



Financial Statements
June 30, 2011

**West Lyon Community
School District 60**

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Name	Title	Term Expires
Board of Education		
Gib VanHill	President	September 2011
Rick Moser	Vice President	September 2011
Kyle Knobloch	Board Member	September 2013
Scott Lee	Board Member	September 2013
Bryan Paulson	Board Member	September 2013
School Officials		
Jim Hargens	Superintendent	
Robert Tracy	Secretary/Business Manager	
Lyle Impehoven	Treasurer	
Tom Whorley	Attorney	



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the West Lyon Community School District 60, Inwood, Iowa (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. These financial statements are the responsibility of the West Lyon Community School District 60's officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the West Lyon Community School District 60 at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, as of June 30, 2011, the entity adopted GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2012 on our consideration of the West Lyon Community School District 60's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules and schedule of funding progress on pages 4 through 16 and 40 through 42, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The school board and administration, combining and individual fund schedules, and other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, is also not a required part of the financial statements of the District. The combining and individual fund schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. In addition, in our opinion, the statement of changes in student activity accounts presents fairly the changes in the student activity funds for the year ended June 30, 2011. The school board and administration has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota
January 11, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2011 FINANCIAL HIGHLIGHTS

- The District sold \$640,000 in Sales Tax Revenue Bonds in FY10. The sale allowed the District to replace all the ballasts and lights in and around the building with more energy efficient lighting systems. The District also renovated the HVAC control systems throughout the building. This project was completed in December of 2010. As of June 30, 2011, there remains a balance of \$78,125.03 from the bond sale. These funds will be used to replace the lights on the football stadium.
- The District applied for and was approved to participate in the State's Voluntary Pre-School program. This approval allowed the District to start a Pre-school for West Lyon students beginning in the 2010-11 school year and brought in \$141,192 of additional State money to the school.
- The State of Iowa was forced to make an Across the Board (ATB) cut to State aids and reimbursements for FY10. The ATB was announced by Governor Culver in October of 2009. The District lost more than \$330,000 in revenues for FY10 because of these cuts. In an effort to recoup these lost revenues and protect against another ATB in FY11, the Board of Education approved a cash reserve levy of \$435,000.
- The District received \$535,857 in federal support for its operations in the 2010-11 school year. Most of the support came in the form of American Recovery and Reinvestment Act grants for Ed jobs, Stabilization, Special Education Part B, Class Size Reduction, and Title 1.
- General Fund revenues increased from \$6,344,081 in FY10 to \$6,914,555 in FY11. General Fund expenditures increased from \$6,302,397 in FY10 to \$6,518,727 in FY11. The District's General Fund year end balance increased \$395,828 or 43.62 percent increase in FY11. The increase in revenues was predominately the result of the previously noted cash reserve levy. The increase in expenditures was due primarily to the addition of the Pre-School program and the increase in teaching staff that was funded by the Ed Jobs grant.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District. Because the District had Federal Awards of more than \$500,000 in FY11, this schedule is included in this audit report.

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

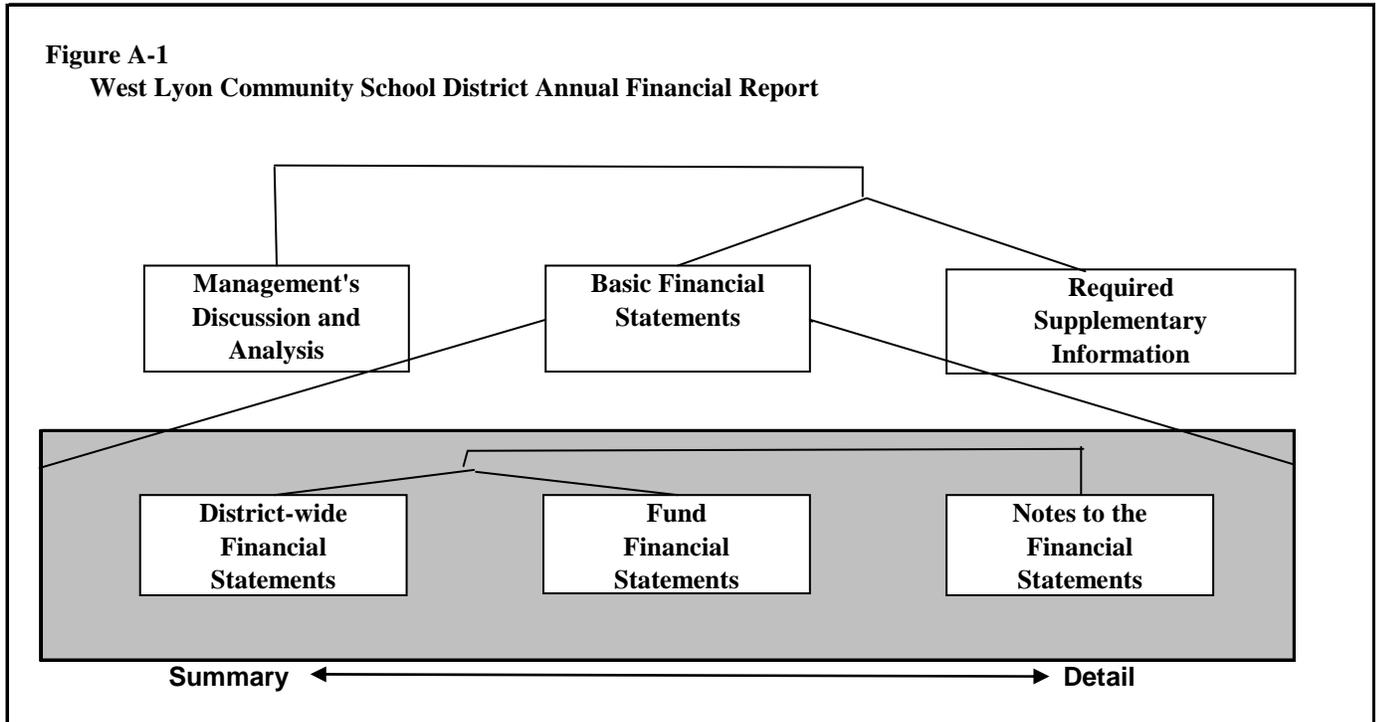


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District’s net assets and how they have changed. Net assets—the difference between the District’s assets and liabilities—are one way to measure the District’s financial health or financial position. Over time, increases or decreases

in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total Change June 30, 2010- 2011
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2011	2010	2011	2010	2011	2010	
Current and other assets	\$6,344,834	\$6,422,506	\$110,740	\$103,949	\$6,455,574	\$6,526,455	-1.09%
Capital assets	5,427,750	5,417,846	20,015	4,776	5,447,765	5,422,622	.46%
Total assets	11,772,584	11,840,352	130,755	108,725	11,903,339	11,949,077	-.38%
Long-term liabilities	3,796,155	4,002,101	-	-	3,796,155	4,002,101	-5.15%
Other liabilities	3,867,095	4,124,683	8,842	8,464	3,875,937	4,133,147	-6.22%
Total liabilities	7,663,250	8,126,784	8,842	8,464	7,672,092	8,135,248	-7.14%
Net assets:							
Invested in capital assets,							
net of related debt	2,294,077	1,905,665	20,015	4,776	2,314,092	1,910,441	21.13%
Restricted	1,448,268	157,660	101,898	-	1,550,166	157,660	883%
Unrestricted	366,989	1,650,243	-	95,485	366,989	1,745,728	-78.9%
Total net assets	\$4,109,334	\$3,713,568	\$121,913	\$100,261	\$4,231,247	\$3,813,829	10.94%

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

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

Unrestricted net assets represent the part of net assets that can be used to finance day-to-day operations without constraints established on how they can be used. As noted earlier, the District was forced to use cash reserve local property taxes to fund part of its operations in FY11.

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

Figure A-4
Changes in Net Assets

	Government		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for services	\$ 263,105	\$ 281,938	\$ 187,981	\$ 184,599	\$ 451,086	\$ 466,537	-3.31%
Operating grants, contributions and restricted interest	1,356,186	1,409,054	133,225	124,312	1,489,411	1,533,366	-2.87%
General Revenues:							
Property tax	2,835,525	2,505,678	-	-	2,835,525	2,505,678	13.16%
Local option sales and income surtaxes	885,395	780,471	-	-	885,395	780,471	13.44%
Unrestricted state grants	2,536,454	2,191,206	-	-	2,536,454	2,191,206	15.76%
Unrestricted investment earnings	8,551	13,020	269	270	8,820	13,290	-33.63%
Other	100,713	122,158	-	-	100,713	122,158	-17.56%
Total revenues	7,985,929	7,303,525	321,475	309,181	8,307,404	7,612,706	9.13%
Program expenses:							
Government activities:							
Instruction	5,196,866	4,788,422	-	-	5,196,866	4,788,422	8.53%
Support services	1,730,660	1,683,509	-	-	1,730,660	1,683,509	2.80%
Non-instructional programs	-	-	299,823	287,683	299,823	287,683	4.22%
Other expenses	662,637	703,235	-	-	662,637	703,235	-5.77%
Total expenses	7,590,163	7,175,166	299,823	287,683	7,889,986	7,462,849	5.72%
Change in net assets	\$ 395,766	\$ 128,359	\$ 21,652	\$ 21,498	\$ 417,418	\$ 149,857	178.54%

Even with the increase in federal support seen in FY10 and FY11, property taxes, sales taxes and unrestricted state grants account for approximately 78% of total revenue for West Lyon CSD. The District's expenses primarily relate to instruction and support services which account for more than 90.27% of the total expenses.

Governmental Activities

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2011.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$ 5,196,866	\$ 4,788,422	8.53%	\$ 3,945,692	\$ 3,460,123	14.03%
Support Services	1,730,660	1,683,509	2.80%	1,675,893	1,626,290	3.05%
Other Expenses	662,637	703,235	-5.77%	349,287	397,671	-12.17%
Totals	\$ 7,590,163	\$ 7,175,166	5.78%	\$ 5,970,872	\$ 5,484,084	8.88%

- The cost financed by users of the District's programs was \$263,105, down 7.01% from FY10.
- Federal and state grants subsidized certain programs with grants and contributions totaling \$1,356,186, down 3.75% from FY10.
- The net cost of government activities was financed with \$3,720,920 in property and other local taxes (up 13.23% from FY10) and \$2,536,454 in unrestricted state grants (up 15.76% from FY10).

Business Type Activities

Revenues for business type activities were \$321,475 and expenses were \$299,823. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

During FY11, the District made no change in meal prices. Increased enrollment caused meal participation to increase by 30 students per day. This, coupled with decreases in employee costs, caused the District to experience an increase in net assets for business type activities of \$21,652.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,486,412 above last year's ending fund balance of \$2,310,004. The primary reason for the increase in combined fund balances in FY11 is due to an increase in fund balance in the General Fund and PPEL Fund. The General Fund ending balance increased by \$395,828 in FY11.

Governmental Fund Highlights

- The District's General Fund financial position became a little stronger due to the efforts of its Board of Education. As noted above, by funding a cash reserve levy, the District was able to see its ending Fund Balance increase in FY11.
- The Nonmajor Revenue fund balance increased by \$31,873 in FY11.
- The Capital Projects Fund balance decreased by \$246,247 during the FY11 school year. The fund ended the year with a balance of \$879,310 consisting of unexpended local option sales tax revenues reserved for debt service, and unexpended bond sale proceeds.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$100,261 on June 30, 2010 to \$121,913 on June 30, 2011, representing an increase of 21.60%. State and Federal reimbursement increased for the year due to an increase in the free/reduced price meal population.

BUDGETARY HIGHLIGHTS

Over the course of the year, West Lyon Community School District amended its budget one time, in May of 2011. The District did so to reflect additional revenues and expenditures associated with the daily operation of the school, as well as the revenue and expenditures related to the Voluntary Pre-school program and Ed Jobs grant.

Federal revenues in the General Fund were more than expected because of an increase in the revenues related to ARRA grants, in particular, the Ed Jobs Grant.

Expenditures were less than budgeted. The District chose to estimate expenses at a high level to ensure that it did not exceed its spending authority. The District, again in May, chose to amend the budget in an amount that would prevent it from exceeding its authorized budget. The certified budget was not exceeded in any functional area for fiscal year 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$5,447,765, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, A-V equipment, and transportation equipment. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year is \$242,055.

The original cost of the District's equipment was \$10,907,509. Governmental funds accounted for \$10,833,982 of that amount and \$73,527 is accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$39,494	\$39,494	\$-	\$-	\$39,494	\$39,494	0.00%
Buildings	4,938,928	4,900,429	-	-	4,938,928	4,900,429	.79%
Improvements other than buildings	82,302	95,046	-	-	82,302	95,046	-13.41%
Furniture and equipment	367,026	382,877	20,015	4,776	387,041	387,653	-.16%
Totals	\$5,427,750	\$5,417,846	\$20,015	\$4,776	\$5,447,765	\$5,422,622	.46%

Long-term Debt

On June 30, 2011, the District had \$3,678,793 in general obligation and other long-term debt outstanding. This represents an decrease from last year when the District had a total of \$4,002,101 in long-term debt. Most of the decrease in debt was related to payments made on the 2004 GOBs and the 2010 revenue bonds. The District increased its obligations under its early retirement policy by \$58,031 in FY11.

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

The District also has a long-term obligation for early retirement compensation of \$442,770 at the end of fiscal year 2011.

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

	Total District		Total Change
	June 30, 2011	June 30, 2010	June 30, 2010-2011
GOB and Revenue Bonds	\$3,125,000	\$3,500,000	-10.71%
Early Retirement and OPEB	<u>553,793</u>	<u>502,101</u>	<u>10.30%</u>
Totals	<u><u>\$3,678,793</u></u>	<u><u>\$4,002,101</u></u>	<u><u>-8.08%</u></u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District's enrollment has actually increased in the past three years. Though the high school enrollment is the smallest on record, the elementary enrollment is the largest since the early 1990s.
- The District negotiates salary and benefits with the West Lyon Education Association (WLEA) on an annual basis. Total package settlements with the WLEA have been at state average.
- The District has a very tenured staff. Staff members have indicated they will take advantage of the District's Early Retirement which will allow the school to reduce some employee related salary and benefit expenses in the General Fund.
- The District struggles with teacher master contract language that requires the school to pay full family health insurance premiums for instructors who are .80 FTE or greater. This has created a burden on the District and makes its salary schedule somewhat unattractive to new teachers.
- The District continues to look for ways to reduce expenditures. Given local and legislative pressure, the District currently employs a half time Superintendent.
- Land prices have seen a significant increase in the past few years. Valuations, which are based on productivity rather than value, should increase at some point in the future.
- Patrons of Lyon County passed an issue allowing for the development of a casino to be located in the West Lyon District. Because revenues are student driven, the increase in valuations will have little effect on the school. But more than 700 jobs are expected to be created, and the school may benefit from increased enrollment. The casino will also fund

a foundation that will provide grants and donations to Lyon County schools. Preliminary foundation records indicate the district will receive up to \$200,000 in donations per year for the school's general fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bob Tracy, District Secretary and Business Manager, West Lyon Community School District, 1787 IA 182 Ave., Inwood, IA 51240.

West Lyon Community School District 60

Exhibit A

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,996,295	\$ 105,280	\$ 3,101,575
Investment in ISJIT	16,827	-	16,827
Receivables			
Property tax:			
Delinquent	31,821	-	31,821
Succeeding year	2,668,078	-	2,668,078
Income surtax	340,391	-	340,391
Other	373	12	385
Accrued interest	774	-	774
Due from other governments	290,275	-	290,275
Inventories	-	5,448	5,448
Capital assets, non depreciable	39,494	-	39,494
Capital assets, net of accumulated depreciation	<u>5,388,256</u>	<u>20,015</u>	<u>5,408,271</u>
Total Assets	<u><u>\$ 11,772,584</u></u>	<u><u>\$ 130,755</u></u>	<u><u>\$ 11,903,339</u></u>
Liabilities			
Accounts payable	\$ 247,873	\$ 36	\$ 247,909
Salaries and benefits payable	540,914	4,306	545,220
Deferred revenue-succeeding year property tax	2,668,078	-	2,668,078
Deferred revenue-income surtax	340,391	-	340,391
Deferred revenue-other	40,289	4,500	44,789
Due to other governments	20,877	-	20,877
Accrued interest payable	8,673	-	8,673
Noncurrent liabilities			
Due within one year	395,000	-	395,000
Due in more than one year	<u>3,401,155</u>	<u>-</u>	<u>3,401,155</u>
Total Liabilities	<u>7,663,250</u>	<u>8,842</u>	<u>7,672,092</u>
Net Assets			
Invested in capital assets, net of related debt	2,294,077	20,015	2,314,092
Restricted by enabling legislation:			
Debt service	741,500	-	741,500
Other purposes	265,073	-	265,073
School nutrition	-	101,898	101,898
Management levy purposes	39,160	-	39,160
Student activities	52,026	-	52,026
School infrastructure	143,275	-	143,275
Physical plant and equipment	207,234	-	207,234
Unrestricted	<u>366,989</u>	<u>-</u>	<u>366,989</u>
Total Net Assets	<u><u>\$ 4,109,334</u></u>	<u><u>\$ 121,913</u></u>	<u><u>\$ 4,231,247</u></u>

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular instruction	\$ 3,533,654	\$ 197,109	\$ 753,026
Special instruction	826,024	-	169,286
Other instruction	837,188	65,371	66,382
	<u>5,196,866</u>	<u>262,480</u>	<u>988,694</u>
Support services:			
Student	143,329	-	22,732
Instructional staff	122,482	-	5,200
Administration	505,442	-	-
Operation and maintenance of plant	501,285	625	-
Transportation	458,122	-	26,210
	<u>1,730,660</u>	<u>625</u>	<u>54,142</u>
Other expenditures:			
Facilities acquisition and construction	73,034	-	-
Long-term debt interest	122,748	-	-
AEA flowthrough	313,350	-	313,350
Depreciation (unallocated)*	153,505	-	-
	<u>662,637</u>	<u>-</u>	<u>313,350</u>
Total governmental activities	7,590,163	263,105	1,356,186
Business type activities:			
Non-instructional programs:			
Food service operations	299,823	187,981	133,225
Total	<u>\$ 7,889,986</u>	<u>\$ 451,086</u>	<u>\$ 1,489,411</u>
General revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Local option sales tax			
Income surtaxes			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year			
Net assets end of year			

West Lyon Community School District 60
 Exhibit B
 Statement of Activities
 Year Ended June 30, 2011

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (2,583,519)	\$ -	\$ (2,583,519)
(656,738)	-	(656,738)
(705,435)	-	(705,435)
(3,945,692)	-	(3,945,692)
(120,597)	-	(120,597)
(117,282)	-	(117,282)
(505,442)	-	(505,442)
(500,660)	-	(500,660)
(431,912)	-	(431,912)
(1,675,893)	-	(1,675,893)
(73,034)	-	(73,034)
(122,748)	-	(122,748)
-	-	-
(153,505)	-	(153,505)
(349,287)	-	(349,287)
(5,970,872)	-	(5,970,872)
	21,383	21,383
\$ (5,970,872)	\$ 21,383	\$ (5,949,489)
\$ 2,556,862	\$ -	\$ 2,556,862
1,615	-	1,615
277,048	-	277,048
568,661	-	568,661
316,734	-	316,734
2,536,454	-	2,536,454
8,551	269	8,820
100,713	-	100,713
6,366,638	269	6,366,907
395,766	21,652	417,418
3,713,568	100,261	3,813,829
\$ 4,109,334	\$ 121,913	\$ 4,231,247

West Lyon Community School District 60

Exhibit C

Balance Sheet – Government Funds

June 30, 2011

	General	Debt Service	Statewide Sales, Services, and Use Tax	Nonmajor	Total
Assets					
Cash and cash equivalents	\$ 1,942,113	\$ 5,448	\$ 693,437	\$ 355,297	\$ 2,996,295
Investment in ISJIT	5,646	-	-	11,181	16,827
Receivables:					
Property tax:					
Delinquent	28,714	17	-	3,090	31,821
Succeeding year	2,352,207	1,027	-	314,844	2,668,078
Income surtax receivable	340,391	-	-	-	340,391
Other	-	-	-	373	373
Accrued interest	523	-	251	-	774
Due from other governments	104,653	-	185,622	-	290,275
Total assets	\$ 4,774,247	\$ 6,492	\$ 879,310	\$ 684,785	\$ 6,344,834
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 176,352	\$ -	\$ -	\$ 71,521	\$ 247,873
Salaries and benefits payable	540,914	-	-	-	540,914
Due to other governments	20,877	-	-	-	20,877
Deferred revenue:					
Succeeding year property tax	2,352,207	1,027	-	314,844	2,668,078
Income surtax	340,391	-	-	-	340,391
Other	40,289	-	-	-	40,289
Total liabilities	3,471,030	1,027	-	386,365	3,858,422
Fund Balances:					
Restricted for:					
Debt service	-	5,465	736,035	-	741,500
Market factor	1,229	-	-	-	1,229
Professional development	9,785	-	-	-	9,785
Salary improvement	93,737	-	-	-	93,737
At-risk	128,134	-	-	-	128,134
Core curriculum	32,188	-	-	-	32,188
Management levy purposes	-	-	-	39,160	39,160
Student activities	-	-	-	52,026	52,026
School infrastructure	-	-	143,275	-	143,275
Physical plant and equipment	-	-	-	207,234	207,234
Unassigned	1,038,144	-	-	-	1,038,144
Total fund balances	1,303,217	5,465	879,310	298,420	2,486,412
Total liabilities and fund balances	\$ 4,774,247	\$ 6,492	\$ 879,310	\$ 684,785	\$ 6,344,834

West Lyon Community School District 60

Exhibit D

Reconciliation of the Balance Sheet Government Funds to the Statement of Net Assets

June 30, 2011

Total fund balances of governmental funds	\$ 2,486,412
 <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.	5,427,750
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.	(8,673)
Long-term liabilities, including bonds, early retirement and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,796,155)</u>
Net assets of governmental activities	<u><u>\$ 4,109,334</u></u>

West Lyon Community School District 60

Exhibit E

Statement of Revenues, Expenditures and Change in Fund Balances – Government Funds

Year Ended June 30, 2011

	General	Debt Service	Statewide Sales, Services, and Use Tax	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 2,873,596	\$ 1,659	\$ 537,507	\$ 277,047	\$ 3,689,809
Other	128,974	-	-	255,476	384,450
State sources	3,505,906	1	-	132	3,506,039
Federal sources	406,079	-	-	-	406,079
Total revenues	<u>6,914,555</u>	<u>1,660</u>	<u>537,507</u>	<u>532,655</u>	<u>7,986,377</u>
Expenditures:					
Instruction:					
Regular	3,205,980	-	-	158,619	3,364,599
Special	826,024	-	-	-	826,024
Other	579,213	-	-	257,971	837,184
	<u>4,611,217</u>	<u>-</u>	<u>-</u>	<u>416,590</u>	<u>5,027,807</u>
Support services:					
Student	145,197	-	-	-	145,197
Instructional staff	90,644	-	-	-	90,644
Administration	488,305	-	-	875	489,180
Operation and maintenance of plant	458,764	-	27,403	48,085	534,252
Transportation	411,250	-	-	35,232	446,482
	<u>1,594,160</u>	<u>-</u>	<u>27,403</u>	<u>84,192</u>	<u>1,705,755</u>
Other expenditures:					
Facilities acquisition	-	-	261,351	-	261,351
AEA flowthrough	313,350	-	-	-	313,350
Long-term debt:					
Principal	-	375,000	-	-	375,000
Interest and fiscal charges	-	126,706	-	-	126,706
	<u>313,350</u>	<u>501,706</u>	<u>261,351</u>	<u>-</u>	<u>1,076,407</u>
Total expenditures	<u>6,518,727</u>	<u>501,706</u>	<u>288,754</u>	<u>500,782</u>	<u>7,809,969</u>
Excess (deficiency) of revenues over (under) expenditures	<u>395,828</u>	<u>(500,046)</u>	<u>248,753</u>	<u>31,873</u>	<u>176,408</u>
Other financing sources (uses):					
Transfer in	-	495,000	-	-	495,000
Transfer out	-	-	(495,000)	-	(495,000)
Total other financing sources (uses)	<u>-</u>	<u>495,000</u>	<u>(495,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	395,828	(5,046)	(246,247)	31,873	176,408
Fund balances beginning of year	<u>907,389</u>	<u>10,511</u>	<u>1,125,557</u>	<u>266,547</u>	<u>2,310,004</u>
Fund balances end of year	<u>\$ 1,303,217</u>	<u>\$ 5,465</u>	<u>\$ 879,310</u>	<u>\$ 298,420</u>	<u>\$ 2,486,412</u>

West Lyon Community School District 60

Exhibit F

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 \$ 176,408

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

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

Expenditures for capital assets	\$ 249,339	
Depreciation expense	<u>(239,435)</u>	9,904

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repaid		375,000
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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.

3,509

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

Early retirement	(58,031)	
Other postemployment benefits	<u>(111,023)</u>	<u>(169,054)</u>

Change in net assets of governmental activities \$ 395,766

West Lyon Community School District 60

Exhibit G

Statement of Net Assets

Proprietary Fund

June 30, 2011

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 105,280
Accounts receivable	12
Inventories	5,448
Capital assets, net of accumulated depreciation	20,015
Total assets	<u>130,755</u>
Liabilities	
Accounts payable	36
Salaries and benefits payable	4,306
Unearned revenue	4,500
Total liabilities	<u>8,842</u>
Net assets	
Invested in capital assets, net of related debt	20,015
Restricted for school nutrition	<u>101,898</u>
Total net assets	<u>\$ 121,913</u>

West Lyon Community School District 60
 Exhibit H
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Fund
 Year Ended June 30, 2011

	School Nutrition
Operating revenues:	
Local sources:	
Sale of lunches	\$ 186,566
Miscellaneous	1,415
Total operating revenues	187,981
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	138,063
Supplies	135,335
Other	3,534
Depreciation	2,620
Federal food commodities used	20,271
Total operating expenses	299,823
Operating loss	(111,842)
Non-operating revenues:	
State sources	3,447
Federal sources	129,778
Interest income	269
Total non-operating revenues	133,494
Change in net assets	21,652
Net assets beginning of year	100,261
Net assets end of year	\$ 121,913

West Lyon Community School District 60

Exhibit I

Statement of Cash Flows

Proprietary Fund

Year Ended June 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 186,911
Cash received from miscellaneous operating activities	1,403
Cash paid to employees for services	(138,027)
Cash paid to suppliers for goods or services	(138,582)
Net cash used by operating activities	(88,295)
Cash flows from non-capital financing activities:	
State grants received	3,447
Federal grants received	109,507
Net cash provided by non-capital financing activities	112,954
Cash flows from investing activities:	
Interest on investments	269
Purchase of property and equipment	(17,859)
Net cash used by investing activities	(17,590)
Net increase in cash and cash equivalents	7,069
Cash and cash equivalents at beginning of year	98,211
Cash and cash equivalents at end of year	\$ 105,280
Reconciliation of operating loss to net cash used by	
Operating activities:	
Operating loss	\$ (111,842)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	2,620
Commodities used	21,227
Increase in accounts receivable	(12)
Increase in inventories	(666)
Decrease in accounts payable	(3)
Increase in salaries and benefits payable	36
Increase in deferred revenue	345
Net cash used by operating activities	\$ (88,295)
Noncash investing, capital and financing activities:	
During the year ended June 30, 2011, the District received \$20,271 of federal commodities and consumed Federal commodities of \$21,227	

Note 1 - Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, West Lyon Community School District 60 has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The West Lyon Community School District 60 has no component units that meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements: Separate financial statements are provided for governmental and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as 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 financial resources and expenditures that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

The Statewide Sales, Services and Use Tax is a capital projects fund used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents:

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

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

Property Tax Receivable:

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 1/2% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2010, through June 30, 2011, and reflects tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Income Surtax:

Income surtax in governmental funds is accounted for using the modified accrual basis of accounting. Income surtax is levied as part of the instructional support program (ISP). The District's surtax rate is 10% which is applied to income taxes residing in the District. The income surtax receivable represents income taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Due from Other Governments:

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

Inventories:

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

Capital Assets:

Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets.

Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

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

Salaries and Benefits Payable:

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

Deferred Revenue:

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

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

Long-Term Liabilities:

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

Fund Equity:

In the current year, the District implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result of the implementation of this statement the Physical Plant and Equipment Levy Fund was reclassified from a special revenue fund to a capital projects type fund. This change had zero dollar effect on the fund balance of the Physical Plant and Equipment Levy Fund. Also, under GASB 54, the District modified its accounting policies as fund balances are now classified as nonspendable, restricted, committed, assigned or unassigned. In the District's fund financial statements as of June 30, 2011, fund balances are classified as follows:

- Nonspendable fund balance represents a portion of fund balance that includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.
- Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority which is the School Board through an ordinance or resolution.
- Assigned fund balance represents amounts constrained by the government's intent to be used for specific purposes, but neither restricted nor committed. The school board has the authority to assign a fund balance.
- Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and not restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

The District did not approve a specific amount to maintain as a minimum unassigned general fund balance. If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

Restricted Net Assets:

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

E. Budgets and Budgetary Accounting

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

Note 2 - Cash and Pooled Investments

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

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio which are valued at an amortized cost of \$16,827. The ISJIT is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pools shares.

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

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the District's bank balances were exposed to custodial credit risk.

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

Cash deposits and petty cash	\$	1,351,575
Certificates of deposit		1,750,000
Cash and cash equivalents		3,101,575
Investment in ISJIT		16,827
	\$	3,118,402

Note 3 - Interfund Transfer

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 495,000

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

Note 4 - Capital Assets

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

Governmental Activities:	Balance 07/01/10	Increases	Decreases	Balance 06/30/11
Capital assets not being depreciated:				
Land	\$ 39,494	\$ -	\$ -	\$ 39,494
Construction in progress	<u>178,386</u>	<u>-</u>	<u>178,386</u>	<u>-</u>
Total capital assets not being depreciated	<u>217,880</u>	<u>-</u>	<u>178,386</u>	<u>39,494</u>
Capital assets being depreciated:				
Buildings	6,822,541	358,707	-	7,181,248
Improvements other than buildings	446,380	-	-	446,380
Machinery and equipment	<u>3,148,236</u>	<u>69,018</u>	<u>10,900</u>	<u>3,206,354</u>
Total capital assets being depreciated	<u>10,417,157</u>	<u>427,725</u>	<u>10,900</u>	<u>10,833,982</u>
Less accumulated depreciation for:				
Buildings	2,100,498	141,822	-	2,242,320
Improvements other than buildings	351,334	12,744	-	364,078
Machinery and equipment	<u>2,765,359</u>	<u>84,869</u>	<u>10,900</u>	<u>2,839,328</u>
Total accumulated depreciation	<u>5,217,191</u>	<u>239,435</u>	<u>10,900</u>	<u>5,445,726</u>
Total capital assets being depreciated, net	<u>5,199,966</u>	<u>188,290</u>	<u>-</u>	<u>5,388,256</u>
Governmental activities capital assets, net	<u>\$ 5,417,846</u>	<u>\$ 188,290</u>	<u>\$ 178,386</u>	<u>\$ 5,427,750</u>
Business Type Activities:	Balance 07/01/10	Increases	Decreases	Balance 06/30/11
Furniture and equipment	\$ 55,668	\$ 17,859	\$ -	\$ 73,527
Less accumulated depreciation	<u>50,892</u>	<u>2,620</u>	<u>-</u>	<u>53,512</u>
Business type activities capital assets, net	<u>\$ 4,776</u>	<u>\$ 20,479</u>	<u>\$ -</u>	<u>\$ 20,015</u>

Depreciation expense for the year ended June 30, 2011 was charged to the following functions/programs:

Governmental activities:	
Instruction:	\$ -
Support services:	
Instructional staff	35,461
Administration	16,262
Operation and maintenance of plant	2,578
Transportation	31,629
	85,930
Unallocated	153,505
Total depreciation expense - governmental	\$ 239,435
Business type activities:	
Food service operations	\$ 2,620

Note 5 - Long-Term Liabilities

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

	Balance 07/01/10	Additions	Reductions	Balance 06/30/11	Due in One Year
General obligation bonds	\$ 2,860,000	\$ -	\$ 175,000	\$ 2,685,000	\$ 180,000
Revenue bonds	640,000	-	200,000	440,000	215,000
Early retirement	384,739	171,164	113,133	442,770	-
Net OPEB liability	117,362	111,023	-	228,385	-
	\$ 4,002,101	\$ 282,187	\$ 488,133	\$ 3,796,155	\$ 395,000

Early Retirement Payable

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education and no more than five employees per year will be granted benefits under the policy. At June 30, 2011, the District has obligations to fourteen participants with a total liability of \$442,770. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$113,133.

General Obligation Bonds

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

Year Ending June 30,	Bond Issue of February 1, 2004		
	Interest Rates	Principal	Interest
2012	3.35%	\$ 180,000	\$ 105,527
2013	3.35%	185,000	99,497
2014	3.50%	190,000	93,300
2015	3.60%	200,000	86,650
2016	3.70%	205,000	79,450
2017-2023	3.85-4.40%	1,725,000	306,398
		<u>\$ 2,685,000</u>	<u>\$ 770,823</u>

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

Revenue Bonds

Detail of the District’s June 30, 2011 school infrastructure, sales, services, and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April 1, 2010		
	Interest Rates	Principal	Interest
2012	2.15%	\$ 215,000	\$ 7,441
2013	2.28%	225,000	2,565
		\$ 440,000	\$ 10,006

The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds mature on January 1 in each of the years, in the respective principal amounts and bear interest payable semiannually. The bonds were issued on April 1, 2010 in the amount of \$640,000 by the District for the purpose of paying costs of school infrastructure projects. The District reserves the right to have the bonds callable at anytime with 30-days notice.

Note 6 - Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District’s contribution to IPERS for the years ended June 30, 2011, 2010, and 2009, were \$281,627, \$255,501, and \$226,513 respectively, equal to the required contributions for each year.

Note 7 - Other Postemployment Benefits (OPEB)

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

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

Funding Policy – 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 (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years.

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

Annual required contribution	\$ 180,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	180,000
Contributions made	(68,977)
	<hr/>
Change in net OPEB obligation	111,023
Net OPEB obligation, beginning of year	117,362
	<hr/>
Net OPEB obligation, end of year	<u>\$ 228,385</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2011 and the preceding year (year of implementation) are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Annual OPEB Cost Contributed	Net Ending OPEB Obligation
06/30/10	\$ 180,000	\$ (62,638)	34.80%	\$ 117,362
06/30/11	180,000	(68,977)	38.32%	228,385

Funded Status and Funding Progress – As of January 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial liability for benefits was \$2.363 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.363 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2,783,999 and the ratio of the UAAL to the covered payroll was 85 percent.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the notes to the financial statements, presents a single year’s information, as the standard was implemented in fiscal year 2010, when it becomes available, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits will be displayed.

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11.0 percent initially, reduced by decrements to an ultimate rate of 6.0 percent after eight years. Both rates included inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years. The remaining amortization period at June 30, 2011 was 28 years.

Note 8 - Risk Management

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

Note 9 - Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$313,350 for the year ended June 30, 2011, and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.



Required Supplementary Information
June 30, 2011

West Lyon Community School District 60

West Lyon Community School District 60

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund Required Supplementary Information Year Ended June 30, 2011

	<u>Governmental Funds Actual</u>	<u>Proprietary Fund Actual</u>
Revenues:		
Local sources	\$ 4,074,259	\$ 188,250
State sources	3,506,039	3,447
Federal sources	406,079	129,778
Total	<u>7,986,377</u>	<u>321,475</u>
Expenditures:		
Instruction	5,027,807	-
Support services	1,705,755	3,534
Non-Instructional programs	-	296,289
Other expenditures	1,076,407	-
Total	<u>7,809,969</u>	<u>299,823</u>
Excess (deficiency) of revenue over (under) expenditures	176,408	21,652
Other financing sources (uses):		
Interfund transfer in	495,000	-
Interfund transfer out	(495,000)	-
Other	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund equity	176,408	21,652
Balances beginning of year	<u>2,310,004</u>	<u>100,261</u>
Balances end of year	<u>\$ 2,486,412</u>	<u>\$ 121,913</u>

Total Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	
\$ 4,262,509	\$ 4,377,648	\$ 4,380,143	\$ (117,634)
3,509,486	3,729,433	3,382,332	127,154
535,857	352,128	349,738	186,119
<u>8,307,852</u>	<u>8,459,209</u>	<u>8,112,213</u>	<u>195,639</u>
5,027,807	5,140,347	5,602,198	574,391
1,709,289	2,101,095	2,263,610	554,321
296,289	350,860	350,860	54,571
1,076,407	1,272,805	1,277,755	201,348
<u>8,109,792</u>	<u>8,865,107</u>	<u>9,494,423</u>	<u>1,384,631</u>
198,060	(405,898)	(1,382,210)	(1,188,992)
495,000	495,000	495,000	-
(495,000)	(495,000)	(495,000)	-
-	500	500	(500)
<u>-</u>	<u>500</u>	<u>500</u>	<u>(500)</u>
198,060	(405,398)	(1,381,710)	(1,189,492)
2,410,265	2,193,204	2,193,204	217,061
<u>\$ 2,608,325</u>	<u>\$ 1,787,806</u>	<u>\$ 811,494</u>	<u>\$ (972,431)</u>

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

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

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

During the year ended June 30, 2011 none of the functions exceeded the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

West Lyon Community School District 60

Schedule of Funding Progress as Required by Statement No. 45 of the Governmental Accounting Standards Board
June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Simplified Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/09	\$ -	\$ 2,363,000	\$ 2,363,000	0%	\$ 2,783,999	85%

Note to the Schedule of Funding Progress

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



Other Supplementary Information
June 30, 2011

West Lyon Community School District 60

West Lyon Community School District 60

Schedule 1

Combining Balance Sheet

Nonmajor Funds

June 30, 2011

	Special Revenue		Capital Projects	Total
	Student Activity	Management Levy	Physical Plant and Equipment Levy	
Assets				
Cash and cash equivalents	\$ 58,683	\$ 101,433	\$ 195,181	\$ 355,297
Investment in ISJIT	-	-	11,181	11,181
Receivables:				
Property tax:				
Delinquent	-	2,218	872	3,090
Succeeding year	-	230,499	84,345	314,844
Other	373	-	-	373
Total assets	<u>\$ 59,056</u>	<u>\$ 334,150</u>	<u>\$ 291,579</u>	<u>\$ 684,785</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 7,030	\$ 64,491	\$ -	\$ 71,521
Deferred revenue:				
Succeeding year property tax	-	230,499	84,345	314,844
Total liabilities	<u>7,030</u>	<u>294,990</u>	<u>84,345</u>	<u>386,365</u>
Fund balances:				
Restricted for:				
Student activities	52,026	-	-	52,026
Management levy purposes	-	39,160	-	39,160
Physical plant and equipment	-	-	207,234	207,234
Total fund balances	<u>52,026</u>	<u>39,160</u>	<u>207,234</u>	<u>298,420</u>
Total liabilities and fund balances	<u>\$ 59,056</u>	<u>\$ 334,150</u>	<u>\$ 291,579</u>	<u>\$ 684,785</u>

West Lyon Community School District 60

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Funds

Year Ended June 30, 2011

	Special Revenue		Capital Projects	Total
	Student Activity	Management Levy	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	\$ 197,490	\$ 79,557	\$ 277,047
Other	246,101	8,990	385	255,476
State sources	-	94	38	132
Total revenues	246,101	206,574	79,980	532,655
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	158,619	-	158,619
Other instruction	257,971	-	-	257,971
Support services:				
Administration	-	875	-	875
Operation and maintenance of plant	-	38,961	9,124	48,085
Transportation	-	15,243	19,989	35,232
Total expenditures	257,971	213,698	29,113	500,782
Excess (deficiency) of revenues over (under) expenditures	(11,870)	(7,124)	50,867	31,873
Fund balances beginning of year	63,896	46,284	156,367	266,547
Fund balances end of year	\$ 52,026	\$ 39,160	\$ 207,234	\$ 298,420

West Lyon Community School District 60
 Schedule 3
 Schedule of Changes in Student Activity Accounts
 Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
System wide athletics	\$ 29,849	\$ 18,811	\$ 26,995	\$ 21,665
Baseball	-	39	39	-
Softball	-	257	257	-
Golf	-	45	45	-
Track	-	2,828	2,828	-
Volleyball	170	2,676	2,846	-
Football	300	50,322	50,622	-
Basketball	26	19,130	19,156	-
Wrestling	-	2,172	2,172	-
Cross country	83	704	716	71
Vocal music	-	1,747	1,722	25
Student council	968	1,470	1,312	1,126
FFA	5,340	105,063	104,394	6,009
Annual	820	8,890	9,123	587
Class of 2008	913	-	-	913
Class of 2015	82	19	-	101
Class of 2010	1,587	17	-	1,604
Class of 2011	7,556	409	5,566	2,399
Class of 2012	986	13,152	10,429	3,709
Class of 2013	78	39	-	117
Class of 2014	41	43	-	84
Industrial arts	-	317	317	-
Speech	1,599	4,844	3,864	2,579
Library fund	1,127	208	102	1,233
National Honor Society	1,430	604	480	1,554
Band	-	3,676	3,676	-
FLA	1,629	-	-	1,629
Elementary annual	9,312	8,619	11,310	6,621
	<u>\$ 63,896</u>	<u>\$ 246,101</u>	<u>\$ 257,971</u>	<u>\$ 52,026</u>

West Lyon Community School District 60

Schedule 4

Schedule of Revenues by Source and Expenditures, by Function – Governmental Funds
Years Ended June 30, 2011, 2010, 2009, and 2008

	2011	2010	2009	2008
Revenues:				
Local sources:				
Local tax	\$ 3,689,809	\$ 3,291,495	\$ 3,073,497	\$ 3,008,861
Other	384,450	391,711	398,000	369,892
State sources	3,506,039	2,995,869	3,348,130	3,359,905
Federal sources	406,079	623,953	166,974	180,576
Total	<u>\$ 7,986,377</u>	<u>\$ 7,303,028</u>	<u>\$ 6,986,601</u>	<u>\$ 6,919,234</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,364,599	\$ 3,231,816	\$ 2,948,239	\$ 2,837,863
Special instruction	826,024	803,427	767,931	804,677
Other instruction	837,184	791,933	843,121	755,683
Support services:				
Student services	145,197	142,901	166,055	155,996
Instructional staff services	90,644	73,189	84,069	81,213
Administration services	489,180	486,147	485,418	468,759
Operation and maintenance of plant services	534,252	517,944	701,930	478,476
Transportation services	446,482	454,692	378,316	368,396
Other expenditures:				
Facilities acquisition	261,351	479,008	4,800	184,729
Management fund	-	-	40,487	59,066
Long-term debt:				
Principal	375,000	165,000	160,000	160,000
Interest and fiscal charges	126,706	116,565	120,965	124,965
AEA flowthrough	313,350	305,564	263,849	258,448
Total	<u>\$ 7,809,969</u>	<u>\$ 7,568,186</u>	<u>\$ 6,965,180</u>	<u>\$ 6,738,271</u>

West Lyon Community School District 60
Schedule 5
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor Program Title	CFDA Number	Expenditures
Department of Agriculture		
<i>Passed through Iowa Department of Education</i>		
National School Lunch Program *	10.555	\$ 117,495
National School Breakfast Program	10.553	<u>12,283</u>
Total Child Nutrition Cluster and Department of Agriculture		<u>129,778</u>
Department of Education		
<i>Passed through Iowa Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	62,694
Recovery Act Title I Grants to Local Educational Agencies	84.389	<u>18,837</u>
Total Title I Part A Cluster		<u>81,531</u>
Special Education Grants to States (IDEA, Part B)	84.027	41,883
Recovery Act Special Education Grants to States (IDEA, Part B)	84.391	<u>45,872</u>
Total Special Education Cluster (IDEA)		<u>87,755</u>
Improving Teacher Quality State Grants	84.367	33,733
ARRA-Education Jobs Fund	84.410	104,224
Grants for State Assessments and Related Activities	84.369	4,817
ARRA-State Fiscal Stabilization Fund - Education State Grants	84.394	43,624
ARRA-State Fiscal Stabilization Fund (SFSF) - Government Services	84.397	<u>33,922</u>
Total State Fiscal Stabilization Fund Cluster		<u>77,546</u>
Career and Technical Education Basic Grants to States	84.048	<u>19,472</u>
Total Department of Education		<u>409,078</u>
Total Expenditures of Federal Awards		<u><u>\$ 538,856</u></u>

* - Includes a \$20,271 of non-cash awards.

West Lyon Community School District 60

Schedule 6

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Notes to Schedule of Expenditures of Federal Awards:

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

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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



CPAs & BUSINESS ADVISORS

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the West Lyon Community School District 60, Inwood, Iowa as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Lyon Community School District 60's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, Finding 2011-1 and Finding 2011-2. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Lyon Community School District 60's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance that is required to be reported under *Government Auditing Standards*. See summary of auditor results, findings and questioned costs part IV.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Lyon Community School District 60 and other parties to whom West Lyon Community School District 60 may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Sioux Falls, South Dakota
January 11, 2012



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

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

Compliance

We have audited the compliance of West Lyon Community School District 60 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. West Lyon Community School District 60's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Lyon Community School District 60's management. Our responsibility is to express an opinion on West Lyon Community School District 60's compliance based on our audit.

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

In our opinion West Lyon Community School District 60 complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of West Lyon Community School District 60 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Lyon Community School District 60's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Lyon Community School District 60 and other parties to whom West Lyon Community School District 60 may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Sioux Falls, South Dakota
January 11, 2012

Part I: Summary of Auditors' Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified No

Significant deficiencies identified not
 considered to be material weaknesses Yes

Noncompliance material to financial
 statements noted No

Federal Awards

Internal control over major programs:

Material weakness identified No

Significant deficiencies identified not
 considered to be material weaknesses None Reported

Type of auditor's report issued on compliance
 for major programs Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with Circular
 A-133, Section .510(a) No

Identification of major programs:

Name of Federal Program or Cluster CFDA number

U.S. Department of Education	
Special Education Cluster (IDEA)	84.027/84.391
State Fiscal Stabilization Fund Cluster	84.394/84.397
Education Jobs Fund	84.410

Dollar threshold used to distinguish
 between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee No

Section B - Financial Statement Findings – Yes

Section C – Federal Award Findings and Questioned Costs – None

Section D –Legal Compliance Findings – Yes

Part II: Findings Related to the Financial Statements

Finding 2011-1 Segregation of Duties

Criteria: Proper controls over financial reporting include adequate segregation of duties.

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

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

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

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

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

Finding 2011-2 Preparation of Financial Statements

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

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

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

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

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

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

Part III: Findings and Questioned Costs for Federal Award Programs

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

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-11 Certified Budget

Disbursements for the year ended June 30, 2011 did not exceed the amount budgeted.

IV-B-11 Questionable Disbursements

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

IV-C-101 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 ensure the coverage is adequate for current operations.

IV-F-11 Board Minutes

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

IV-G-11 Certified Enrollment – Finding

<u>Condition</u>	The number of basic resident students reported to the Iowa Department of Education of the Certified Enrollment Certification Form for October 2010 was understated.
<u>Criteria</u>	The Iowa Department of Education requires accurate certified enrollments.
<u>Cause</u>	The District’s certified enrollment count excluded three students due to a lack of communication with another school district.
<u>Effect</u>	Enrollment numbers reported were incorrect.
<u>Recommendation</u>	The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
<u>Response</u>	We will contact the Iowa Department of Education and the Department of Management.
 <u>Conclusion</u>	 Response Accepted.

IV-H-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-I-11 Certified Annual Report

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

IV-J-11 Student Activity Fund

The Student Activity Funds had no deficit balances at June 30, 2011.

IV-K-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.

West Lyon Community School District 60 respectfully submits the following corrective action plan for its audit finding for the year ended June 30, 2011.

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

Audit Period: July 1, 2010 – June 30, 2011

The finding from the June 30, 2011 Schedule of Findings and Questioned Costs is discussed below. Part I of the schedule, Summary of Auditor's Results does not include findings and is not addressed.

Corrective Action Plans – Findings Related to the Financial Statements

Finding 2011-1 Segregation of Duties

Actions Planned in Response to the Finding: Since it is not cost-effective to have an office staff large enough to assure optimal internal control, we have chosen to accept the risk associated with this deficiency. We will continue to employ safeguards of supervision and review as a means of preventing and detecting potential misstatements. The District will continue to look for further opportunities to segregate duties.

Explanation of Disagreement: There is no disagreement with the audit finding.

Official Responsible for Ensuring Corrective Action: Jim Hargens

Planned Completion Date for the Corrective Action: Ongoing analysis

Plan to Monitor Completion of Corrective Action: Jim Hargens

Finding 2011-2 Preparation of Financial Statements

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

Explanation of Disagreement: There is no disagreement with the audit finding.

Official Responsible for Ensuring Corrective Action: Jim Hargens

Planned Completion Date for the Corrective Action: Ongoing analysis

Plan to Monitor Completion of Corrective Action: Jim Hargens