

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

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West Delaware County Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Elwyn Curtis	President	2013
Steve Dudak	Vice President	2011
Mike Ryan	Board Member	2011
Linda Bessey	Board Member	2011
Cheryl Stufflebeam	Board Member	2013
School Officials		
Robert Cue	Superintendent	2011
Kelly Jared	Director of Finance/ Board Secretary	2011
Drew Bracken	Attorney	2011
Elizabeth Grob	Attorney	2011

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2012 on our consideration of West Delaware County Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Members American Institute & Iowa Society of Certified Public Accountants

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 44 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Delaware County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

February 15, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Delaware County Community School District provides this Management's Discussion and Analysis of its financial statements to assist in the viewer's comprehension of the overall document. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. The reader is encouraged to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

General Fund revenues increased from \$14,516,956 in fiscal 2010 to \$15,117,700 in fiscal 2011, while General Fund expenditures increased slightly from \$14,302,692 in fiscal 2010 to \$14,387,265 in fiscal 2011. This resulted in an increase in the District's General Fund balance from \$381,646 in fiscal 2010 to a balance of \$1,112,081 in fiscal 2011. The solvency ratio improved from 1.60% for fiscal 2010 to 6.26% for fiscal 2011. The District has taken steps to increase the solvency ratio, providing an adequate General Fund balance to weather unanticipated revenue reductions such as seen in FY10.

The District sold \$5,800,000 of General Obligation Bonds in February 2008, \$2,075,000 of PPEL Capital Loan Notes and \$3,785,000 of SILO Revenue Bonds in January 2006. The outstanding obligation totals \$8,490,000 as of June 30, 2011.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

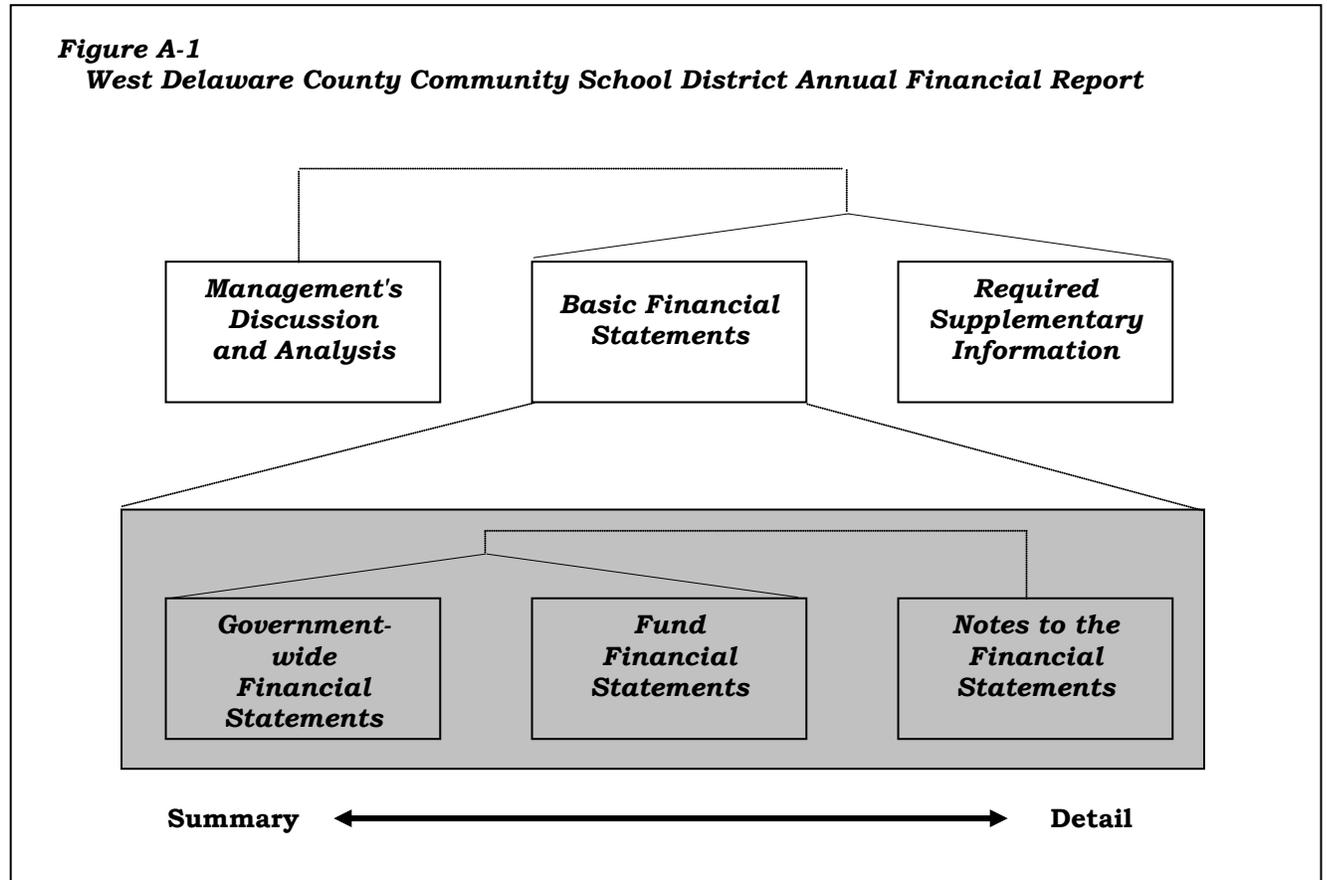


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three categories of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 10,787,598	9,428,433	284,288	189,371	11,071,886	9,617,804	15.12%
Capital assets	18,628,036	19,028,934	220,498	225,873	18,848,534	19,254,807	-2.11%
Total assets	29,415,634	28,457,367	504,786	415,244	29,920,420	28,872,611	3.63%
Long-term obligations	9,218,918	9,939,495	1,881	1,279	9,220,799	9,940,774	-7.24%
Other liabilities	7,012,254	6,799,434	10,811	13,648	7,023,065	6,813,082	3.08%
Total liabilities	16,231,172	16,738,929	12,692	14,927	16,243,864	16,753,856	-3.04%
Net assets:							
Invested in capital assets, net of related debt	10,138,036	9,848,934	220,498	225,873	10,358,534	10,074,807	2.82%
Restricted	2,061,294	1,783,921	-	-	2,061,294	1,783,921	15.55%
Unrestricted	985,132	85,583	271,596	174,444	1,256,728	260,027	383.31%
Total net assets	\$ 13,184,462	11,718,438	492,094	400,317	13,676,556	12,118,755	12.85%

The District's combined net assets increased by \$1,557,801, or 12.85%, over the prior year. The largest portion of the District's net assets is the restricted net assets – resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

The District's restricted net assets increased \$277,373, or 15.55%, over the prior year. The increase in restricted net assets was due to the increase in the Capital Projects fund balance.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$996,701, or 383.31%. The increase in unrestricted net assets was due to the decrease in early retirement and the increasing General Fund fund balance.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 1,105,190	1,106,283	433,090	446,658	1,538,280	1,552,941	-0.94%
Operating grants and contributions and restricted interest	2,425,288	3,201,091	353,944	345,104	2,779,232	3,546,195	-21.63%
Capital grants and contributions and restricted interest	132,596	402,523	-	-	132,596	402,523	-67.06%
General revenues:							
Property tax	6,101,845	5,598,895	-	-	6,101,845	5,598,895	8.98%
Income surtax	297,850	397,633	-	-	297,850	397,633	-25.09%
Statewide sales, services and use tax	1,104,314	954,533	-	-	1,104,314	954,533	15.69%
Unrestricted state grants	6,184,616	5,366,536	-	-	6,184,616	5,366,536	15.24%
Nonspecific program federal grants	180,894	-	-	-	180,894	-	100.00%
Unrestricted investment earnings	54,625	132,594	2,896	2,449	57,521	135,043	-57.41%
Other general revenues	218,741	280,491	1,930	6,331	220,671	286,822	-23.06%
Total revenues	17,805,959	17,440,579	791,860	800,542	18,597,819	18,241,121	1.96%
Program expenses:							
Governmental activities:							
Instruction	10,339,983	10,029,017	-	-	10,339,983	10,029,017	3.10%
Support services	4,467,745	4,341,341	20,452	18,709	4,488,197	4,360,050	2.94%
Non-instructional programs	11,607	23,087	679,631	703,724	691,238	726,811	-4.89%
Other expenses	1,520,600	1,373,031	-	-	1,520,600	1,373,031	10.75%
Total expenses	16,339,935	15,766,476	700,083	722,433	17,040,018	16,488,909	3.34%
Change in net assets	1,466,024	1,674,103	91,777	78,109	1,557,801	1,752,212	-11.10%
Beginning net assets, as restated	11,718,438	10,044,335	400,317	322,208	12,118,755	10,366,543	16.90%
Ending net assets	\$ 13,184,462	11,718,438	492,094	400,317	13,676,556	12,118,755	12.85%

In fiscal 2011, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 76.88% of the revenues from governmental activities while charges for service and sales and operating grants and contributions account for 99.39% of the revenue from business type activities.

The District's total revenues were \$18,597,819, of which \$17,805,959 was for governmental activities and \$791,860 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.96% increase in revenues and a 3.34% increase in expenses. Property tax increased by \$502,950 to fund expenditures. The increases in expenses were related to an increase in salaries and benefits expenditures.

Governmental Activities

Revenues for governmental activities were \$17,805,959 and expenses were \$16,339,935.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 10,339,983	10,029,017	3.10%	7,547,161	6,456,627	16.89%
Support services	4,467,745	4,341,341	2.91%	4,282,578	3,885,384	10.22%
Non-instructional programs	11,607	23,087	-49.72%	11,607	23,087	-49.72%
Other expenses	1,520,600	1,373,031	10.75%	835,515	691,481	20.83%
Totals	<u>\$ 16,339,935</u>	<u>15,766,476</u>	<u>3.64%</u>	<u>12,676,861</u>	<u>11,056,579</u>	<u>14.65%</u>

- The cost financed by users of the District’s programs was \$1,105,190.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,557,884.
- The net cost of governmental activities was financed with \$6,101,845 in property tax, \$297,850 in income surtax, \$1,104,314 in statewide sales, services and use tax, \$6,184,616 in unrestricted state grants, \$180,894 in nonspecific program federal grants, \$54,625 in interest income and \$218,741 in other general revenues.

Business Type Activities

Revenues of the District’s business type activities were \$791,860 and expenses were \$700,083. The District’s business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$3,413,126, an increase from last year’s ending fund balance of \$2,214,583. The primary reason for the increase in combined fund balance in fiscal 2011 is due to the increase in the General fund balance.

Governmental Fund Highlights

- The District’s General Fund financial position is the product of many factors. The state’s student enrollment driven funding formula has not provided much “new money” over the course of the last several years, yet the District maintains a competitive hiring salary for each of its job classifications. However, this was the second time in five years that General Fund revenues exceeded expenses. This resulted in the General Fund fund balance increasing by \$730,435 or 191.39%.

- The Capital Projects Fund balance increased from a restated balance of \$840,027 at the beginning of the fiscal year 2011 to \$1,307,207. The beginning balance was restated as a result of the Physical Plant and Equipment Levy Fund reclassification as a Capital Projects Fund account in accordance with GASB Statement No. 54. This improvement in fund balance was a result of an increase in the statewide sales, services and use tax revenue.

Proprietary Fund Highlights

The Proprietary Fund net assets increased from \$400,317 at June 30, 2010 to \$492,094 at June 30, 2011, representing an increase of 22.93%. The increase was due to the revenues from state and federal sources as well as from student lunch sales in excess of District expenses.

BUDGETARY HIGHLIGHTS

The District's revenues were \$274,686 less than budgeted revenues, a variance of 1.45%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

Total expenditures were less than budgeted, 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 ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$18,848,534, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, furnishings athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.11% from the prior year, with building valuations increasing substantially due to the construction projects. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$732,475.

The original cost of the District's capital assets was \$25,757,297. Governmental funds account for \$25,332,348 with the remainder of \$424,949 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$407,270 at June 30, 2010, compared to \$423,292 reported at June 30, 2011. This increase resulted from various land improvement projects being completed during the year.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total Change June 30, 2010-11
	Activities June 30,		Activities June 30,		School District June 30,		
	2011	2010	2011	2010	2011	2010	
Land	\$ 72,250	72,250	-	-	72,250	72,250	0.00%
Buildings	17,332,802	17,772,273	-	-	17,332,802	17,772,273	-2.47%
Land improvements	423,292	407,270	-	-	423,292	407,270	3.93%
Machinery and equipment	799,692	777,141	220,498	225,873	1,020,190	1,003,014	1.71%
Total	\$ 18,628,036	19,028,934	220,498	225,873	18,848,534	19,254,807	-2.11%

Long-Term Debt

At June 30, 2011, the District had \$9,220,799 in bonded and other long-term debt outstanding. This represents a decrease of 7.24% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had general obligations bonds payable of \$5,800,000 at June 30, 2011.

The District had revenue bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$1,545,000 at June 30, 2011.

The District had capital loan notes payable from the Capital Projects: Physical Plant and Equipment Fund of \$1,145,000 at June 30, 2011.

The District had early retirement payable from the General and Special Revenue, Management Levy Fund of \$526,870 at June 30, 2011.

The District had other postemployment benefits payable of \$166,000 at June 30, 2011.

The District had compensated absences payable of \$37,929 at June 30, 2011

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities June 30,		Business Type Activities June 30,		Total School District June 30,		Total Change June 30,
	2011	2010	2011	2010	2011	2010	2010-11
	General Obligation Bonds	\$ 5,800,000	5,800,000	-	-	5,800,000	5,800,000
Revenue Bonds	1,545,000	2,025,000	-	-	1,545,000	2,025,000	-23.70%
Capital Loan Notes	1,145,000	1,355,000	-	-	1,145,000	1,355,000	-15.50%
Early Retirement	526,870	586,418	-	-	526,870	586,418	-10.15%
Net OPEB Liability	164,119	126,131	1,881	1,279	166,000	127,410	30.29%
Compensated absences	37,929	46,946	-	-	37,929	46,946	-19.21%
Totals	\$ 9,218,918	9,939,495	1,881	1,279	9,220,799	9,940,774	-7.24%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kelly Jared, Director of Finance/Board Secretary, West Delaware County Community School District, 701 New Street, Manchester, Iowa, 52057.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 3,608,085	255,866	3,863,951
Receivables:			
Property tax:			
Delinquent	66,042	-	66,042
Succeeding year	6,290,362	-	6,290,362
Income surtax	292,027	-	292,027
Accounts	57,833	74	57,907
Due from other governments	473,249	-	473,249
Inventories	-	28,348	28,348
Capital assets, net of accumulated depreciation	18,628,036	220,498	18,848,534
TOTAL ASSETS	29,415,634	504,786	29,920,420
LIABILITIES			
Accounts payable	253,340	-	253,340
Retainage payable	36,786	-	36,786
Salaries and benefits payable	49,731	678	50,409
Accrued interest payable	75,053	-	75,053
Deferred revenue:			
Succeeding year property tax	6,290,362	-	6,290,362
Other	306,982	-	306,982
Unearned revenue	-	10,133	10,133
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	495,000	-	495,000
Capital loan notes payable	215,000	-	215,000
Early retirement payable	145,710	-	145,710
Compensated absences	37,929	-	37,929
Portion due after one year:			
General obligation bonds payable	5,800,000	-	5,800,000
Revenue bonds payable	1,050,000	-	1,050,000
Capital loan notes payable	930,000	-	930,000
Early retirement payable	381,160	-	381,160
Net OPEB liability	164,119	1,881	166,000
TOTAL LIABILITIES	16,231,172	12,692	16,243,864
NET ASSETS			
Invested in capital assets, net of related debt	10,138,036	220,498	10,358,534
Restricted for:			
Categorical funding	165,759	-	165,759
School infrastructure	331,819	-	331,819
Physical plant and equipment	596,888	-	596,888
Student activities	308,733	-	308,733
Debt service	658,095	-	658,095
Unrestricted	985,132	271,596	1,256,728
TOTAL NET ASSETS	\$ 13,184,462	492,094	13,676,556

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 6,527,979	484,045	959,124	-	(5,084,810)	-	(5,084,810)
Special	1,755,264	81,585	382,434	-	(1,291,245)	-	(1,291,245)
Other	2,056,740	528,712	356,922	-	(1,171,106)	-	(1,171,106)
	<u>10,339,983</u>	<u>1,094,342</u>	<u>1,698,480</u>	<u>-</u>	<u>(7,547,161)</u>	<u>-</u>	<u>(7,547,161)</u>
Support services:							
Student	552,923	-	-	-	(552,923)	-	(552,923)
Instructional staff	603,899	-	-	-	(603,899)	-	(603,899)
Administration	1,278,619	-	-	-	(1,278,619)	-	(1,278,619)
Operation and maintenance of plant	1,321,073	-	-	132,596	(1,188,477)	-	(1,188,477)
Transportation	711,231	10,848	41,723	-	(658,660)	-	(658,660)
	<u>4,467,745</u>	<u>10,848</u>	<u>41,723</u>	<u>132,596</u>	<u>(4,282,578)</u>	<u>-</u>	<u>(4,282,578)</u>
Non-instructional programs:							
Food service operations	11,607	-	-	-	(11,607)	-	(11,607)
Other expenditures:							
Long-term debt interest	360,648	-	-	-	(360,648)	-	(360,648)
AEA flowthrough	685,085	-	685,085	-	-	-	-
Depreciation(unallocated)*	474,867	-	-	-	(474,867)	-	(474,867)
	<u>1,520,600</u>	<u>-</u>	<u>685,085</u>	<u>-</u>	<u>(835,515)</u>	<u>-</u>	<u>(835,515)</u>
Total governmental activities	<u>16,339,935</u>	<u>1,105,190</u>	<u>2,425,288</u>	<u>132,596</u>	<u>(12,676,861)</u>	<u>-</u>	<u>(12,676,861)</u>
Business Type activities:							
Support services:							
Operation and maintenance of plant	20,452	-	-	-	-	(20,452)	(20,452)
Non-instructional programs:							
Nutrition services	679,631	433,090	353,944	-	-	107,403	107,403
Total business type activities	<u>700,083</u>	<u>433,090</u>	<u>353,944</u>	<u>-</u>	<u>-</u>	<u>86,951</u>	<u>86,951</u>
Total	\$ <u>17,040,018</u>	<u>1,538,280</u>	<u>2,779,232</u>	<u>132,596</u>	<u>(12,676,861)</u>	<u>86,951</u>	<u>(12,589,910)</u>
General Revenues:							
Property tax for:							
General purposes					\$ 5,676,672	-	5,676,672
Capital outlay					425,173	-	425,173
Income surtax					297,850	-	297,850
Statewide sales, services and use tax					1,104,314	-	1,104,314
Unrestricted state grants					6,184,616	-	6,184,616
Nonspecific program federal grants					180,894	-	180,894
Unrestricted investment earnings					54,625	2,896	57,521
Other general revenues					218,741	1,930	220,671
Total general revenues					<u>14,142,885</u>	<u>4,826</u>	<u>14,147,711</u>
Change in net assets					1,466,024	91,777	1,557,801
Net assets beginning of year					11,718,438	400,317	12,118,755
Net assets end of year					\$ <u>13,184,462</u>	<u>492,094</u>	<u>13,676,556</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 1,408,552	1,065,332	988,957	3,462,841
Receivables:				
Property tax:				
Delinquent	57,381	4,525	4,136	66,042
Succeeding year	5,463,398	441,964	385,000	6,290,362
Income surtax	292,027	-	-	292,027
Accounts	33,332	-	24,501	57,833
Due from other governments	199,113	274,136	-	473,249
TOTAL ASSETS	\$ 7,453,803	1,785,957	1,402,594	10,642,354
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 230,494	-	22,846	253,340
Retainage payable		36,786	-	36,786
Salaries and benefits payable	48,821	-	910	49,731
Deferred revenue:				
Succeeding year property tax	5,463,398	441,964	385,000	6,290,362
Income surtax	292,027	-	-	292,027
Other	306,982	-	-	306,982
Total liabilities	6,341,722	478,750	408,756	7,229,228
Fund balances:				
Restricted for:				
Categorical funding	165,759	-	-	165,759
School infrastructure	-	331,819	-	331,819
Physical plant and equipment	-	596,888	-	596,888
Management levy purposes	-	-	405,510	405,510
Student activities	-	-	308,733	308,733
Debt service	-	378,500	279,595	658,095
Unassigned	946,322	-	-	946,322
Total fund balances	1,112,081	1,307,207	993,838	3,413,126
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,453,803	1,785,957	1,402,594	10,642,354

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances of governmental funds(page 20)	\$ 3,413,126
 <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.	18,628,036
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	145,244
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	292,027
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.	(75,053)
Long-term liabilities, including bonds payable, capital loan notes payable, early retirement payable, compensated absences and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(9,218,918)</u>
Net assets of governmental activities(page 18)	<u><u>\$ 13,184,462</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 5,650,777	1,529,487	381,718	7,561,982
Tuition	467,462	-	-	467,462
Other	253,381	143,213	700,463	1,097,057
Intermediate sources	19,176	-	-	19,176
State sources	7,921,500	246	224	7,921,970
Federal sources	796,285	-	-	796,285
Total revenues	<u>15,108,581</u>	<u>1,672,946</u>	<u>1,082,405</u>	<u>17,863,932</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,393,156	4,545	182,815	6,580,516
Special	1,748,178	-	6,568	1,754,746
Other	1,390,393	-	645,028	2,035,421
	<u>9,531,727</u>	<u>4,545</u>	<u>834,411</u>	<u>10,370,683</u>
Support services:				
Student	483,148	-	6,648	489,796
Instructional staff	617,211	-	1,304	618,515
Administration	1,228,848	3,700	12,627	1,245,175
Operation and maintenance of plant	1,200,900	-	96,030	1,296,930
Transportation	640,346	162,160	41,744	844,250
	<u>4,170,453</u>	<u>165,860</u>	<u>158,353</u>	<u>4,494,666</u>
Non-instructional programs:				
Food service operations	-	-	18,565	18,565
Other expenditures:				
Facilities acquisitions	-	79,362	-	79,362
Long-term debt:				
Principal	-	-	690,000	690,000
Interest and fiscal charges	-	-	370,886	370,886
AEA flowthrough	685,085	-	-	685,085
	<u>685,085</u>	<u>79,362</u>	<u>1,060,886</u>	<u>1,825,333</u>
Total expenditures	<u>14,387,265</u>	<u>249,767</u>	<u>2,072,215</u>	<u>16,709,247</u>
Excess(deficiency) of revenues over(under) expenditures	721,316	1,423,179	(989,810)	1,154,685
Other financing sources(uses):				
Transfers in	-	122,000	990,738	1,112,738
Transfers out	-	(1,112,738)	-	(1,112,738)
Proceeds from the sale of capital assets	9,119	34,739	-	43,858
Total other financing sources(uses)	<u>9,119</u>	<u>(955,999)</u>	<u>990,738</u>	<u>43,858</u>
Net change in fund balances	730,435	467,180	928	1,198,543
Fund balance beginning of year, as restated	<u>381,646</u>	<u>840,027</u>	<u>992,910</u>	<u>2,214,583</u>
Fund balance end of year	<u>\$ 1,112,081</u>	<u>1,307,207</u>	<u>993,838</u>	<u>3,413,126</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds(page 22) \$ 1,198,543

**Amounts reported for governmental activities in the
 statement of activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 304,264	
Depreciation expense	(705,162)	(400,898)

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. (4,463)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 690,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 10,238

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (57,973)

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

Compensated absences	\$ 9,017	
Early retirement	59,548	
Other postemployment benefits	(37,988)	30,577

Changes in net assets of governmental activities(page 19) \$ 1,466,024

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business Type	
	Enterprise: Fund	Governmental Activities:
	School Nutrition	Internal Service Fund
ASSETS		
Cash and pooled investments	\$ 255,866	145,244
Accounts receivable	74	-
Inventories	28,348	-
Capital assets, net of accumulated depreciation	220,498	-
TOTAL ASSETS	504,786	145,244
LIABILITIES		
Current liabilities:		
Salaries and benefits payable	678	-
Unearned revenue	10,133	-
Total current liabilities	10,811	-
Long-term liabilities:		
Net OPEB liability	1,881	-
Total long-term liabilities	1,881	-
TOTAL LIABILITIES	12,692	-
NET ASSETS		
Invested in capital assets	220,498	-
Unrestricted	271,596	145,244
TOTAL NET ASSETS	\$ 492,094	145,244

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business Type	
	Enterprise: Fund	Governmental Activities:
	School	Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 433,090	-
Miscellaneous	1,930	103,074
TOTAL OPERATING REVENUES	<u>435,020</u>	<u>103,074</u>
OPERATING EXPENSES:		
Support services:		
Operation and maintenance of plant:		
Services	20,452	-
Non-instructional programs:		
Food service operations:		
Salaries	252,761	-
Benefits	43,688	-
Services	12,239	-
Supplies	341,094	-
Other	2,536	-
Depreciation	27,313	-
	<u>679,631</u>	<u>-</u>
Other enterprise operations:		
Benefits	-	107,537
Total non-instructional programs	<u>679,631</u>	<u>107,537</u>
TOTAL OPERATING EXPENSES	<u>700,083</u>	<u>107,537</u>
OPERATING LOSS	(265,063)	(4,463)
NON-OPERATING REVENUES:		
State sources	7,201	-
Federal sources	346,743	-
Interest on investments	2,896	-
TOTAL NON-OPERATING REVENUES	<u>356,840</u>	<u>-</u>
Changes in net assets	91,777	(4,463)
Net assets beginning of year	<u>400,317</u>	<u>149,707</u>
Net assets end of year	<u>\$ 492,094</u>	<u>145,244</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business Type	
	Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 433,805	-
Cash received from miscellaneous	1,930	103,074
Cash payments to employees for services	(296,521)	(107,537)
Cash payments to suppliers for goods or services	(299,389)	-
Net cash used in operating activities	<u>(160,175)</u>	<u>(4,463)</u>
Cash flows from non-capital financing activities:		
State grants received	7,201	-
Federal grants received	279,547	-
Net cash provided by non-capital financing activities	<u>286,748</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(21,938)	-
Cash flows from investing activities:		
Interest on investments	2,896	-
Net increase(decrease) in cash and cash equivalents	107,531	(4,463)
Cash and cash equivalents at beginning of year	148,335	149,707
Cash and cash equivalents at end of year	<u>\$ 255,866</u>	<u>145,244</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (265,063)	(4,463)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	67,196	-
Depreciation	27,313	-
Decrease in inventories	12,340	-
Decrease in accounts receivable	274	-
Decrease in accounts payable	(2,604)	-
Decrease in salaries and benefits payable	(674)	-
Increase in unearned revenue	441	-
Increase in other postemployment benefits	602	-
Net cash used in operating activities	<u>\$ (160,175)</u>	<u>(4,463)</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$67,196.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Private Purpose Trust	
	Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 8,413	7,084
Due from other groups	-	4,160
TOTAL ASSETS	<u>8,413</u>	<u>11,244</u>
LIABILITIES		
Accounts payable	-	646
Due to other groups	-	10,598
TOTAL LIABILITIES	<u>-</u>	<u>11,244</u>
NET ASSETS	<u>\$ 8,413</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,520
Interest income	127
Total additions	1,647
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	2,200
Change in net assets	(553)
Net assets beginning of year	8,966
Net assets end of year	\$ 8,413

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

The West Delaware County Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Manchester, Ryan, Dundee, Greeley, and Masonville, Iowa, and the predominate agricultural territory in Delaware and Buchanan Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Delaware and Buchanan Counties Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. 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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

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

The District's proprietary funds are the School Nutrition Fund and the Internal Service Fund. The Nutrition fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the self-funded insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and the Statement of Activities.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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, machinery, equipment and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

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

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

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

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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

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

Fund 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.

Unassigned - All amounts not included in other spendable 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.

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 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 and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$4 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(4) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide, Sales, Services and Use Tax	\$ 730,693
Debt Service	Capital Projects: Physical Plant and Equipment Levy	260,045
Capital Projects: Statewide, Sales, Services and Use Tax	Capital Projects: Gymnasium Construction	122,000
Total		<u>\$ 1,112,738</u>

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

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 411,543	21,938	8,532	424,949
Less accumulated depreciation	185,670	27,313	8,532	204,451
Business type activities capital assets, net	<u>\$ 225,873</u>	<u>(5,375)</u>	<u>-</u>	<u>220,498</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 72,250	-	-	72,250
Total capital assets not being depreciated	<u>72,250</u>	<u>-</u>	<u>-</u>	<u>72,250</u>
Capital assets being depreciated:				
Buildings	21,077,700	-	-	21,077,700
Land improvements	680,226	51,418	-	731,644
Machinery and equipment	3,292,530	252,846	94,622	3,450,754
Total capital assets being depreciated	<u>25,050,456</u>	<u>304,264</u>	<u>94,622</u>	<u>25,260,098</u>
Less accumulated depreciation for:				
Buildings	3,305,427	439,471	-	3,744,898
Land improvements	272,956	35,396	-	308,352
Machinery and equipment	2,515,389	230,295	94,622	2,651,062
Total accumulated depreciation	<u>6,093,772</u>	<u>705,162</u>	<u>94,622</u>	<u>6,704,312</u>
Total capital assets being depreciated, net	<u>18,956,684</u>	<u>(400,898)</u>	<u>-</u>	<u>18,555,786</u>
Governmental activities capital assets, net	<u>\$ 19,028,934</u>	<u>(400,898)</u>	<u>-</u>	<u>18,628,036</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 86,197
Other		21,255
Support services:		
Student		24,400
Operation and maintenance of plant		4,166
Transportation		94,277
		<u>230,295</u>
Unallocated depreciation		<u>474,867</u>
Total governmental activities depreciation expense		<u>\$ 705,162</u>
Business type activities:		
Food services		<u>\$ 27,313</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 5,800,000	-	-	5,800,000	-
Revenue Bonds	2,025,000	-	480,000	1,545,000	495,000
Capital Loan Notes	1,355,000	-	210,000	1,145,000	215,000
Early Retirement	586,418	102,455	162,003	526,870	145,710
Net OPEB liability	126,131	37,988	-	164,119	-
Compensated absences	46,946	37,929	46,946	37,929	37,929
Total	\$ 9,939,495	178,372	898,949	9,218,918	893,639
<u>Business Type activities:</u>					
Net OPEB liability	\$ 1,279	602	-	1,881	-

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of February 1, 2008			
	Interest Rates	Principal	Interest	Total
2012	4.00 %	\$ -	237,900	237,900
2013	4.00	-	237,900	237,900
2014	4.00	-	237,900	237,900
2015	4.00	345,000	237,900	582,900
2016	4.00	360,000	224,100	584,100
2017-2021	4.00-4.13	2,030,000	889,501	2,919,501
2022-2026	4.13	2,500,000	434,156	2,934,156
2027	4.13	565,000	23,306	588,306
Total		\$ 5,800,000	2,522,663	8,322,663

Revenue Bonds Payable

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

Year Ending June 30,	Bond Issue of January 1, 2006			
	Interest Rates	Principal	Interest	Total
2012	4.10 %	\$ 495,000	63,741	558,741
2013	4.10	515,000	43,446	558,446
2014	4.15	535,000	22,203	557,203
Total		\$ 1,545,000	129,390	1,674,390

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,785,000 bonds issued in January 2006. The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure and are payable through 2014. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require a high percentage of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,674,390. For the current year, \$480,000 in principal and \$82,941 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,104,314.

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

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

- a) \$378,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Loan Notes

Details of the District's June 30, 2011 capital loan notes indebtedness is as follows:

Year Ending June 30,	Note Issue of January 1, 2006			
	Interest Rates	Principal	Interest	Total
2012	3.65 %	\$ 215,000	42,380	257,380
2013	3.70	220,000	34,532	254,532
2014	3.70	230,000	26,393	256,393
2015	3.70	235,000	17,883	252,883
2016	3.75	245,000	9,187	254,187
Total		\$ 1,145,000	130,375	1,275,375

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each employee is a maximum of \$335 per month contribution toward single health insurance coverage until age 65. The employee will also receive \$43 per day of unused sick leave. The early retirement benefits paid during the year ended June 30, 2011, totaled \$162,003.

(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 198 active and 30 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 275,000
Interest on net OPEB obligation	6,000
Adjustment to annual required contribution	(5,410)
Annual OPEB cost (expense)	275,590
Contributions made	(237,000)
Increase in net OPEB obligation	38,590
Net OPEB obligation - beginning of year	127,410
Net OPEB obligation - end of year	<u>\$ 166,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$237,000 to the medical plan. Plan members eligible for benefits contributed \$206,000, or 48.2% of the premium costs.

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

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 240,000	68.3%	\$ 76,000
2010	240,410	78.6%	127,410
2011	275,590	86.0%	166,000

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 \$3,005,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,005,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,483,578, and the ratio of the UAAL to covered payroll was 40.2%. 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, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a percentage each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

Projected claim costs of the medical plan are for the \$697 per month for retirees who have attained age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Pension and Retirement Benefits

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

Plan members were required to contribute 4.50% of their annual covered salary and the District was required to contribute 6.95% of annual covered salary for the years ended June 30, 2011. Plan members were required to contribute 4.30% of their annual covered salary and the District was required to contribute 6.65% of annual covered salary for the years ended June 30, 2010. Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the years ended June 30, 2009. Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$634,196, \$615,194, and \$606,481 respectively, equal to the required contributions for each year.

(9) Risk Management

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the

excess \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

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

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$685,085 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.

(11) Categorical Funding

The District's ending restricted balances for categorical funding as of June 30, 2011 are comprised of the following projects:

Project	Amount
Talented and gifted	\$ 12,677
Dropout and dropout prevention	15,000
Teacher salary supplement	108,781
Professional development	3,725
Model core curriculum	22,640
Nonpublic textbook services	31
Beginning teacher mentoring	2,905
	\$ 165,759
Total reserved for categorical funding	\$ 165,759

(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 June 30, 2011. The effect of fund type reclassification is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010 as previously reported	\$ 214,342	\$ 625,685
Change in fund type classification per implementation of GASB Statement No. 54	625,685	(625,685)
Balance July 1, 2010 as restated	\$ 840,027	\$ 0

REQUIRED SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2011

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 9,126,501	437,916	9,564,417	9,127,304	9,127,304	437,113
Intermediate sources	19,176	-	19,176	7,000	7,000	12,176
State sources	7,921,970	7,201	7,929,171	8,926,269	8,926,269	(997,098)
Federal sources	796,285	346,743	1,143,028	869,905	869,905	273,123
Total revenues	17,863,932	791,860	18,655,792	18,930,478	18,930,478	(274,686)
Expenditures/expenses:						
Instruction	10,370,683	-	10,370,683	10,756,564	10,756,564	385,881
Support services	4,494,666	20,452	4,515,118	4,720,697	4,720,697	205,579
Non-instructional programs	18,565	679,631	698,196	758,991	758,991	60,795
Other expenditures	1,825,333	-	1,825,333	2,020,929	2,020,929	195,596
Total expenditures/expenses	16,709,247	700,083	17,409,330	18,257,181	18,257,181	847,851
Excess of revenues over expenditures/expenses	1,154,685	91,777	1,246,462	673,297	673,297	573,165
Other financing sources, net	43,858	-	43,858	17,000	17,000	26,858
Excess of revenues and and other financing sources over expenditures/expenses	1,198,543	91,777	1,290,320	690,297	690,297	600,023
Balance beginning of year	2,214,583	400,317	2,614,900	1,497,402	1,497,402	1,117,498
Balance end of year	\$ 3,413,126	492,094	3,905,220	2,187,699	2,187,699	1,717,521

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY 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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

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

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

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2009	July 1, 2008	-	\$ 2,601,000	\$ 2,601,000	0.0 %	\$ 6,621,408	39.3%
2010	July 1, 2008	-	2,601,000	2,601,000	0.0	8,543,080	30.4%
2011	July 1, 2010	-	3,005,000	3,005,000	0.0	7,483,579	40.2%

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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OTHER SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Nonmajor Special Revenue Funds				Total
	Manage- ment Levy	Student Activity	Nonmajor Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS					
Cash and pooled investments	\$ 403,106	306,256	709,362	279,595	988,957
Receivables:					
Property tax:					
Delinquent	4,136	-	4,136	-	4,136
Succeeding year	385,000	-	385,000	-	385,000
Accounts	-	24,501	24,501	-	24,501
TOTAL ASSETS	\$ 792,242	330,757	1,122,999	279,595	1,402,594
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,732	21,114	22,846	-	22,846
Salaries and benefits payable	-	910	910	-	910
Deferred revenue:					
Succeeding year property tax	385,000	-	385,000	-	385,000
Total liabilities	386,732	22,024	408,756	-	408,756
Fund balances:					
Restricted for:					
Management levy purposes	405,510	-	405,510	-	405,510
Student activities	-	308,733	308,733	-	308,733
Debt service	-	-	-	279,595	279,595
Total fund balances	405,510	308,733	714,243	279,595	993,838
TOTAL LIABILITIES AND FUND BALANCES	\$ 792,242	330,757	1,122,999	279,595	1,402,594

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

	Nonmajor Special Revenue Funds				Total
	Management Levy	Student Activity	Nonmajor Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:					
Local sources:					
Local tax	\$ 381,718	-	381,718	-	381,718
Other	26,429	673,242	699,671	792	700,463
State sources	224	-	224	-	224
TOTAL REVENUES	408,371	673,242	1,081,613	792	1,082,405
EXPENDITURES:					
Current:					
Instruction:					
Regular	182,815	-	182,815	-	182,815
Special	6,568	-	6,568	-	6,568
Other	-	645,028	645,028	-	645,028
Support services:					
Student	6,648	-	6,648	-	6,648
Instructional staff	1,304	-	1,304	-	1,304
Administration	11,877	-	11,877	750	12,627
Operation and maintenance of plant	96,030	-	96,030	-	96,030
Transportation	41,744	-	41,744	-	41,744
Non-instructional programs:					
Food service operations	18,565	-	18,565	-	18,565
Other expenditures:					
Long-term debt:					
Principal	-	-	-	690,000	690,000
Interest and fiscal charges	-	-	-	370,886	370,886
TOTAL EXPENDITURES	365,551	645,028	1,010,579	1,061,636	2,072,215
Excess(Deficiency) of revenues over(under) expenditures	42,820	28,214	71,034	(1,060,844)	(989,810)
Other financing sources:					
Transfer in	-	-	-	990,738	990,738
Net change in fund balance	42,820	28,214	71,034	(70,106)	928
Fund balance beginning of year, as restated	362,690	280,519	643,209	349,701	992,910
Fund balance end of year	\$ 405,510	308,733	714,243	279,595	993,838

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 472,969	592,363	1,065,332
Receivables:			
Property tax:			
Delinquent	-	4,525	4,525
Succeeding year	-	441,964	441,964
Due from other governments	274,136	-	274,136
TOTAL ASSETS	\$ 747,105	1,038,852	1,785,957
LIABILITIES AND FUND BALANCES			
Liabilities:			
Retainage payable	36,786	-	36,786
Deferred revenue:			
Succeeding year property tax	-	441,964	441,964
Total liabilities	36,786	441,964	478,750
Fund balances:			
Restricted for:			
School infrastructure	331,819	-	331,819
Physical plant and equipment	-	596,888	596,888
Debt service	378,500	-	378,500
Total fund balances	710,319	596,888	1,307,207
TOTAL LIABILITIES AND FUND BALANCES	\$ 747,105	1,038,852	1,785,957

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2011

	Capital Projects				Total
	Hanson Auditorium Construction	Statewide Sales, Services and Use Tax	Gymnasium Construction	Physical Plant and Equipment Levy	
REVENUES:					
Local sources:					
Local tax	\$ -	1,104,314	-	425,173	1,529,487
Other	10,596	1,106	122,000	9,511	143,213
State sources	-	-	-	246	246
TOTAL REVENUES	10,596	1,105,420	122,000	434,930	1,672,946
EXPENDITURES:					
Current:					
Instruction:					
Regular	-	-	-	4,545	4,545
Support services:					
Administration	-	750	-	2,950	3,700
Transportation	-	-	-	162,160	162,160
Other expenditures:					
Facilities acquisitions	10,596	-	-	68,766	79,362
TOTAL EXPENDITURES	10,596	750	-	238,421	249,767
Excess of revenues over expenditures	-	1,104,670	122,000	196,509	1,423,179
Other financing sources(uses):					
Transfers in	-	122,000	-	-	122,000
Transfers out	-	(730,693)	(122,000)	(260,045)	(1,112,738)
Proceeds from the sale of capital assets	-	-	-	34,739	34,739
Total other financing sources(uses)	-	(608,693)	(122,000)	(225,306)	(955,999)
Net change in fund balance	-	495,977	-	(28,797)	467,180
Fund balance beginning of year, as restated	-	214,342	-	625,685	840,027
Fund balance end of year	\$ -	710,319	-	596,888	1,307,207

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>District-wide:</u>				
General Activity	\$ 712	-	-	712
Special Programs Learning Aids	635	-	-	635
Special Programs Special Olympics	7,947	305	141	8,111
District-Wide Destination Imagination	3,444	936	832	3,548
District-Wide Interest	11,969	-	11,969	-
	<u>24,707</u>	<u>1,241</u>	<u>12,942</u>	<u>13,006</u>
<u>Elementary:</u>				
Elem Vocal Music	352	245	245	352
Elem Book Fair	1,561	3	1,564	-
Elem Activity	70,847	39,393	27,712	82,528
Elem Resale-Pencils	1,920	417	2,337	-
Elem Boxtops Fundraiser	3,613	115	3,728	-
Elem Green School Project	1,201	744	1,945	-
Elem Yearbook	2,208	2,580	2,432	2,356
	<u>81,702</u>	<u>43,497</u>	<u>39,963</u>	<u>85,236</u>
<u>Middle School:</u>				
MS Drama	91	-	-	91
MS Vocal Music	3,509	5,199	5,020	3,688
MS Band	7,109	1,637	2,065	6,681
MS Boys Basketball	-	1,111	1,111	-
MS Football	-	1,360	1,360	-
MS Boys Track	123	-	123	-
MS Boys Cross Country	15	160	85	90
MS Wrestling	-	2,044	2,040	4
MS Girls Basketball	-	808	808	-
MS Volleyball	-	1,153	1,153	-
MS Girls Track	13	870	828	55
MS Girls Cross Country	-	70	70	-
MS Book Fair	4,246	-	4,246	-
MS Activity	75,340	55,134	42,059	88,415
MS 5th Grade Activity	243	-	65	178
MS 8th Grade Field Trip	6,523	2,371	320	8,574
MS Rivers Day Activity	1,311	-	573	738
MS Peer Helpers	1,225	-	595	630
MS Boxtops fundraiser	70	-	70	-
MS Student Council	92	-	-	92
MS 8th Grade fundraising	(29)	29	-	-
MS FFA	55	-	-	55
MS Behavior Support	1,519	304	543	1,280
MS Yearbook	765	2,770	2,367	1,168
MS Concessions	8,048	30,453	31,195	7,306
	<u>110,268</u>	<u>105,473</u>	<u>96,696</u>	<u>119,045</u>
<u>High School:</u>				
HS Drama	6,742	21,513	26,206	2,049
HS Thespians	-	284	284	-
HS Speech	1,480	6,102	5,815	1,767
HS Vocal Music	1,449	32,112	33,546	15
HS Vocal Fundraisers	118	-	-	118

Schedule 5

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>High School(continued):</u>				
HS Band	(876)	29,718	28,842	-
HS Band Fundraisers	1,553	1,942	-	3,495
HS Cheerleading	457	3,764	4,221	-
HS Boys Basketball	(6,090)	18,588	12,420	78
HS Football	(1,022)	62,809	56,280	5,507
HS Boys Soccer	4,172	8,459	9,522	3,109
HS Baseball	(7,670)	23,390	15,720	-
HS Boys Track	3,398	7,065	5,047	5,416
HS Boys Cross Country	464	1,736	1,828	372
HS Boys Tennis	39	-	-	39
HS Boys Golf	(2,470)	2,470	-	-
HS Wrestling	(401)	36,121	35,544	176
HS Girls Basketball	(3,590)	19,080	15,412	78
HS Volleyball	(2,034)	20,356	18,322	-
HS Girls Soccer	(1,287)	5,230	3,058	885
HS Softball	(4,343)	24,404	16,693	3,368
HS Girls Track	2,959	12,236	8,311	6,884
HS Girls Cross Country	(141)	2,581	2,440	-
HS Girls Golf	(2,395)	2,870	475	-
HS Activity Tickets	15,102	1,487	16,452	137
HS Book Fair	168	-	168	-
HS Activity	(1,101)	9,322	8,221	-
HS Student Vending	911	909	1,762	58
HS After Prom	-	4,541	4,541	-
HS Art	713	1,216	724	1,205
HS SADD	1,306	-	-	1,306
HS Gay Straight Alliance	(56)	87	31	-
HS Bowling	393	4,348	4,395	346
HS National Honor Society	2,132	5,038	4,279	2,891
HS Student Council	(1,515)	5,134	3,619	-
HS Dance Team	1,423	1,732	1,809	1,346
HS Show Choir	(1,211)	14,617	13,406	-
HS FBLA	3,281	19,229	20,273	2,237
HS FCCLA	2,269	2,666	1,802	3,133
HS AP Testing Resale	(6)	6	-	-
HS Fundraising	1	-	1	-
HS Foreign Language Fundraising	855	1,299	269	1,885
HS Back to School Fundraiser	1,718	3,262	1,600	3,380
Class of 2007	31	-	31	-
Class of 2008	7,198	-	7,198	-
Class of 2009	2,883	-	2,883	-
Class of 2010	(820)	820	-	-
Class of 2011	139	1,055	1,194	-
Class of 2012	(260)	44,834	44,574	-
Class of 2013	(162)	542	231	149
Class of 2014	-	232	231	1
HS FFA	8,306	25,062	24,873	8,495
HS Athletic Equipment	2,408	3,750	-	6,158
HS Yearbook	24,409	24,385	25,780	23,014
HS Concessions	-	2	-	2
HS YADC	1,511	-	50	1,461
HY industrial Tech	1,304	4,626	5,044	886
	63,842	523,031	495,427	91,446
Total	\$ 280,519	673,242	645,028	308,733

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities: Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
ASSETS:			
Cash and pooled investments	\$ 118,642	26,602	145,244
LIABILITIES:	-	-	-
NET ASSETS	\$ 118,642	26,602	145,244

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011

	Governmental Activities:		
	Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
OPERATING REVENUES:			
Local sources:			
Miscellaneous	\$ 11,296	91,778	103,074
OPERATING EXPENSES:			
Other enterprise operations:			
Benefits	7,068	100,469	107,537
TOTAL OPERATING EXPENSES	7,068	100,469	107,537
Change in net assets	4,228	(8,691)	(4,463)
Net assets beginning of year	114,414	35,293	149,707
Net assets end of year	\$ 118,642	26,602	145,244

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

	Governmental Activities:		
	Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
Cash flows from operating activities:			
Cash received from miscellaneous	\$ 11,296	91,778	103,074
Cash payments to suppliers for goods or services	(7,068)	(100,469)	(107,537)
Net cash provided by(used in) operating activities	4,228	(8,691)	(4,463)
Net increase(decrease) in cash and cash equivalents	4,228	(8,691)	(4,463)
Cash and cash equivalents at beginning of year	114,414	35,293	149,707
Cash and cash equivalents at end of year	\$ 118,642	26,602	145,244

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>ELEMENTARY FACULTY VENDING</u>				
ASSETS				
Cash and pooled investments	\$ (1,743)	2,964	5,133	(3,912)
Due from other groups	1,807	4,002	1,807	4,002
	<u>\$ 64</u>	<u>6,966</u>	<u>6,940</u>	<u>90</u>
LIABILITIES				
Accounts payable	\$ 32	-	32	-
Due to other groups	32	6,966	6,908	90
	<u>\$ 64</u>	<u>6,966</u>	<u>6,940</u>	<u>90</u>
<u>MIDDLE SCHOOL FACULTY VENDING</u>				
ASSETS				
Cash and pooled investments	\$ 3,773	676	494	3,955
LIABILITIES				
Due to other groups	\$ 3,773	676	494	3,955
<u>HIGH SCHOOL FACULTY VENDING</u>				
Cash and pooled investments	\$ 810	2,025	2,437	398
Due from other groups	-	158	-	158
	<u>\$ 810</u>	<u>2,183</u>	<u>2,437</u>	<u>556</u>
LIABILITIES				
Accounts payable	\$ 32	556	32	556
Due to other groups	778	1,627	2,405	-
	<u>\$ 810</u>	<u>2,183</u>	<u>2,437</u>	<u>556</u>
<u>ACADEMIC BOOSTER</u>				
ASSETS				
Cash and pooled investments	\$ 627	24,107	18,091	6,643
LIABILITIES				
Accounts payable	-	90	-	90
Due to other groups	627	24,017	18,091	6,553
	<u>\$ 627</u>	<u>24,107</u>	<u>18,091</u>	<u>6,643</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 3,467	29,772	26,155	7,084
Due from other groups	1,807	4,160	1,807	4,160
	<u>\$ 5,274</u>	<u>33,932</u>	<u>27,962</u>	<u>11,244</u>
LIABILITIES				
Accounts payable	\$ 64	646	64	646
Due to other groups	5,210	33,286	27,898	10,598
	<u>\$ 5,274</u>	<u>33,932</u>	<u>27,962</u>	<u>11,244</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2011	2010	2009	2008
Revenues:				
Local sources:				
Local tax	\$ 7,561,982	6,805,373	6,524,265	6,199,860
Tuition	467,462	520,630	588,931	530,119
Other	1,097,057	1,427,154	1,014,302	1,995,017
Intermediate sources	19,176	10,887	3,223	2,337
State sources	7,921,970	7,236,430	8,247,287	7,988,447
Federal sources	796,285	1,407,316	672,074	450,431
Total	\$ 17,863,932	17,407,790	17,050,082	17,166,211
Expenditures:				
Current:				
Instruction:				
Regular	\$ 6,580,516	6,653,142	6,814,274	6,761,292
Special	1,754,746	1,720,533	1,997,925	1,793,130
Other	2,035,421	1,921,074	1,788,129	1,740,027
Support services:				
Student	489,796	538,091	557,396	523,663
Instructional staff	618,515	514,011	577,663	587,147
Administration	1,245,175	1,335,154	1,327,736	1,244,674
Operation and maintenance of plant	1,296,930	1,253,102	1,224,170	1,201,451
Transportation	844,250	839,998	668,223	797,057
Non-instructional programs	18,565	16,129	14,077	12,588
Other expenditures:				
Facilities acquisitions	79,362	1,870,086	4,744,937	3,157,006
Long-term debt:				
Principal	690,000	665,000	640,000	620,000
Interest	370,886	396,786	481,196	207,975
AEA flow-through	685,085	681,550	609,219	580,821
Total	\$ 16,709,247	18,404,656	21,444,945	19,226,831

Modified Accrual Basis					
Years Ended June 30,					
2007	2006	2005	2004	2003	2002
6,144,866	6,040,121	5,979,031	5,338,738	4,515,905	4,212,372
475,862	469,363	424,314	375,884	272,682	272,100
1,290,501	1,027,705	733,515	619,639	656,419	651,948
18,945	1,648	992	2,225	3,894	41,653
7,665,915	7,069,095	6,830,325	6,728,038	7,116,621	7,313,103
490,028	525,365	534,309	620,330	412,125	312,970
<u>16,086,117</u>	<u>15,133,297</u>	<u>14,502,486</u>	<u>13,684,854</u>	<u>12,977,646</u>	<u>12,804,146</u>
6,245,118	5,876,112	5,507,524	5,470,527	5,750,083	5,420,190
1,778,297	1,604,609	1,421,712	1,807,235	1,505,916	1,687,942
1,791,278	1,668,535	1,687,515	1,248,063	1,228,576	1,199,853
506,034	506,248	461,371	475,490	456,332	472,608
627,900	637,959	606,391	744,472	858,173	676,644
1,231,530	1,655,746	1,139,647	1,151,947	1,200,579	1,312,502
1,295,088	1,119,330	919,307	847,699	838,538	754,499
721,294	669,179	631,989	606,693	569,502	560,570
12,005	10,773	8,177	4,000	1,151	19,251
6,060,294	221,750	91,893	182,404	172,587	129,261
555,000	22,428	273,056	266,233	234,070	135,000
261,468	52,292	7,306	15,339	23,958	55,553
558,796	539,508	539,265	550,205	590,036	594,957
<u>21,644,102</u>	<u>14,584,469</u>	<u>13,295,153</u>	<u>13,370,307</u>	<u>13,429,501</u>	<u>13,018,830</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	\$ 32,470
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	314,273 *
			<u>346,743</u>
U.S. DEPARTMENT OF LABOR:			
IOWA DEPARTMENT OF LABOR:			
EMPLOYEE BENEFITS SECURITY ADMINISTRATION (COBRA PREMIUM ASSISTANCE), RECOVERY ACT			
	17.151	FY 11	<u>1,229</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.010	FY 11	164,868
	84.389	FY 10	60,004
			<u>224,872</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAMS	84.367	FY 11	<u>79,577</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 11	<u>9,997</u>
STATE FISCAL STABILIZATION FUND CLUSTER:			
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT			
	84.394	FY 11	85,528
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENT SERVICES, RECOVERY ACT			
	84.397	FY 11	76,286
			<u>161,814</u>
EDUCATION JOB FUNDS	84.410	FY 11	<u>19,080</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER (IDEA):			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)			
	84.027	FY 10	88,100
ARRA - SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT			
	84.391	FY 11	70,369
			<u>158,469</u>
IOWA DEPARTMENT OF HUMAN SERVICES:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS			
	93.938	FY 11	<u>800</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
IOWA DEPARTMENT OF EDUCATION:			
LEARN AND SERVE AMERICA - SCHOOL AND COMMUNITY BASED PROGRAMS (COMSERV)			
	94.004	FY 09	2,886
LEARN AND SERVE AMERICA - SCHOOL AND COMMUNITY BASED PROGRAMS (COMSERV)			
	94.004	FY 10	1,000
			<u>3,886</u>
TOTAL			<u>\$ 1,006,467</u>

* - Includes \$67,196 of non-cash awards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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(a professional corporation)

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Delaware County Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 15, 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 Delaware County Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Delaware County Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Delaware County Community School District's internal control over financial reporting.

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

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

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Finding and Questioned Costs as item II-A-11 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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 Delaware County Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit West Delaware County Community School District's responses and, accordingly, we express no opinion on them.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 15, 2012

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Program and Internal Control
over Compliance in Accordance with OMB Circular A-133

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

Compliance

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

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

In our opinion, West Delaware County Community School District complied, in all material respects, with the requirements referred to above that 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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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. 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 Delaware County Community School District and other parties to whom West Delaware County Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, somewhat stylized font.

NOLTE, CORNMAN & JOHNSON, P.C.

February 15, 2012

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program were as follows:
 - Clustered Programs:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 - ARRA - Title I Grants to Local Educational Agencies, Recovery Act

 - CFDA Number 84.027 - Special Education - Grants to States (Part B)
 - CFDA Number 84.391 - Special Education - Grants to States (Part B), Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Delaware County Community School District qualified as a low-risk auditee.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Reconciliation of Gate Receipts - We noted during our audit that the District does utilize pre-numbered tickets for event admissions. However, during the audit we noted that several reconciliations were adjusted with notation of 'more beginning cash was given' or changes in the cash counted. In addition, we noted several reconciliations with differences noted, and variances to the amount deposited.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletic events. The Board would of course, approve any policies and the District's business office should be involved in developing the detailed procedures. At a minimum these procedures should include:

A. Cash or change boxes should be established with a specified amount.

B. The District should use pre-numbered tickets.

C. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.

D. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.

E. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.

F. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.

G. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the "accounting" function at the event.

H. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District's vault or other secure location at the District's office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.

I. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.

J. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - Administrative personnel will review and test the processes to ensure procedures are working as prescribed. Business procedures will be reviewed with the appropriate staff, including preparing change boxes, using pre-numbered tickets, having two individuals involved in the cash collection/ticket sales process, cash reconciliation and securing cash at the end of the event. District procedures will prohibit employees from taking cash home. All reconciliation forms will be reviewed at least weekly by the business office and usually by the business manager. Pre-numbered receipts will be used, signed by the preparer, and presented to the business office the next working day.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.

IV-B-11 Questionable Disbursements - We noted a disbursement of cash for the elementary lollipop fundraiser. Giving cash to students as incentives or prizes do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

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

Response - All administrators, coaches, and sponsors will be advised that giving cash as incentives or prizes is not acceptable.

Conclusion - Response accepted.

IV-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-11 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-11 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students which were reported as resident students was overstated by 1.0 students.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion - Response accepted.

IV-H-11 Supplementary Weighting – No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-11 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely. We noted no significant deficiencies in the amounts reported.

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

IV-L-11 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		\$ 214,342	
Revenues/transfers in:			
Sales tax revenues	\$ 1,104,314		
Other local revenues	1,106		
Transfers from other funds	122,000		
		<u>1,227,420</u>	<u>1,441,762</u>
Expenditures/transfers out:			
Other	\$ 750		
Transfers to other funds:			
Debt service fund	730,693		
		<u>731,443</u>	
Ending balance			<u><u>\$ 710,319</u></u>

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