138,479	\$ -	\$ -	\$ 138,479
Support services:				
Student services	-	27,890	-	27,890
Instructional staff services	-	22,889	-	22,889
Operation and maintenance of plant services	-	10,638	-	10,638
Transportation services	-	136,034	-	136,034
Other expenditures:				
Facilities acquisition	-	48,706	-	48,706
Principal	-	-	32,054	32,054
Interest	-	-	1,237	1,237
Total Expenditures	\$ 138,479	\$ 246,157	\$ 33,291	\$ 417,927
Excess (deficiency) of revenues over (under) expenditures	\$ -2,909	\$ -84,090	\$ -33,291	\$ -120,290
Other financing sources (uses):				
Operating transfers in (out)	\$ -	\$ -33,291	\$ 33,291	\$ -
Loan proceeds	-	68,017	-	68,017
	\$ -	\$ 34,726	\$ 33,291	\$ 68,017
Excess (deficiency) over revenues and other financing sources over (under) expenditures and other financing uses	\$ -2,909	\$ -49,364	-	\$ -52,273
Fund balances beginning of year	64,890	260,179	-	325,069
Prior period adjustment	\$ -1,862	\$ -	\$ -	\$ -1,862
Adjusted beginning of year	\$ 63,028	\$ 260,179	\$ -	\$ 323,207
Fund Balances End of Year	\$ 60,119	\$ 210,815	\$ -	\$ 270,934

See accompanying independent auditor's report

West Central Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2010

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Adjustment & Intra-Fund Transfers	Balance End of Year
Potpourri/Pepsi Funds	\$ 1,752	\$ 1,806	\$ 2,302	\$ 98	\$ 1,354
Yearbook	1,191	6,161	5,581	-	1,771
Student Council	1,229	3,124	2,398	-	1,955
Industrial Arts Club	645	1,508	1,609	-	544
Spanish Club	7,008	1,538	1,407	-	7,139
Senior Class	98	97	3,614	3,867	448
Junior Class	3,966	4,937	2,844	-1,557	4,502
Sophomore Class	2,407	378	-	237	3,022
Freshman Class	2,645	415	-	592	3,652
8 th Grade	3,236	220	-	-810	2,646
7 th Grade	2,427	310	-	-1,561	1,176
6 th Grade	866	1,159	-	-866	1,159
Dramatics	1,490	999	476	-	2,013
Vocal Music	4,207	9,952	8,887	-	5,272
Instrumental Music	5,540	42,671	43,830	-	4,381
Athletics/Cheerleaders	2,340	35,394	40,347	-	-2,613
Musical/Concert	3,624	1,981	2,330	-	3,275
Resale	1,668	10,034	8,666	-	3,036
Student Sales	1,863	4,825	4,826	-1,862	-
School Store	3,210	4,096	4,566	-	2,740
Nice	13,478	3,965	4,796	-	12,647
Total	\$ 64,890	\$ 135,570	\$ 138,479	\$ -1,862	\$ 60,119
Prior period adjustment	-1,862	-	-	1,862	-
Adjusted beginning balance	\$ 63,028	\$ 135,570	\$ 138,479	\$ -	\$ 60,119

West Central Community School District

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

For the Last Seven Years

	Modified Accrual Basis			
	2010	2009	2008	2007
Revenues:				
Local Sources:				
Local tax	\$ 1,750,964	\$ 1,700,374	\$ 1,664,476	\$ 1,682,478
Tuition	121,704	169,811	143,381	151,282
Other	192,718	193,387	216,854	196,830
Intermediate sources	-	-	-	-
State sources	1,069,884	1,487,707	1,453,179	1,357,074
Federal sources	285,147	119,538	88,053	266,627
Total	\$ 3,420,417	\$ 3,670,817	\$ 3,565,943	\$ 3,654,291
Expenditures:				
Instruction:				
Regular instruction	\$ 1,350,636	\$ 1,340,501	\$ 1,406,353	\$ 1,413,620
Special instruction	292,440	340,509	355,209	315,070
Other instruction	567,564	471,921	346,482	378,970
Support services:				
Student services	60,575	56,209	86,167	97,900
Instructional staff services	106,542	82,881	66,455	68,587
Administration services	368,357	344,019	390,760	381,383
Operation and maintenance of plant services	240,092	234,354	259,656	240,501
Transportation services	243,560	123,852	184,763	118,284
Other expenditures:				
Facilities acquisition	171,249	166,047	126,035	56,902
Long-term debt:				
Principal	32,054	30,890	27,556	26,571
Interest and other charges	1,237	2,367	1,036	2,024
AEA flow-through	130,188	122,544	121,513	113,415
Other	-	-	-	-
Total	\$ 3,564,494	\$ 3,316,094	\$ 3,371,985	\$ 3,213,227

See accompanying independent auditor's report.

Modified Accrual Basis		
2006	2005	2004
\$ 1,603,994	\$ 1,566,663	\$ 1,541,666
105,135	123,884	94,614
173,203	160,173	139,862
-	-	-
1,262,051	1,208,978	1,129,526
347,091	132,515	124,120
<u>\$ 3,491,474</u>	<u>\$ 3,192,213</u>	<u>\$ 3,029,788</u>

\$ 1,325,824	\$ 1,274,530	\$ 1,284,799
287,561	312,201	443,725
371,405	334,254	226,936
85,290	62,575	15,971
81,900	26,920	38,471
463,644	370,212	362,137
252,904	218,514	221,229
214,689	99,812	82,537
243,209	171,727	138,813
-	45,700	92,140
-	2,171	2,770
105,970	103,247	103,304
-	934	-
<u>\$ 3,432,396</u>	<u>\$ 3,022,797</u>	<u>\$ 3,012,832</u>

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

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

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated December 22, 2010. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered West Central Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Central Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of West Central Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as items I-A-10 and I-B-10 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Central Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit West Central Community School District's responses and, accordingly, I 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 Community School District and other parties to whom West Central Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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


Keith Oltrogge
Certified Public Accountant

December 22, 2010

West Central Community School District

Schedule of Findings

Year Ended June 30, 2010

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Conclusion – Response accepted.

I-B-10 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

West Central Community School District

Schedule of Findings

Year Ended June 30, 2010

Part II - Other Findings Related to Statutory Reporting:

II-A-10 Certified Budget – Expenditures for the year ended June 30, 2010 did not exceed the certified budget.

II-B-10 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

II-C-10 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-10 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title & Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Scott Baker, employee spouse, owner Home Consultants	Ground maintenance	\$10,500

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

II-E-10 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-10 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-10 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

II-J-10 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

II-K-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

West Central Community School District

Schedule of Findings

Year Ended June 30, 2010

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

II-L-10 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 service tax revenue. For the year ended June 30, 2010, the District’s financial activity and other required information for the statewide sales and services and use tax revenue are as follows:

Beginning balance	\$	16,710
Statewide sales and services tax revenue		180,890
Expenditures/transfers out:		
School infrastructure:		
Other improvement		122,543
Ending balance	\$	75,057

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 0.299868	\$ 180,890
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

II-M-10 Financial Condition – Activity Fund – The Student Activity Account had one deficit account at June 30, 2010.

Recommendation – The District should continue to monitor this situation and investigate alternatives to eliminate these deficits in order to return the accounts to sound financial conditions.

Response – We are working on this.

Conclusion – Response accepted.