

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2010

Contents

	<u>Page</u>	
Officials	3	
Independent Auditor's Report	5-6	
Management's Discussion and Analysis (MD&A)	7-23	
Basic Financial Statements:		<u>Exhibit</u>
Government-wide Financial Statements:		
Statement of Net Assets	26	A
Statement of Activities	27	B
Governmental Fund Financial Statements:		
Balance Sheet	28	C
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	29	D
Statement of Revenues, Expenditures and Changes in Fund Balances	30	E
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	31	F
Proprietary Fund Financial Statements:		
Statement of Net Assets	32	G
Statement of Revenues, Expenses and Changes in Net Assets	33	H
Statement of Cash Flows	34	I
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	35	J
Statement of Changes in Fiduciary Net Assets	36	K
Notes to Financial Statements	37-51	
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	54	
Notes to Required Supplementary Information - Budgetary Reporting	55	
Schedule of Funding Progress for the Retiree Health Plan	56	
Other Supplementary Information:		<u>Schedule</u>
Nonmajor Governmental Funds:		
Combining Balance Sheet	58	1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	59	2
Capital Projects:		
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	60	3
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	62-63	4
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	64	5
Internal Service Funds:		
Combining Statement of Net Assets	65	6
Combining Statement of Revenues, Expenditures and Changes in Net Assets	66	7
Combining Statement of Cash Flows	67	8
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	68-69	9
Schedule of Expenditures of Federal Awards	70	10
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 <u>Government Auditing Standards</u>	71-72	
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	73-74	
Schedule of Findings and Questioned Costs	75-80	

West Delaware County Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 election)		
Elwyn Curtis	President	2009
Mike Ryan	Vice President	2011
Cheryl Stufflebeam	Board Member	2009
Linda Bessey	Board Member	2011
Steve Dudak	Board Member	2011
Board of Education (After September 2009 election)		
Elwyn Curtis	President	2013
Cheryl Stufflebeam	Vice President	2013
Mike Ryan	Board Member	2011
Linda Bessey	Board Member	2011
Steve Dudak	Board Member	2011
School Officials		
Robert Cue	Superintendent	2010
Lori Tucker	Interim Board Secretary (July & August 2009)	2010
Kelly Jared	Director of Finance/ Board Secretary (Appointed August 2009)	2010
Brian Gruhn	Attorney	2010
Elizabeth Grob	Attorney	2010

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
West Delaware County 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 the West Delaware County Community School District, Manchester, Iowa as of and for the year ended June 30, 2010, 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 Delaware County Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2011 on our consideration of West Delaware County Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 23 and 54 through 56 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 required 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 Delaware County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine 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 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, 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.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Delaware County Community School District provides this Management's Discussion and Analysis of its financial statements to assist in the viewer's comprehension of the overall document. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. The reader is encouraged to consider this information in conjunction with the District's financial statements, which follow.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. The District has made every attempt so that the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups in accordance with generally accepted accounting principles, (GAAP). All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

DISTRICT BACKGROUND

West Delaware County Community School District covers an area of 237 square miles in Northeast Iowa, encompassing the communities of Dundee, Greeley, Manchester, Masonville and Ryan, and serves the majority of students in Delaware County. Manchester is the county seat and the principal trading center for the surrounding area. The District is governed by an elected five-member Board of Directors who serve staggered three-year terms. The Board is a policy-making and planning body whose decisions are carried out by central office and building administrators.

The October, 2009 Certified Enrollment Report recorded a budget enrollment of 1,597.8 students, ranking West Delaware as the 58th largest of Iowa's 361 public school systems. The District operates one regular and one alternative high school, a middle school and a JK-4 elementary, offering a full range of educational services appropriate to students in early childhood through grade twelve. These services include both basic and enriched academic instruction; special education for children with special needs, vocational education and numerous individualized programs such as specialized instruction for at-risk students. The district employs 121 teachers to carry out its educational mission, which is formally stated as providing a safe, culturally rich environment in which all students can reach their full potential academically, emotionally and socially.

In addition to the typical elementary, middle school and high school programs, the district also operates before and after school instructional programs, summer school, and shared-time programs with the local private school. The District also sponsors an offsite Special Education program through an agreement with Delaware County Regional Medical Center's Partner's in Success Program. A wide range of extracurricular activities is supported through membership and participation in the WaMaC Athletic Conference and West Delaware students are regular contenders at state-level events.

Continuing education opportunities are available within easy commuting distance at the University of Northern Iowa in Cedar Falls; Loras College, Clarke College and the University of Dubuque in Dubuque; Upper Iowa University in Fayette; Wartburg College in Waverly; Hawkeye Institute of Technology in Waterloo; Northeast Iowa Community College in Peosta; and Coe College, Mt. Mercy College and Kirkwood Community College in Cedar Rapids.

The District is supported financially by state aid, property tax, income surtax, state and federal grants for special projects and local revenue received for tuition and other services.

District Facilities

The District has five buildings situated on three campuses.

<u>Building</u>	<u>Construction Dates</u>	<u>Grades</u>
High School	1952, 53, 54, 55, 59, 60, 96, 2006-2009	9-12
Middle School	1970, 90	5-8
Lambert Elementary	1962, 92, 2009	K-4

Certified Enrollment

Certified enrollment for the official October headcount in the past five years has been as follows:

<u>Count Date</u>	<u>Fiscal Year</u>	<u>Enrollment</u>
October 2009	2009-10	1,597.8
October 2008	2008-09	1,634.9
October 2007	2007-08	1,643.3
October 2006	2006-07	1,662.2
October 2005	2005-06	1,674.7

Open Enrollment

For a variety of reasons, students enroll into or out of the District in compliance with Iowa's Open Enrollment law. Listed below are open enrollment results for the periods described:

<u>Fiscal Year</u>	<u>Enrolled In</u>	<u>Enrolled Out</u>
2009-10	69.0	111.0
2008-09	71.0	121.9
2007-08	59.0	120.7
2006-07	59.0	117.0
2005-06	64.0	104.4

2010 FINANCIAL HIGHLIGHTS

The Governor's 10% Across the Board Cut in October 2009 resulted in a loss of \$770,686 in state aid. The school board made over \$400,000 in cuts in the Spring of 2009 for FY10. Resignations, rehires, and realignments of staff allowed the administration to save an additional \$117,000 over the summer. Immediate cuts were made including field trips and all purchases, such as technology, were analyzed to determine if they could be delayed.

At a vote on September 25, 2007, County residents approved renewal of the SILO funding for an additional 10 years when the original tax ends in 2012. The guaranteed funding source has provided the means to support the Phase II construction project including; a competition gymnasium at the high school campus, eight classrooms and a commons/cafeteria at Lambert Elementary, and the remodeling of the current kindergarten building into a central administration office.

General Fund revenues decreased from \$14,526,206 in fiscal 2009 to \$14,516,956 in fiscal 2010, while General Fund expenditures decreased from \$14,603,777 in fiscal 2009 to \$14,302,692 in fiscal 2010. This resulted in an increase in the District's General Fund balance from \$167,382 in fiscal 2009 to a balance of \$381,646 in fiscal 2010. The solvency ratio improved from .73% for fiscal 2009 to 1.60% for fiscal 2010.

The District sold \$5,800,000 of General Obligation Bonds in February 2008 and \$2,075,000 of PPEL Capital Loan Notes and \$3,785,000 of SILO Revenue Bonds in January 2006. The outstanding obligation totals \$9,180,010 as of June 30, 2010.

The District once again received an unqualified audit opinion, representing an acknowledgement that a sufficient degree of internal control, proper financial management and oversight exists. Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Fund Accounting

The District is organized and operates as a school corporation pursuant to Chapter 274 of the Code of Iowa. As such, the District maintains separate funds as allowed by statute. Following is a description of each fund.

The **General Operating Fund** is used to account for all transactions except those that are required by law to be accounted for in another fund. The bulk of General Fund revenues are derived from local property taxes and State foundation aid sources. The District receives a mix of property tax and State foundation aid based on a formula that takes into account enrollment, property valuations and costs per pupil. The description of the formula is found in Chapter 257.1 of the Code and reads as follows:

"For a budget year, each school district in the State is entitled to receive foundation aid in an amount per pupil equal to the difference between the amount per pupil of foundation property tax in the district, and the combined district cost per pupil, whichever is less."

The Code also allows for an "Allowable growth," defined as ". . . the amount by which State cost per pupil and district cost per pupil will increase from one budget year to the next" which is calculated each year by the Iowa Department of Management.

Presented below is the allowable growth the District has received (in total dollars) for the period indicated: Negative student enrollment growth equates to negative allowable growth from the state.

However, the state grants additional taxing authority, known as the Budget Guarantee, to districts in declining enrollment situations, and allows them to assess local property taxes in an amount such that the next years budget is not less than a base year budget plus adjustments. This works on a declining percentage basis so that each year a district can only seek 10% less than the prior year's tax asking, thus effectively weaning them slowly away from this supplemental funding.

Additional property tax generated by the Budget Guarantee for West Delaware is:

<u>Fiscal Year</u>	<u>Addl. Property Tax</u>
2009-10	\$ 0
2008-09	\$ 0
2007-08	\$ 0
2006-07	\$155,224
2005-06	\$485,936
2004-05	\$500,652

The District has generated a revenue mix in the Operating Fund as follows:

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>State Aid</u>
2009-10	\$4,783,675	\$5,359,251
2008-09	\$4,541,635	\$6,414,080
2007-08	\$4,342,938	\$6,371,588
2006-07	\$4,339,917	\$6,273,090
2005-06	\$4,353,762	\$5,867,667

Additional General Fund state and local revenue:

Instructional Support

Districts are allowed to fund supplementary educational programs or enhance current programs under the Instructional Support program, which allows a district to additionally generate up to 10% of the total regular program district cost for the budget year. These revenues can be locally generated from either ad valorem taxation, income surtax or both. In addition, revenues are appropriated by the State and provided to each district depending on formula. The District can participate in the instructional support program by generating local revenues after either (i) scheduling and holding an election on the proposed funding, programs, and mix of funding, which requires 50% approval of those voting at a special district election and allows the program to be funded for a period of ten years; or (ii) after scheduling and holding two hearings on the programs and mix of funding, which can then be implemented after a 28-day period during which voters of the District can force an election, for a period of five years. West Delaware School District has a Board-authorized 5% Instructional Support program that generated \$364,844 in additional revenues during FY10. To assure a continued funding stream, the School Board committed to a 5 year extension of the levy through FY2012.

Cash Reserve Levy

The District can certify as part of its General Fund levy an additional property tax known as the Cash Reserve Levy. This levy covers cash-flow needs and funds programs when other revenue sources are delayed or reduced. It is levied annually at the discretion of the Board of Directors. The District has levied the following in cash reserve for the period indicated:

<u>Fiscal Year</u>	<u>Cash Reserve Levy</u>
2009-10	\$713,409
2008-09	\$636,350
2007-08	\$500,000
2006-07	\$400,000
2005-06	\$200,000

The **Management Fund** is a special revenue fund tax levy used to account for all financial transactions authorized under section 298.4, Code of Iowa. The purpose of this fund is to pay the costs of unemployment or early retirement benefits, and the costs of property, liability, auto and worker's compensation insurance and judgments or settlements relating to liability. Presented below are the Management Fund levies for the periods indicated:

<u>Fiscal Year</u>	<u>Levy per \$1,000</u>
2009-10	\$.98022
2008-09	\$.92374
2007-08	\$.79043
2006-07	\$.76817
2005-06	\$.89755

The **Physical Plant and Equipment Fund (PPEL)** is a special revenue fund used to account for all financial transactions from the levy authorized, whether regular or voter-approved, under section 298.2, Code of Iowa. This fund is created to deposit and expend money from a levy certified by the Board of Directors not to exceed 33 cents and/or a levy authorized by a simple majority of the voters not to exceed \$1.34. The purpose of the fund is to pay the costs of specified major expenditures related to facilities, grounds and certain equipment. The District's current levies include the .33 Board authorized levy and the .67 voted levy.

The **Student Activity Fund** is a special revenue fund used to account for money received from student-related activities such as admissions, activity fees, student dues, student fund-raising events, or other student-related co curricular or extracurricular activities. Monies in this fund must be used to support only the program defined in the administrative rules of the department of education. The Activity Fund is under the control of the School Board. No taxes are levied for this fund.

The **Capital Projects Funds** are established when a district issues bonds or other authorized indebtedness for capital projects or for the proceeds from a School Infrastructure Local Option Tax. When a capital project for facilities is initiated in any existing fund, the monies for that project are transferred to a capital project fund by an operating transfer from the fund authorized to initiate the acquisition or construction. Payments of the project's expenditures are made from the capital project fund established to account for the project.

The **Debt Service Fund** is established when a district issues bonds or other long-term indebtedness, except those financed by proprietary or trust funds. The purpose of the fund is to pay interest and principal when due, on bonds or other authorized indebtedness issued by the district, and to make payments required under a loan, lease-purchase agreement, or other evidence of indebtedness authorized by the Code of Iowa. Monies available to service this debt and received from sources other than the debt service property tax levy shall be transferred to the Debt Service Fund through an operating transfer from the fund which issued the original indebtedness, and the payment of the debt shall be made from the debt service levy fund. Expenditures for the payment of general long-term debt, including both principal and interest must be budgeted in the debt service fund.

The **School Nutrition Fund** is a proprietary enterprise fund used to account for all transactions for the nutrition program authorized under chapter 283A, Code of Iowa. The program is supported by user fees, state and federal reimbursements, and District subsidies; no taxes are levied for this fund.

The **Private Purpose Trust Funds** are fiduciary funds used to account for money and property received and administered by the district as trustee or custodian or in the capacity of an agent. Generally, nonexpendable trust funds, pension trust funds, and agency funds are not budgeted.

The **Agency Funds** are fiduciary funds used to account for certain revenue collected for District employees purchases of pop and related expenditures. Generally, nonexpendable trust funds, pension trust funds, and agency funds are not budgeted.

Historic and Potential State and Federal Actions That Impact Current and Future District Budgets

The District's operating budget is subject to change based on events outside of its control, including State and Federal funding. There may be changes in funding that are unknown or unanticipated at budget preparation time. Presented below is a discussion of some of the known conditions that could impact the District's operating budget:

State Funding

After the appropriation of State Aid (and after the adoption of the District's budget for a particular fiscal year), the Governor and the General Assembly have the ability to rescind all or a portion of the appropriation. Certain areas of the State's budget are exempt from these potential cuts, however, K-12 and community college funding are not exempt from rescission. Historically, rescissions were imposed in an "across-the-board" fashion, and all state funding was reduced in a percentage format. This had the potential to impact schools with low valuation per pupil much greater than schools with high per pupil valuations. In the 2002 General Assembly, the formula for rescission was altered for K-12 funding, such that all future rescissions, if any, would be applied to K-12 education on a "per-pupil" basis.

Historically, the Governor has rescinded state aid in the following percentages since 1980:

<u>Date</u>	<u>Percentage Rescission</u>
October 8, 2009	10.0%
January 20, 2009	1.5
October 10, 2003	2.5
November 1, 2001	4.3
April 8, 1992	.62
July 1, 1991	3.25
September 3, 1983	2.8
December 15, 1980	1.0
August 12, 1980	3.6

Federal Funding

Federal legislation with respect to student achievement in future years may result in sanctions that could have financial implications for the General Fund operating budget. The "No Child Left Behind" act of 2001 applies sanctions to under-performing schools that, if the school remains under-performing (as defined by the act) allows the parents of pupils in the school to move to another school, transferring their funding to the new school. This act applies to individual school facilities and does not necessarily apply to school districts, however, the revenue impact to a school district could be material if the school district has a school facility that under-performs and starts to lose enrollment.

Investment of Public Funds

The District invests its funds pursuant to Chapter 12B of the Code of Iowa. No irregularities in the District's investing activities have been noted in District audits. Presented below is a summary of the investments from all Funds of the District as of June 30, 2010.

\$ 0	Fixed rate CD's
\$2,497,956	Local Bank guaranteed rate investments & cash on hand

Iowa School Cash Anticipation Program ("ISCAP")

ISCAP issues warrants on behalf of member districts in the State of Iowa to fund cash flow deficits created by delinquent state aid or property tax receipts. The District has been a member since 1986. As the District's unspent cash balance has improved, reliance on ISCAP has diminished. Presented here is a history of the certificates issued.

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Fiscal Year</u>	<u>Principal Amount</u>
2009-2010B	300,000	1997-98B	0
2005-06B	0	1997-98A	795,000
2005-06A	0	1996-97B	0
2004-05B	0	1996-97A	250,000
2004-05A	607,000	1995-96B	0

2003-04B	0	1995-96A	0
2003-04A	0	1994-95B	0
2002-03B	0	1994-95A	330,000
2002-03A	0	1993-94	755,000
2001-02B	0	1992-93	0
2001-02A	0	1991-92	1,000,000
2000-01B	0	1990-91	960,000
2000-01A	0	1989-90	890,000
1999-00B	0	1988-89	590,000
1999-00A	213,000	1987-88	670,000
1998-99B	0	1986-87	710,348
1998-99A	0	1985-86	724,290

Pensions

All District employees qualify for participation in the Iowa Public Employees Retirement System (IPERS). Both the District and its employees contribute a fixed percentage of gross salary to this fund. Present contributions are established at the following levels:

	Percentage
District Share	6.65%
Employee Share	<u>4.30%</u>
Total	10.95%

The fund is administered by the State with administrative costs paid from income derived from invested funds. There are no additional costs to the District.

Property Tax Assessment

In compliance with section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation,

<u>Fiscal Year</u>	<u>Agricultural</u>	<u>Residential</u>	<u>Railroad</u>	<u>Commercial</u>
2009-2010	93.8568	45.5893	100.0000	100.0000
2008-09	90.1023	44.0803	99.7312	99.7312
2007-08	100.0000	45.5596	100.0000	100.0000
2006-07	100.0000	45.9960	100.0000	100.0000
2005-06	100.0000	47.9642	100.0000	100.0000
2004-05	100.0000	48.4558	99.2570	99.2570
2003-04	100.0000	51.3874	100.0000	100.0000
2002-03	100.0000	51.6676	97.7701	97.7701
2001-02	100.0000	56.2651	100.0000	100.0000
2000-01	96.3381	54.8525	100.0000	98.7732
1999-00	100.0000	56.4789	100.0000	100.0000
1998-99	96.4206	54.9090	97.3606	97.3606

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2003 are used to calculate tax liability for the tax year starting July 1, 2005 through June 30, 2006. Presented below is the historic property valuations of the District by class of property.

Historic Property Valuations by Class of Property

Taxable Valuation

Valuation as of January .

	2008	2007	2006	2005	2004
Fiscal Year . . .	2009-2010	2008-09	2007-08	2006-07	2005-06
Residential:	168,708,332	160,632,860	144,845,810	136,705,387	125,753,318
Agricultural Land:	91,112,776	87,469,082	101,210,624	101,210,624	101,315,724
Ag Buildings:	19,713,600	18,575,734	19,975,260	19,598,460	19,610,360
Commercial:	47,951,062	45,707,872	46,148,600	47,970,884	47,286,016
Industrial:	18,780,103	17,776,348	16,060,733	14,865,171	14,800,016
Personal RE:		0	0	292,800	293,000
Railroads:	3,145,592	2,086,881	1,577,824	939,971	683,454
Utilities:	49,403,920	47,576,188	48,953,053	50,889,259	50,985,220
Utility Replacement:	12,430,009	12,231,317	12,746,797	12,743,139	12,606,964
TIF Valuation:	10,101,955	11,590,000	6,710,000	10,200,000	10,720,000
Other:		0	0	0	0
Total Valuation:	421,347,349	403,646,282	398,194,600	395,415,695	381,598,520
Less Military:	1,240,840	1,251,952	1,237,136	1,226,024	1,227,776
NET Valuation:	420,106,509	402,394,330	396,957,464	394,189,671	382,826,296

Actual Valuation

Valuation as of January .

	2008	2007	2006	2005	2004
Fiscal Year . . .	2009-10	2008-09	2007-08	2006-07	2005-06
Residential:	373,678,219	355,707,006	311,314,769	303,880,469	268,850,332
Agricultural Land:	97,076,324	97,077,524	101,176,524	101,176,524	101,176,524
Ag Buildings:	21,003,890	20,616,260	19,975,260	19,598,460	19,610,360
Commercial:	47,951,062	34,393,698	33,909,198	33,982,698	33,429,198
Industrial:	18,780,103	10,852,365	7,042,565	6,749,195	6,743,880
Personal RE:	0	0	0	292,800	293,000
Railroads:	3,145,592	2,092,506	1,577,824	948,021	683,454
Utilities:	49,403,920	47,576,188	48,953,052	50,889,259	50,985,220
Utility Replacement:	21,582,845	17,707,517	18,876,379	17,382,519	17,382,519
TIF Valuation:	10,101,955	41,209,385	36,968,770	33,974,378	33,288,338
Other:	0	0	0	0	0
Total Valuation:	642,723,910	627,232,449	579,794,341	568,908,423	531,773,201
Less Military:	1,240,840	1,251,952	1,237,136	1,226,024	1,227,776
NET Valuation:	641,900,225	625,980,497	578,557,205	567,682,399	530,545,425

Historic Property Valuations by Class of Property

Valuation Year	Budget Year	Net Taxable Valuation w/Utilities	Percentage Change Taxable Valuation
2008	2009-10	420,106,509	5.75%
2007	2008-09	402,394,330	1.35%
2006	2007-08	396,957,464	3.32%
2005	2006-07	384,189,671	3.19%
2004	2005-06	382,826,296	2.74%
2003	2004-05	372,620,156	-5.09%
2002	2003-04	392,619,990	3.96%
2001	2002-03	377,646,930	6.57%
2000	2001-02	354,370,485	8.11%
1999	2000-01	327,792,129	4.01%

Tax Rates

Taxes levied by the District for the fund groups as presented, for the period indicated:

	<u>Operating</u>	<u>Management</u>	<u>Voted PPEL</u>	<u>Board PPEL</u>	<u>Debt Service</u>	<u>TOTAL</u>
2009-10	11.66737	0.98022	0.67000	0.33000	0.00000	13.64759
2008-09	11.60323	0.92374	0.67000	0.33000	0.00000	13.52697
2007-08	11.16302	0.79043	0.67000	0.33000	0.00000	12.95345
2006-07	11.30217	0.76817	0.67000	0.33000	0.00000	13.07034
2005-06	11.70090	0.89755	0.67000	0.33000	0.00000	13.59845
2004-05	11.84115	0.75695	0.67000	0.33000	0.00000	13.59810

Largest Taxpayers

<u>Taxpayer</u>	<u>2008 Taxable Valuation</u>
Alliance Pipeline	43,961,699
Interstate Power & Light Co.	6,422,343
Exide Corporation	5,633,633
Wall Leasing, LLC	4,933,700
Central Iowa Power Coop	3,696,670
Iowa Telecommunications	3,173,576
Acquisitions Investments of Manchester	3,159,000
Chicago Central & Pacific RR	3,145,592
Lambs Grove LLC	1,698,600
Wal-Mart Real Estate Business Trust	1,566,600

Property Tax Collection History – All Funds

<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected</u>	<u>Percentage Collected</u>
2009-10	\$5,598,560	\$5,594,736	100%
2008-09	\$5,302,593	\$5,309,882	100%
2007-08	\$5,061,762	\$5,051,496	100%
2006-07	\$4,813,649	\$4,816,085	100%
2005-06	\$4,843,279	\$4,843,755	100%

Average Percentage Collected:

100%

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 Delaware County 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 Delaware County 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 Delaware County Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

Notes to the 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

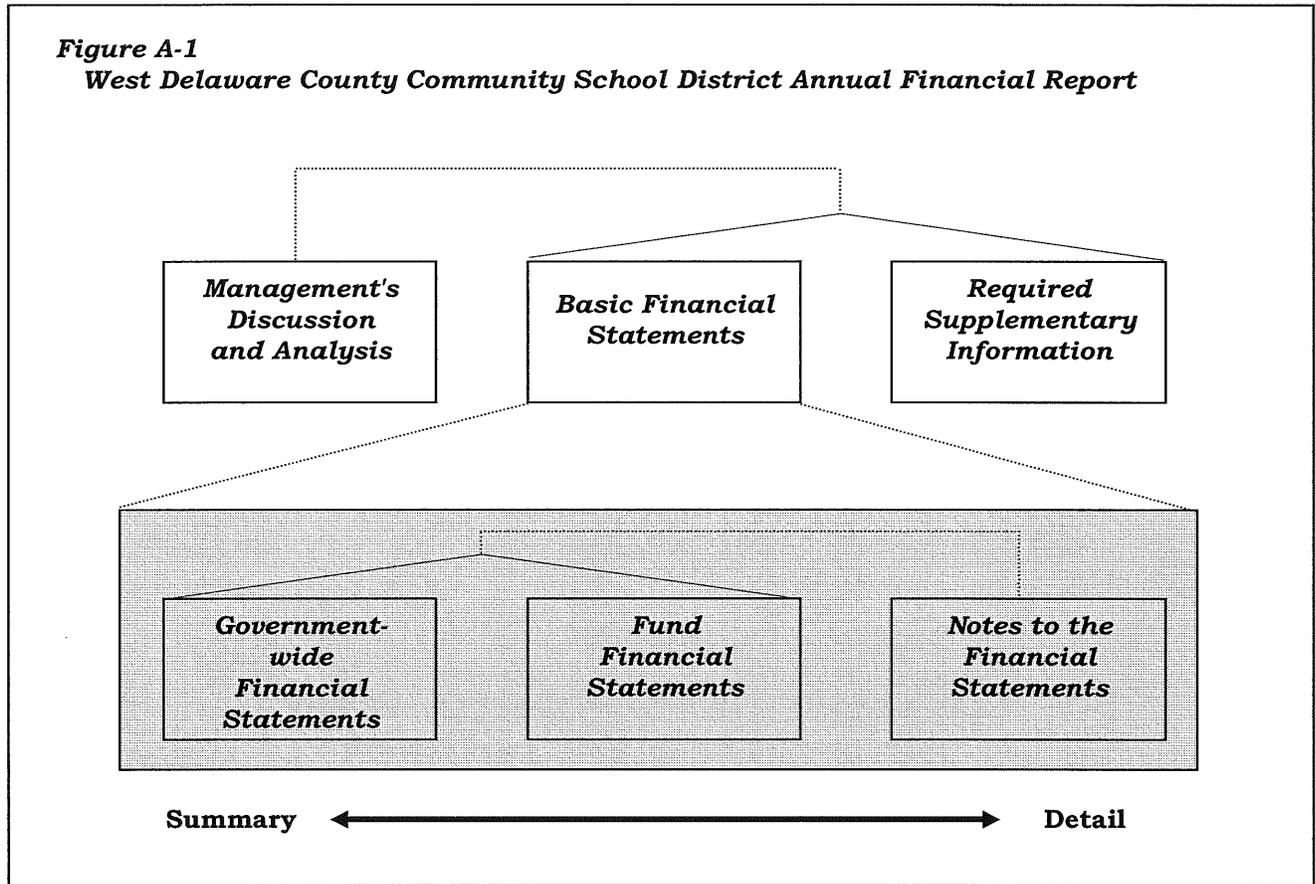


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • 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, and 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 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 categories 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 the 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 District's Internal Service Fund, one type of proprietary fund, are the same as the governmental activities, but provide more detail and additional information, such as cash flows. The District currently has one Internal Service Fund, which accounts for the District's self-funded insurance plan.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in 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 Fund and Agency Funds.

- Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain revenues collected for District employee purchases of pop and related expenditures.

The District is responsible for ensuring that 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 the statement of fiduciary net assets and the 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 School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 9,428,433	9,849,420	189,371	114,668	9,617,804	9,964,088	-3.48%
Capital assets	19,028,934	17,122,713	225,873	218,915	19,254,807	17,341,628	11.03%
Total assets	28,457,367	26,972,133	415,244	333,583	28,872,611	27,305,716	5.74%
Long-term obligations	9,939,495	10,612,428	1,279	476	9,940,774	10,612,904	-6.33%
Other liabilities	6,799,434	6,315,370	13,648	10,899	6,813,082	6,326,269	7.70%
Total liabilities	16,738,929	16,927,798	14,927	11,375	16,753,856	16,939,173	-1.09%
Net assets:							
Invested in capital assets, net of related debt	9,848,934	7,908,998	225,873	218,915	10,074,807	8,127,913	23.95%
Restricted	1,783,921	2,152,886	-	-	1,783,921	2,152,886	-17.14%
Unrestricted	85,583	(17,549)	174,444	103,293	260,027	85,744	203.26%
Total net assets	\$ 11,718,438	10,044,335	400,317	322,208	12,118,755	10,366,543	16.90%

The District's combined net assets increased by \$1,752,212, or 16.90%, over the prior year. The largest portion of the District's net assets is the restricted net assets – 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 \$368,965, or 17.14%, over the prior year. The decrease in restricted net assets was due to the decrease in the Capital Projects fund balance.

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 \$174,283, or 203.26%. The increase in unrestricted net assets was due to the decrease in early retirement and the increasing General Fund fund balance.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 1,106,283	1,193,381	446,658	429,799	1,552,941	1,623,180	-4.33%
Operating grants and contributions and restricted interest	3,201,091	2,431,276	345,104	289,273	3,546,195	2,720,549	30.35%
Capital grants and contributions and restricted interest	402,523	49,175	-	-	402,523	49,175	718.55%
General revenues:							
Property tax	5,598,895	5,306,221	-	-	5,598,895	5,306,221	5.52%
Income surtax	397,633	375,758	-	-	397,633	375,758	5.82%
Statewide sales, services and use tax	954,533	937,539	-	-	954,533	937,539	1.81%
Unrestricted state grants	5,366,536	6,455,364	-	-	5,366,536	6,455,364	-16.87%
Unrestricted investment earnings	132,594	196,136	2,449	1,756	135,043	197,892	-31.76%
Other general revenues	280,491	158,295	6,331	-	286,822	158,295	81.19%
Transfers	-	(70,632)	-	70,632	-	-	0.00%
Total revenues and transfers	17,440,579	17,032,513	800,542	791,460	18,241,121	17,823,973	2.34%
Program expenses:							
Governmental activities:							
Instruction	10,029,017	10,733,100	-	-	10,029,017	10,733,100	-6.56%
Support services	4,341,341	4,491,742	18,709	7,416	4,360,050	4,499,158	-3.09%
Non-instructional programs	23,087	8,542	703,724	667,350	726,811	675,892	7.53%
Other expenses	1,373,031	1,154,560	-	-	1,373,031	1,154,560	18.92%
Total expenses	15,766,476	16,387,944	722,433	674,766	16,488,909	17,062,710	-3.36%
Change in net assets	1,674,103	644,569	78,109	116,694	1,752,212	761,263	130.17%
Beginning net assets	10,044,335	9,399,766	322,208	205,514	10,366,543	9,605,280	7.93%
Ending net assets	\$ 11,718,438	10,044,335	400,317	322,208	12,118,755	10,366,543	16.90%

In fiscal 2010, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 70.63% of the revenues from governmental activities while charges for service and sales and operating grants and contributions account for 98.90% of the revenue from business type activities.

The District's total revenues were \$18,241,121, of which \$17,440,579 was for governmental activities and \$800,542 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.34% increase in revenues and a 3.36% decrease in expenses. Property tax increased by \$292,674 to fund expenditures. The decreases in expenses were related to a decrease in salaries and benefits due to early retirements and staff reductions.

Governmental Activities

Revenues for governmental activities were \$17,440,579 and expenses were \$15,766,476.

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 and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change	2010	2009	Change
			2009-10			2009-10
Instruction	\$ 10,029,017	10,733,100	-6.56%	6,456,627	7,759,948	-16.80%
Support services	4,341,341	4,491,742	-3.35%	3,885,384	4,400,281	-11.70%
Non-instructional programs	23,087	8,542	170.28%	23,087	8,542	170.28%
Other expenses	1,373,031	1,154,560	18.92%	691,481	545,341	26.80%
Totals	<u>\$ 15,766,476</u>	<u>16,387,944</u>	<u>-3.79%</u>	<u>11,056,579</u>	<u>12,714,112</u>	<u>-13.04%</u>

- The cost financed by users of the District’s programs was \$1,106,283.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$3,603,614.
- The net cost of governmental activities was financed with \$5,598,895 in property tax, \$397,633 in income surtax, \$954,533 in statewide sales, services and use tax, \$5,366,536 in unrestricted state grants, \$132,594 in interest income and \$280,491 in other general revenues.

Business Type Activities

Revenues of the District’s business type activities were \$800,542 and expenses were \$722,433. 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, the West Delaware County 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 combined fund balance of \$2,214,583, below last year’s ending fund balance of \$3,189,882. The primary reason for the decrease in combined fund balance in fiscal 2010 is due to construction project being completed during the year.

Governmental Fund Highlights

- The District’s General Fund financial position is the product of many factors. The state’s student enrollment driven funding formula has not provided much “new money” over the course of the last several years, yet the District maintains a competitive hiring salary for each of its job classifications. However, this was the first time in five years that General Fund revenues exceeded expenses. This resulted in the General Fund fund balance increasing by \$214,264 or 128.01%.

- The District had a decrease in Capital Projects Fund financial position from \$1,419,771 in fiscal year 2009 to \$214,342 in fiscal year 2010. This decrease was the result of the District finishing the \$15.6 million remodeling project.
- The District had a decrease in the Physical Plant and Equipment Levy Fund financial position from \$720,096 in fiscal year 2009 to \$625,685 in fiscal year 2010. This decrease was a result of purchasing three new buses.

Proprietary Fund Highlights

The Proprietary Fund net assets increased from \$322,208 at June 30, 2009 to \$400,317 at June 30, 2010, representing an increase of 24.24%. The increase was due to the revenues from state and federal sources as well as from student lunch sales in excess of District expenses.

BUDGETARY HIGHLIGHTS

The District's revenues were \$397,447 less than budgeted revenues, a variance of 2.14%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

The District manages or controls General Fund spending through its line-item budget. The certified budget exceeded in the other expenditures functional area due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget. In the future, the District's certified budget should be amended to reflect increases in expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$19,254,807, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, furnishings athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 11.03% from the prior year, with building valuations increasing substantially due to the construction projects. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$560,151.

The original cost of the District's capital assets was \$25,534,249. Governmental funds account for \$25,122,706 with the remainder of \$411,543 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$2,225,572 at June 30, 2009, compared to \$17,772,273 reported at June 30, 2010. This increase resulted from capital construction which began in previous years being completed during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30, 2010	2009	June 30, 2010	2009	June 30, 2010	2009	2009-10
Land	\$ 72,250	72,250	-	-	72,250	72,250	0.00%
Construction in progress	-	13,802,715	-	-	-	13,802,715	-100.00%
Buildings	17,772,273	2,225,572	-	-	17,772,273	2,225,572	698.55%
Land improvements	407,270	385,749	-	-	407,270	385,749	5.58%
Machinery and equipment	777,141	636,427	225,873	218,915	1,003,014	855,342	17.26%
Total	\$ 19,028,934	17,122,713	225,873	218,915	19,254,807	17,341,628	11.03%

Long-Term Debt

At June 30, 2010, the District had \$9,940,774 in bonded and other long-term debt outstanding. This represents a decrease of 6.33% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had general obligations bonds payable of \$5,800,000 at June 30, 2010.

The District had revenue bonds payable from the Capital Projects Fund of \$2,025,000 at June 30, 2010.

The District had capital loan notes payable from the Special Revenue, Physical Plant and Equipment Fund of \$1,355,000 at June 30, 2010.

The District had early retirement payable from the General and Special Revenue, Management Levy Fund of \$586,418 at June 30, 2010.

The District had other postemployment benefits payable of \$127,410 at June 30, 2010.

The District had compensated absences payable of \$46,946 at June 30, 2010

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities June 30,		Business Type Activities June 30,		Total School District June 30,		Total Change June 30,
	2010	2009	2010	2009	2010	2009	2009-10
General Obligation Bonds	\$ 5,800,000	5,800,000	-	-	5,800,000	5,800,000	0.00%
Revenue Bonds	2,025,000	2,490,000	-	-	2,025,000	2,490,000	-18.67%
Capital Loan Notes	1,355,000	1,555,000	-	-	1,355,000	1,555,000	-12.86%
Early Retirement	586,418	691,904	-	-	586,418	691,904	-15.25%
Net OPEB Liability	126,131	75,524	1,279	476	127,410	76,000	67.64%
Compensated absences	46,946	-	-	-	46,946	-	100.00%
Totals	\$ 9,939,495	10,612,428	1,279	476	9,940,774	10,612,904	-6.33%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Continued budget concerns at the state level will affect future projections. The District has been forced to shift funding to property taxes.
- The District's continuing decline in student enrollment mirrors the state-wide trend. Since funding is received primarily on a per pupil basis, revenues have increased more slowly than expenditures. The District's Management Team is continually seeking additional efficiencies in the operation of the non-instructional program, and is also recommending reductions in education staffing.

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 Kelly Jared, Director of Finance/Board Secretary, West Delaware County Community School District, 601 New Street, Manchester, Iowa, 52057.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 2,322,285	148,335	2,470,620
Receivables:			
Property tax:			
Delinquent	74,747	-	74,747
Succeeding year	6,094,884	-	6,094,884
Income surtax	350,000	-	350,000
Accounts	18,356	348	18,704
Due from other governments	568,161	-	568,161
Inventories	-	40,688	40,688
Capital assets, net of accumulated depreciation	19,028,934	225,873	19,254,807
TOTAL ASSETS	28,457,367	415,244	28,872,611
LIABILITIES			
Accounts payable	327,846	2,604	330,450
Retainage payable	110,408	-	110,408
Salaries and benefits payable	46,746	1,352	48,098
Accrued interest payable	85,291	-	85,291
Deferred revenue:			
Succeeding year property tax	6,094,884	-	6,094,884
Other	134,259	-	134,259
Unearned revenue	-	9,692	9,692
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	480,000	-	480,000
Capital loan notes payable	210,000	-	210,000
Early retirement payable	160,654	-	160,654
Compensated absences	46,946	-	46,946
Portion due after one year:			
General obligation bonds payable	5,800,000	-	5,800,000
Revenue bonds payable	1,545,000	-	1,545,000
Capital loan notes payable	1,145,000	-	1,145,000
Early retirement payable	425,764	-	425,764
Net OPEB liability	126,131	1,279	127,410
TOTAL LIABILITIES	16,738,929	14,927	16,753,856
NET ASSETS			
Invested in capital assets, net of related debt	9,848,934	225,873	10,074,807
Restricted for:			
Debt service	728,201	-	728,201
Categorical funding	149,516	-	149,516
Physical plant and equipment levy	625,685	-	625,685
Other special revenue purposes	280,519	-	280,519
Unrestricted	85,583	174,444	260,027
TOTAL NET ASSETS	\$ 11,718,438	400,317	12,118,755

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 6,452,668	459,666	1,867,026	-	(4,125,976)	-	(4,125,976)
Special	1,697,359	141,564	382,237	-	(1,173,558)	-	(1,173,558)
Other	1,878,990	492,765	229,132	-	(1,157,093)	-	(1,157,093)
	<u>10,029,017</u>	<u>1,093,995</u>	<u>2,478,395</u>	<u>-</u>	<u>(6,456,627)</u>	<u>-</u>	<u>(6,456,627)</u>
Support services:							
Student	509,043	-	-	-	(509,043)	-	(509,043)
Instructional staff	490,144	-	-	-	(490,144)	-	(490,144)
Administration	1,405,213	-	-	-	(1,405,213)	-	(1,405,213)
Operation and maintenance of plant	1,243,242	-	-	402,523	(840,719)	-	(840,719)
Transportation	693,699	12,288	41,146	-	(640,265)	-	(640,265)
	<u>4,341,341</u>	<u>12,288</u>	<u>41,146</u>	<u>402,523</u>	<u>(3,885,384)</u>	<u>-</u>	<u>(3,885,384)</u>
Non-instructional programs:							
Food service operations	23,087	-	-	-	(23,087)	-	(23,087)
Other expenditures:							
Long-term debt interest	387,486	-	-	-	(387,486)	-	(387,486)
AEA flowthrough	681,550	-	681,550	-	-	-	-
Depreciation(unallocated)*	303,995	-	-	-	(303,995)	-	(303,995)
	<u>1,373,031</u>	<u>-</u>	<u>681,550</u>	<u>-</u>	<u>(691,481)</u>	<u>-</u>	<u>(691,481)</u>
Total governmental activities	<u>15,766,476</u>	<u>1,106,283</u>	<u>3,201,091</u>	<u>402,523</u>	<u>(11,056,579)</u>	<u>-</u>	<u>(11,056,579)</u>
Business Type activities:							
Support services:							
Operation and maintenance of plant	18,709	-	-	-	-	(18,709)	(18,709)
Non-instructional programs:							
Nutrition services	703,724	446,658	345,104	-	-	88,038	88,038
Total business type activities	<u>722,433</u>	<u>446,658</u>	<u>345,104</u>	<u>-</u>	<u>-</u>	<u>69,329</u>	<u>69,329</u>
Total	\$ 16,488,909	1,552,941	3,546,195	402,523	(11,056,579)	69,329	(10,987,250)
General Revenues:							
Property tax for:							
General purposes					\$ 5,179,279	-	5,179,279
Capital outlay					419,616	-	419,616
Income surtax					397,633	-	397,633
Statewide sales, services and use tax					954,533	-	954,533
Unrestricted state grants					5,366,536	-	5,366,536
Unrestricted investment earnings					132,594	2,449	135,043
Other general revenues					280,491	6,331	286,822
Total general revenues					<u>12,730,682</u>	<u>8,780</u>	<u>12,739,462</u>
Change in net assets					1,674,103	78,109	1,752,212
Net assets beginning of year					10,044,335	322,208	10,366,543
Net assets end of year					<u>\$ 11,718,438</u>	<u>400,317</u>	<u>12,118,755</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments	\$ 480,012	631,242	65,304	996,020	2,172,578
Receivables:					
Property tax:					
Delinquent	63,846	5,537	-	5,364	74,747
Succeeding year	5,288,888	424,715	-	381,281	6,094,884
Income surtax	350,000	-	-	-	350,000
Accounts	5,045	-	-	13,311	18,356
Due from other governments	308,681	17	259,446	17	568,161
TOTAL ASSETS	\$ 6,496,472	1,061,511	324,750	1,395,993	9,278,726
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 295,986	11,111	-	20,749	327,846
Retainage payable	-	-	110,408	-	110,408
Salaries and benefits payable	45,693	-	-	1,053	46,746
Deferred revenue:					
Succeeding year property tax	5,288,888	424,715	-	381,281	6,094,884
Income surtax	350,000	-	-	-	350,000
Other	134,259	-	-	-	134,259
Total liabilities	6,114,826	435,826	110,408	403,083	7,064,143
Fund balances:					
Reserved for:					
Debt service	-	-	378,500	349,701	728,201
Categorical funding	149,516	-	-	-	149,516
Unreserved	232,130	625,685	(164,158)	643,209	1,336,866
Total fund balances	381,646	625,685	214,342	992,910	2,214,583
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,496,472	1,061,511	324,750	1,395,993	9,278,726

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY 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 28)	\$	2,214,583
 <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.		19,028,934
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		149,707
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		350,000
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.		(85,291)
Long-term liabilities, including bonds payable, capital loan notes payable, early retirement payable, compensated absences and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(9,939,495)</u>
Net assets of governmental activities (page 26)	\$	<u><u>11,718,438</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 5,142,715	419,616	841,634	401,408	6,805,373
Tuition	520,630	-	-	-	520,630
Other	294,395	12,618	427,046	693,095	1,427,154
Intermediate sources	10,887	-	-	-	10,887
State sources	7,123,013	263	112,899	255	7,236,430
Federal sources	1,407,316	-	-	-	1,407,316
Total revenues	14,498,956	432,497	1,381,579	1,094,758	17,407,790
EXPENDITURES:					
Current:					
Instruction:					
Regular	6,465,834	-	-	187,308	6,653,142
Special	1,714,138	-	-	6,395	1,720,533
Other	1,317,010	-	-	604,064	1,921,074
	9,496,982	-	-	797,767	10,294,749
Support services:					
Student	531,177	-	-	6,914	538,091
Instructional staff	512,172	-	-	1,839	514,011
Administration	1,320,283	2,300	750	11,821	1,335,154
Operation and maintenance of plant	1,156,310	-	-	96,792	1,253,102
Transportation	604,218	192,125	-	43,655	839,998
	4,124,160	194,425	750	161,021	4,480,356
Non-instructional programs:					
Food service operations	-	-	-	16,129	16,129
Other expenditures:					
Facilities acquisitions	-	78,705	1,791,381	-	1,870,086
Long-term debt:					
Principal	-	-	-	665,000	665,000
Interest and fiscal charges	-	-	-	396,786	396,786
AEA flowthrough	681,550	-	-	-	681,550
	681,550	78,705	1,791,381	1,061,786	3,613,422
Total expenditures	14,302,692	273,130	1,792,131	2,036,703	18,404,656
Excess(deficiency) of revenues over(under) expenditures	196,264	159,367	(410,552)	(941,945)	(996,866)
Other financing sources(uses):					
Transfers in	-	-	64,090	1,052,222	1,116,312
Transfers out	-	(257,345)	(858,967)	-	(1,116,312)
Proceeds from the disposal of property	18,000	3,567	-	-	21,567
Total other financing sources(uses)	18,000	(253,778)	(794,877)	1,052,222	21,567
Net change in fund balances	214,264	(94,411)	(1,205,429)	110,277	(975,299)
Fund balance beginning of year	167,382	720,096	1,419,771	882,633	3,189,882
Fund balance end of year	\$ 381,646	625,685	214,342	992,910	2,214,583

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY 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 30) \$ (975,299)

**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, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense, and loss on disposal in the year are as follows:

Capital outlays	\$ 2,464,829	
Depreciation expense	(531,842)	
Loss on disposal	(26,766)	
		1,906,221

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 28,159

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. 665,000

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. 9,300

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 32,789

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.

Compensated absences	\$ (46,946)	
Early retirement	105,486	
Other postemployment benefits	(50,607)	
		7,933

Changes in net assets of governmental activities (page 27) \$ 1,674,103

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business Type	
	Enterprise: Fund	Governmental Activities:
	School Nutrition	Internal Service Fund
ASSETS		
Cash and pooled investments	\$ 148,335	149,707
Accounts receivable	348	-
Inventories	40,688	-
Capital assets, net of accumulated depreciation	225,873	-
TOTAL ASSETS	415,244	149,707
LIABILITIES		
Current liabilities:		
Accounts payable	2,604	-
Salaries and benefits payable	1,352	-
Unearned revenue	9,692	-
Total current liabilities	13,648	-
Long-term liabilities:		
Net OPEB liability	1,279	-
Total long-term liabilities	1,279	-
TOTAL LIABILITIES	14,927	-
NET ASSETS		
Invested in capital assets	225,873	-
Unrestricted	174,444	149,707
TOTAL NET ASSETS	\$ 400,317	149,707

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business Type	
	Enterprise: Fund	Governmental Activities:
	School Nutrition	Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 446,658	-
Miscellaneous	6,331	131,220
TOTAL OPERATING REVENUES	<u>452,989</u>	<u>131,220</u>
OPERATING EXPENSES:		
Support services:		
Operation and maintenance of plant:		
Services	18,709	-
Non-instructional programs:		
Food service operations:		
Salaries	280,431	-
Benefits	45,151	-
Services	6,491	-
Supplies	342,521	-
Other	821	-
Depreciation	28,309	-
	<u>703,724</u>	<u>-</u>
Other enterprise operations:		
Benefits	-	103,061
Total non-instructional programs	<u>703,724</u>	<u>103,061</u>
TOTAL OPERATING EXPENSES	<u>722,433</u>	<u>103,061</u>
OPERATING INCOME (LOSS)	(269,444)	28,159
NON-OPERATING REVENUES:		
State sources	7,825	-
Federal sources	337,279	-
Interest on investments	2,449	-
TOTAL NON-OPERATING REVENUES	<u>347,553</u>	<u>-</u>
Changes in net assets	78,109	28,159
Net assets beginning of year	<u>322,208</u>	<u>121,548</u>
Net assets end of year	<u>\$ 400,317</u>	<u>149,707</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business Type	
	Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 446,464	-
Cash received from miscellaneous	6,331	131,220
Cash payments to employees for services	(323,427)	(103,061)
Cash payments to suppliers for goods or services	(298,530)	-
Net cash provided by(used in) operating activities	<u>(169,162)</u>	<u>28,159</u>
Cash flows from non-capital financing activities:		
State grants received	7,825	-
Federal grants received	257,832	-
Net cash provided by non-capital financing activities	<u>265,657</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	<u>(35,267)</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>2,449</u>	<u>-</u>
Net increase in cash and cash equivalents	63,677	28,159
Cash and cash equivalents at beginning of year	<u>84,658</u>	<u>121,548</u>
Cash and cash equivalents at end of year	<u>\$ 148,335</u>	<u>149,707</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (269,444)	28,159
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	79,447	-
Depreciation	28,309	-
Increase in inventories	(10,858)	-
Increase in accounts receivable	(168)	-
Increase in accounts payable	1,423	-
Increase in salaries and benefits payable	1,352	-
Decrease in unearned revenue	(26)	-
Increase in other postemployment benefits	803	-
Net cash provided by(used in) operating activities	<u>\$ (169,162)</u>	<u>28,159</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$79,447.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 8,966	3,467
Due from other groups	-	1,807
TOTAL ASSETS	8,966	5,274
LIABILITIES		
Accounts payable	-	64
Due to other groups	-	5,210
TOTAL LIABILITIES	-	5,274
NET ASSETS	\$ 8,966	-

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2010

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 1,550
Interest income	165
Total additions	<u>1,715</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>1,250</u>
Change in net assets	465
Net assets beginning of year	<u>8,501</u>
Net assets end of year	<u>\$ 8,966</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(1) **Summary of Significant Accounting Policies**

The West Delaware County Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Manchester, Ryan, Dundee, Greeley, and Masonville, Iowa, and the predominate agricultural territory in Delaware and Buchanan 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 Delaware County 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 Delaware County Community School District has no component units which 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 do 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 Delaware and Buchanan Counties Assessors' 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 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 support.

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 plus unspent bonds proceeds identified as the reserved for capital facility construction and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net asset consist of net assets that do not meet 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 that 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 that are 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 other 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 receipts 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 expenses, including instructional, support and other costs.

The Physical Plant and Equipment Levy Fund is utilized to account for building improvements and equipment purchases.

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

The District's proprietary funds are the School Nutrition Fund and the Internal Service Fund. The Nutrition fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the self-funded

insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and the Statement of Activities.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds are as follows:

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.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

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 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating 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 nonoperating 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 Balances

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.

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, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are 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 that 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, machinery, equipment and intangibles 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 repairs 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	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is 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 on 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.

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition 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 Balances - 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.

Net assets restricted through enabling legislation consists of \$728,201 for debt service, \$149,516 for categorical funding, \$625,685 for physical plant and equipment levy and \$280,519 for other special revenue purposes (student activity fund).

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

The District's deposits 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 and the Treasurer of the State of Iowa; 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, 2010 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$2,296 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk - The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools 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. Bankers Trust Co. NA is the trustee for the program.

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. The District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate of 4.50%. A summary of the District's participation in ISCAP as of June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2009-10B	1/21/09	1/21/10	\$ 0	300,000	300,000	0

During the year ended June 30, 2010, the District paid \$23,693 of interest on the ISCAP warrants.

(4) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide, Sales, Services and Use Tax	\$ 794,877
Debt Service	Physical Plant and Equipment Levy	257,345
Capital Projects: Phase II G.O. Bonds Construction	Capital Projects: Statewide, Sales, Services and Use Tax	63,090
Capital Projects: Hanson Auditorium Construction	Capital Projects: Statewide, Sales, Services and Use Tax	1,000
Total		<u>\$ 1,116,312</u>

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

(5) Capital Assets

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

	Restated Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 72,250	-	-	72,250
Construction in progress	13,802,715	1,782,407	15,585,122	-
Total capital assets not being depreciated	<u>13,874,965</u>	<u>1,782,407</u>	<u>15,585,122</u>	<u>72,250</u>
Capital assets being depreciated:				
Buildings	5,297,683	15,830,017	50,000	21,077,700
Land improvements	627,046	53,180	-	680,226
Machinery and equipment	3,082,125	384,347	173,942	3,292,530
Total capital assets being depreciated	<u>9,006,854</u>	<u>16,267,544</u>	<u>223,942</u>	<u>25,050,456</u>
Less accumulated depreciation for:				
Buildings	3,072,111	272,336	39,020	3,305,427
Land improvements	241,297	31,659	-	272,956
Machinery and equipment	2,445,698	227,847	158,156	2,515,389
Total accumulated depreciation	<u>5,759,106</u>	<u>531,842</u>	<u>197,176</u>	<u>6,093,772</u>
Total capital assets being depreciated, net	<u>3,247,748</u>	<u>15,735,702</u>	<u>26,766</u>	<u>18,956,684</u>
Governmental activities capital assets, net	<u>\$ 17,122,713</u>	<u>17,518,109</u>	<u>15,611,888</u>	<u>19,028,934</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 388,236	35,267	11,960	411,543
Less accumulated depreciation	169,321	28,309	11,960	185,670
Business type activities capital assets, net	\$ 218,915	6,958	-	225,873

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 102,045
Special	1,786
Other	18,062

Support services:

Administration	1,436
Operation and maintenance of plant	4,810
Transportation	99,708
	<u>227,847</u>

Unallocated depreciation 303,995

Total governmental activities depreciation expense \$ 531,842

Business type activities:

Food services \$ 28,309

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 5,800,000	-	-	5,800,000	-
Revenue Bonds	2,490,000	-	465,000	2,025,000	480,000
Capital Loan Notes	1,555,000	-	200,000	1,355,000	210,000
Early Retirement	691,904	105,080	210,566	586,418	160,654
Net OPEB liability	75,524	50,607	-	126,131	-
Compensated absences	-	46,946	-	46,946	46,946
Total	\$ 10,612,428	202,633	875,566	9,939,495	897,600

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<u>Business Type activities:</u>					
Net OPEB liability	\$ 476	803	-	1,279	-

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of February 1, 2008			
	Interest Rates	Principal	Interest	Total
2011	4.00 % \$	-	237,900	237,900
2012	4.00	-	237,900	237,900
2013	4.00	-	237,900	237,900
2014	4.00	-	237,900	237,900
2015	4.00	345,000	237,900	582,900
2016-2020	4.00-4.13	1,950,000	969,020	2,919,020
2021-2025	4.13	2,400,000	533,155	2,933,155
2026-2027	4.13	1,105,000	68,888	1,173,888
Total		\$ 5,800,000	2,760,563	8,560,563

Revenue Bonds Payable

Details of the District's June 30, 2010 statewide sales services, and use tax revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond Issue of January 1, 2006			
	Interest Rates	Principal	Interest	Total
2011	4.00 % \$	480,000	82,941	562,941
2012	4.10	495,000	63,741	558,741
2013	4.10	515,000	43,446	558,446
2014	4.15	535,000	22,203	557,203
Total		\$ 2,025,000	212,331	2,237,331

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,785,000 bonds issued in January 2006. The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure and are payable through 2014. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. 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 a high percentage of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,237,331. For the current year, \$465,000 in principal and \$101,541 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$841,634.

The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the statewide Sales, services and use tax revenue bonds includes the following provisions:

- a) \$378,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the 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. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) 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.
- d) 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 Loan Notes

Details of the District's June 30, 2010 capital loan notes indebtedness is as follows:

Year Ending June 30,	Note Issue of January 1, 2006			
	Interest Rates	Principal	Interest	Total
2011	3.65 %	\$ 210,000	50,045	260,045
2012	3.65	215,000	42,380	257,380
2013	3.70	220,000	34,532	254,532
2014	3.70	230,000	26,393	256,393
2015	3.70	235,000	17,883	252,883
2016	3.75	245,000	9,187	254,187
Total		\$ 1,355,000	180,420	1,535,420

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each employee is a maximum of \$335 per month contribution toward single health insurance coverage until age 65. The employee will also receive \$43 per day of unused sick leave. The early retirement benefits paid during the year ended June 30, 2010, totaled \$210,566.

(7) Other Postemployment Benefits (OPEB)

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 218 active and 24 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit 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 that, 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 District's net OPEB obligation:

Annual required contribution	\$ 240,000
Interest on net OPEB obligation	3,420
Adjustment to annual required contribution	(3,010)
Annual OPEB cost (expense)	<u>240,410</u>
Contributions made	(189,000)
Increase in net OPEB obligation	<u>51,410</u>
Net OPEB obligation - beginning of year	<u>76,000</u>
Net OPEB obligation - end of year	<u>\$ 127,410</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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 \$189,000 to the medical plan. Plan members eligible for benefits contributed \$176,000, or 48.2% 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:

Fiscal Year Ended	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	240,410	78.62%	127,410

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$2,601,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,601,000. The covered payroll (annual payroll of active employees covered by

the plan) was approximately \$8,543,080, and the ratio of the UAAL to covered payroll was 30.4%. 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, will present 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 the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a percentage each year until reaching the 5% ultimate trend rate.

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 for the \$500 per month for retirees who have attained age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) 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 were required to contribute 4.30% of their annual covered salary and the District was required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010. 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 payroll for the years ended June 30, 2009. Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$615,194, \$606,481, and \$558,500 respectively, equal to the required contributions for each year.

(9) Risk Management

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

West Delaware County 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.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$681,550 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.

(11) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2010 are broken out by the following projects:

Project	Amount
Talented and gifted	\$ 12,568
Teacher salary supplement	93,730
Professional development	14,584
Model core curriculum	26,020
Beginning teacher mentoring	2,614
Total reserved for categorical funding	\$ 149,516

(12) Deficit Balances

The District also had deficit unreserved fund balance in the Capital Projects fund of \$164,158.

WEST DELAWARE COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2010

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 8,753,157	455,438	9,208,595	9,033,030	9,033,030	175,565
Intermediate sources	10,887	-	10,887	2,500	2,500	8,387
State sources	7,236,430	7,825	7,244,255	8,887,749	8,887,749	(1,643,494)
Federal sources	1,407,316	337,279	1,744,595	682,500	682,500	1,062,095
Total revenues	17,407,790	800,542	18,208,332	18,605,779	18,605,779	(397,447)
Expenditures/expenses:						
Instruction	10,294,749	-	10,294,749	11,184,044	11,184,044	889,295
Support services	4,480,356	18,709	4,499,065	5,063,987	5,063,987	564,922
Non-instructional programs	16,129	703,724	719,853	745,932	745,932	26,079
Other expenditures	3,613,422	-	3,613,422	4,287,886	4,287,886	674,464
Total expenditures/expenses	18,404,656	722,433	19,127,089	21,281,849	21,281,849	2,154,760
Excess(deficiency) of revenues over(under) expenditures/expenses	(996,866)	78,109	(918,757)	(2,676,070)	(2,676,070)	1,757,313
Other financing sources, net	21,567	-	21,567	811,441	811,441	(789,874)
Excess(deficiency) of revenues and and other financing sources over(under) expenditures/expenses	(975,299)	78,109	(897,190)	(1,864,629)	(1,864,629)	967,439
Balance beginning of year	3,189,882	322,208	3,512,090	2,963,645	2,963,645	548,445
Balance end of year	\$ 2,214,583	400,317	2,614,900	1,099,016	1,099,016	1,515,884

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY 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 comparison 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 and Internal Service 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. 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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2009	July 1, 2008	-	\$ 2,601,000	\$ 2,601,000	0.0%	\$ 6,621,408	39.3%
2010	July 1, 2008	-	2,601,000	2,601,000	0.0%	8,543,080	30.4%

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

OTHER SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Nonmajor Special Revenue Funds				Total
	Management Levy	Student Activity	Nonmajor Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS					
Cash and pooled investments	\$ 357,309	289,010	646,319	349,701	996,020
Receivables:					
Property tax:					
Delinquent	5,364	-	5,364	-	5,364
Succeeding year	381,281	-	381,281	-	381,281
Accounts	-	13,311	13,311	-	13,311
Due from other governments	17	-	17	-	17
TOTAL ASSETS	\$ 743,971	302,321	1,046,292	349,701	1,395,993
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	20,749	20,749	-	20,749
Salaries and benefits payable	-	1,053	1,053	-	1,053
Deferred revenue:					
Succeeding year property tax	381,281	-	381,281	-	381,281
Total liabilities	381,281	21,802	403,083	-	403,083
Fund balances:					
Reserved for:					
Debt service	-	-	-	349,701	349,701
Unreserved	362,690	280,519	643,209	-	643,209
Total fund balances	362,690	280,519	643,209	349,701	992,910
TOTAL LIABILITIES AND FUND BALANCES	\$ 743,971	302,321	1,046,292	349,701	1,395,993

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds				Total
	Manage- ment Levy	Student Activity	Nonmajor Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:					
Local sources:					
Local tax	\$ 401,408	-	401,408	-	401,408
Other	31,586	592,980	624,566	68,529	693,095
State sources	255	-	255	-	255
TOTAL REVENUES	433,249	592,980	1,026,229	68,529	1,094,758
EXPENDITURES:					
Current:					
Instruction:					
Regular	187,308	-	187,308	-	187,308
Special	6,395	-	6,395	-	6,395
Other	-	604,064	604,064	-	604,064
Support services:					
Student	6,914	-	6,914	-	6,914
Instructional staff	1,839	-	1,839	-	1,839
Administration	11,821	-	11,821	-	11,821
Operation and maintenance of plant	96,792	-	96,792	-	96,792
Transportation	43,655	-	43,655	-	43,655
Non-instructional programs:					
Food service operations	16,129	-	16,129	-	16,129
Other expenditures:					
Long-term debt:					
Principal	-	-	-	665,000	665,000
Interest and fiscal charges	-	-	-	396,786	396,786
TOTAL EXPENDITURES	370,853	604,064	974,917	1,061,786	2,036,703
Excess(Deficiency) of revenues over(under) expenditures	62,396	(11,084)	51,312	(993,257)	(941,945)
Other financing sources:					
Transfers in	-	-	-	1,052,222	1,052,222
Net change in fund balance	62,396	(11,084)	51,312	58,965	110,277
Fund balance beginning of year	300,294	291,603	591,897	290,736	882,633
Fund balance end of year	\$ 362,690	280,519	643,209	349,701	992,910

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2010

	Capital Projects Funds				
	Statewide				Total
	Phase II G.O. Bond Construction	Sales, Services and Use Tax	Hanson Auditorium Construction	Gymnasium Construction	
REVENUES:					
Local sources:					
Local tax	\$ -	841,634	-	-	841,634
Other	3,858	20,665	2,523	400,000	427,046
State sources	-	112,899	-	-	112,899
TOTAL REVENUES	3,858	975,198	2,523	400,000	1,381,579
EXPENDITURES:					
Current:					
Support services:					
Administration services	-	750	-		750
Other expenditures:					
Facilities acquisitions	699,233	690,625	1,523	400,000	1,791,381
TOTAL EXPENDITURES	699,233	691,375	1,523	400,000	1,792,131
Excess(Deficiency) of revenues over(under) expenditures	(695,375)	283,823	1,000	-	(410,552)
Other financing sources(uses):					
Transfers in	64,090	-	-	-	64,090
Transfers out	-	(857,967)	(1,000)	-	(858,967)
Total other financing sources(uses)	64,090	(857,967)	(1,000)	-	(794,877)
Net change in fund balance	(631,285)	(574,144)	-	-	(1,205,429)
Fund balance beginning of year	631,285	788,486	-	-	1,419,771
Fund balance end of year	\$ -	214,342	-	-	214,342

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2010

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>District-wide:</u>				
General Activity	\$ 712	-	-	712
Special Programs Learning Aids	635	-	-	635
Special Programs Special Olympics	6,850	1,417	320	7,947
District-Wide Destination Imagination	7,960	1,314	5,830	3,444
District-Wide Interest	11,969	-	-	11,969
	<u>28,126</u>	<u>2,731</u>	<u>6,150</u>	<u>24,707</u>
<u>Elementary:</u>				
Elem Vocal Music	(148)	500	-	352
Elem Band	99	334	433	-
Elem Book Fair	2,979	10,999	12,417	1,561
Elem Activity	60,530	30,431	20,114	70,847
Elem Resale-Pencils	2,391	384	855	1,920
Elem Boxtops Fundraiser	4,654	1,894	2,935	3,613
Elem Green School Project	1,838	2,400	3,037	1,201
Elem Yearbook	1,973	2,594	2,359	2,208
	<u>74,316</u>	<u>49,536</u>	<u>42,150</u>	<u>81,702</u>
<u>Middle School:</u>				
MS Drama	91	-	-	91
MS Vocal Music	4,102	4,371	4,964	3,509
MS Band	6,538	1,524	953	7,109
MS Boys Basketball	-	1,109	1,109	-
MS Football	192	1,137	1,329	-
MS Boys Track	224	913	1,014	123
MS Boys Cross Country	-	15	-	15
MS Wrestling	66	1,192	1,258	-
MS Girls Basketball	-	753	753	-
MS Volleyball	-	921	921	-
MS Girls Track	-	941	928	13
MS Girls Cross Country	-	50	50	-
MS Book Fair	4,524	3,856	4,134	4,246
MS Activity	68,405	55,726	48,791	75,340
MS 5th Grade Activity	370	-	127	243
MS 8th Grade Field Trip	5,403	1,120	-	6,523
MS Rivers Day Activity	901	871	461	1,311
MS Peer Helpers	1,495	-	270	1,225
MS Boxtops fundraiser	-	70	-	70
MS 8th Grade fundraising	-	1,742	1,771	(29)
MS Student Council	92	-	-	92
MS FFA	55	-	-	55
MS Behavior Support	464	1,055	-	1,519
MS Yearbook	-	2,976	2,211	765
MS Concessions	15,491	28,507	35,950	8,048
	<u>108,413</u>	<u>108,849</u>	<u>106,994</u>	<u>110,268</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>High School:</u>				
HS Drama	3,608	23,176	20,042	6,742
HS Speech	4,376	3,578	6,474	1,480
HS Vocal Music	(1,036)	22,473	19,988	1,449
HS Vocal Fundraisers	64	54	-	118
HS Band	287	14,291	15,454	(876)
HS Band Fundraisers	292	1,261	-	1,553
HS Cheerleading	1,776	1,732	3,051	457
HS Boys Basketball	(3,008)	17,344	20,426	(6,090)
HS Football	15,788	42,941	59,751	(1,022)
HS Boys Soccer	4,270	3,795	3,893	4,172
HS Baseball	(9,752)	26,123	24,041	(7,670)
HS Boys Track	1,863	8,150	6,615	3,398
HS Boys Cross Country	(118)	2,942	2,360	464
HS Boys Tennis	39	-	-	39
HS Boys Golf	(1,396)	1,349	2,423	(2,470)
HS Wrestling	1,114	36,143	37,658	(401)
HS Girls Basketball	(2,449)	18,073	19,214	(3,590)
HS Volleyball	(2,427)	9,697	9,304	(2,034)
HS Girls Soccer	870	6,408	8,565	(1,287)
HS Softball	(9,038)	26,324	21,629	(4,343)
HS Girls Track	255	12,140	9,436	2,959
HS Girls Cross Country	(176)	3,889	3,854	(141)
HS Girls Golf	(1,018)	1,060	2,437	(2,395)
HS Activity Tickets	15,341	1,567	1,806	15,102
HS Book Fair	168	-	-	168
HS Activity	1,393	2,141	4,635	(1,101)
HS Student Vending	582	2,546	2,217	911
HS After Prom	(257)	6,579	6,322	-
HS Art	703	10	-	713
HS SADD	1,306	-	-	1,306
HS Gay Straight Alliance	-	332	388	(56)
HS Bowling	564	3,921	4,092	393
HS National Honor Society	2,031	3,723	3,622	2,132
HS Student Council	(410)	4,126	5,231	(1,515)
HS Dance Team	2,084	1,235	1,896	1,423
HS Show Choir	-	9,506	10,717	(1,211)
HS FBLA	1,205	12,293	10,217	3,281
HS FCCLA	1,408	4,181	3,320	2,269
HS AP Testing Resale	(6)	-	-	(6)
HS Fundraising	1	-	-	1
HS Foreign Language Fundraising	1,253	1,839	2,237	855
HS Back to School Fundraiser	1,906	3,365	3,553	1,718
Class of 2007	31	-	-	31
Class of 2008	7,198	-	-	7,198
Class of 2009	2,923	-	40	2,883
Class of 2010	147	270	1,237	(820)
Class of 2011	(92)	35,788	35,557	139
Class of 2012	(98)	-	162	(260)
Class of 2013	-	-	162	(162)
HS FFA	6,435	26,868	24,997	8,306
HS Athletic Equipment	2,408	-	-	2,408
HS Yearbook	26,601	23,234	25,426	24,409
HS YADC	1,739	477	705	1,511
HY industrial Tech	-	4,920	3,616	1,304
	80,748	431,864	448,770	63,842
Total	\$ 291,603	592,980	604,064	280,519

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities:		
	Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
ASSETS:			
Cash and pooled investments	\$ 114,414	35,293	149,707
LIABILITIES:			
	0	0	0
NET ASSETS	\$ 114,414	35,293	149,707

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2010

	Governmental Activities:		
	Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
OPERATING REVENUES:			
Local sources:			
Miscellaneous	\$ 9,643	121,577	131,220
OPERATING EXPENSES:			
Other enterprise operations:			
Benefits	16,777	86,284	103,061
TOTAL OPERATING EXPENSES	16,777	86,284	103,061
Change in net assets	(7,134)	35,293	28,159
Net assets beginning of year	121,548	0	121,548
Net assets end of year	\$ 114,414	35,293	149,707

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

	Governmental Activities:		
	Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
Cash flows from operating activities:			
Cash received from miscellaneous	\$ 9,643	121,577	131,220
Cash payments to suppliers for goods or services	(16,777)	(86,284)	(103,061)
Net cash provided by(used in) operating activities	(7,134)	35,293	28,159
Net increase(decrease) in cash and cash equivalents	(7,134)	35,293	28,159
Cash and cash equivalents at beginning of year	121,548	0	121,548
Cash and cash equivalents at end of year	\$ 114,414	35,293	149,707

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>ELEMENTARY FACULTY VENDING</u>				
ASSETS				
Cash and pooled investments	\$ 414	2,869	5,026	(1,743)
Due from other groups	372	1,435	-	1,807
	<u>\$ 786</u>	<u>4,304</u>	<u>5,026</u>	<u>64</u>
LIABILITIES				
Accounts payable	\$ 786	32	786	32
Due to other groups	-	4,272	4,240	32
	<u>\$ 786</u>	<u>4,304</u>	<u>5,026</u>	<u>64</u>
<u>MIDDLE SCHOOL FACULTY VENDING</u>				
ASSETS				
Cash and pooled investments	\$ 3,326	1,332	885	3,773
	<u>\$ 3,326</u>	<u>1,332</u>	<u>885</u>	<u>3,773</u>
LIABILITIES				
Due to other groups	\$ 3,326	1,332	885	3,773
	<u>\$ 3,326</u>	<u>1,332</u>	<u>885</u>	<u>3,773</u>
<u>HIGH SCHOOL FACULTY VENDING</u>				
ASSETS				
Cash and pooled investments	\$ 1,131	2,864	3,185	810
	<u>\$ 1,131</u>	<u>2,864</u>	<u>3,185</u>	<u>810</u>
LIABILITIES				
Accounts payable	\$ -	32	-	32
Due to other groups	1,131	2,832	3,185	778
	<u>\$ 1,131</u>	<u>2,864</u>	<u>3,185</u>	<u>810</u>
<u>ACADEMIC BOOSTER</u>				
ASSETS				
Cash and pooled investments	\$ -	1,150	523	627
	<u>\$ -</u>	<u>1,150</u>	<u>523</u>	<u>627</u>
LIABILITIES				
Due to other groups	\$ -	1,150	523	627
	<u>\$ -</u>	<u>1,150</u>	<u>523</u>	<u>627</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 4,871	7,065	9,096	3,467
Due from other groups	372	1,435	-	1,807
	<u>\$ 5,243</u>	<u>8,500</u>	<u>9,096</u>	<u>5,274</u>
LIABILITIES				
Accounts payable	\$ 786	32	786	64
Due to other groups	4,457	8,436	8,310	5,210
	<u>\$ 5,243</u>	<u>8,468</u>	<u>9,096</u>	<u>5,274</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN YEARS

	2010	2009	2008	2007
Revenues:				
Local sources:				
Local tax	\$ 6,805,373	6,524,265	6,199,860	6,144,866
Tuition	520,630	588,931	530,119	475,862
Other	1,427,154	1,014,302	1,995,017	1,290,501
Intermediate sources	10,887	3,223	2,337	18,945
State sources	7,236,430	8,247,287	7,988,447	7,665,915
Federal sources	1,407,316	672,074	450,431	490,028
Total	\$ 17,407,790	17,050,082	17,166,211	16,086,117
Expenditures:				
Current:				
Instruction:				
Regular	\$ 6,653,142	6,814,274	6,761,292	6,245,118
Special	1,720,533	1,997,925	1,793,130	1,778,297
Other	1,921,074	1,788,129	1,740,027	1,791,278
Support services:				
Student	538,091	557,396	523,663	506,034
Instructional staff	514,011	577,663	587,147	627,900
Administration	1,335,154	1,327,736	1,244,674	1,231,530
Operation and maintenance of plant	1,253,102	1,224,170	1,201,451	1,295,088
Transportation	839,998	668,223	797,057	721,294
Non-instructional programs	16,129	14,077	12,588	12,005
Other expenditures:				
Facilities acquisitions	1,870,086	4,744,937	3,157,006	6,060,294
Long-term debt:				
Principal	665,000	640,000	620,000	555,000
Interest	396,786	481,196	207,975	261,468
AEA flow-through	681,550	609,219	580,821	558,796
Total	\$ 18,404,656	21,444,945	19,226,831	21,644,102

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Modified Accrual Basis					
Years Ended June 30,					
2006	2005	2004	2003	2002	2001
6,040,121	5,979,031	5,338,738	4,515,905	4,212,372	3,827,887
469,363	424,314	375,884	272,682	272,100	255,032
1,027,705	733,515	619,639	656,419	651,948	822,518
1,648	992	2,225	3,894	41,653	9,783
7,069,095	6,830,325	6,728,038	7,116,621	7,313,103	7,523,511
525,365	534,309	620,330	412,125	312,970	321,777
15,133,297	14,502,486	13,684,854	12,977,646	12,804,146	12,760,508
5,876,112	5,507,524	5,470,527	5,750,083	5,420,190	5,188,355
1,604,609	1,421,712	1,807,235	1,505,916	1,687,942	1,535,971
1,668,535	1,687,515	1,248,063	1,228,576	1,199,853	1,212,844
506,248	461,371	475,490	456,332	472,608	476,028
637,959	606,391	744,472	858,173	676,644	699,871
1,655,746	1,139,647	1,151,947	1,200,579	1,312,502	1,213,179
1,119,330	919,307	847,699	838,538	754,499	864,468
669,179	631,989	606,693	569,502	560,570	606,839
10,773	8,177	4,000	1,151	19,251	9,564
221,750	91,893	182,404	172,587	129,261	105,881
22,428	273,056	266,233	234,070	135,000	130,000
52,292	7,306	15,339	23,958	55,553	53,271
539,508	539,265	550,205	590,036	594,957	613,682
14,584,469	13,295,153	13,370,307	13,429,501	13,018,830	12,709,953

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	\$ 30,507
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	306,772 *
			<u>337,279</u>
U.S. DEPARTMENT OF LABOR:			
IOWA DEPARTMENT OF LABOR:			
EMPLOYEE BENEFITS SECURITY ADMINISTRATION			
(COBRA PREMIUM ASSISTANCE), RECOVERY ACT	17.151	FY 10	<u>3,067</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 10	157,398
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 09	17,398
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	27,126
			<u>201,922</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	<u>4,517</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 10	<u>77,740</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 10	<u>10,153</u>
ARRA - STATE FISCAL STABILIZATION FUND (SFSE) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	<u>717,327</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	87,940
SPECIAL EDUCATION - GRANTS TO STATES (IDM GRANT)	84.027	FY 10	1,573
SPECIAL EDUCATION - GRANTS TO STATES (HS MODEL)	84.027	FY 10	5,448
ARRA - SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 10	121,999
			<u>216,960</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	<u>1,614</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
IOWA DEPARTMENT OF EDUCATION:			
LEARN AND SERVE AMERICA - SCHOOL AND COMMUNITY BASED PROGRAMS (COMSERV)			
	94.004	FY 09	<u>8,738</u>
TOTAL			<u>\$ 1,579,317</u>

* - Includes \$79,447 of non-cash awards

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the West Delaware County Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

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 the
West Delaware County 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 Delaware County 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 our report thereon dated March 18, 2011. 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 Delaware County 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 an opinion on the effectiveness of West Delaware County Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Delaware County 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 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 and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 a 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 on a timely basis.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Finding and Questioned Costs as items II-A-10 and II-B-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Delaware County 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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 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 Delaware County Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit West Delaware County 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 Delaware County Community School District and other parties to whom West Delaware County 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Delaware County 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.


NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2011

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

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

To the Board of Education of
West Delaware County Community School District

Compliance

We have audited the compliance of West Delaware County Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. West Delaware County Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of West Delaware County Community School District's management. Our responsibility is to express an opinion on West Delaware County Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Delaware County Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Delaware County Community School District's compliance with those requirements.

In our opinion, West Delaware County Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of West Delaware County Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered West Delaware County Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Delaware County Community School District's internal control over compliance.

Members American Institute & Iowa Society of Certified Public Accountants

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2011

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program were as follows:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act.
 - Clustered Programs:
 - CFDA Number 84.027 - Special Education - Grants to States (Part B)
 - CFDA Number 84.027 - Special Education - Grants to States (IDM Grant)
 - CFDA Number 84.027 - Special Education - Grants to States (HS Model)
 - CFDA Number 84.391 - Special Education - Grants to States (Part B), Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Delaware County Community School District qualified as a low-risk auditee.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches. The timesheets turned in to central office need to be reviewed for determination if minimum wage is paid.

Response - The District has created a form and is requesting coaches who are non-certified staff document hours worked. The sheets returned to the central office will be reviewed to determine if minimum wage was paid.

Conclusion - Response accepted.

II-B-10 Scholarship Checks - We noted during our audit that the District wrote checks to students for scholarships from the Private Purpose Trust Fund. The checks did not include the college the student was attending as the payee.

Recommendation - The checks issued for scholarship awards should be written out to the student and college the student is attending.

Response - All scholarship correspondence, including, award certificates now indicate scholarship checks will be made to the student and college. Scholarship checks in FY11 will include the college the student was attending as the payee.

Conclusion - Response accepted.

OTHER MATTERS:

II-C-10 Intangible Asset Policy - Although the District implemented Governmental Accounting Standards Board Statement No. 51 with regard to intangible assets, the District does not have a policy addressing capitalization of intangible assets.

Recommendation - The District's Board of Directors should adopt an intangible asset policy addressing the capitalization of intangible assets.

Response - The West Delaware Board will review and approve the district intangible asset policy in March 2011.

Conclusion - Response accepted.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - District disbursements for the year ended June 30, 2010, did not exceed the amount budgeted.

IV-B-10 Questionable Disbursements - We noted a disbursement of cash for the best homecoming button design. Giving cash to students as incentives or prizes do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - The District is working with activity sponsors and administrators to find alternative recognition incentives other than cash.

Conclusion - Response accepted.

IV-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.

IV-D-10 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-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 that the coverage is adequate for current operations.

IV-F-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-10 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 Deposits and Investments - We noted 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.

- IV-J-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely. We noted no significant deficiencies in the amounts reported.
- IV-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-10 Statewide Sales, Services, and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use 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, services and use tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning Balance		\$	72,123
Statewide sales, services and use tax revenue			841,634
Expenditures/transfers out:			
School infrastructure:			
Buildings	\$	118,880	
Debt Service for school infrastructure:			
Revenue bonds		566,541	
General obligation debt		228,336	913,757
			<u> </u>
Ending balance		\$	<u> 0</u>

As a result of the statewide sales, service and use tax revenue received during the year ended June 30, 2010 the District reduced the following levy:

	Per \$1000 of Taxable Valuation	Property Tax Dollars
Debt Service Levy	\$ 0.54352	\$ 228,336
Physical Plant and Equipment Levy (PPEL)	0.67000	281,471

- IV-M-10 Financial Condition - The District had twenty-one deficit student account balances in the Special Revenue, Student Activity Fund at year end totaling \$37,479. The District had deficit unreserved fund balance in the Capital Projects fund of \$164,158 at June 30, 2010.

Recommendation - The District should continue to monitor these balances and investigate alternatives to eliminate the deficit.

Response - Ten year cash flows for the capital accounts, including monthly balances, have been created, and the cash flows are updated and analyzed at least quarterly.

The business manager will meet at least twice a year with the activities directors to discuss individual activity budgets and balance accounts. The business manager is receiving preliminary budgets for events such as plays and musicals.

Conclusion - Response accepted.

- IV-N-10 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity

Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended. The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

Box Top Donations: Donations Box Tops for Education were recorded in the Elementary and Middle School Activity accounts within the Student Activity Fund.

Recommendation - These donations do not specify the purpose, other than instructional supplies; therefore, they should be receipted into the General fund for use in all instructional supplies/services.

Response - Box Top donations are being receipted to the general fund.

Conclusion - Response accepted.

Interest Allocation: We noted that the District has interest accounts in the Student Activity Fund. It appears that interest earned was not allocated during the year.

Recommendation - Interest received in these accounts should be allocated amongst the individual activity fund accounts that earned the interest during the year. Allocation of interest should be done at least annually.

Response - Interest has been allocated to individual activity accounts and will be allocated annually.

Conclusion - Response accepted.

Old Class Accounts: We noted during our audit that the District has a Class of 2007, Class of 2008, and a Class of 2009 account.

Recommendation - Upon graduation, the remaining balance in old class accounts should be redistributed to other individual activity fund accounts, used as start up funds for the next incoming class or transferred to another student activity fund account.

Response - Old Class Accounts will be distributed to other individual activity fund accounts or used to start up funds for the next incoming class.

Conclusion - Response accepted.

Fundraisers: We noted during our audit that the District maintains fundraisers in the Student Activity Fund. However, all fundraisers are not being approved by the board.

Recommendation - The District should review the procedures in place. The board should approve fundraisers.

Response - All sponsors will be notified of the change and fundraisers will be presented to the Board for approval.

Conclusion - Response accepted.

Administratively Maintained Accounts: We noted during our audit the District had Pencil Resale, Book Fairs and Green Schoolhouse accounts. These accounts are not student run organizations and do not appear to be extracurricular in nature and should therefore, be run through the General Fund.

Recommendation - The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended.

Response - Pencil Resale, Book Fairs and Green Schoolhouse accounts will be run through the General Fund.

Conclusion - Response accepted.

IV-O-10 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required for the Student Activity and Nutrition Funds.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required for record retention.

Response - The District will request from the bank an electronic copy of cancelled checks to retain for its files.

Conclusion - Response accepted.

IV-P-10 Officiating Contracts - We noted during our audit that the Athletic Director was signing Activity Fund officiating contracts. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District.

Response - The District will have the Board President sign all officiating contracts.

Conclusion - Response accepted.

IV-Q-10 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliations of the General and Student Activity Funds that have been outstanding for over a year.

Recommendation - The District needs to determine if the checks need to be voided, reissued or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The District will determine if checks outstanding for more than a year need to be voided, reissued, or submitted to the State Treasurer.

Conclusion - Response accepted.