



Financial Statements  
June 30, 2010

# West Lyon Community School District 60

# WEST LYON COMMUNITY SCHOOL DISTRICT 60

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**West Lyon Community School District 60**  
**SCHOOL DISTRICT OFFICIALS**  
**JUNE 30, 2010**

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>BOARD OF EDUCATION</b> <b>(Before September 2009 Election)</b>		
Kay Twedt	President	September 2009
Ken Kerkvliet	Vice President	September 2009
Al Hassebroek	Board Member	September 2009
Rick Moser	Board Member	September 2011
Gib VanHill	Board Member	September 2011
<b>(After September 2009 Election)</b>		
Gib VanHill	President	September 2011
Rick Moser	Vice President	September 2011
Kyle Knobloch	Board Member	September 2013
Scott Lee	Board Member	September 2013
Bryan Paulson	Board Member	September 2013
<b>SCHOOL OFFICIALS</b>		
Jim Hargens	Superintendent	June 30, 2010
Robert Tracy	Secretary/Business Manager	June 30, 2010
Lyle Impehoven	Treasurer	June 30, 2010
Tom Whorley	Attorney	Indefinite



## INDEPENDENT AUDITOR'S REPORT

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To the School Board  
West Lyon Community School District 60  
Inwood, Iowa

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 Lyon Community School District 60, Inwood, Iowa as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the West Lyon Community School District 60's 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the West Lyon Community School District 60 at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2011 on our consideration of the West Lyon Community School District 60'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 important for assessing the results of our audit.

Management's Discussion and Analysis, the budgetary comparison information, and schedule of funding progress for retiree health plan on pages 4 through 16 and 38 through 40 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 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 Lyon Community School District 60's financial statements as a whole. The School District Officials, combining and individual fund schedules, and other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also not a required part of the basic financial statements of the District. The Other Supplementary and Information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The School District Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Sioux Falls, South Dakota  
February 3, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2010 FINANCIAL HIGHLIGHTS

- The District contracted with Energy Services Group to complete a comprehensive facility analysis. The District has experienced tremendous increases in its utility costs over the past five years. The building is run entirely on electricity with no financially acceptable options for change. As a result of that study, the District sold \$640,000 in Sales Tax Revenue Bonds in FY10. The sale allowed the District to replace all the ballasts and lights in and around the building with more energy efficient lighting systems. The District also renovated the HVAC control systems throughout the building.
- The District bid for the replacement of part of the existing roof. Bids came in well below budget, allowing the school to complete its re-roofing project two years ahead of schedule.
- West Lyon Community School District Board of Education approved the District's continued participation in the State's Instructional Support Program (ISP). The Board approval ensures revenues from the ISP to continue through FY16.
- The District applied for and was approved to participate in the State's Voluntary Pre-School program. This approval allows the District to begin Preschool for West Lyon students beginning in the 2010-11 school year and will bring approximately \$140,000 of additional State money to the school.
- The State of Iowa was forced to make an Across the Board (ATB) cut to State aids and reimbursements for FY10. The ATB was announced by Governor Culver in October of 2009. The District lost more than \$330,000 in revenues for FY10 because of these cuts. The District had hoped to increase its cash balance in FY10 through the use of a cash reserve levy. In the end, much of the levy was used to pay for ongoing expenses during the fiscal year.
- The District received a substantial increase in the amount of federal support for its operations in the 2009-10 school year. Most of the support came in the form of ARRA grants for Stabilization, Special Education Part B, Iowa Core, ISP Aid, and Title 1.

- General Fund revenues increased from \$6,037,625 in FY09 to \$6,344,081 in FY10. General Fund expenditures increased from \$5,943,917 in FY09 to \$6,302,397 in FY10. The District's General Fund year end balance increased \$42,584 or approximately 4.92% in FY10.
- The increase in expenditures was due primarily to an increase in the negotiated salary and benefits for employees, unanticipated long term absences, health insurance related items, increased utility and fuel costs, and restricted grant expenditures such as "teacher quality". All of the increases in expenditures, except for the restricted grant expenditures, were under funded because of the across the board state aid cut for FY10. The District was forced to use local tax dollars to fund the secretary's balance to ensure that the recent trend of declining balances did not continue in FY10.
- The District has long held a substantial carryover fund balance. In the past, one positive effect of having this balance was the interest that was received from the investment of these funds. Interest rates started the year at a relatively moderate return on investment but finished the year much lower. Recent trends have also been lower.

## **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 Lyon 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 Lyon 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 Lyon Community School District acts solely as an agent or custodian for the benefit of others.

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

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

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District. Because the District had Federal Awards of more than \$500,000 in FY10, this schedule is included in this audit report.

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

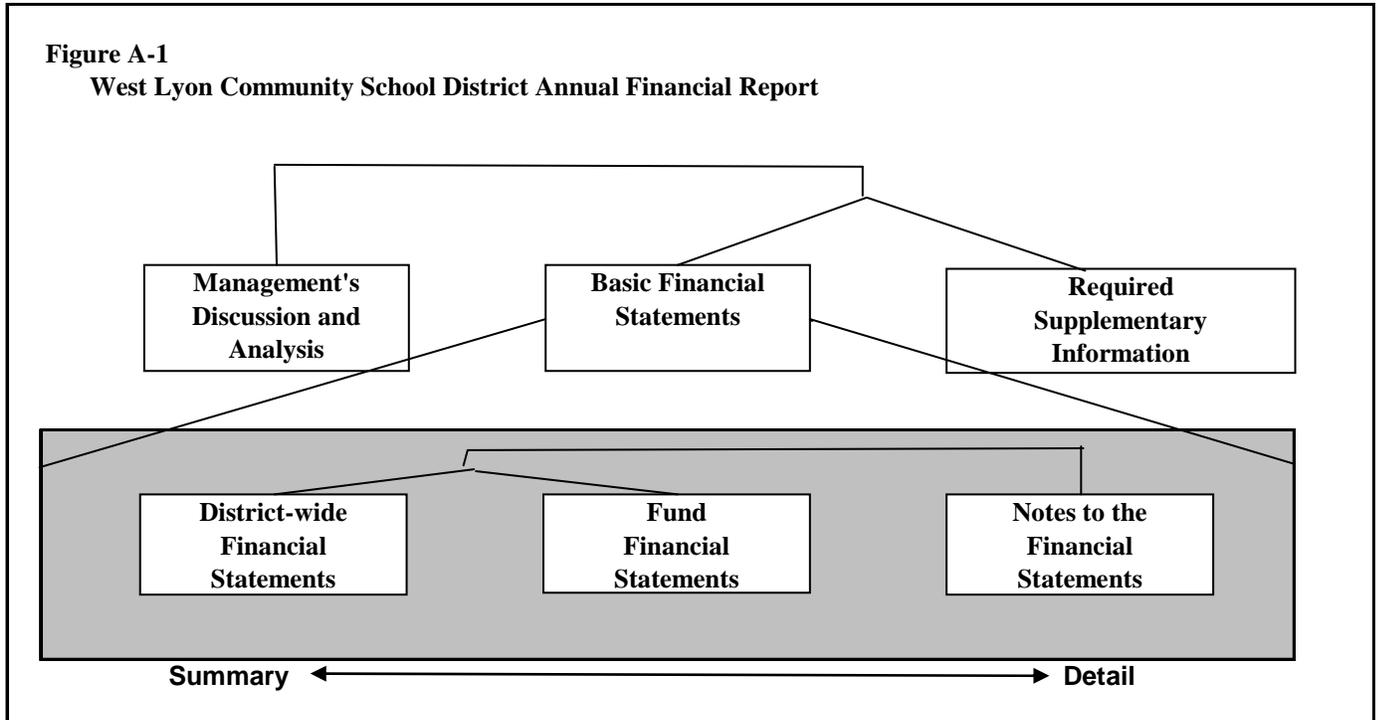


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements Government Funds	Fund Statements Proprietary Funds	Fund Statements Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial Statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

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

Some funds are required by state law and 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 two kinds of funds:

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009- 2010
Current and other assets	\$6,422,506	\$5,569,387	\$103,949	\$80,939	\$6,526,455	\$5,650,326	15.51%
Capital assets	5,417,846	5,161,017	4,776	5,907	5,422,622	5,166,924	4.95%
Total assets	11,840,352	10,730,404	108,725	86,846	11,949,077	10,817,250	10.46%
Long-term liabilities	4,002,101	3,499,598	-	-	4,002,101	3,499,598	14.36%
Other liabilities	4,124,683	3,645,597	8,464	8,083	4,133,147	3,653,680	13.12%
Total liabilities	8,126,784	7,145,195	8,464	8,083	8,135,248	7,153,278	13.73%
Net assets:							
Invested in capital assets,							
net of related debt	1,905,665	2,125,543	4,776	5,907	1,910,441	2,131,450	-10.4%
Restricted	157,660	108,781	-	-	157,660	108,781	44.93%
Unrestricted	1,650,243	1,350,885	95,485	72,856	1,745,728	1,423,741	22.62%
Total net assets	\$3,713,568	\$3,585,209	\$100,261	\$78,763	\$3,813,829	\$3,663,972	4.09%

This section explains the differences between the current and prior year's assets, liabilities, and changes in net assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net assets represent the part of net assets that can be used to finance day-to-day operations without constraints established on how they can be used. As noted earlier, the District was forced to use cash reserve local property taxes to fund part of its operations in FY10. Because of this, the District was able to substantially reduce the decline in its unrestricted assets in comparison to recent years.

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

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

	Government		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 281,938	\$ 246,429	\$ 184,599	\$ 186,176	\$ 466,537	\$ 432,605	7.84%
Operating grants, contributions and restricted interest	1,409,054	699,938	124,312	113,138	1,533,366	813,076	88.59%
Capital grants, contributions, and restricted interest	-	-	-	-	-	-	0.00%
General Revenues:							
Property tax	2,505,678	2,321,015	-	-	2,505,678	2,321,015	7.96%
Local option sales and income surtaxes	780,471	735,472	-	-	780,471	735,472	6.12%
Unrestricted state grants	2,191,206	2,507,815	-	-	2,191,206	2,507,815	-12.62%
Unrestricted investment earnings	13,020	37,093	270	412	13,290	37,505	-64.56%
Other	122,158	719,336	-	-	122,158	719,336	-83.02%
<b>Total revenues</b>	<b>7,303,525</b>	<b>7,267,098</b>	<b>309,181</b>	<b>299,726</b>	<b>7,612,706</b>	<b>7,566,824</b>	<b>.61%</b>
<b>Program expenses:</b>							
Government activities:							
Instruction	4,788,422	4,559,770	-	-	4,788,422	4,559,770	5.01%
Support services	1,683,509	1,697,196	-	-	1,683,509	1,697,196	-.81%
Other services	-	-	-	-	-	-	0.00%
Non-instructional programs	-	-	287,683	282,171	287,683	282,171	1.95%
Other expenses	703,235	838,714	-	-	703,235	838,714	-16.15%
<b>Total expenses</b>	<b>7,175,166</b>	<b>7,095,680</b>	<b>287,683</b>	<b>282,171</b>	<b>7,462,849</b>	<b>7,377,851</b>	<b>1.15%</b>
<b>Change in net assets</b>	<b>\$ 128,359</b>	<b>\$ 171,418</b>	<b>\$ 21,498</b>	<b>\$ 17,555</b>	<b>\$ 149,857</b>	<b>\$ 188,973</b>	<b>-20.70%</b>

Even with the dramatic increase in federal support for FY10, property taxes, sales taxes and unrestricted state grants account for approximately 75% of total revenue for West Lyon CSD. The District's expenses primarily relate to instruction and support services which account for more than 90.19% of the total expenses.

## Governmental Activities

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

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
			Change			Change
	2010	2009	2009-2010	2010	2009	2009-2010
Instruction	\$ 4,788,422	\$ 4,559,770	5.01%	\$ 3,460,123	\$ 3,688,498	-6.19%
Support Services	1,683,509	1,697,196	-.81%	1,626,290	1,622,101	.26%
Other Services	-	-	0.00%	-	-	0.00%
Other Expenses	703,235	838,714	-16.15%	397,671	838,714	-52.59%
Totals	\$ 7,175,166	\$ 7,095,680	1.12%	\$ 5,484,084	\$ 6,149,313	-10.82%

- The cost financed by users of the District's programs was \$282,713, up 14.72% from FY09.
- Federal and state grants subsidized certain programs with grants and contributions totaling \$1,011,673, up 44.54% from FY09.
- The net cost of government activities was financed with \$3,286,149 in property and other local taxes (up 7.51% from FY09) and \$2,191,206 in unrestricted state grants (down 12.62% from FY09).

## Business Type Activities

Revenues for business type activities were \$309,181 and expenses were \$287,683. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

During FY10, the District made no change in meal prices. Increased enrollment caused meal participation to increase by about 18 students per day. This, coupled with decreases in employee costs, caused the District to experience an increase in net assets for business type activities of \$21,498.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,310,004 above last year's ending fund balance of \$1,934,264. The primary reason for the increase in combined fund balances in FY10 is due to a substantial increase in fund balance in the Capital Projects Fund. That fund balance increase was the result of the proceeds from the District's sale of Sales Tax Revenue Bonds in FY10 which had not been spent as of the end of FY10. The General Fund balance increase by \$ 42,583 in FY10.

### **Governmental Fund Highlights**

- The District's General Fund financial position became a little stronger due to the efforts of its Board of Education. By funding a cash reserve levy, the District was able to see its ending Fund Balance increase by 4.92% to \$907,389. That is remarkable given the Across the Board cuts the District had to bear in FY10.
- The General Fund cash balance increased \$94,904 in FY10, due to the fore mentioned Board of Education's pro-active efforts.
- The Nonmajor Special Revenue fund balance increased by just \$1,454 in FY10.
- The Capital Projects Fund balance increased substantially during the FY10 school year. The fund ended the year with a balance of \$1,125,557 consisting of unexpended local option sales tax revenues, and unexpended bond sale proceeds. This balance will be drawn down as local option sales tax revenues are used to buy down property tax obligations related to long term debt and to complete the previously mentioned project upgrades in electric and HVAC control systems.

### **Proprietary Fund Highlights**

School Nutrition Fund net assets increased from \$73,763 on June 30, 2009 to \$100,261 on June 30, 2010, representing an increase of 35.92%. The school chose to increase meal prices in FY09. Decreased employee costs also contributed to the increase in net assets.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, West Lyon Community School District amended its budget one time, in May of 2010. The District did so to reflect additional revenues and expenditures associated with the daily operation of the school, as well as the revenue and expenditures related to the sale of Sales Tax Revenue Bonds.

Federal revenues in the General Fund were more than expected because of an increase in the revenues related to ARRA grants. As earlier reported, the District was forced to navigate through the reduction in state revenues as a result of the Governor's 10% Across the Board cuts in October.

Expenditures were less than budgeted. The District chose to estimate expenses at a high level to ensure that it did not exceed its spending authority. The District, again in May, chose to amend the budget in an amount that would prevent it from exceeding its authorized budget. The certified budget was not exceeded in any functional area for fiscal year 2010.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2010, the District had invested \$5,422,622, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, A-V equipment, and transportation equipment. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year is \$230,455.

The original cost of the District's equipment was \$10,472,825. Governmental funds accounted for \$10,417,157 of that amount and \$55,668 is accounted for in the Proprietary, School Nutrition Fund.

Figure A-6  
Capital Assets, net of Depreciation

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Land	\$39,494	\$39,494	\$0	\$0	\$39,494	\$39,494	0.00%
Buildings	\$4,900,429	\$4,681,091	\$0	\$0	\$4,900,429	\$4,681,091	4.69%
Improvements other than buildings	\$95,046	\$107,790	\$0	\$0	\$95,046	\$107,790	-11.82%
Furniture and equipment	\$382,877	\$332,642	\$4,776	\$5,907	\$387,653	\$338,549	14.50%
Totals	\$5,417,846	\$5,161,017	\$4,776	\$5,907	\$5,422,622	\$5,166,924	4.95%

### Long-term Debt

On June 30, 2010, the District had \$4,002,101 in general obligation and other long-term debt outstanding. This represents an increase from last year when the District had a total of \$3,499,598 in long-term debt. Most of the increase in debt was related to the issuance of Revenue Bonds in the amount of \$640,000. The District decreased its obligations under its early retirement policy by \$89,859 in FY10.

In December 2003, the District's voters authorized the issuance of \$3,800,000 in general obligation bonds to pay for construction of a new gymnasium, locker rooms, band rooms, student commons, restrooms, and the remodeling of a study hall, library, and current gymnasium. The debt associated with that bond issue represents the majority of the District's long term debt.

The District also has a long-term obligation for early retirement compensation of \$384,739 at the end of fiscal year 2010.

**Figure A-7  
Outstanding Long-Term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2010	2009	2009-2010
GOB and Revenue Bonds	\$3,500,000	\$3,025,000	15.70%
Early Retirement and OPEB	502,101	474,598	5.80%
<b>Totals</b>	<b>\$4,002,101</b>	<b>\$3,499,598</b>	<b>14.36%</b>

**ECONOMIC FACTORS BEARING ON THE DISTRICT’S FUTURE**

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

- The District’s enrollment has actually increased in the past two years. In fact, the District has needed to increase staffing for the elementary in each of the last two years and will again need to increase staffing in FY11.
- The District negotiates salary and benefits with the West Lyon Education Association (WLEA) on an annual basis. Total package settlements with the WLEA have been at state average even though the District has seen reductions in revenues due to State mandated Across the Board Cuts in State aid and grants. Because third party arbitrators rarely award compensation packages that are less than state average, it appears that the District will continue to settle at or near state average and, thus, struggle to balance its budget.
- The District has a very tenured staff. Some have indicated that retirement may be in their near future (1-5 years). Because the District has an Early Retirement incentive in place, the school may be able to reduce some employee related salary and benefit expenses in the General Fund.
- While the District was very fortunate to pass a much needed bond issue, additional pressure has been placed on the General Fund as increased costs to operate the building are included in present and future budgets.

- The District struggles with teacher master contract language that requires the school to pay full family health insurance premiums for instructors who are .80 FTE or greater. This has created a burden on the District and makes its salary schedule somewhat unattractive to new teachers.
- The District continues to look for ways to reduce expenditures. Given local and legislative pressure, the District currently employs a half time Superintendent.
- A new bio-diesel plant was planned for construction was expected to begin operation in April. But these plans are no longer in the works and the associated increase in employment will not transpire.
- Land prices have seen a significant increase in the past few years. Prices per acre have increased from \$3,000 to more than \$6,000. Valuations, to a lesser extent, should increase at some point in the future.
- The District did re-establish its “early retirement”, after having dropped it in FY06. The policy gives teachers a chance to retire once they reach the Rule of 88. The teaching staff has taken advantage of this opportunity as can be seen by the increases in early retirement related liabilities.
- Patrons of Lyon County passed an issue allowing for the development of a casino to be located in the West Lyon District. Because revenues are student driven, the increase in valuations will have little effect on the school. But more than 700 jobs are expected to be created, and the school may benefit from increased enrollment and funding from the casino’s foundation. Preliminary foundation records indicate the district would receive up to \$200,000 in donations per year for the school’s general fund. Coupled with the possible increase in enrollment, the casino would have a tremendous positive effect on the school’s financial status.
- Legislative changes calling for the hire of librarians, guidance counselors and school nurses are having a financial impact on the school because these are unfunded mandates. The state has also mandated changes to the physical education requirements for students. Coupled with serious increases in costs for transportation, fuel and utilities, these mandates are further stretching an already exhausted school budget.
- The District experienced an across the board cut of 10% of its state aid and other state funding for FY10. All indications are that this cut will be one of many as the State struggles to find the resources to meet its own obligations, putting this and other districts in financial straights.

## **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 demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bob Tracy, District Secretary and Business Manager, West Lyon Community School District, 1787 IA 182 Ave., Inwood, IA 51240.

## **Basic Financial Statements**

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,928,860	\$ 98,211	\$ 3,027,071
Investment in ISJIT	16,808	-	16,808
Receivables			
Property tax:			
Delinquent	25,828	-	25,828
Succeeding year	2,834,586	-	2,834,586
Income surtax	324,263	-	324,263
Accounts	843	-	843
Accrued interest:	452	-	452
Due from other governments	290,866	-	290,866
Inventories	-	5,738	5,738
Capital assets, non depreciable	217,880	-	217,880
Capital assets, net of accumulated depreciation	5,199,966	4,776	5,204,742
<b>TOTAL ASSETS</b>	<b>\$ 11,840,352</b>	<b>\$ 108,725</b>	<b>\$ 11,949,077</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 189,240	\$ 39	\$ 189,279
Salaries and benefits payable	674,900	4,270	679,170
Deferred revenue-succeeding year property tax	2,834,586	-	2,834,586
Deferred revenue-income surtax	324,263	-	324,263
Deferred revenue-other	67,301	4,155	71,456
Due to other governments	22,212	-	22,212
Accrued interest payable	12,181	-	12,181
Noncurrent liabilities			
Due within one year	425,227	-	425,227
Due in more than one year	3,576,874	-	3,576,874
<b>TOTAL LIABILITIES</b>	<b>8,126,784</b>	<b>8,464</b>	<b>8,135,248</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,905,665	4,776	1,910,441
Restricted for debt service	10,511	-	10,511
Restricted for other purposes	157,660	-	157,660
Restricted for school nutrition	-	95,485	95,485
Unrestricted	1,639,732	-	1,639,732
<b>TOTAL NET ASSETS</b>	<b>\$ 3,713,568</b>	<b>\$ 100,261</b>	<b>\$ 3,813,829</b>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2010**

<b>Functions/Programs</b>	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular instruction	\$ 3,248,954	\$ 201,437	\$ 800,512
Special instruction	748,771	-	186,133
Other instruction	790,697	79,726	60,401
	<u>4,788,422</u>	<u>281,163</u>	<u>1,047,046</u>
Support services:			
Student	142,901	-	22,692
Instructional staff	114,332	-	7,800
Administration	492,724	-	-
Operation and maintenance of plant	513,786	775	-
Transportation	419,766	-	25,952
	<u>1,683,509</u>	<u>775</u>	<u>56,444</u>
Non-instructional programs	-	-	-
Other expenditures:			
Facilities acquisition and construction	131,377	-	-
Long-term debt interest	117,872	-	-
AEA flowthrough	305,564	-	305,564
Depreciation (unallocated)*	148,422	-	-
	<u>703,235</u>	<u>-</u>	<u>305,564</u>
Total governmental activities	7,175,166	281,938	1,409,054
Business type activities:			
Non-instructional programs:			
Food service operations	287,683	184,599	124,312
Total	<u>7,462,849</u>	<u>466,537</u>	<u>1,533,366</u>
<b>General revenues:</b>			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Local option sales tax			
Income surtaxes			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year			
Net assets end of year			

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (2,247,005)	\$ -	\$ (2,247,005)
(562,638)	-	(562,638)
(650,570)	-	(650,570)
<u>(3,460,213)</u>	<u>-</u>	<u>(3,460,213)</u>
(120,209)	-	(120,209)
(106,532)	-	(106,532)
(492,724)	-	(492,724)
(513,011)	-	(513,011)
(393,814)	-	(393,814)
<u>(1,626,290)</u>	<u>-</u>	<u>(1,626,290)</u>
<u>-</u>	<u>-</u>	<u>-</u>
(131,377)	-	(131,377)
(117,872)	-	(117,872)
-	-	-
(148,422)	-	(148,422)
<u>(397,671)</u>	<u>-</u>	<u>(397,671)</u>
(5,484,174)	-	(5,484,174)
	21,228	21,228
<u>(5,484,174)</u>	<u>21,228</u>	<u>(5,462,946)</u>
\$ 2,237,609	\$ -	\$ 2,237,609
1,561	-	1,561
266,508	-	266,508
439,979	-	439,979
340,492	-	340,492
2,191,206	-	2,191,206
13,020	270	13,290
122,158	-	122,158
<u>5,612,533</u>	<u>270</u>	<u>5,612,803</u>
128,359	21,498	149,857
<u>3,585,209</u>	<u>78,763</u>	<u>3,663,972</u>
<u>\$ 3,713,568</u>	<u>\$ 100,261</u>	<u>\$ 3,813,829</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,596,413	\$ 10,495	1,015,890	\$ 306,062	\$ 2,928,860
Investment in ISJIT	5,640	-	-	11,168	16,808
Receivables:					
Property tax:					
Delinquent	23,072	16	-	2,740	25,828
Succeeding year	2,556,012	1,615	-	276,959	2,834,586
Income surtax receivable	324,263	-	-	-	324,263
Accounts	843	-	-	-	843
Accrued interest	-	-	451	1	452
Due from other governments	124,870	-	165,996	-	290,866
<b>Total assets</b>	<b>\$ 4,631,113</b>	<b>\$ 12,126</b>	<b>\$ 1,182,337</b>	<b>\$ 596,930</b>	<b>\$ 6,422,506</b>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 79,036	\$ -	\$ 56,780	\$ 53,424	\$ 189,240
Salaries and benefits payable	674,900	-	-	-	674,900
Due to other governments	22,212	-	-	-	22,212
Deferred revenue:					
Succeeding year property tax	2,556,012	1,615	-	276,959	2,834,586
Income surtax	324,263	-	-	-	324,263
Other	67,301	-	-	-	67,301
<b>Total liabilities</b>	<b>3,723,724</b>	<b>1,615</b>	<b>56,780</b>	<b>330,383</b>	<b>4,112,502</b>
Fund Balances:					
Reserved for debt service	-	10,511	-	-	10,511
Reserved for market factor	1,229	-	-	-	1,229
Reserved for professional development	1,175	-	-	-	1,175
Reserved for salary improvement	28,976	-	-	-	28,976
Reserved for at-risk	102,886	-	-	-	102,886
Reserved for core curriculum	23,394	-	-	-	23,394
Unreserved	749,729	-	1,125,557	266,547	2,141,833
<b>Total fund balances</b>	<b>907,389</b>	<b>10,511</b>	<b>1,125,557</b>	<b>266,547</b>	<b>2,310,004</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,631,113</b>	<b>\$ 12,126</b>	<b>\$ 1,182,337</b>	<b>\$ 596,930</b>	<b>\$ 6,422,506</b>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

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**Total fund balances of governmental funds** \$ 2,310,004

*Amounts reported for governmental activities in the  
Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 5,417,846

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. funds. (12,181)

Long-term liabilities, including bonds and notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (4,002,101)

**Net assets of governmental activities** \$ 3,713,568

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 2,578,101	\$ 1,602	\$ 445,284	\$ 266,508	\$ 3,291,495
Other	146,301	-	-	245,410	391,711
State sources	2,995,726	-	-	143	2,995,869
Federal sources	623,953	-	-	-	623,953
Total revenues	<u>6,344,081</u>	<u>1,602</u>	<u>445,284</u>	<u>512,061</u>	<u>7,303,028</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,082,927	-	-	148,889	3,231,816
Special	803,427	-	-	-	803,427
Other	567,253	-	-	224,680	791,933
	<u>4,453,607</u>	<u>-</u>	<u>-</u>	<u>373,569</u>	<u>4,827,176</u>
Support services:					
Student	142,901	-	-	-	142,901
Instructional staff	73,189	-	-	-	73,189
Administration	478,177	-	4,136	3,834	486,147
Operation and maintenance of plant	474,784	-	-	43,160	517,944
Transportation	374,175	-	-	80,517	454,692
	<u>1,543,226</u>	<u>-</u>	<u>4,136</u>	<u>127,511</u>	<u>1,674,873</u>
Other expenditures:					
Facilities acquisition	-	-	469,481	9,527	479,008
AEA flowthrough	305,564	-	-	-	305,564
Long-term debt:					
Principal	-	165,000	-	-	165,000
Interest and fiscal charges	-	116,565	-	-	116,565
	<u>305,564</u>	<u>281,565</u>	<u>469,481</u>	<u>9,527</u>	<u>1,066,137</u>
Total expenditures	<u>6,302,397</u>	<u>281,565</u>	<u>473,617</u>	<u>510,607</u>	<u>7,568,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>41,684</u>	<u>(279,963)</u>	<u>(28,333)</u>	<u>1,454</u>	<u>(265,158)</u>
Other financing sources (uses):					
Revenue bonds issued	-	-	640,000	-	640,000
Sale of equipment	900	-	-	-	900
Transfer in	-	280,000	-	-	280,000
Transfer out	-	-	(280,000)	-	(280,000)
Total other financing sources (uses)	<u>900</u>	<u>280,000</u>	<u>360,000</u>	<u>-</u>	<u>640,900</u>
Net change in fund balances	42,584	37	331,667	1,454	375,742
Fund balances beginning of year	864,805	10,474	793,890	265,093	1,934,262
Fund balances end of year	<u>\$ 907,389</u>	<u>\$ 10,511</u>	<u>\$ 1,125,557</u>	<u>\$ 266,547</u>	<u>\$ 2,310,004</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT**  
**OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2010**

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<b>Net change in fund balances - total governmental funds</b>	<b>\$ 375,742</b>
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*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 not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 486,153	
Depreciation expense	<u>(229,324)</u>	256,829

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

Issued	(640,000)	
Repaid	<u>165,000</u>	(475,000)

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.

(1,708)

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 government funds, as follows:

Early retirements	89,859	
Other postemployment benefits	<u>(117,362)</u>	(27,503)

<b>Change in net assets of governmental activities</b>	<b>\$ <u>128,359</u></b>
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**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**JUNE 30, 2010**

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	98,211
Inventories	5,738
Capital assets, net of accumulated depreciation	<u>4,776</u>
Total assets	<u>108,725</u>
 <b>Liabilities</b>	
Accounts payable	39
Salaries and benefits payable	4,270
Unearned revenue	<u>4,155</u>
Total liabilities	<u>8,464</u>
 <b>Net assets</b>	
Invested in capital assets, net of related debt	4,776
Restricted for school nutrition	<u>95,485</u>
Total net assets	<u>\$ 100,261</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Sale of lunches	\$ 179,934
Miscellaneous	4,665
Total operating revenues	<u>184,599</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	134,297
Supplies	122,925
Other	4,333
Depreciation	1,131
Federal food commodities used	24,997
Total operating expenses	<u>287,683</u>
Operating loss	<u>(103,084)</u>
Non-operating revenues:	
State sources	3,530
Federal sources	120,782
Interest income	270
Total non-operating revenues	<u>124,582</u>
Change in net assets	21,498
Net assets beginning of year	<u>78,763</u>
Net assets end of year	<u>\$ 100,261</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2010**

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 180,358
Cash received from miscellaneous operating activities	4,954
Cash paid to employees for services	(134,133)
Cash paid to suppliers for goods or services	(127,344)
Net cash used by operating activities	<u>(76,165)</u>
Cash flows from non-capital financing activities:	
State grants received	3,530
Federal grants received	95,785
Net cash provided by non-capital financing activities:	<u>99,315</u>
Cash flows from investing activity:	
Interest on investments	<u>270</u>
Net increase in cash and cash equivalents	<u>23,420</u>
Cash and cash equivalents at beginning of year	<u>74,791</u>
Cash and cash equivalents at end of year	<u>\$ 98,211</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (103,084)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	1,131
Commodities used	24,930
Increase in accounts receivable	289
Increase in inventories	188
Decrease in accounts payable	(207)
Increase in salaries and benefits payable	164
Increase in deferred revenue	424
Net cash used by operating activities	<u>\$ (76,165)</u>

**Noncash investing, capital and financing activities:**

During the year ended June 30, 2010, the District received \$24,997 of federal commodities and consumed Federal commodities of \$24,930.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **West Lyon Community School District 60** (District) is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the cities of Inwood, Larchwood, Lester and Alford, Iowa and the predominate agricultural territory surrounding such in Lyon County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

#### ***A. Reporting Entity***

For financial reporting purposes, **West Lyon Community School District 60** 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 Lyon Community School District 60** has no component units that meet the Governmental Accounting Standards Board criteria.

#### ***B. Government-wide and Fund Financial Statements***

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

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

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

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

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

## NOTES TO FINANCIAL STATEMENTS

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The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. 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 and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

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

### ***C. Measurement Focus and Basis of Accounting***

The government-wide and proprietary 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.

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

### ***D. Assets, Liabilities and Fund Equity***

The following accounting policies are followed in preparing the financial statements:

#### ***Cash, Pooled Investments and Cash Equivalents:***

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

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

#### ***Property Tax Receivable:***

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

## NOTES TO FINANCIAL STATEMENTS

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 1/2% 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 tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

### Income Surtax

Income surtax in governmental funds is accounted for using the modified accrual basis of accounting. Income surtax is levied as part of the instructional support program (ISP). The District's surtax rate is 10% which is applied to income taxes residing in the District. The income surtax receivable represents income 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. Although the 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.

### 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 the proprietary fund are recorded as expenses when consumed rather than when purchased or received.

**NOTES TO FINANCIAL STATEMENTS**

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Capital Assets:

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20-50
Furniture and equipment	5-15

Salaries and Benefits Payable:

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

Deferred Revenue:

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

Deferred revenue in the Statement of Net Assets consists primarily of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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.

## NOTES TO FINANCIAL STATEMENTS

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Fund Equity:

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

Restricted Net Assets:

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

**E. Budgets and Budgetary Accounting**

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

**NOTE 2 - CASH AND POOLED INVESTMENTS**

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

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

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio which are valued at an amortized cost of \$16,808 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Custodial Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

The following is a reconciliation of cash and investments as shown on the financial statements:

Cash deposits and petty cash	\$ 927,071
Certificates of deposit	<u>2,100,000</u>
Cash and cash equivalents	3,027,071
Investment in ISJIT	<u>16,808</u>
	<u>\$ 3,043,879</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 – INTERFUND TRANSFER

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	<u>\$ 280,000</u>

Transfers to the Debt Service Fund, major governmental fund, are for the principal and interest payments of the general obligation bond.

### NOTE 3 - CAPITAL ASSETS

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

<u>Governmental Activities:</u>	<u>Balance 07/01/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/10</u>
Capital assets not being depreciated:				
Land	\$ 39,494	\$ -	\$ -	\$ 39,494
Construction in progress	-	178,386	-	178,386
Total capital assets not being depreciated	<u>39,494</u>	<u>178,386</u>	<u>-</u>	<u>217,880</u>
Capital assets being depreciated:				
Buildings	6,646,895	175,646	-	6,822,541
Improvements other than buildings	446,380	-	-	446,380
Machinery and equipment	3,072,615	132,121	56,500	3,148,236
Total capital assets being depreciated	<u>10,165,890</u>	<u>307,767</u>	<u>56,500</u>	<u>10,417,157</u>
Less accumulated depreciation for:				
Buildings	1,965,804	134,694	-	2,100,498
Improvements other than buildings	338,590	12,744	-	351,334
Machinery and equipment	2,739,973	81,886	56,500	2,765,359
Total accumulated depreciation	<u>5,044,367</u>	<u>229,324</u>	<u>56,500</u>	<u>5,217,191</u>
Total capital assets being depreciated, net	<u>5,121,523</u>	<u>78,443</u>	<u>-</u>	<u>5,199,966</u>
Governmental activities capital assets, net	<u>\$ 5,161,017</u>	<u>\$ 256,829</u>	<u>\$ -</u>	<u>\$ 5,417,846</u>
<u>Business Type Activities:</u>	<u>Balance 07/01/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/10</u>
Furniture and equipment	\$ 55,668	\$ -	\$ -	\$ 55,668
Less accumulated depreciation	49,761	1,131	-	50,892
Business type activities capital assets, net	<u>\$ 5,907</u>	<u>\$ 1,131</u>	<u>\$ -</u>	<u>\$ 4,776</u>

**NOTES TO FINANCIAL STATEMENTS**

Depreciation expense for the year ended June 30, 2010 was charged to the following functions/programs:

Governmental activities:	
Instruction - Special:	\$ 26
Support Services:	
Instructional staff	41,143
Administration	6,578
Operation and maintenance of plant	2,242
Transportation	30,913
	<u>80,902</u>
Unallocated	148,422
	<u>148,422</u>
Total depreciation expense - governmental	<u>\$ 229,324</u>
Business type activities:	
Food service operations	<u>\$ 1,131</u>

**NOTE 4 - LONG-TERM LIABILITIES**

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

	Balance 07/01/09	Increases	Decreases	Balance 06/30/10	Due in One Year
General obligation bonds	\$ 3,025,000	\$ -	\$ (165,000)	\$ 2,860,000	\$ 175,000
Revenue bonds	-	640,000	-	640,000	200,000
Early retirement	474,598	-	(89,859)	384,739	50,227
Net OPEB liability	-	117,362	-	117,362	-
	<u>\$ 3,499,598</u>	<u>\$ 757,362</u>	<u>\$ (254,859)</u>	<u>\$ 4,002,101</u>	<u>\$ 425,227</u>

Early Retirement Payable

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education and no more than five employees per year will be granted benefits under the policy. At June 30, 2010, the District has obligations to twelve participants with a total liability of \$384,739. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$89,859.

**NOTES TO FINANCIAL STATEMENTS**

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General Obligation Bonds

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

Year Ending June 30,	Bond Issue of February 1, 2004		
	Interest Rates	Principal	Interest
2011	3.25%	\$ 175,000	\$ 111,215
2012	3.35%	180,000	105,527
2013	3.35%	185,000	99,497
2014	3.50%	190,000	93,300
2015	3.60%	200,000	86,650
2016-2020	3.70-4.15%	1,125,000	314,560
2021-2023	4.25-4.40%	805,000	71,287
		<u>\$ 2,860,000</u>	<u>\$ 882,037</u>

The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds mature on June 1 in each of the years, in the respective principal amounts and bear interest payable semiannually. The bonds were issued on February 1, 2004 in the amount of \$3,800,000 by the District for the purpose of paying costs in connection with the constructing, furnishing and equipping a new gymnasium, lockers and band room, and remodeling the existing facility. The District reserves the rights to call and redeem part or all of the bonds maturing in each of the years 2013 and 2023. The bonds mature on June 1, 2023.

Revenue Bonds

Detail of the District’s June 30, 2010 school infrastructure, sales, services, and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April 1, 2010		
	Interest Rates	Principal	Interest
2011	1.90%	\$ 200,000	\$ 15,041
2012	2.15%	215,000	7,441
2013	2.28%	225,000	2,565
		<u>\$ 640,000</u>	<u>\$ 25,047</u>

## NOTES TO FINANCIAL STATEMENTS

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The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds mature on January 1 in each of the years, in the respective principal amounts and bear interest payable semiannually. The bonds were issued on April 1, 2010 in the amount of \$640,000 by the District for the purpose of paying costs of school infrastructure projects. The District reserves the right to have the bonds callable at anytime with 30-days notice. For the current year, no principal or interest was paid on the bonds.

### **NOTE 5 - PENSION AND RETIREMENT BENEFITS**

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008, were \$255,501, \$226,513, and \$211,580, respectively, equal to the required contributions for each year.

### **NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

As of July 1, 2009, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The District engaged an actuary to determine the District's liability for post-employment health care benefits other than pensions as of July 1, 2009.

*Plan Description* – All employees are allowed upon meeting the eligibility requirements under Chapter 509A.13 Group Insurance for Public Employee of the Code of Iowa, to participate in the District's health insurance plan after retirement. This plan covers active and retired employees who have reached age 55. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an OPEB liability. The retiree health plan does not issue a publicly available financial report.

*Funding Policy* – For the year ended June 30, 2010, the District continued a “pay as you go” funding policy.

*Annual OPEB Cost and Net OPEB Obligation* – The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 (or funding excess) over a period of thirty years.

## NOTES TO FINANCIAL STATEMENTS

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 180,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	180,000
Contributions made	(62,638)
	<hr/>
Change in net OPEB obligation	117,362
Net OPEB obligation, beginning of year	-
	<hr/>
Net OPEB obligation, end of year	<u>\$ 117,362</u>

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

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Annual OPEB Cost Contributed	Net Ending OPEB Obligation
June 30, 2010	\$ 180,000	\$ (62,638)	34.80%	\$ 117,362

*Funded Status and Funding Progress* – As of January 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial liability for benefits was \$2.363 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.363 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2,769,089, and the ratio of the UAAL to the covered payroll was 85 percent.

*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 in the required supplementary information following the notes to the financial statements, presents a single year's information, as the standard was implemented in fiscal year 2010, when it becomes available, 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 will be displayed.

Projections of benefits for financial 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.

## **NOTES TO FINANCIAL STATEMENTS**

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In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after eight years. Both rates included inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years. The remaining amortization period at June 30, 2010 was 29 years.

### **NOTE 7 - RISK MANAGMENT**

West Lyon Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; error 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.

### **NOTE 8 - 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 \$305,564 for the year ended June 30, 2010, and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

### **NOTE 9 - RELATED PARTY**

The School District paid a board member \$638. The board member owns a business that provides repair services and performed repairs to a bus for the School District.

### **NOTE 10 - CONSTRUCTION COMMITMENT**

The District has entered into two contracts totaling \$326,273 for remodeling projects. As of June 30, 2010, costs of \$178,386 had been incurred against the contracts. The balance of \$147,887 remaining at June 30, 2010 will be paid as work on the projects progress.

### **NOTE 11 - ISSUED BUT NON-EFFECTIVE ACCOUNTING PRONOUNCEMENT**

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the District. The statement issued but no implemented that will significantly affect the District is statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions."

Statement No. 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. This statement will be implemented at the District in the year ending June 30, 2011.

The District is in the process of reviewing and evaluating the above statement. Therefore, the potential effect of this new accounting pronouncement on the financial statements cannot be determined at this time.

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
***REQUIRED SUPPLEMENTARY INFORMATION***

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS**  
**AND PROPRIETARY FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2010**

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	\$ 3,683,206	\$ 184,869
State sources	2,995,869	3,530
Federal sources	623,953	120,782
Total	<u>7,303,028</u>	<u>309,181</u>
Expenditures:		
Instruction	4,827,176	-
Support services	1,674,873	4,333
Non-Instructional programs	-	283,350
Other expenditures	1,066,137	-
Total	<u>7,568,186</u>	<u>287,683</u>
Excess (deficiency) of revenue over (under) expenditures	(265,158)	21,498
Other financing sources (uses):		
Revenue bonds issued	640,000	-
Interfund transfer in	280,000	-
Interfund transfer out	(280,000)	-
Other	900	-
Total other financing sources (uses)	<u>640,900</u>	<u>-</u>
Net change in fund equity	375,742	21,498
Balances beginning of year	<u>1,934,262</u>	<u>78,763</u>
Balances end of year	<u>\$ 2,310,004</u>	<u>\$ 100,261</u>

Total Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
\$ 3,868,075	\$ 3,897,774	\$ 3,897,774	\$ (29,699)
2,999,399	3,803,361	3,803,361	(803,962)
744,735	299,768	299,768	444,967
<u>7,612,209</u>	<u>8,000,903</u>	<u>8,000,903</u>	<u>(388,694)</u>
4,827,176	5,063,377	5,238,677	411,501
1,679,206	1,810,505	1,917,855	238,649
283,350	343,980	343,980	60,630
1,066,137	593,475	1,427,282	361,145
<u>7,855,869</u>	<u>7,811,337</u>	<u>8,927,794</u>	<u>1,071,925</u>
(243,660)	189,566	(926,891)	(1,460,619)
640,000	-	-	640,000
280,000	280,000	280,000	-
(280,000)	(280,000)	(280,000)	-
900	500	500	400
<u>640,900</u>	<u>500</u>	<u>500</u>	<u>640,400</u>
397,240	190,066	(926,391)	(820,219)
<u>2,013,025</u>	<u>1,852,447</u>	<u>1,852,447</u>	<u>160,578</u>
<u>\$ 2,410,265</u>	<u>\$ 2,042,513</u>	<u>\$ 926,056</u>	<u>\$ (659,641)</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**JUNE 30, 2010**

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

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

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

During the year ended June 30, 2010 none of the functions exceeded the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**SCHEDULE OF FUNDING PROGRESS**  
**AS REQUIRED BY STATEMENT NO. 45 OF THE GOVERNMENTAL**  
**ACCOUNTING STANDARDS BOARD**  
**JUNE 30, 2010**

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Simplified Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
07/01/09	<u>\$ -</u>	<u>\$ 2,363,000</u>	<u>\$ 2,363,000</u>	0%	<u>\$ 2,769,089</u>	85%

**NOTE TO THE SCHEDULE OF FUNDING PROGRESS**

The standard requires a schedule of funding progress for the three most recent valuations and accompanying notes to describe factors that significantly affect the trends in the amounts reported. The District implemented the standard as of July 1, 2009 and there has been only one valuation performed. As such there is only one valuation disclosed above and there are not any notes to describe factors that significantly affect the trends as those trends have not yet been established due to the recent adoption of the standard.

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**

***OTHER SUPPLEMENTARY INFORMATION***

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**

	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 67,093	\$ 94,501	\$ 144,468	\$ 306,062
Investment in ISJIT	-	-	11,168	11,168
Receivables:				
Property tax:				
Delinquent	-	2,010	730	2,740
Succeeding year	-	197,425	79,534	276,959
Accrued interest:	-	-	1	1
<b>Total assets</b>	<b>\$ 67,093</b>	<b>\$ 293,936</b>	<b>\$ 235,901</b>	<b>\$ 596,930</b>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ 3,197	\$ 50,227	\$ -	\$ 53,424
Deferred revenue:				
Succeeding year property tax	-	197,425	79,534	276,959
<b>Total liabilities</b>	<b>3,197</b>	<b>247,652</b>	<b>79,534</b>	<b>330,383</b>
Fund balances:				
Unreserved	63,896	46,284	156,367	266,547
<b>Total liabilities and fund balances</b>	<b>\$ 67,093</b>	<b>\$ 293,936</b>	<b>\$ 235,901</b>	<b>\$ 596,930</b>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total
<b>Revenues:</b>				
Local sources:				
Local tax	\$ -	\$ 194,917	\$ 71,591	\$ 266,508
Other	244,763	275	372	245,410
State sources	-	104	39	143
Total revenues	<u>244,763</u>	<u>195,296</u>	<u>72,002</u>	<u>512,061</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular instruction	-	148,889	-	148,889
Other instruction	224,680	-	-	224,680
Support services:				
Administration	-	3,834	-	3,834
Operation and maintenance of plant	-	36,760	6,400	43,160
Transportation	-	14,678	65,839	80,517
Other expenditures:				
Facilities acquisition	-	-	9,527	9,527
Total expenditures	<u>224,680</u>	<u>204,161</u>	<u>81,766</u>	<u>510,607</u>
Excess (deficiency) of revenues over (under) expenditures	20,083	(8,865)	(9,764)	1,454
Fund balances beginning of year	<u>43,813</u>	<u>55,149</u>	<u>166,131</u>	<u>265,093</u>
Fund balances end of year	<u>\$ 63,896</u>	<u>\$ 46,284</u>	<u>\$ 156,367</u>	<u>\$ 266,547</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total
<b>Revenues:</b>				
Local sources:				
Local tax	\$ -	\$ 194,917	\$ 71,591	\$ 266,508
Other	244,763	275	372	245,410
State sources	-	104	39	143
Total revenues	<u>244,763</u>	<u>195,296</u>	<u>72,002</u>	<u>512,061</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular instruction	-	148,889	-	148,889
Other instruction	224,680	-	-	224,680
Support services:				
Administration	-	3,834	-	3,834
Operation and maintenance of plant	-	36,760	6,400	43,160
Transportation	-	14,678	65,839	80,517
Other expenditures:				
Facilities acquisition	-	-	9,527	9,527
Total expenditures	<u>224,680</u>	<u>204,161</u>	<u>81,766</u>	<u>510,607</u>
Excess (deficiency) of revenues over (under) expenditures	20,083	(8,865)	(9,764)	1,454
Fund balances beginning of year	<u>43,813</u>	<u>55,149</u>	<u>166,131</u>	<u>265,093</u>
Fund balances end of year	<u>\$ 63,896</u>	<u>\$ 46,284</u>	<u>\$ 156,367</u>	<u>\$ 266,547</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS**  
**YEAR ENDED JUNE 30, 2010**

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
System wide athletics	\$ 30,967	\$ 19,826	\$ 20,945	\$ 29,848
Baseball	-	436	436	-
Softball	-	171	171	-
Track	-	5,798	5,798	-
Volleyball	-	3,771	3,601	170
Football	-	31,741	31,441	300
Basketball	-	14,018	13,992	26
Wrestling	-	5,168	5,168	-
Cross country	76	677	670	83
Vocal music	148	2,339	2,487	-
Student council	-	1,657	689	968
FFA	374	89,119	84,153	5,340
Annual	2,300	9,871	11,351	820
Class of 2008	913	-	-	913
Class of 2015	220	18	156	82
Class of 2010	127	4,692	3,232	1,587
Class of 2011	126	17,446	10,014	7,558
Class of 2012	939	47	-	986
Class of 2013	39	39	-	78
Class of 2014	21	20	-	41
Speech	1,309	5,723	5,433	1,599
Library fund	1,100	248	221	1,127
National Honor Society	1,360	542	472	1,430
Band	-	2,697	2,697	-
FLA	723	905	-	1,628
Elementary annual	3,071	27,794	21,553	9,312
	<u>\$ 43,813</u>	<u>\$ 244,763</u>	<u>\$ 224,680</u>	<u>\$ 63,896</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES**  
**BY FUNCTION – GOVERNMENTAL FUNDS**  
**YEARS ENDED JUNE 30, 2010, 2009, 2008 AND 2007**

	2010	2009	2008	2007
<b>Revenues:</b>				
Local sources:				
Local tax	\$3,291,495	\$3,073,497	\$3,008,861	\$ 2,857,781
Other	391,711	398,000	369,892	412,142
State sources	2,995,869	3,348,130	3,359,905	3,062,075
Federal sources	623,953	166,974	180,576	201,182
Total	<u>\$7,303,028</u>	<u>\$6,986,601</u>	<u>\$6,919,234</u>	<u>\$ 6,533,180</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular instruction	\$3,231,816	\$2,948,239	\$2,837,863	\$ 2,759,490
Special instruction	803,427	767,931	804,677	856,550
Other instruction	791,933	843,121	755,683	775,827
Support services:				
Student services	142,901	166,055	155,996	159,517
Instructional staff services	73,189	84,069	81,213	68,272
Administration services	486,147	485,418	468,759	465,787
Operation and maintenance of plant services	517,944	701,930	478,476	483,195
Transportation services	454,692	378,316	368,396	346,461
Other expenditures:				
Facilities acquisition	479,008	4,800	184,729	209,135
Management fund	-	40,487	59,066	56,065
Long-term debt:				
Principal	165,000	160,000	160,000	155,000
Interest and fiscal charges	116,565	120,965	124,965	128,095
AEA flowthrough	305,564	263,849	258,448	252,449
Total	<u>\$7,568,186</u>	<u>\$6,965,180</u>	<u>\$6,738,271</u>	<u>\$ 6,715,843</u>

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass Through Grantor Program Title	CFDA Number	Expenditures
<b>Department of Agriculture</b>		
<i>Passed through Iowa Department of Education</i>		
National School Lunch Program	10.555	\$ 110,462 *
National School Breakfast Program	10.553	10,320
Total Child Nutrition Cluster		120,782
<b>Department of Education</b>		
<i>Passed through Iowa Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	56,633
Recovery Act Title I Grants to Local Educational Agencies	84.389	18,747
Total Title I Part A Cluster		75,380
Special Education Grants to States (IDEA, Part B)	84.027	41,942
Recovery Act Special Education Grants to States (IDEA, Part B)	84.391	68,811
Total Special Education Cluster (IDEA)		110,753
Improving Teacher Quality State Grants	84.367	33,129
Safe and Drug Free Schools and Communities State Grants	84.186	1,920
Grants for State Assessments and Related Activities	84.369	4,726
Recovery Act State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	378,634
Career and Technical Education Basic Grants to States	84.048	19,411
		\$ 744,735

\* - Includes a \$24,997 of non-cash awards.

Notes to Schedule of Expenditures of Federal Awards:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of West Lyon Community School District 60 and is presented on the accrual basis of accounting.

The information in 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.

The pass-through entity has not provided identifying numbers, therefore, they are not included in this schedule.



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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To the School Board  
**West Lyon Community School District 60**  
Inwood, Iowa

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 Lyon Community School District 60, Inwood, Iowa as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Lyon Community School District 60's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, Finding 2010-1 and Finding 2010-2. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Lyon Community School District 60's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

West Lyon Community School District 60's response to the findings in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit West Lyon Community School District 60's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Lyon Community School District 60 and other parties to whom West Lyon Community School District 60 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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Sioux Falls, South Dakota  
February 3, 2011



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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To the School Board  
**West Lyon Community School District 60**  
Inwood, Iowa

**Compliance**

We have audited the compliance of West Lyon Community School District 60 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. West Lyon Community School District 60's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Lyon Community School District 60's management. Our responsibility is to express an opinion on West Lyon Community School District 60's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Lyon Community School District 60's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Lyon Community School District 60's compliance with those requirements.

In our opinion West Lyon Community School District 60 complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

The management of West Lyon Community School District 60 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Lyon Community School District 60's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the 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 the District's internal control over compliance.

*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 that 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 that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Lyon Community School District 60 and other parties to whom West Lyon Community School District 60 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.



Sioux Falls, South Dakota  
February 3, 2011

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

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Part I: Summary of Auditors' Results

1. An unqualified opinion was issued on the financial statements of West Lyon Community School District 60.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting on Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of West Lyon Community School District 60, which would be required to be reported in accordance with *Government Auditing Standards*.
4. An unqualified opinion was issued on compliance for major federal award programs of West Lyon Community School District 60.
5. No deficiencies in internal control over major federal award programs were disclosed in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
6. The audit disclosed no audit findings that are required to be reported under Section \_\_.510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were Recovery Act State Fiscal Stabilization Fund – Education State Grants (84.394) and the Special Ed Cluster (IDEA) cluster including Special Education Grants to States (84.027) and Recovery Act Special Education Grants to States (84.391).
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. West Lyon Community School District 60 did not qualify as a low-risk auditee under Section \_\_.530 of OMB Circular A-133.

Part II: Findings Related to the Financial Statements

***Finding 2010-1***

***Segregation of Duties***

*Criteria:*

Proper controls over financial reporting include adequate segregation of duties.

*Condition:*

The District has a limited number of officer personnel and, accordingly, does not have adequate segregation of duties in certain areas due to this condition.

*Cause:*

There is a limited amount of office employees involved in the internal control process.

*Effect:*

This deficiency results in a reasonable possibility that the District would not be able to detect misstatements that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

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

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

***Finding 2010-2 Preparation of Financial Statements***

*Criteria:* Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

*Condition:* The District's internal control system is designed to provide monthly financial statements; however, it does not allow for the preparation of the annual financial statements including notes and disclosures as required by generally accepted accounting policies. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

*Cause:* The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.

*Effect:* Inadequate controls over financial reporting of the District result in the likelihood that the District would not be able to draft the financial statement and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

*Recommendation:* While we recognize that this condition is not unusual in an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the District and changes in reporting requirements.

*Response:* Management and the Board of Education will review and approve for propriety the draft financial statements, footnotes and schedule of expenditures of federal awards prepared by the auditor. Due to the District's size, we will accept the risk associated with these conditions based on cost and other considerations.

Part III: Findings and Questioned Costs for Federal Award Programs

There are no findings or questioned costs relating to the major federal award programs which are required to be in accordance with Section \_\_.510(a) of OMB Circular A-133.

Part IV: Other Findings Related to Required Statutory Reporting:

*IV-A-10 Certified Budget*

Disbursements for the year ended June 30, 2010 did not exceed the amount budgeted.

*IV-B-10 Questionable Disbursements*

We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

*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*

Business transactions between the District and District officials or employees are detailed as follows:

Business Connection	Transaction Description	Amount
Al Hassebroek, Board Member, employee of AB Auto	Repairs	\$ 658

In accordance with Chapter 365.5(10) of the Code of Iowa, the transaction with AB Auto does not appear to represent conflicts of interest since total transactions with the individual was less than \$1,500 during the fiscal year.

*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 ensure the coverage is adequate for current operations.

*IV-F-10 Board Minutes*

We noted no transactions, requiring Board approval, which had not been approved by the Board.

*IV-G-10 Certified Enrollment*

No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

*IV-H-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-I-10*

*Certified Annual Report*

The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

*IV-J-10*

*Student Activity Fund*

The Student Activity Funds had no deficit balances at June 30, 2010.

**WEST LYON COMMUNITY SCHOOL DISTRICT 60**  
**CORRECTIVE ACTION PLAN**  
**JUNE 30, 2010**

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West Lyon Community School District 60 respectfully submits the following corrective action plan for its audit finding for the year ended June 30, 2010.

Independent Public Accounting Firm: Eide Bailly LLP  
200 East 10<sup>th</sup> St Suite 500  
Sioux Falls, SD 57104

Audit Period: July 1, 2009 – June 30, 2010

The finding from the June 30, 2010 Schedule of Findings and Questioned Costs is discussed below. Part I of the schedule, Summary of Auditor's Results does not include findings and is not addressed.

Part II – Findings Related to the Financial Statements

***Finding 2010-1      Segregation of Duties***

The District has a limited number of officer personnel and, accordingly, does not have adequate segregation of duties in certain areas due to this condition.

Responsible Individual: Jim Hargens

Corrective Action Plan: Since it is not cost-effective to have an office staff large enough to assure optimal internal control, we have chosen to accept the risk associated with this deficiency. We will continue to employ safeguards of supervision and review as a means of preventing and detecting potential misstatements.

Anticipated Completion Date: Ongoing analysis

***Finding 2010-2      Preparation of Financial Statements***

The District's internal control system is designed to provide monthly financial statements; however, it does not allow for the preparation of the annual financial statements including notes and disclosures as required by generally accepted accounting policies. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Responsible Individual: Jim Hargens

Corrective Action Plan: Management and the Board of Education will review for propriety the draft financial statements, footnotes, and schedule of expenditures of federal awards prepared by the auditor. Due to the District's size, we will accept the risk associated with these conditions based on cost and other considerations. The cost of any further controls would outweigh the related benefits.

Anticipated Completion Date: Ongoing