

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2011

Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Governmental Fund Financial Statements:		
Balance Sheet	C	19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances	E	21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Financial Statements		29-41
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		43
Notes to Required Supplementary Information - Budgetary Reporting		44
Schedule of Funding Progress for the Retiree Health Plan		45
	<u>Schedule</u>	
Other Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	47
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	48
Nonmajor Enterprise Funds:		
Combining Schedule of Net Assets	3	49
Combining Schedule of Revenues, Expenses, and Changes in Net Assets	4	50
Combining Schedule of Cash Flows	5	51
Capital Project Accounts:		
Combining Balance Sheet	6	52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	7	53
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	8	54
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	9	55
Schedule of Expenditures of Federal Awards	10	56
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		57-58
Independent Auditor's 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		59-60
Schedule of Findings and Questioned Costs		61-66

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District, Stuart, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated April 12, 2012 on our consideration of West Central Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 43 through 45 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statement for the two years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the five years ended June 30, 2008, (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards, required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

April 12, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,956,941 in fiscal 2010 to \$9,900,105 in fiscal 2011, while General Fund expenditures increased from \$8,434,746 in fiscal 2010 to \$8,805,201 in fiscal 2011. The District's General Fund balance increased from \$1,579,509 in fiscal 2010 to \$2,004,027 in fiscal 2011, a 27% increase.
- The increase in General Fund revenues was attributable to an increase in property tax and state grant revenue in fiscal 2011. The increase in expenditures was due primarily to support services expenses in the district.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

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

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2010-2011
	Governmental Activities		Business-type Activities		Total School District		
	2011	2010	2011	2010	2011	2010	
	\$	\$	\$	\$	\$	\$	
Current and other assets	11,759,561	13,717,765	56,245	58,471	11,815,806	13,776,236	-14%
Capital assets	22,577,050	19,489,991	43,585	51,126	22,620,635	19,541,117	16%
Total assets	34,336,611	33,207,756	99,830	109,597	34,436,441	33,317,353	3%
Long-term liabilities	17,178,026	18,154,823	894	456	17,178,920	18,155,279	-5%
Other liabilities	7,619,253	7,885,693	5,274	35,723	7,624,527	7,921,416	-4%
Total liabilities	24,797,279	26,040,516	6,168	36,179	24,803,447	26,076,695	-5%
Net Assets:							
Invested in capital assets, net of related debt	5,718,273	4,359,848	43,585	51,126	5,761,858	4,410,974	31%
Restricted	1,919,456	1,458,961	-	-	1,919,456	1,458,961	32%
Unrestricted	1,901,603	1,348,431	50,077	22,292	1,951,680	1,370,723	42%
TOTAL NET ASSETS	9,539,332	7,167,240	93,662	73,418	9,632,994	7,240,658	33%

The District's combined total net assets increased by 33%, or approximately \$2,392,336, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$460,495 or 32% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$580,957, or 42%.

Figure A-4 shows the change in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4

	Change in Net Assets						Percentage Change 2010-2011
	Governmental Activities		Business-type Activities		Total School District		
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	
Revenues							
Program Revenues:							
Charges for services	386,197	391,281	189,597	168,396	575,794	559,677	3%
Operating grants & contributions	1,823,871	2,136,462	224,363	216,916	2,048,234	2,353,378	-13%
Capital grants & contributions	57,000	120,263	-	-	57,000	120,263	-53%
General Revenues:							
Property taxes	6,097,625	5,125,599	-	-	6,097,625	5,125,599	19%
Income Surtax	39,726	45,067	-	-	39,726	45,067	-12%
Statewide sales & services tax	738,051	585,164	-	-	738,051	585,164	26%
Unrestricted state grants	3,303,169	2,932,510	-	-	3,303,169	2,932,510	13%
Unrestricted investment earnings	25,957	30,799	13	16	25,970	30,815	-16%
Other revenue	106,610	36,286	-	-	106,610	36,286	194%
Total Revenues	12,578,206	11,403,431	413,973	385,328	12,992,179	11,788,759	10%
Expenses:							
Instruction	6,093,703	5,986,726	-	-	6,093,703	5,986,726	2%
Support services	2,778,046	2,391,534	-	-	2,778,046	2,391,534	16%
Non-instructional programs	-	-	393,729	388,501	393,729	388,501	1%
Other expenditures	1,275,562	1,305,522	-	-	1,275,562	1,305,522	-2%
Total expenses	10,147,311	9,683,782	393,729	388,501	10,541,040	10,072,283	5%
CHANGE IN NET ASSETS	2,430,895	1,719,649	20,244	(3,173)	2,451,139	1,716,476	43%
Net assets beginning of year, as restated	7,108,437	5,447,591	73,418	76,591	7,181,855	5,524,182	-24%
Net assets end of year	9,539,332	7,167,240	93,662	73,418	9,632,994	7,240,658	33%

In fiscal year 2011 property tax and unrestricted state grants account for 72% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 84% of the total expenses.

As shown in figure A-4, the District as a whole experienced a 10% increase in revenues and a 5% increase in expenses. Property tax increased \$972,026 to fund increases in expenses. The increase in revenue is related to increased collections of property tax and the statewide sales & services tax, as well as increases in state grants and other local revenue sources.

Governmental Activities

Revenues for governmental activities were \$12,578,206 and expenses were \$10,147,311.

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

Figure A-5

	Total Cost of Services			Net Cost of Services		
	2011 \$	2010 \$	Change 2010-2011	2011 \$	2010 \$	Change 2010-2011
Instruction	6,093,703	5,986,726	2%	4,269,370	3,832,005	11%
Support Services	2,778,046	2,391,534	16%	2,775,246	2,389,423	16%
Other Expenses	1,275,562	1,305,522	-2%	835,627	814,348	3%
TOTAL	10,147,311	9,683,782	5%	7,880,243	7,035,776	12%

For the year ended June 30, 2011

- The cost financed by users of the District’s programs was \$386,197.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,823,871.
- The net cost of governmental activities was financed with \$6,875,402 in property and local other taxes and \$3,303,169 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$413,973 and expenses were \$393,729. The District’s business type activities include the School Nutrition Fund and the Greenhouse Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,855,426, well below last year’s ending fund balances of \$5,598,759. However, the primary reason for the decrease was the expenditures of funds related to the capital projects in process in the district.

Governmental Fund Highlights

- The District’s improving General Fund financial position is the result of many factors. Increases in revenues were due to the increases in local tax, other local sources, and operating grants & contributions received during the year. Expenditures decreased in the other expenditures functions, but increased in the instruction and support services functions. Part of this is due to staffing changes and associated expenses in the district.
- The General Fund balance increased from \$1,579,509 to \$2,004,027, due to revenues exceeding expenditures.

- The Capital Project Fund includes revenues from sales tax, the physical plant and equipment property tax levy and Construction. These three revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
 - The Physical Plant and Equipment Levy account balance increased from \$33,432 at June 30, 2010 to \$152,195 at June 30, 2011.
 - The Statewide Sales Tax account balance increased from \$181,707 at June 30, 2010 to \$195,162 at June 30, 2011.
 - The Construction account balance decreased from \$2,693,579 at June 30, 2010 to \$283,961 at June 30, 2011
- The Debt Service Fund balance increased from \$699,185 to \$945,828. Included in the fund balance at year end is a required reserve of \$303,000 as part of the issuance of the sales tax revenue bonds.

Proprietary Fund Highlights

The District has two proprietary, enterprise funds, which were noted earlier. The School Nutrition Fund net assets increased from \$71,459 at June 30, 2010 to \$93,662 at June 30, 2011, representing an increase of 31%. The Greenhouse Fund balance decreased from \$1,959 at June 30, 2010 to \$1,959 at June 30, 2011.

BUDGETARY HIGHLIGHTS

The District's receipts were \$67,343 less than budgeted receipts, a variance of 1%.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$22,620,635, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 16% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$234,495.

The original cost of the District's capital assets was \$27,322,413. Governmental funds account for \$27,164,429 with the remainder of \$157,984 in the proprietary, School Nutrition Fund.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2010-2011
	Activities		Activities		School District		
	2011	2010	2011	2010	2011	2010	
	\$	\$	\$	\$	\$	\$	
Land	135,991	135,991	-	-	135,991	135,991	0%
Construction in progress	17,920,215	14,549,525	-	-	17,920,215	14,549,525	23%
Buildings	4,272,819	4,388,504	-	-	4,272,819	4,388,504	-3%
Equipment & furniture	248,025	415,971	43,585	51,126	291,610	467,097	-38%
TOTAL	22,577,050	19,489,991	43,585	51,126	22,620,635	19,541,117	16%

Long-Term Debt

At June 30, 2011 the District had long-term debt outstanding of \$16,939,115 in general obligation bonds, revenue bonds, capital leases, compensated absences, termination benefits, and OPEB Liability. This represents a decrease of approximately 5% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

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

	Total School District		Percentage Change 2010-2011
	2011	2010	
	\$	\$	
Governmental Activities:			
General obligation bonds	15,160,000	15,705,000	-3%
Revenue bonds	1,665,000	2,075,000	-20%
Capital leases	33,777	43,722	-23%
Compensated absences	20,444	19,937	3%
Termination benefits	-	27,134	-100%
Net OPEB liability	59,000	30,119	96%
Total	<u>16,938,221</u>	<u>17,900,912</u>	<u>-5%</u>
Business type activities:			
Net OPEB liability	<u>894</u>	<u>456</u>	<u>96%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has experienced stable enrollment for a few years; there was a 16.7 student decrease in the October 2010 enrollment count. There was no definite reason for this fluctuation in enrollment, and the stable trend seen in the past is expected to continue in the future.

- The budget guarantee (whereby Districts are guaranteed 100% of their current budget for the upcoming year) is being phased out over a ten-year period, which began in fiscal year 2005.
- Low allowable growth over several years and enrollment stability is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued increases in insurance and health premiums, along with price increases for utilities, gas and other everyday expenditures allows a concern for the District as they try to control spending in the individual funds.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Symantha Crawford, Business Manager, West Central Valley Community School District, 3299 White Pole Road, Stuart, Iowa 50250.

BASIC FINANCIAL STATEMENTS

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	4,803,935	75,217	4,879,152
Receivables:			
Property tax:			
Delinquent	68,763	-	68,763
Succeeding year	6,237,330	-	6,237,330
Internal balances	31,151	(31,151)	-
Accounts	-	576	576
Due from other governments	330,684	-	330,684
Inventories	-	11,603	11,603
Bond issue costs	287,698	-	287,698
Capital assets, net of accumulated depreciation	22,577,050	43,585	22,620,635
Total assets	34,336,611	99,830	34,436,441
Liabilities			
Accounts payable	248,590	-	248,590
Salaries and benefits payable	836,650	-	836,650
Due to other governments	17,733	-	17,733
Accrued interest payable	150,720	-	150,720
Deferred revenue:			
Succeeding year property tax	6,237,330	-	6,237,330
Other	128,230	5,274	133,504
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	570,000	-	570,000
Revenue bonds payable	430,000	-	430,000
Capital leases	10,575	-	10,575
Compensated absences	6,814	-	6,814
Portion due after one year:			
General obligation bonds payable	14,590,000	-	14,590,000
Revenue bonds payable	1,235,000	-	1,235,000
Bond premium	239,805	-	239,805
Capital leases	23,202	-	23,202
Compensated absences	13,630	-	13,630
Net OPEB liability	59,000	894	59,894
Total liabilities	24,797,279	6,168	24,803,447

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	5,718,273	43,585	5,761,858
Restricted for:			
Categorical funding	218,777	-	218,777
Management levy	238,725	-	238,725
Physical plant and equipment levy	152,195	-	152,195
Student activities	35,528	-	35,528
School infrastructure	479,123	-	479,123
Debt service	795,108	-	795,108
Unrestricted	<u>1,901,603</u>	<u>50,077</u>	<u>1,951,680</u>
Total net assets	<u><u>9,539,332</u></u>	<u><u>93,662</u></u>	<u><u>9,632,994</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	3,792,263	300,163	1,151,676	-
Special	1,138,051	9,273	127,363	-
Other	1,163,389	75,295	160,563	-
	<u>6,093,703</u>	<u>384,731</u>	<u>1,439,602</u>	<u>-</u>
Support services:				
Student	122,631	-	-	-
Instructional staff	195,168	-	-	-
Administration	865,561	-	-	-
Operation and maintenance of plant	941,574	1,466	-	-
Transportation	653,112	-	1,334	-
	<u>2,778,046</u>	<u>1,466</u>	<u>1,334</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	-	-	-	57,000
Long-term debt interest	780,423	-	-	-
AEA flowthrough	382,935	-	382,935	-
Depreciation (unallocated)*	112,204	-	-	-
	<u>1,275,562</u>	<u>-</u>	<u>382,935</u>	<u>57,000</u>
Total governmental activities	<u>10,147,311</u>	<u>386,197</u>	<u>1,823,871</u>	<u>57,000</u>
Business type activities:				
Non-instructional programs:				
Food service operations	392,002	189,597	224,363	-
Greenhouse	1,727	-	-	-
Total business-type activities	<u>393,729</u>	<u>189,597</u>	<u>224,363</u>	<u>-</u>
Total	<u>10,541,040</u>	<u>575,794</u>	<u>2,048,234</u>	<u>57,000</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(2,340,424)	-	(2,340,424)
(1,001,415)	-	(1,001,415)
(927,531)	-	(927,531)
<u>(4,269,370)</u>	<u>-</u>	<u>(4,269,370)</u>
(122,631)	-	(122,631)
(195,168)	-	(195,168)
(865,561)	-	(865,561)
(940,108)	-	(940,108)
(651,778)	-	(651,778)
<u>(2,775,246)</u>	<u>-</u>	<u>(2,775,246)</u>
57,000	-	57,000
(780,423)	-	(780,423)
-	-	-
(112,204)	-	(112,204)
<u>(835,627)</u>	<u>-</u>	<u>(835,627)</u>
<u>(7,880,243)</u>	<u>-</u>	<u>(7,880,243)</u>
-	21,958	21,958
-	(1,727)	(1,727)
<u>-</u>	<u>20,231</u>	<u>20,231</u>
<u>(7,880,243)</u>	<u>20,231</u>	<u>(7,860,012)</u>
4,701,183	-	4,701,183
1,272,015	-	1,272,015
124,427	-	124,427
39,726	-	39,726
738,051	-	738,051
3,303,169	-	3,303,169
25,957	13	25,970
106,610	-	106,610
<u>10,311,138</u>	<u>13</u>	<u>10,311,151</u>
2,430,895	20,244	2,451,139
<u>7,108,437</u>	<u>73,418</u>	<u>7,181,855</u>
<u>9,539,332</u>	<u>93,662</u>	<u>9,632,994</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Assets					
Cash and pooled investments	2,884,369	606,489	931,036	274,566	4,696,460
Receivables:					
Property tax:					
Delinquent	50,527	1,447	14,792	1,997	68,763
Succeeding year	4,343,397	129,509	1,589,424	175,000	6,237,330
Interfund receivable	31,151	-	-	-	31,151
Due from other governments	158,439	172,245	-	-	330,684
Total assets	7,467,883	909,690	2,535,252	451,563	11,364,388
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	100,431	147,863	-	296	248,590
Salaries and benefits payable	834,636	-	-	2,014	836,650
Due to other governments	16,733	1,000	-	-	17,733
Deferred revenue:					
Succeeding year property tax	4,343,397	129,509	1,589,424	175,000	6,237,330
Income surtax	40,429	-	-	-	40,429
Other	128,230	-	-	-	128,230
Total liabilities	5,463,856	278,372	1,589,424	177,310	7,508,962
Fund balances:					
Restricted for:					
Categorical funding	218,777	-	-	-	218,777
Management levy	-	-	-	238,725	238,725
School infrastructure	-	479,123	-	-	479,123
Debt service	-	-	945,828	-	945,828
Physical plant and equipment	-	152,195	-	-	152,195
Student activities	-	-	-	35,528	35,528
Assigned	440,000	-	-	-	440,000
Unassigned	1,345,250	-	-	-	1,345,250
Total fund balances	2,004,027	631,318	945,828	274,253	3,855,426
Total liabilities and fund balances	7,467,883	909,690	2,535,252	451,563	11,364,388

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2011

	\$
Total fund balances of governmental funds (Exhibit C)	3,855,426
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	22,577,050
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	40,429
Bond issue costs are reported as an asset in the statement of net assets and are amortized over the life of the bonds.	287,698
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.	(150,720)
An internal service fund is used by the District's management to charge the costs of the health insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	107,475
Long-term liabilities, including bonds payable, bond premium, capital leases, termination benefits, compensated absences and other postemployment benefits payable, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(17,178,026)</u>
Net assets of governmental activities (Exhibit A)	<u><u>9,539,332</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	4,561,424	862,478	1,272,015	178,785	6,874,702
Tuition	141,937	-	-	-	141,937
Other	77,304	40,792	1,564	202,703	322,363
State sources	4,475,131	7,600	-	-	4,482,731
Federal sources	644,309	57,000	-	-	701,309
Total revenues	<u>9,900,105</u>	<u>967,870</u>	<u>1,273,579</u>	<u>381,488</u>	<u>12,523,042</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,726,597	12,699	-	95,572	3,834,868
Special	1,134,113	-	-	-	1,134,113
Other	962,601	-	-	200,788	1,163,389
	<u>5,823,311</u>	<u>12,699</u>	<u>-</u>	<u>296,360</u>	<u>6,132,370</u>
Support services:					
Student	120,881	-	-	-	120,881
Instructional staff	194,730	-	-	-	194,730
Administration	850,405	900	-	450	851,755
Operation and maintenance of plant	873,904	-	-	63,702	937,606
Transportation	559,035	-	-	15,053	574,088
	<u>2,598,955</u>	<u>900</u>	<u>-</u>	<u>79,205</u>	<u>2,679,060</u>
Other expenditures:					
Facilities acquisition	-	3,370,690	-	-	3,370,690
Long-term debt:					
Principal	-	-	964,945	-	964,945
Interest and fiscal charges	-	1,000	792,656	-	793,656
AEA flowthrough	382,935	-	-	-	382,935
	<u>382,935</u>	<u>3,371,690</u>	<u>1,757,601</u>	<u>-</u>	<u>5,512,226</u>
Total expenditures	<u>8,805,201</u>	<u>3,385,289</u>	<u>1,757,601</u>	<u>375,565</u>	<u>14,323,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,094,904</u>	<u>(2,417,419)</u>	<u>(484,022)</u>	<u>5,923</u>	<u>(1,800,614)</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Compensation for loss of fixed assets	26,081	-	-	-	26,081
Sale of real property	-	30,000	-	-	30,000
Sales of materials and equipment	1,200	-	-	-	1,200
Operating transfers in	-	840,684	730,665	-	1,571,349
Operating transfers out	(697,667)	(730,665)	-	(143,017)	(1,571,349)
Total other financing sources (uses)	<u>(670,386)</u>	<u>140,019</u>	<u>730,665</u>	<u>(143,017)</u>	<u>57,281</u>
Net change in fund balances	424,518	(2,277,400)	246,643	(137,094)	(1,743,333)
Fund balances beginning of year, as restated	<u>1,579,509</u>	<u>2,908,718</u>	<u>699,185</u>	<u>411,347</u>	<u>5,598,759</u>
Fund balances end of year	<u><u>2,004,027</u></u>	<u><u>631,318</u></u>	<u><u>945,828</u></u>	<u><u>274,253</u></u>	<u><u>3,855,426</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities

Year ended June 30, 2011

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		(1,743,333)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	3,370,690	
Depreciation expense	<u>(224,828)</u>	3,145,862
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		700
Bond issue costs are reported as an expense when incurred in the governmental fund financial statements, but are capitalized and amortized over the life of the bonds in the government-wide financial statements.		(16,923)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		964,945
Bond premiums are reported as income in the governmental funds, but are amortized over the life of the bonds in the government-wide financial statements.		14,106
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.		13,233
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	27,134	
Compensated absences	(507)	
Other postemployment benefits	<u>(28,881)</u>	(2,254)
An internal service fund is used by the District's management to charge the costs of the health insurance program to the individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		<u>54,559</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>2,430,895</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2011

	Nonmajor Enterprise	Governmental Activities - Internal Service
	<u>\$</u>	<u>\$</u>
Assets		
Cash and cash equivalents	75,217	107,475
Accounts receivable	576	-
Inventories	11,603	-
Capital assets, net of accumulated depreciation	<u>43,585</u>	<u>-</u>
Total assets	<u>130,981</u>	<u>107,475</u>
Liabilities		
Interfund payable	31,151	-
Deferred revenue	5,274	-
Net OPEB liability	<u>894</u>	<u>-</u>
Total liabilities	<u>37,319</u>	<u>-</u>
Net assets		
Invested in capital assets	43,585	-
Unrestricted	<u>50,077</u>	<u>107,475</u>
Total net assets	<u><u>93,662</u></u>	<u><u>107,475</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Nonmajor Enterprise <u> </u> \$	Governmental Activities - Internal Service <u> </u> \$
Operating revenue:		
Local sources:		
Charges for service	<u>189,597</u>	<u>624,542</u>
Operating expenses:		
Non-instructional programs:		
Salaries	156,341	-
Benefits	12,544	569,983
Purchased services	11,245	-
Supplies	203,932	-
Depreciation	9,667	-
	<u>393,729</u>	<u>569,983</u>
Operating income (loss)	<u>(204,132)</u>	<u>54,559</u>
Non-operating revenue:		
State sources	3,913	-
Federal sources	220,450	-
Interest income	13	-
Total non-operating revenue	<u>224,376</u>	<u>-</u>
Change in net assets	20,244	54,559
Net assets beginning of year	<u>73,418</u>	<u>52,916</u>
Net assets end of year	<u><u>93,662</u></u>	<u><u>107,475</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2011

	Nonmajor Enterprise	Governmental Activities - Internal Service
	<u>\$</u>	<u>\$</u>
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	189,960	-
Cash received from services provided to other funds	-	624,542
Cash payments to employees for services	(168,084)	(569,983)
Cash payments to suppliers for goods or services	(193,186)	-
Net cash provided (used) by operating activities	<u>(171,310)</u>	<u>54,559</u>
Cash flows from non-capital financing activities:		
State grants received	3,913	-
Federal grants received	197,626	-
Net cash provided by non-capital financing activities	<u>201,539</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,126)	-
Cash flows from investing activities:		
Interest on investments	13	-
Net increase (decrease) in cash and cash equivalents	28,116	54,559
Cash and cash equivalents at beginning of year	<u>47,101</u>	<u>52,916</u>
Cash and cash equivalents at end of year	<u><u>75,217</u></u>	<u><u>107,475</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	(204,132)	54,559
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Commodities used	22,824	-
Depreciation	9,667	-
Decrease (increase) in inventories	(634)	-
Decrease (increase) in accounts receivable	(175)	-
(Decrease) increase in accounts payable	(199)	-
(Decrease) increase in salaries and benefits payable	363	-
(Decrease) increase in deferred revenue	538	-
(Decrease) increase in other postemployment benefits	438	-
Net cash provided (used) by operating activities	<u>(171,310)</u>	<u>54,559</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$22,824 of federal commodities.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2011

	Private Purpose Trust Scholarship
	<u>\$</u>
Assets	
Cash and pooled investments	205,116
Liabilities	
	<u>-</u>
Net Assets	
Reserved for scholarships	<u><u>205,116</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose Trust Scholarship
	<u>\$</u>
Additions:	
Local sources:	
Interest	4,197
Deductions:	
Support services:	
Scholarships awarded	<u>8,250</u>
Change in net assets	(4,053)
Net assets beginning of year	<u>209,169</u>
Net assets end of year	<u><u>205,116</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies

West Central Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Stuart, Menlo, Dexter and Redfield, Iowa and the predominately agricultural territory in a portion of Adair, Dallas and Guthrie Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Adair, Dallas and Guthrie County Assessor's Conference Boards.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

The District's Internal Service Fund is also reported as a proprietary fund. The Internal Service Fund is used to account for the District's health insurance plan.

The District also reports a fiduciary fund, which focuses on net assets and changes in net assets. The District's fiduciary fund includes the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010, through June 30, 2011, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	500
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	3-10 years
Furniture and equipment	5-12 years

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have taken vacation. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund Equity – In the governmental fund financial statements fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in other classifications.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, the District did not exceed the published budget.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$934,299 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
		\$
Debt Service Fund	Capital Projects Fund	730,665
Capital Projects Fund	General Fund (SBRC Approved)	697,667
Capital Projects Fund	District Support Trust Fund	143,017

These transfers moved revenues from the funds statutorily required to collect the resources to the funds statutorily required to expend the resources.

4. Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	14,549,525	3,370,690	-	17,920,215
Land	135,991	-	-	135,991
Total capital assets not being depr.	<u>14,685,516</u>	<u>3,370,690</u>	<u>-</u>	<u>18,056,206</u>

Capital assets being depreciated:				
Buildings	7,648,651	-	-	7,648,651
Furniture and equipment	<u>1,459,572</u>	-	-	<u>1,459,572</u>
Total capital assets being deprec.	<u>9,108,223</u>	-	-	<u>9,108,223</u>
Less accumulated depreciation for:				
Buildings	3,263,628	112,204	-	3,375,832
Furniture and equipment	<u>1,098,923</u>	<u>112,624</u>	-	<u>1,211,547</u>
Total accumulated depreciation	<u>4,362,551</u>	<u>224,828</u>	-	<u>4,587,379</u>
Total capital assets being depreciated, net	<u>4,745,672</u>	<u>(224,828)</u>	-	<u>4,520,844</u>
Governmental activities capital assets, net	<u>19,431,188</u>	<u>3,145,862</u>	-	<u>22,577,050</u>
	Balance			Balance End
	Beginning of			of Year
	Year	Increases	Decreases	
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	155,858	2,126	-	157,984
Less accumulated depreciation	<u>104,732</u>	<u>9,667</u>	-	<u>114,399</u>
Business type activities capital assets, net	<u>51,126</u>	<u>(7,541)</u>	-	<u>43,585</u>

Depreciation expense was charged to the following functions:

	Amount
	\$
Governmental activities:	
Instruction:	
Regular	21,953
Support services:	
Administration services	10,305
Operation and maintenance of plant services	1,342
Transportation	<u>79,024</u>
	112,624
Unallocated depreciation	<u>112,204</u>
Total depreciation expense – governmental activities	<u>224,828</u>
Business type activities:	
Food services	<u>9,667</u>

5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	15,705,000	-	545,000	15,160,000	570,000
Revenue bonds	2,075,000	-	410,000	1,665,000	430,000
Capital Leases	43,722	-	9,945	33,777	10,575
Compensated absences	19,937	7,152	6,645	20,444	6,814
Termination benefits	27,134	1,788	28,922	-	-
Net OPEB liability	30,119	28,881	-	59,000	-
Total	17,900,912	37,821	1,000,512	16,938,221	1,017,389
Business type activities:					
Net OPEB liability	456	438	-	894	-

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees in a prior year. Eligible employees must be at least age fifty-five and must have completed fifteen years of service, ten of which must be continuous years, to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives for each eligible employee were equal to subtracting the current base pay from the current salary.

At June 30, 2011, the District has no participants with no liability. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$28,922.

General Obligation Bonds

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July, 2008			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2012	4.375	365,000	385,035	750,035
2013	4.375	385,000	369,067	754,067
2014	4.375	400,000	352,223	752,223
2015	4.375	415,000	334,723	749,723
2016	4.375	435,000	316,567	751,567
2017-2021	4.375	2,450,000	1,282,051	3,732,051
2022-2026	4.375	3,025,000	697,990	3,722,990
2027-2028	4.375-4.450	1,315,000	86,039	1,401,039
		8,790,000	3,823,695	12,613,695

Bond Issue of May, 2009				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2012	5.00	205,000	290,283	495,283
2013	4.60	215,000	280,033	495,033
2014	4.60	225,000	270,143	495,143
2015	4.60	240,000	259,793	499,793
2016	4.60	245,000	248,753	493,753
2017-2021	4.40-4.05	1,410,000	1,070,712	2,480,712
2022-2026	4.35-4.60	1,740,000	740,456	2,480,456
2027-2029	4.70-4.80	2,090,000	237,416	2,327,416
		<u>6,370,000</u>	<u>3,397,589</u>	<u>9,767,589</u>

Revenue Bonds Payable

Details of the District's June 30, 2011 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Bond Issue of August, 2006				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2012	4.40-4.50	430,000	71,468	501,468
2013	4.50-4.60	450,000	51,998	501,998
2014	4.60-4.65	425,000	31,178	456,178
2015	4.65-4.70	280,000	12,170	292,170
2016	4.70	80,000	1,880	81,880
		<u>1,665,000</u>	<u>168,694</u>	<u>1,833,694</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,030,000 bonds issued in August, 2006. The bonds were issued for the purpose of financing a portion of the costs of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2016. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 70% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,833,694. For the current year, \$410,000 of principal and \$89,628 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$738,051.

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

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

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

Capital Leases

The District has leased 5 copy machines under a capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2011.

	<u>Year Ending June 30,</u>	<u>Amount</u>
		\$
	2012	12,000
	2013	12,000
	2014	<u>12,000</u>
Minimum Lease Payments		36,000
Less Amount Representing Interest		<u>2,223</u>
Present Value of Minimum Lease Payments		<u>33,777</u>

6. Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$354,281, \$321,272, and \$313,973 respectively, equal to the required contributions for each year.

7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 65 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	39,539
Interest on net OPEB obligation	764
Adjustment to annual required contribution	<u>(2,872)</u>
Annual OPEB cost	37,431
Contributions made	<u>8,112</u>
Increase in net OPEB obligation	29,319
Net OPEB obligation beginning of year	<u>30,575</u>
 Net OPEB obligation end of year	 <u>59,894</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$8,112 to the medical plan and the retirees contributed \$26,362 to the plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
	\$	%	\$
June 30, 2010	36,598	16%	30,575
June 30, 2011	37,431	22%	59,894

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$320,751, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$320,751. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,187,000, and the ratio of the UAAL to covered payroll was 10.1%. As of June 30, 2011, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to

reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000.

The UAAL is being amortized over 30 years.

8. Risk Management

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

9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$382,935 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

10. Construction Commitment

The District has entered into contracts totaling \$12,600,000 for elementary and high school construction. As of June 30, 2011 costs of \$10,970,975 had been incurred against the contracts. The balances remaining at June 30, 2011 will be paid as work on the project progresses.

11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
	\$
Limited English proficiency	9,794
Home school assistance	3,569
Gifted and talented	27,997
Returning dropout and dropout prevention program	87,604
Mentoring	4,225
Preschool	85,588
	<u>218,777</u>

12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund type Definitions, was implemented during the year ended 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 2,875,286	\$ 33,432
Change in fund type classification per implementation of GASB Statement No. 54	<u>33,432</u>	<u>(33,432)</u>
Balances July 1, 2010, as restated	<u>2,908,718</u>	<u> </u>

During the year the District increased the capitalization threshold for capital assets resulting in a \$58,803 decrease in the governmental activities beginning net assets.

REQUIRED SUPPLEMENTARY INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2011

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	7,339,002	189,610	7,528,612	7,223,129	7,223,129	305,483
State sources	4,482,731	3,913	4,486,644	5,166,229	5,166,229	(679,585)
Federal sources	701,309	220,450	921,759	615,000	615,000	306,759
Total revenues	<u>12,523,042</u>	<u>413,973</u>	<u>12,937,015</u>	<u>13,004,358</u>	<u>13,004,358</u>	<u>(67,343)</u>
Expenditures/Expenses:						
Instruction	6,132,370	-	6,132,370	7,315,741	7,315,741	1,183,371
Support services	2,679,060	-	2,679,060	4,092,165	4,092,165	1,413,105
Non-instructional programs	-	393,729	393,729	454,241	454,241	60,512
Other expenditures	5,512,226	-	5,512,226	8,863,920	8,863,920	3,351,694
Total expenditures/expenses	<u>14,323,656</u>	<u>393,729</u>	<u>14,717,385</u>	<u>20,726,067</u>	<u>20,726,067</u>	<u>6,008,682</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,800,614)	20,244	(1,780,370)	(7,721,709)	(7,721,709)	5,941,339
Other financing sources (uses) net	<u>57,281</u>	<u>-</u>	<u>57,281</u>	<u>-</u>	<u>-</u>	<u>57,281</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	(1,743,333)	20,244	(1,723,089)	(7,721,709)	(7,721,709)	5,998,620
Balance beginning of year	<u>5,598,759</u>	<u>73,418</u>	<u>5,672,177</u>	<u>7,762,537</u>	<u>7,762,537</u>	<u>(2,090,360)</u>
Balance end of year	<u><u>3,855,426</u></u>	<u><u>93,662</u></u>	<u><u>3,949,088</u></u>	<u><u>40,828</u></u>	<u><u>40,828</u></u>	<u><u>3,908,260</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2011

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

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

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

During the year ended June 30, 2011 expenditures did not exceed the amount budgeted.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	319,262	319,262	0.0%	2,846,000	11.2%
2011	July 1, 2009	-	320,751	320,751	0.0%	3,187,000	10.1%

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

OTHER SUPPLEMENTARY INFORMATION

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

Assets	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	
	\$	\$	\$
Cash and pooled investments	238,742	35,824	274,566
Receivables:			
Property tax:			
Delinquent	1,997	-	1,997
Succeeding year	175,000	-	175,000
	<u>415,739</u>	<u>35,824</u>	<u>451,563</u>
Total assets			
	<u>415,739</u>	<u>35,824</u>	<u>451,563</u>
Liabilities & Fund Balances			
Liabilities:			
Accounts payable	-	296	296
Salaries and benefits payable	2,014	-	2,014
Deferred revenue:			
Succeeding year property tax	175,000	-	175,000
Total liabilities	<u>177,014</u>	<u>296</u>	<u>177,310</u>
Fund balances:			
Restricted for:			
Management levy	238,725	-	238,725
Student activities	-	35,528	35,528
Total fund balances	<u>238,725</u>	<u>35,528</u>	<u>274,253</u>
Total liabilities and fund balances			
	<u>415,739</u>	<u>35,824</u>	<u>451,563</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Special Revenue Funds			Total
	Management	Student	District	
	Levy	Activity	Support Trust Fund	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	178,785	-	-	178,785
Other	14,521	186,831	1,351	202,703
Total revenues	<u>193,306</u>	<u>186,831</u>	<u>1,351</u>	<u>381,488</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	95,572	-	-	95,572
Other instruction	-	200,788	-	200,788
Support services:				
Administration services	-	450	-	450
Operation and maintenance of plant services	63,702	-	-	63,702
Transportation services	15,053	-	-	15,053
Total expenditures	<u>174,327</u>	<u>201,238</u>	<u>-</u>	<u>375,565</u>
Excess (deficiency) of revenues over (under) expenditures	18,979	(14,407)	1,351	5,923
Other financing sources (uses):				
Operating transfers out	-	-	(143,017)	(143,017)
Net change in fund balances	18,979	(14,407)	(141,666)	(137,094)
Fund balances beginning of year	<u>219,746</u>	<u>49,935</u>	<u>141,666</u>	<u>411,347</u>
Fund balances end of year	<u><u>238,725</u></u>	<u><u>35,528</u></u>	<u><u>-</u></u>	<u><u>274,253</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Net Assets
Nonmajor Enterprise Funds

June 30, 2011

	Enterprise Funds		
	School Nutrition	Greenhouse	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	74,985	232	75,217
Accounts receivable	576	-	576
Inventories	11,603	-	11,603
Capital assets, net of accumulated depreciation	43,585	-	43,585
Total assets	<u>130,749</u>	<u>232</u>	<u>130,981</u>
Liabilities			
Interfund payable	31,151	-	31,151
Deferred revenue	5,274	-	5,274
Net OPEB liability	894	-	894
Total liabilities	<u>37,319</u>	<u>-</u>	<u>37,319</u>
Net assets			
Invested in capital assets	43,585	-	43,585
Unrestricted	49,845	232	50,077
Total net assets	<u>93,430</u>	<u>232</u>	<u>93,662</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Enterprise Funds		
	School Nutrition	Greenhouse	Total
	\$	\$	\$
Operating revenue:			
Local sources:			
Charges for service	189,597	-	189,597
Operating expenses:			
Non-instructional programs:			
Salaries	156,341	-	156,341
Benefits	12,544	-	12,544
Purchased services	11,245	-	11,245
Supplies	202,205	1,727	203,932
Depreciation	9,667	-	9,667
Total operating expenses	392,002	1,727	393,729
Operating income (loss)	(202,405)	(1,727)	(204,132)
Non-operating revenue:			
State sources	3,913	-	3,913
Federal sources	220,450	-	220,450
Interest income	13	-	13
Total non-operating revenue	224,376	-	224,376
Change in net assets	21,971	(1,727)	20,244
Net assets beginning of year	71,459	1,959	73,418
Net assets end of year	93,430	232	93,662

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Cash Flows
Nonmajor Enterprise Funds

Year ended June 30, 2011

	Enterprise Funds		
	School Nutrition	Greenhouse	Total
	\$	\$	\$
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	189,960	-	189,960
Cash payments to employees for services	(168,084)	-	(168,084)
Cash payments to suppliers for goods or services	(191,459)	(1,727)	(193,186)
Net cash used by operating activities	<u>(169,583)</u>	<u>(1,727)</u>	<u>(171,310)</u>
Cash flows from non-capital financing activities:			
State grants received	3,913	-	3,913
Federal grants received	197,626	-	197,626
Net cash provided by non-capital financing activities	<u>201,539</u>	<u>-</u>	<u>201,539</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(2,126)</u>	<u>-</u>	<u>(2,126)</u>
Cash flows from investing activities:			
Interest on investments	<u>13</u>	<u>-</u>	<u>13</u>
Net increase (decrease) in cash and cash equivalents	29,843	(1,727)	28,116
Cash and cash equivalents at beginning of year	<u>45,142</u>	<u>1,959</u>	<u>47,101</u>
Cash and cash equivalents at end of year	<u><u>74,985</u></u>	<u><u>232</u></u>	<u><u>75,217</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	(202,405)	(1,727)	(204,132)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Commodities used	22,824	-	22,824
Depreciation	9,667	-	9,667
Decrease (increase) in inventories	(634)	-	(634)
Decrease (increase) in accounts receivable	(175)	-	(175)
(Decrease) increase in accounts payable	(199)	-	(199)
(Decrease) increase in salaries and benefits payable	363	-	363
(Decrease) increase in deferred revenue	538	-	538
Increase in other postemployment benefits	438	-	438
Net cash used by operating activities	<u><u>(169,583)</u></u>	<u><u>(1,727)</u></u>	<u><u>(171,310)</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2011

	Capital Projects			Total
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Assets	\$	\$	\$	\$
Cash and pooled investments	431,824	22,917	151,748	606,489
Receivables:				
Property tax:				
Delinquent	-	-	1,447	1,447
Succeeding year	-	-	129,509	129,509
Due from other governments	-	172,245	-	172,245
Total assets	431,824	195,162	282,704	909,690
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	147,863	-	-	147,863
Due to other governments	-	-	1,000	1,000
Deferred revenue:				
Succeeding year property tax	-	-	129,509	129,509
Total liabilities	147,863	-	130,509	278,372
Fund balances:				
Restricted for:				
School infrastructure	283,961	195,162	-	479,123
Physical plant and equipment	-	-	152,195	152,195
Total fund balances	283,961	195,162	152,195	631,318
Total liabilities and fund balances	431,824	195,162	282,704	909,690

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Capital Project Accounts

Year ended June 30, 2011

	Capital Projects			Total
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	-	738,051	124,427	862,478
Other	40,357	-	435	40,792
State sources	7,600	-	-	7,600
Federal sources	57,000	-	-	57,000
Total revenues	<u>104,957</u>	<u>738,051</u>	<u>124,862</u>	<u>967,870</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	-	12,699	12,699
Support services:				
Administration services	900	-	-	900
Other expenditures:				
Facilities acquisition	3,364,759	5,931	-	3,370,690
Long-term debt fiscal charges	1,000	-	-	1,000
Total expenditures	<u>3,366,659</u>	<u>5,931</u>	<u>12,699</u>	<u>3,385,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,261,702)</u>	<u>732,120</u>	<u>112,163</u>	<u>(2,417,419)</u>
Other financing sources (uses):				
Sale of real property	-	-	30,000	30,000
Intrafund transfers	11,400	-	(11,400)	-
Operating transfers in	840,684	-	-	840,684
Operating transfers out	-	(718,665)	(12,000)	(730,665)
Total other financing sources (uses)	<u>852,084</u>	<u>(718,665)</u>	<u>6,600</u>	<u>140,019</u>
Net change in fund balance	(2,409,618)	13,455	118,763	(2,277,400)
Fund balances beginning of year, as restated	<u>2,693,579</u>	<u>181,707</u>	<u>33,432</u>	<u>2,908,718</u>
Fund balance end of year	<u><u>283,961</u></u>	<u><u>195,162</u></u>	<u><u>152,195</u></u>	<u><u>631,318</u></u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Interest	1	-	-	1
Athletics	13,674	121,860	134,840	694
Play	4,722	1,153	1,507	4,368
Musicals	3,776	2,239	2,955	3,060
Class of 2011	3,493	-	2,957	536
Class of 2012	1,934	11,402	11,443	1,893
Class of 2013	262	240	-	502
Menlo WC pride elementary	(24)	-	-	(24)
FFA	10,637	26,966	23,493	14,110
FCCLA	973	1,122	1,242	853
Flag/drill team	2,139	1,881	2,309	1,711
HS student council	830	1,205	1,012	1,023
MS student council	3,759	10,112	11,615	2,256
HS yearbook	2,374	7,371	6,845	2,900
MS yearbook	1,385	1,280	1,020	1,645
	<u>49,935</u>	<u>186,831</u>	<u>201,238</u>	<u>35,528</u>
Total	<u>49,935</u>	<u>186,831</u>	<u>201,238</u>	<u>35,528</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

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

For the Last Eight Years

	Modified Accrual Basis							
	2011	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:								
Local sources:								
Local tax	6,874,702	5,751,207	5,498,529	4,120,801	3,988,719	3,522,895	3,185,464	2,941,388
Tuition	141,937	146,755	124,188	128,581	147,461	121,872	123,119	92,374
Other	322,363	417,971	633,340	458,015	458,195	307,626	250,325	249,459
Intermediate sources	-	-	-	364	-	-	-	740
State sources	4,482,731	4,103,480	5,214,600	4,921,040	4,651,132	4,341,906	4,155,901	3,716,899
Federal sources	701,309	962,899	408,478	305,475	202,315	213,143	277,456	172,395
Total revenues	<u>12,523,042</u>	<u>11,382,312</u>	<u>11,879,135</u>	<u>9,934,276</u>	<u>9,447,822</u>	<u>8,507,442</u>	<u>7,992,265</u>	<u>7,173,255</u>
Expenditures:								
Instruction:								
Regular instruction	3,834,868	3,841,948	3,991,648	3,792,635	3,882,469	3,329,571	3,242,719	3,128,480
Special instruction	1,134,113	1,198,073	1,129,446	1,332,997	1,251,808	1,107,176	1,103,568	1,161,434
Other instruction	1,163,389	1,098,407	945,097	777,642	637,728	828,574	717,999	559,955
Support services:								
Student services	120,881	108,990	108,324	144,488	139,957	102,442	105,987	118,304
Instructional staff services	194,730	97,716	165,103	200,167	171,850	163,859	221,747	232,589
Administration services	851,755	851,240	960,530	906,492	838,715	984,124	865,928	876,788
Operation and maintenance	937,606	744,754	759,254	930,697	999,165	746,436	863,258	719,670
Transportation services	574,088	579,530	517,996	453,837	500,425	655,752	474,238	513,264
Non-instructional programs	-	-	-	-	-	-	103,676	54,917
Other expenditures:								
Facilities acquisition	3,370,690	11,560,105	3,585,015	1,392,767	2,309,150	598,634	456	146,395
Long-term debt:								
Principal	964,945	922,806	1,100,000	185,000	62,000	-	82,000	60,000
Interest and other charges	793,656	836,353	450,969	134,618	69,768	-	5,045	6,689
Bond issue costs	-	-	338,467	-	-	-	-	-
AEA flowthrough	382,935	368,318	344,252	324,150	306,198	285,713	274,845	267,733
Total expenditures	<u>14,323,656</u>	<u>22,208,240</u>	<u>14,396,101</u>	<u>10,575,490</u>	<u>11,169,233</u>	<u>8,802,281</u>	<u>8,061,466</u>	<u>7,846,218</u>

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u> \$
Direct:			
U.S. Department of Homeland Security: Hazard Mitigation Grant	97.039	FY11	57,000
Subtotal Direct			<u>57,000</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Education: School Nutrition Cluster Programs: School Breakfast Program	10.553	FY11	46,236
National School Lunch Program (non-cash)	10.555	FY11	22,824
National School Lunch Program	10.555	FY11	151,390
			<u>220,450</u>
U.S. Department of Education: Iowa Department of Education: Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY11	120,690
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY11	14,174
			<u>134,864</u>
Career and Technical Education - Basic Grants to States	84.048	FY11	16,998
Safe and Drug Free Schools and Communities - State Grants	84.186	FY11	563
Improving Teacher Quality State Grants	84.367	FY11	34,094
Grants for State Assessments and Related Activities	84.369	FY11	5,486
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY11	79,890
ARRA-State Fiscal Stabilization Fund-Government Services Recovery Act	84.397	FY11	46,589
			<u>126,479</u>
Education Jobs Fund	84.397	FY11	198,469
Heartland Area Education Agency: Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	FY11	51,029
ARRA - Special Education Grants to States, Recovery Act	84.391	FY11	15
			<u>51,044</u>
Subtotal Indirect			<u>788,447</u>
Total			<u><u>845,447</u></u>

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Valley Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 12, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 11-II-A, 11-II-B and 11-II-C to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Central Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit West Central Valley Community School District's responses and, accordingly, we express no opinion on them.

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

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

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

April 12, 2012

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Independent Auditor's 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

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

Compliance

We have audited West Central Valley Community School District's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of West Central Valley Community School District's major federal programs for the year ended June 30, 2011. West Central Valley Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Central Valley Community School District's management. Our responsibility is to express an opinion on West Central Valley Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 Central Valley Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Central Valley Community School District's compliance with those requirements.

In our opinion, West Central Valley Community School District complied, in all material respects, with the compliance 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, 2011.

Internal Control Over Compliance

Management of West Central Valley Community School District 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 Central Valley Community School District'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 West Central Valley Community School 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be 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 Central Valley Community School District and other parties to whom West Central Valley Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

April 12, 2012

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - State Fiscal Stabilization Cluster:
 - CFDA Number 84.394 - ARRA State Fiscal Stabilization Fund- Education State Grants
 - CFDA Number 84.397 - ARRA State Fiscal Stabilization Fund – Government Services, Recovery Act
 - CFDA Number 84.397 - Education Jobs Fund
 - School Nutrition Cluster:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 - School Food Donation (Noncash)
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Central Valley Community School District did not qualify as a low-risk auditee.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2011

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies:

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

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

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

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

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

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

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2011

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

No matters were reported.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- 11-IV-A Certified Budget: Expenditures for the year ended June 30, 2011 did not exceed the amounts budgeted.
- 11-IV-B Questionable Expenditures: No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 11-IV-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 11-IV-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Jeff Baker, board member, coach	Coaching	1,796

This transaction does not appear to represent a conflict of interest since the dollar amount was less than \$2,500.

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

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

Conclusion: Response accepted.

- 11-IV-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 11-IV-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.
- 11-IV-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.
- 11-IV-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.
- 11-IV-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 11-IV-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.

WEST CENTRAL VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting (continued):

11-IV-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

11-IV-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$	\$
		181,707
Revenues/transfers in:		
Statewide sales, services and use tax revenue		738,051
Expenditures/transfers out:		
Other	5,931	
Transfers to debt service fund	718,665	724,596
Ending balance		<u>195,162</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423e or 423F of the Code of Iowa.

11-IV-M Change Orders: We noted that not all construction change orders were approved by the board.

Recommendation: All Construction Change Orders should be approved by the board and noted in the minutes.

District Response: We will have board approval of change orders in the future noted in the minutes.

Conclusion: Response accepted.