

**WEST SIOUX
COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2011**

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2011
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WEST SIOUX COMMUNITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS

Board of Education (Before September 2010 Election)

		Term Expires
Susan Sharpe	President	2013
Ryan Schwiesow	Vice President	2011
Jeff Eilts	Board Member	2013
Jody Anderson	Board Member	2011
Gary Witt	Board Member	2013

Board of Education (After September 2010 Election)

Susan Sharpe	President	2013
Gary Witt	Vice President	2013
Jeff Eilts	Board Member	2013
Dawn Hummel	Board Member	2015
Tim McKenney	Board Member	2015

School Officials

Gary Richardson	Superintendent	2011
Paula Bartunek	Treasurer and Business Manager	2011
Dani Gradert	District Secretary	2011
James Pickner	Attorney	2011



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITORS' REPORT

To the Board of Education of
West Sioux Community School District

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of West Sioux Community School District as of June 30, 2011 and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011, on our consideration of the West Sioux Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 36 through 38 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 U.S. generally accepted auditing standards, 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 West Sioux Community School District's basic financial statements. The financial statements for the three years ended June 30, 2006, (none of which are presented herein) were audited by other auditors in accordance with the standards referred to in the second paragraph of this report and they expressed unqualified opinions on them. The financial statements for the four years ended June 30, 2010 (not presented) were audited by us in accordance with the standards referred to in the second paragraph of this report and we expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The other supplementary information and the 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 our audit of the basic 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams + Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Le Mars, Iowa
December 27, 2011

Management Discussion and Analysis

West Sioux 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

- Both General Fund revenues and expenditures decreased from fiscal year 2010 to fiscal year 2011. General Fund revenues decreased from \$7,878,526 to \$7,572,982, and General Fund expenditures decreased from \$6,857,036 to \$6,516,141. The District's General Fund balance increased dramatically from \$361,346 in fiscal year 2010 to \$1,443,324 in fiscal year 2011, nearly a 300% increase.
- The decrease in General Fund revenues was attributable to a decrease in federal revenue in fiscal 2011 as well as a decrease in property tax revenue. Property taxes in general fund decreased by over \$300,000, due to a lower cash reserve levy. Federal revenues decreased due to less funding from the American Recovery and Reinvestment Act. The decrease in expenditures was due primarily to instructional positions being eliminated and the initiation of a sharing agreement for superintendent and business manager services. The General Fund balance will be carefully monitored during the year keeping in mind the fluctuation in revenues caused by legislative action and student enrollments.
- Due to the current recession, State Aid was cut, but the funds were replaced by funding from the American Recovery and Reinvestment Act .

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 Sioux 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 Sioux Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

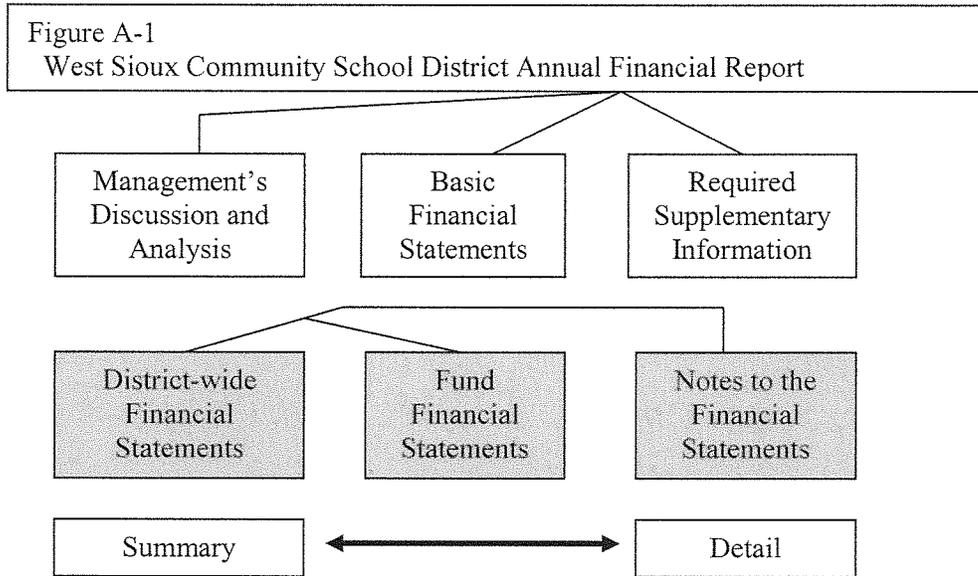


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2: Major Features of the District Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	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 is included here
Required financial statements	<ul style="list-style-type: none"> Statement of net assets Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net assets Statement of revenues, expenditures, and changes in fund net assets Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building 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 taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's Food Service and Before and After School/Daycare Programs would be included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

1. *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader 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 balance.

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

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

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

Government-wide Financial Analysis

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

Figure A-3 Condensed Statement of Net Assets

	Governmental Activities		Business -Type Activities		Total District		Total %
	June 30		June 30		June 30		Change
	2010	2011	2010	2011	2010	2011	2010/2011
Current and Other Assests	\$ 5,992,757	\$ 6,840,315	\$ (179,777)	\$ 129,974	\$ 5,812,980	\$ 6,970,289	19.91%
Capital Assets	5,304,869	5,494,827	476,759	466,617	5,781,628	5,961,444	3.11%
Total Assets	11,297,626	12,335,142	296,982	596,591	11,594,608	12,931,733	11.53%
Current Liabilities	4,362,917	4,684,106	33,465	287,002	4,396,382	4,971,108	13.07%
Long-Term Liabilities	3,287,155	3,117,771	-	-	3,287,155	3,117,771	-5.15%
Total Liabilities	7,650,072	7,801,877	33,465	287,002	7,683,537	8,088,879	5.28%
Net Assets							
Invested in Capital Assets							
Net of Related Debt	1,602,328	2,385,779	476,759	466,617	2,079,087	2,852,396	37.19%
Restricted	955,843	1,253,064	-	-	955,843	1,253,064	31.10%
Unrestricted	1,089,383	894,422	(213,242)	(157,028)	876,141	737,394	-15.84%
Total Net Assets	\$ 3,647,554	\$ 4,533,265	\$ 263,517	\$ 309,589	\$ 3,911,071	\$ 4,842,854	23.82%

The District's combined net assets increased by 23.82% or approximately \$931,783 over the prior year. The largest portion of the District's net assets is the investment in capital assets less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$297,221, or 31.10%, from the prior year. The increase was primarily a result of increased net asset restrictions for categorical funding and other special revenue purposes.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or the legal requirements – decreased approximately \$138,747 or 15.84%.

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

Figure A-4 Changes in Net Assets from Operations

	Governmental Activities		Business -Type Activities		Total District		Change
	June 30		June 30		June 30		June 30
	2010	2011	2010	2011	2010	2011	2010/2011
Revenue:							
Program revenue							
Charges for services	\$ 574,526	\$ 468,562	\$ 222,994	\$ 263,179	\$ 797,520	\$ 731,741	-8.25%
Operating grants and contributions	1,962,899	847,018	261,816	253,217	2,224,715	1,100,235	-50.54%
Capital grants & contributions	-	-	-	9,191	-	9,191	-
General revenues:							
Property tax	3,429,788	2,840,773	-	-	3,429,788	2,840,773	-17.17%
Instruction support tax	203,323	205,551	-	-	203,323	205,551	1.10%
Local option sales tax	540,220	560,543	-	-	540,220	560,543	3.76%
Unrestricted state grants	2,802,803	3,916,014	-	-	2,802,803	3,916,014	39.72%
Unrestricted investment earnings	60,076	59,544	1,352	116	61,428	59,660	-2.88%
Gain on Disposal of Assets	-	105,588	-	-	-	105,588	-
Other	27,971	79,056	1,221	1,811	29,192	80,867	177.02%
Transfers	(69,694)	(7,108)	69,694	7,108	-	-	-
Total Revenue	9,531,912	9,075,541	557,077	534,622	10,088,989	9,610,163	-4.75%
Program expenses:							
Instruction	5,317,322	5,585,649	-	-	5,317,322	5,585,649	5.05%
Support service	2,035,375	2,089,229	-	-	2,035,375	2,089,229	2.65%
Non-instructional programs	2,936	8,120	501,392	488,550	504,328	496,670	-1.52%
Other expenses	513,094	506,832	-	-	513,094	506,832	-1.22%
Total expenses	7,868,727	8,189,830	501,392	488,550	8,370,119	8,678,380	3.68%
Change in net assets	\$ 1,663,185	\$ 885,711	\$ 55,685	\$ 46,072	\$ 1,718,870	\$ 931,783	-45.79%

In fiscal year 2011, property tax, local option sales tax, and unrestricted state grants account for 80.62% of the total revenue from governmental activities while charges for services and operating grants and contributions account for 96.59% of the revenue from business type activities. The District's expenses primarily relate to instruction and support services, which account for 88.44% of the total expenses.

The District's total revenues were \$9,610,163 of which \$9,075,541 was for governmental activities and \$534,622 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.75% decrease in revenues and a 3.68% increase in expenditures. Revenues decreased due to decreased property taxes and ARRA funding. An increase in expenditures was due in part to the purchase of computers for a 1:1 Laptop Program.

Charges for services in the business-type activities, which include the school nutrition and daycare programs, increased. Expenditures for the business-type activities decreased due to the reduced costs associated with school nutrition and daycare programs.

Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional, and other. The table also shows each activity's net cost (total cost less fees generated by activities and intergovernmental aid provided for specific programs.) The net cost shows the financial impact placed on the taxpayers by each function.

Figure A-5 Total and Net Cost of Government Activities

	Total and Net Cost of Government Activities					
	Total Cost of Services			Net Cost of Services		
	June 30		Change 2010-2011	June 30		Change 2010-2011
	2010	2011		2010	2011	
Instruction	\$ 5,317,322	\$ 5,585,649	5.05%	\$ 3,130,617	\$ 4,618,292	47.52%
Support services	2,035,375	2,089,229	2.65%	1,990,297	2,048,920	2.95%
Non-Instructional	2,936	8,120	176.57%	-	8,120	-
Other	513,094	506,832	-1.22%	210,388	198,918	-5.45%
Totals	\$ 7,868,727	\$ 8,189,830	4.08%	\$ 5,331,302	\$ 6,874,250	28.94%

- The cost financed by users of the District's programs was \$468,562.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$847,018.
- The net cost of governmental activities was financed with \$3,606,867 in property and other taxes and \$3,916,014 in unrestricted state grants.

Business Type Activities

Revenues and transfers for business type activities during the year ended June 30, 2011 were \$534,622, representing a 4.03% decrease over the prior year, while expenses were \$488,550 a 2.56% decrease over the prior year. The District's business type activities include the School Nutrition Fund and the Before and After School/Daycare Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Sioux 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 \$2,460,560, \$619,786 ahead of last year's ending fund balances of \$1,840,774. The primary reason for the increase in combined fund balance in fiscal 2011 is due to the decreased expenditures related to regular instruction and the intentional effort to improve the district general fund ending fund balance. Fund balance increases were also realized in categorical funding, Debt Service and the Capital Projects Fund.

Governmental Fund Highlights

The District's dramatically improved General Fund financial position is the result of a combination of increased revenues and decreased expenditures. Because of the effort to improve the cash flow in the General Fund, the District borrowed \$632,000 from ISCAP, down \$718,000 from the previous year.

- The General Fund balance increased from \$361,345 to \$1,443,324, due in part to a reduction in expenditures intended to make the district more financially sound.

- The Capital Projects and PPEL Fund balances ended fiscal year 2010 with a balance of \$985,135 compared to \$675,769 in fiscal year 2011, a decrease of \$309,366.

Proprietary Fund Highlights

The Before and After School/Daycare fund net assets decreased from \$272,348 at June 30, 2010 to \$252,216 at June 30, 2011. Charges for services increased from \$75,768 in fiscal year 2010 to \$108,754 in fiscal year 2011, while expenditures decreased from \$136,487 in 2010 to \$135,994 in 2011. The net operating loss in 2011 was \$27,240, compared to \$60,719 in 2010.

The school nutrition fund net assets increased from \$(8,831) in 2010 to \$57,373 in 2011. This is a result of increased revenue and decreased expenditures. The increase in revenue was due to substantially increased Ala Carte selections. The school nutrition fund paid \$50,000 on a loan to general fund leaving a balance due of \$69,749.

BUDGETARY HIGHLIGHTS

The District’s receipts were \$410,742 less than budgeted receipts. The most significant variance resulted from the District receiving less state aide than budgeted.

Total expenditures were less than budgeted by \$341,891. Actual expenditures from instruction and support services were \$387,144 less than budgeted for Governmental Funds. Expenditures from non-instructional programs for Proprietary Funds were \$18,550 more than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$11.3 million in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 3.3% from last year. More detailed information about the District’s capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$259,949.

Figure A-6 Capital Assets

	Governmental		Business type		Total	
	Activities		Activities		School District	
	June 30		June 30		June 30	
	2010	2011	2010	2011	2010	2011
Land	\$ 51,375	\$ 51,375	\$ -	\$ -	\$ 51,375	\$ 51,375
Construction in Progress	20,000	249,097	-	-	20,000	249,097
Buildings and Improvements	4,959,820	4,989,879	387,667	379,755	5,347,487	5,369,634
Furniture and Equipment	273,674	204,476	89,092	86,862	362,766	291,338
Totals	\$ 5,304,869	\$ 5,494,827	\$ 476,759	\$ 466,617	\$ 5,781,628	\$ 5,961,444

Long-Term Debt

At June 30, 2011, the District had \$3,105,000 in general obligation bonds outstanding, \$385,430 in capital lease obligations, \$174,720 in early retirement obligations and \$25,884 in net OPEB obligations. The total long term debt decreased by \$247,831 due primarily to payment of general obligation bonds, final payment on a bond anticipation note and reduction to the early retirement obligations. Additional debt was incurred due to the capital lease on the obligation for the 1:1 Laptop Initiative.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the district will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment has decreased in fiscal year 2011 by 23.4 students to a certified enrollment of 680. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2010-2011 school year, West Sioux students who open enrolled out to other districts increased by 4 students, from 51 to 55. Because West Sioux is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- The District annually negotiates a one-year contract with the West Sioux Education Teacher Association (WSETA). Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- During the 2011-12 fiscal year, the district will be spending \$146,813 of ARRA Education Jobs funding which allowed the district to replace resigning teachers and add an additional part time teacher.
- An operational sharing arrangement began during the 2010-11 fiscal year with the sharing of services for the superintendent and business management. As long as the sharing agreement is in place, the district will realize a decrease in expenditures because of the shared positions. In addition, state funding for operational sharing will increase revenues for the 2011-12 and 2012-13 budget years.
- On February 8, 2011 the school endured a fire in an outdoor classroom/storage building. Insurance has/is covering the majority of the expense.
- A building project has begun which includes additions to the middle/high school and construction of a building to house the transportation equipment. The approximate cost will be \$3,900,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paula Bartunek, Business Manager at the West Sioux Community School District, 1300 Avenue P, Hawarden, IA 51023 or 712-551-1461.

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	West Sioux Educational Foundation
ASSETS				
Cash and Cash Equivalents	\$ 3,264,220	\$ 91,255	\$ 3,355,475	\$ 19,380
Investments	-	-	-	410,085
Receivables:				
Property Tax	53,956	-	53,956	-
Succeeding Year Property Tax	2,810,496	-	2,810,496	-
Income Surtax	194,616	-	194,616	-
Accounts	648	1,524	2,172	-
Internal Balances	240,093	(240,093)	-	-
Due from Other Governments	232,355	28,274	260,629	-
Inventories	-	8,921	8,921	-
Bond Issue Costs	36,014	-	36,014	-
Land	51,375	-	51,375	-
Construction in Progress	249,097	-	249,097	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,194,355	466,617	5,660,972	-
Total Assets	<u>12,327,225</u>	<u>356,498</u>	<u>12,683,723</u>	<u>429,465</u>
LIABILITIES				
Accounts Payable	437,214	16,501	453,715	-
Salaries and Benefits Payable	659,833	26,785	686,618	-
Accrued Interest Payable	8,073	-	8,073	-
Unearned Revenue	187,310	3,623	190,933	-
Deferred Revenue - Succeeding Year Taxes	2,810,496	-	2,810,496	-
Noncurrent Liabilities:				
Due Within One Year:				
Bonds Payable	400,000	-	400,000	-
Lease Obligations Payable	130,038	-	130,038	-
Early Retirement Payable	43,225	-	43,225	-
Due in More Than One Year:				
Lease Obligations Payable	255,392	-	255,392	-
Early Retirement Payable	131,495	-	131,495	-
Bonds Payable	2,705,000	-	2,705,000	-
Net OPEB Liability	25,884	-	25,884	-
Total Liabilities	<u>7,793,960</u>	<u>46,909</u>	<u>7,840,869</u>	<u>-</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,385,779	466,617	2,852,396	-
Restricted for:				
Categorical Funding	364,937	-	364,937	-
Debt Service	60,844	-	60,844	-
Physical Plant and Equipment Levy	259,481	-	259,481	-
School Infrastructure	416,288	-	416,288	-
Other Special Revenue Purposes	151,514	-	151,514	-
Unrestricted	894,422	(157,028)	737,394	429,465
Total Net Assets	<u>\$ 4,533,265</u>	<u>\$ 309,589</u>	<u>\$ 4,842,854</u>	<u>\$ 429,465</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 3,579,212	\$ 119,677	\$ 125,447	\$ -
Special Instruction	1,296,346	-	370,879	-
Other Instruction	710,091	338,757	12,597	-
Support Services:				
Student Services	300,903	9,833	-	-
Instructional Staff Services	294,587	-	-	-
Administration Services	618,222	-	-	-
Operation and Maintenance	563,816	295	-	-
Transportation Services	311,701	-	30,181	-
Non-instructional Programs	8,120	-	-	-
Other Expenditures:				
Facilities Acquisition and Construction Services	88,279	-	-	-
Long-term Debt Interest	110,639	-	-	-
AEA Flowthrough	307,914	-	307,914	-
Total governmental activities	<u>8,189,830</u>	<u>468,562</u>	<u>847,018</u>	<u>-</u>
Business Type Activities:				
Non-instructional Programs				
Before and After School Program	135,994	108,754	-	-
Food Service Operations	352,556	154,425	253,217	9,191
Total Business Type Activities	<u>488,550</u>	<u>263,179</u>	<u>253,217</u>	<u>9,191</u>
Total Primary Government	<u>8,678,380</u>	<u>731,741</u>	<u>1,100,235</u>	<u>9,191</u>
Component Unit:				
School Education Foundation	<u>\$ 20,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,750</u>
General Revenues:				
Property Tax Levied For:				
General Purposes				
Debt Service				
Capital Outlay				
Instructional Support Surtax				
Local Option Sales Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Gain on Disposal of Assets				
Other				
Transfers				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business Type Activities	Total	Component Unit West Sioux Educational Foundation
\$ (3,334,088)		\$ (3,334,088)	
(925,467)		(925,467)	
(358,737)		(358,737)	
(291,070)		(291,070)	
(294,587)		(294,587)	
(618,222)		(618,222)	
(563,521)		(563,521)	
(281,520)		(281,520)	
(8,120)		(8,120)	
(88,279)		(88,279)	
(110,639)		(110,639)	
-		-	
<u>(6,874,250)</u>		<u>(6,874,250)</u>	
	\$ (27,240)	(27,240)	
	64,277	64,277	
	<u>37,037</u>	<u>37,037</u>	
<u>(6,874,250)</u>	37,037	<u>(6,837,213)</u>	
			<u>\$ 5,792</u>
2,398,882	-	2,398,882	-
181,228	-	181,228	-
260,663	-	260,663	-
205,551	-	205,551	-
560,543	-	560,543	-
3,916,014	-	3,916,014	-
59,544	116	59,660	12,950
105,588	-	105,588	-
79,056	1,811	80,867	-
(7,108)	7,108	-	-
<u>7,759,961</u>	<u>9,035</u>	<u>7,768,996</u>	<u>12,950</u>
885,711	46,072	931,783	18,742
<u>3,647,554</u>	<u>263,517</u>	<u>3,911,071</u>	<u>410,723</u>
<u>\$ 4,533,265</u>	<u>\$ 309,589</u>	<u>\$ 4,842,854</u>	<u>\$ 429,465</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General	Statewide Sales, Services and Use Tax	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,069,420	\$ 510,052	\$ 684,748	\$ 3,264,220
Receivables:				
Property Tax	46,334	-	7,622	53,956
Succeeding Year Property Tax	2,253,619	-	556,877	2,810,496
Income Surtax	194,616	-	-	194,616
Accrued Interest	-	-	-	-
Accounts	648	-	-	648
Due from Other Funds	247,855	-	155	248,010
Due from Other Governments	139,437	92,918	-	232,355
Total Assets	<u>4,951,929</u>	<u>602,970</u>	<u>1,249,402</u>	<u>6,804,301</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	210,097	186,426	40,691	437,214
Due to Other Funds	-	256	7,661	7,917
Salaries and Benefits Payable	659,833	-	-	659,833
Early Retirement Payable	-	-	43,225	43,225
Deferred Revenue	190,440	-	-	190,440
Deferred Revenue - Income Surtax	194,616	-	-	194,616
Deferred Revenue - Succeeding Year Taxes	2,253,619	-	556,877	2,810,496
Total Liabilities	<u>3,508,605</u>	<u>186,682</u>	<u>648,454</u>	<u>4,343,741</u>
Fund Balances:				
Restricted for:				
Categorical Funding	364,937	-	-	364,937
Debt Service	-	-	68,917	68,917
Management Levy Purposes	-	-	121,036	121,036
Physical Plant and Equipment	-	-	259,481	259,481
School Infrastructure	-	416,288	-	416,288
Student Activities	-	-	151,514	151,514
Assigned for:				
Fire Insurance	16,828	-	-	16,828
Unassigned	1,061,559	-	-	1,061,559
Total Fund Balances	<u>1,443,324</u>	<u>416,288</u>	<u>600,948</u>	<u>2,460,560</u>
Total Liabilities and Equity	<u>\$ 4,951,929</u>	<u>\$ 602,970</u>	<u>\$ 1,249,402</u>	<u>\$ 6,804,301</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 15)	\$ 2,460,560
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,494,827
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.	197,746
Bond Issue Costs are reported in the governmental activities but are not reported in the governmental funds as they do not provide current economic resources.	36,014
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.	(8,073)
Long-term liabilities, including bonds payable, lease obligations payable, early retirement payable, and other post employment benefits payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,647,809)</u>
Total Net Assets - Governmental Activities (page 12)	<u>\$ 4,533,265</u>

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

	General	Statewide Sales, Services and Use Tax	Other Governmental Funds	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax	\$ 2,566,566	\$ 560,543	\$ 442,625	\$ 3,569,734
Tuition	99,238	-	-	99,238
Other	142,438	13,875	352,110	508,423
State Sources	4,239,064	-	313	4,239,377
Federal Sources	525,676	-	-	525,676
Total Revenue	<u>7,572,982</u>	<u>574,418</u>	<u>795,048</u>	<u>8,942,448</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	2,834,312	510,804	93,198	3,438,314
Special Instruction	1,293,539	-	-	1,293,539
Other Instruction	331,465	-	355,103	686,568
Support Services:				
Student Services	120,966	179,051	592	300,609
Instructional Staff Services	288,573	-	5,705	294,278
Administration Services	597,240	-	16,529	613,769
Operation and Maintenance	495,342	-	50,182	545,524
Transportation Services	244,527	-	27,635	272,162
Non-instructional Programs	2,263	-	5,857	8,120
Other Expenditures:				
Facilities Acquisition and Construction Services	-	389,237	140,524	529,761
Long-term Debt:				
Principal	-	-	522,915	522,915
Interest and Fiscal Charges	-	9,220	109,434	118,654
AEA Flowthrough	307,914	-	-	307,914
Total Expenditures	<u>6,516,141</u>	<u>1,088,312</u>	<u>1,327,674</u>	<u>8,932,127</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,056,841</u>	<u>(513,894)</u>	<u>(532,626)</u>	<u>10,321</u>
Other Financing Sources (Uses):				
Transfers In	-	-	451,984	451,984
Transfers Out	-	(446,333)	(12,759)	(459,092)
Insurance Recovery	25,137	43,553	37,079	105,769
Issuance of Capital Lease	-	510,804	-	510,804
Total Other Financing Sources (Uses)	<u>25,137</u>	<u>108,024</u>	<u>476,304</u>	<u>609,465</u>
Net Change in Fund Balances	1,081,978	(405,870)	(56,322)	619,786
Fund Balances - Beginning of Year	<u>361,346</u>	<u>822,158</u>	<u>657,270</u>	<u>1,840,774</u>
Fund Balances - End of Year	<u>\$ 1,443,324</u>	<u>\$ 416,288</u>	<u>\$ 600,948</u>	<u>\$ 2,460,560</u>

See Accompanying Notes to Financial Statements

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

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

Net change in fund balances - total governmental funds (page 17)	\$	619,786
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation in the current year as follows:

Expenditures for capital assets	\$	441,482	
Depreciation expense		<u>(240,616)</u>	200,866

Governmental funds report only the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or (loss) on the sale or disposal of fixed assets. This is the effect on the change in net assets on the statement of activities.	(10,908)
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Accrued interest expense that does not require current financial resources.	2,680
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.	35,113
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Long term portion of early retirement liability		33,670	
Other post employment benefits		<u>(12,942)</u>	(12,942)

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	5,335
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The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt was as follows:

Lease obligations payable			(510,804)
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The 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. The principal paid on long-term debt during the current year was as follows:

Bonds payable	390,000		
Lease obligations payable		<u>132,915</u>	<u>522,915</u>

Change in net assets of governmental activities (page 14)	\$	<u><u>885,711</u></u>
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WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Before & After School Fund	Non-Major School Nutrition Fund	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 21,982	\$ 69,273	\$ 91,255
Accounts Receivable	1,524	-	1,524
Due from Other Governments	210	28,064	28,274
Inventories	-	8,921	8,921
Total Current Assets	<u>23,716</u>	<u>106,258</u>	<u>129,974</u>
Noncurrent Assets:			
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	410,681	55,936	466,617
Total Noncurrent Assets	<u>410,681</u>	<u>55,936</u>	<u>466,617</u>
Total Assets	<u>434,397</u>	<u>162,194</u>	<u>596,591</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	388	16,113	16,501
Due To Other Funds	170,344	69,749	240,093
Salaries and Benefits Payable	11,449	15,336	26,785
Unearned Revenue	-	3,623	3,623
Total Current Liabilities	<u>182,181</u>	<u>104,821</u>	<u>287,002</u>
Total Liabilities	<u>182,181</u>	<u>104,821</u>	<u>287,002</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	410,681	55,936	466,617
Unrestricted	(158,465)	1,437	(157,028)
Total Net Assets	<u>\$ 252,216</u>	<u>\$ 57,373</u>	<u>\$ 309,589</u>

See Accompanying Notes to Financial Statements

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

	Before & After School Fund	Non-Major School Nutrition Fund	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 108,754	\$ 154,425	\$ 263,179
Miscellaneous	-	1,811	1,811
Total Operating Revenue	108,754	156,236	264,990
Operating Expenditures:			
Non-Instructional Programs:			
Salaries	92,963	102,062	195,025
Benefits	29,544	53,316	82,860
Purchased Services	-	2,003	2,003
Supplies	3,814	185,390	189,204
Depreciation	9,598	9,735	19,333
Other	75	50	125
Total Operating Expenses	135,994	352,556	488,550
Operating (Loss)	(27,240)	(196,320)	(223,560)
Non-Operating Revenues :			
Interest Income	-	116	116
State Lunch Reimbursements	-	3,284	3,284
National School Lunch Program	-	226,296	226,296
Federal Food Commodities Received	-	23,637	23,637
Total Non-Operating Revenues	-	253,333	253,333
Income (Loss) Before Contributions and Transfers	(27,240)	57,013	29,773
Capital Contributions	-	9,191	9,191
Transfers	7,108	-	7,108
Change in net assets	(20,132)	66,204	46,072
Net Assets - beginning	272,348	(8,831)	263,517
Net Assets - ending	\$ 252,216	\$ 57,373	\$ 309,589

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Before & After School Fund	Non-Major School Nutrition Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 108,395	\$ 154,136	\$ 262,531
Cash received from miscellaneous operating activities	-	2,124	2,124
Cash paid to employees for services	(120,935)	(150,877)	(271,812)
Cash paid to suppliers for goods or services	(5,072)	(159,214)	(164,286)
Total cash (used) by operating activities	<u>(17,612)</u>	<u>(153,831)</u>	<u>(171,443)</u>
Cash flows from noncapital financing activities:			
State grants received	-	3,284	3,284
Federal grants received	-	218,302	218,302
Decrease in due from other funds	-	(50,000)	(50,000)
Transfer from other funds	7,108	-	7,108
Total cash provided by noncapital financing activities	<u>7,108</u>	<u>171,586</u>	<u>178,694</u>
Cash flows from investing activities:			
Interest on investments	-	116	116
Net increase (decrease) in cash and cash equivalents	(10,504)	17,871	7,367
Cash and cash equivalents - beginning of year	32,486	51,402	83,888
Cash and cash equivalents - end of year	<u>21,982</u>	<u>69,273</u>	<u>91,255</u>
Reconciliation of operating income (loss) to net cash (used) in operating activities:			
Operating (loss)	(27,240)	(196,320)	(223,560)
Adjustments to reconcile net operating (loss) to net cash (used) by operating activities:			
Depreciation expense	9,598	9,735	19,333
Commodities used	-	23,637	23,637
(Increase) decrease in assets and increase (decrease) in liabilities:			
Accounts Receivable	(359)	313	(46)
Inventory	-	(4,251)	(4,251)
Accounts Payable	(1,183)	8,843	7,660
Salaries and benefits payable	1,572	4,501	6,073
Unearned Revenue	-	(289)	(289)
Net cash (used) in operating activities	<u>(17,612)</u>	<u>(153,831)</u>	<u>(171,443)</u>
Non-cash investing, capital and financing activities:			
Federal food commodities received	-	23,637	23,637
Capital Contributions	\$ -	\$ 9,191	\$ 9,191

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Sioux Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Hawarden and Ireton, Iowa, and predominately agricultural territory in Sioux and Plymouth Counties in Iowa. 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Sioux Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. There is one discretely presented component unit included with this financial report.

Discretely Presented Component Unit

West Sioux Education Foundation - In December of 1988, the District established the West Sioux Educational Foundation by appointing a board of trustees to incorporate a foundation under the Iowa Non-Profit Corporation Act, Iowa Code Chapter 504A. The Foundation devotes itself exclusively to the improvement, aid, and promotion of public programs and projects within the District. The Foundation's financial data as of and for the year ended December 31, 2010 is reported in a separate column to emphasize that it is legally separate from the District. The West Sioux Educational Foundation does not issue separate financial statements.

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

B. Basis of Presentation

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

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources 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 are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

The Capital Project – Statewide Sales, Services and Use Tax Fund is used to account for the collection of the 1% statewide sales and services tax to be expended for school infrastructure purposes.

The District reports the following major proprietary fund:

Before and After School fund is used to account for the Before and After School (Daycare) operations of the District.

C. Basis of Accounting/Measurement Focus

The government-wide and proprietary 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

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, with the exception of expenditure driven grants for which a one-year availability period is used.

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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 School Cash Anticipation Program which is valued at amortized cost.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

Capital Assets – Capital assets, which include property, 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 \$5,000 for governmental capital assets and \$500 for school nutrition capital assets.

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

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

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, excluding grant receivables.

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

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

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

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

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

Unassigned – All amounts not included in other spendable classification.

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. During the year ended June 30, 2011, expenditures in the instruction, non-instructional and other expenditures functional areas exceeded the amounts budgeted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 2 – CASH AND POOLED INVESTMENTS

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

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

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less.

At December 31, 2010, the discretely presented component unit had the following investments:

	Fair Value	Credit Risk
Mutual Fund – AIM Investments	\$ 5,175	★
Mutual Fund – Oppenheimer Investments	12,268	★★
Mutual Fund – Mainstay Investments	11,389	★★
Mutual Fund – United Planners	20,119	★★★
	<u>\$ 48,951</u>	

These credit ratings were obtained from Morningstar.

	Par Value	Credit Risk
U.S. Treasury Note	<u>\$ 15,000</u>	Not Rated

The discretely presented component unit also held \$346,134 in certificates of deposits with the latest maturity extending to September, 2011.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 3 – INTERFUND TRANSFERS

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

Transfer To	Transfer From	Amount
Non-Major Governmental Fund	Non-Major Governmental Fund	\$ 5,651
Before & After School Fund	Non-Major Governmental Fund	7,108
Non-Major Governmental Fund	Statewide Sales, Service and Use Tax	446,333
Total		<u>\$ 459,092</u>

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

NOTE 4 – DUE FROM AND DUE TO OTHER FUNDS

The detail of short-term interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
Student Activity Fund	General Fund	\$ 155
General Fund	Capital Projects Fund	256
General Fund	Student Activity Fund	7,661
General Fund	School Nutrition Fund	69,749
General Fund	Before and After School	170,344

The School Nutrition Fund and Before and After School are repaying the General Fund for payroll for these funds that is paid out of the General Fund. The remaining amounts are for the reimbursement of various expenses.

NOTE 5 – IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semi-annual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semi-annual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants was 2.0%. A summary of the District's ISCAP activity for the year ended June 30, 2011 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2010 – 11A	6/23/10	6/23/11	\$ -	\$ 632,000	\$ 632,000	\$ -

During the year ended June 30, 2011, the District paid \$2,848 of interest on the ISCAP warrants.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 6 – CAPITAL ASSETS

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

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 51,375	\$ -	\$ -	\$ 51,375
Construction in Progress	20,000	249,097	20,000	249,097
Total capital assets not being depreciated	<u>71,375</u>	<u>249,097</u>	<u>20,000</u>	<u>300,472</u>
Capital assets being depreciated:				
Buildings	8,906,878	204,408	13,618	9,097,668
Improvements other than buildings	368,892	7,977	-	376,869
Furniture and equipment	1,014,972	-	70,435	944,537
Total capital assets being depreciated	<u>10,290,742</u>	<u>212,385</u>	<u>84,053</u>	<u>10,419,074</u>
Less: Accumulated Depreciation for:				
Buildings & Improvements	4,315,950	181,645	12,937	4,484,658
Furniture and equipment	741,298	58,971	60,208	740,061
Total Accumulated Depreciation	<u>5,057,248</u>	<u>240,616</u>	<u>73,145</u>	<u>5,224,719</u>
Total capital assets being depreciated, net	<u>5,233,494</u>	<u>(28,231)</u>	<u>10,908</u>	<u>5,194,355</u>
Governmental activities capital assets, net	<u>\$ 5,304,869</u>	<u>\$ 220,866</u>	<u>\$ 30,908</u>	<u>\$ 5,494,827</u>

Construction in progress at June 30, 2011 consisted of costs associated with the Middle School–High School construction project and new bus barn.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Business-type Activities:				
Capital assets being depreciated:				
Buildings	\$ 395,579	\$ -	\$ -	\$ 395,579
Furniture and equipment	200,264	9,191	5,287	204,168
Total capital assets being depreciated	<u>595,843</u>	<u>9,191</u>	<u>5,287</u>	<u>599,747</u>
Less: Accumulated Depreciation				
Buildings	7,912	7,912	-	15,824
Furniture and Equipment	111,172	11,421	5,287	117,306
Total Accumulated Depreciation	<u>119,084</u>	<u>19,333</u>	<u>5,287</u>	<u>133,130</u>
Total capital assets being depreciated, net	476,759	(10,142)	-	466,617
Business-type activity capital assets, net	<u>\$ 476,759</u>	<u>\$ (10,142)</u>	<u>\$ -</u>	<u>\$ 466,617</u>

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
Regular Instruction	\$ 167,750
Other Instruction	22,663
Administration Services	3,458
Operation and Maintenance	7,492
Transportation Services	39,253
Total depreciation expense – governmental activities	<u>\$ 240,616</u>
Business-type Activities:	
Food Service Operations	\$ 9,735
Before and After School Daycare	9,598
Total depreciation expense – business-type activities	<u>\$ 19,333</u>

The discretely presented component unit had no capital assets as of December 31, 2011.

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business- Type Activities
Land	\$ 51,375	\$ -
Construction in Process	249,097	-
Capital Assets (net of accumulated depreciation)	5,194,355	466,617
Less: Bonds Payable	(3,105,000)	-
Capital Lease Payable	(4,048)	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 2,385,779</u>	<u>\$ 466,617</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011 was as follows

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
General Obligation Bonds	\$ 3,495,000	\$ -	\$ 390,000	\$ 3,105,000	\$ 400,000
Bond Anticipation Notes	200,000	-	200,000	-	-
Capital Lease Obligation	7,541	510,804	132,915	385,430	130,038
Early Retirement	210,440	-	35,720	174,720	43,225
Net OPEB Obligation	12,942	12,942	-	25,884	-
Governmental Activities Long-Term Liabilities	<u>\$ 3,925,923</u>	<u>\$ 523,746</u>	<u>\$ 758,635</u>	<u>\$ 3,691,034</u>	<u>\$ 573,263</u>

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District.

General obligation bonds as of June 30, 2011 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – 2009 Series - Refunding	2.4-3.8%	<u>\$ 3,105,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 400,000	\$ 96,875
2013	415,000	87,275
2014	425,000	76,693
2015	440,000	64,793
2016	455,000	51,153
2017-2018	970,000	54,720
Total	<u>\$ 3,105,000</u>	<u>\$ 431,509</u>

Capital Leases

The District has entered into a lease agreement as lessee for financing the acquisition of a scrubber. This lease agreement qualifies as capital leases for accounting purposes and, therefore, has been recorded at the present value of its minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Furniture and Equipment	\$ 10,726
Less: Accumulated Depreciation	<u>3,544</u>
Total	<u>\$ 7,182</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

On May 18, 2011, the District entered into a four-year lease agreement as lessee for financing the acquisition of laptops as part of the 1:1 Laptop Initiative. This initiative was approved by the District to provide laptops for students and faculty use. The laptops and accessories included in this capital lease agreement individually fall below the District's capitalization policy and therefore, none of these items were capitalized.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 130,038	\$ 3,765	\$ 133,803
2013	127,124	2,298	129,422
2014	128,268	1,154	<u>129,422</u>
Minimum Lease Payments			392,647
Less: Amount Representing Interest			<u>(7,217)</u>
Present Value of Minimum Lease Payments			<u>\$ 385,430</u>

Early Retirement

The District offered a voluntary early retirement plan to its certified employees, which was discontinued as of June 30, 2011. Teachers and administrators who were at least 55 years of age and who had 15 years of continuous service with the District were eligible for Board approved early retirement compensation. Employees making application for early retirement were allowed to remain on the group's health insurance plan at a rate of \$455 per month for individual coverage paid for by the District to end when the employee is Medicare eligible. Early retirement benefits paid, during the year ended June 30, 2011, totaled \$35,720 for the nine current recipients. The cost of early retirement payments liquidated within the next accounting cycle is recorded as a liability of the Special Revenue, Management Levy Fund, in the fund financial statements. The non-current portion of the early retirement liability is recorded in the government-wide financial statements.

NOTE 8 – PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 4.50% 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 \$266,707, \$281,095, and \$282,320 respectively, equal to the required contributions for each year.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

Plan Description. The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. Participants must be age 55 or older at retirement.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy. 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 other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 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	\$ 14,079
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (Expense)	<u>14,079</u>
Contributions made	<u>(1,137)</u>
Increase in net OPEB obligation	12,942
Net OPEB obligation – beginning of year	<u>12,942</u>
Net OPEB obligation – end of year	<u>\$ 25,884</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 14,079	8.08%	\$ 25,884
June 30, 2010	\$ 14,079	8.08%	\$ 12,942

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$81,659, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$81,659. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,050,000 and the ratio of the UAAL to covered payroll was 2%.

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 healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2011

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

As of the July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% interest discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. Mortality rates are from the RP2000 Group Annuity Mortality Tables, applied on a gender-specific basis. Assumptions include a 3.5% growth in payroll per annum. The participation assumed is 15% for actives electing coverage. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 10 – RISK MANAGEMENT

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

NOTE 11 – 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 \$307,914 for the year ended June 30, 2011 and is recorded in the General Fund.

NOTE 12 – CONSTRUCTION COMMITMENTS

The District has entered into various contracts totaling \$3,969,973 for a new roof and tuckpointing at the Ireton building, Middle School-High School bathrooms, cement work, gym lighting, high school office carpeting, Middle School-High School construction, High School lighting, a new bus barn and flooring for the business classroom, music room and Hawarden Elementary library . As of June 30, 2011, costs of \$417,120 had been incurred against the contracts. The balance of \$3,552,853 will be paid as work on the projects progresses.

NOTE 13 – ACCOUNTING CHANGE – RESTATEMENT

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented during the year ended June 30, 2011. As a result, the Physical Plant and Equipment Levy Fund was reclassified from a special revenue fund to a capital project fund.

NOTE 14 – SUBSEQUENT EVENT

On June 6, 2011, the District approved the issuance of \$3,935,000 in School Infrastructure Sales, Service & Use Tax revenue bonds to fund infrastructure improvements to the middle school & high school facilities. The bonds were issued on July 6, 2011 through competitive bids.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Governmental	Proprietary	Total	Final to
	Original	Final	Funds	Funds		
			Actual	Actual		Variance
REVENUE:						
Local Sources:						
Local Tax	\$ 3,037,234	\$ 3,037,234	\$ 3,569,734	\$ -	\$ 3,569,734	\$ 532,500
Tuition	102,550	102,550	99,238	-	99,238	(3,312)
Other	1,646,480	1,646,480	508,423	265,106	773,529	(872,951)
State Sources	4,553,411	4,553,411	4,239,377	3,284	4,242,661	(310,750)
Federal Sources	531,838	531,838	525,676	249,933	775,609	243,771
Total Revenue	9,871,513	9,871,513	8,942,448	518,323	9,460,771	(410,742)
EXPENDITURES/EXPENSES:						
Current:						
Instruction	5,241,613	5,241,613	5,418,421	-	5,418,421	(176,808)
Support Services	2,590,294	2,590,294	2,026,342	-	2,026,342	563,952
Non-instructional Programs	470,000	470,000	8,120	488,550	496,670	(26,670)
Other Expenditures	1,460,661	1,460,661	1,479,244	-	1,479,244	(18,583)
Total Expenditures/Expenses	9,762,568	9,762,568	8,932,127	488,550	9,420,677	341,891
Excess (Deficiency) of Revenues Over Expenditures/Expenses	108,945	108,945	10,321	29,773	40,094	(68,851)
Other Financing Sources (Uses):						
Transfers In	516,900	516,900	451,984	7,108	459,092	(57,808)
Transfers Out	(516,900)	(516,900)	(459,092)	-	(459,092)	57,808
Insurance Recovery	-	-	105,769	-	105,769	105,769
Issuance of Capital Lease	-	-	510,804	-	510,804	510,804
Capital Contributions	-	-	-	9,191	9,191	9,191
Total Other Financing Sources (Uses)	-	-	609,465	16,299	625,764	625,764
Net Change in Fund Balances	108,945	108,945	619,786	46,072	665,858	556,913
Fund Balances - Beginning of Year	2,104,291	2,104,291	1,840,774	263,517	2,104,291	-
Fund Balances - End of Year	\$ 2,213,236	\$ 2,213,236	\$ 2,460,560	\$ 309,589	\$ 2,770,149	\$ 556,913

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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. 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 functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a functional area basis and to compare such functional area totals to functional area budgeted totals in order to demonstrate legal compliance with budget. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2011, the District had no budget amendments.

During the year ended June 30, 2011, expenditures in the instructional, non-instructional and other expenditures functions exceeded the amounts budgeted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 4,053,005	2.0%
2011	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 3,740,801	2.2%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule 1

REVENUES:

Local Sources:

Local Tax:

Property Tax	\$ 2,349,638
Mobile Home Tax	1,827
Utility Tax Replacement Excise Tax	48,778
Instructional Support Levy	166,323
	2,566,566

Other Local Sources:

Interest on Investments	29,441
Tuition from Individuals	6,950
Tuition from Other Districts	92,288
Rent	295
Miscellaneous	112,702
	241,676
	2,808,242

State Sources:

State Foundation Aid	3,865,795
Instructional Support State Aid	12,145
Beginning Teacher Mentoring Program	3,900
Non-Public Transportation Aid	30,181
Non-Public Textbook and Technology Aid	1,094
Vocational Education Aid	5,712
Revenue in lieu of taxes - military credit	1,707
AEA Flow-Through	307,914
Other State Aid	10,616
	4,239,064

Federal Sources:

Title I Grants to Local Educational Agencies	72,023
Title I Grants to Local Educational Agencies - ARRA	36,051
Migrant Education	49,503
English Language Acquisition Grants	19,348
State Fiscal Stabilization Fund (SFSF) Education State Grants- ARRA	38,074
State Fiscal Stabilization Fund (SFSF) - Government Services - ARRA	33,960
Safe and Drug-Free Schools and Communities	260
Education for Homeless Children and Youth	15,668
Career and Technical Education Grants	5,791
Special Education Pass-Through - IDEA Grant	44,026
Improving Teacher Quality State Grants	30,446
Grants for State Assessments and Related Activities	4,336
Medicaid	169,277
Other	6,913
	525,676

Total Revenue

	\$ 7,572,982
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Continued

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule 1 (Continued)

EXPENDITURES:

Instruction:

Regular Instruction:

Salaries	\$	1,878,424
Benefits		497,212
Services		342,065
Supplies		102,642
Property		2,809
Other		11,160
		2,834,312

Special Education Instruction:

Salaries		853,647
Benefits		261,914
Services		144,439
Supplies		28,316
Property		3,575
Other		1,648
		1,293,539

Vocational Instruction:

Salaries		142,882
Benefits		35,945
Services		3,499
Supplies		12,396
		194,722

Co-curricular Instruction:

Salaries		118,533
Benefits		16,104
Supplies		2,106
		136,743

Total Instruction

4,459,316

Support Services:

Student Services:

Guidance Services:

Salaries		58,560
Benefits		14,481
Services		995
Supplies		6
Other		100
		74,142
	\$	74,142

Continued

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule 1 (Continued)

Support Services (Continued):

Student Services (Continued):

Health Services:

Salaries	\$ 30,685
Benefits	6,535
Supplies	9,542
Other	62
	46,824

Total Student Services 120,966

Support Services:

Instructional Staff Services:

Improvement of Instruction Services:

Salaries	3,053
Benefits	397
Services	2,650
	6,100

Educational Media Services:

Salaries	90,907
Benefits	26,040
Supplies	92,758
Property	72,493
Other	275
	282,473

Total Instructional Staff Services 288,573

Support Services:

Administration Services:

Executive Administration:

Salaries	33,507
Benefits	10,193
Services	74,549
Supplies	2,182
Other	790
	121,221

School Administration:

Salaries	223,594
Benefits	87,493
Services	310
Supplies	806
Other	1,082
	\$ 313,285

Continued

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Schedule 1 (Continued)

Support Services (Continued):

Administration Services (Continued):

Business Administration:

Salaries	\$ 45,721
Benefits	13,862
Services	40,505
Supplies	4,318
Other	3,937
	<u>108,343</u>

Board of Education:

Salaries	
Employee Benefits	
Services	47,084
Supplies	3,173
Other	4,134
	<u>54,391</u>

Total Administration Services: 597,240

Support Services:

Plant Operation and Maintenance:

Salaries	174,489
Benefits	42,490
Services	38,324
Supplies	232,400
Property	7,480
Other	159
	<u>495,342</u>

Total Plant Operation and Maintenance: 495,342

Support Services:

Student Transportation:

Salaries	86,800
Benefits	15,808
Services	79,633
Supplies	60,820
Other	1,466
	<u>244,527</u>

Total Student Transportation: 244,527

Total Support Services \$ 1,746,648

Continued

WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Schedule 1 (Continued)

Non-instructional Programs:	
Community Services:	
Supplies	\$ 2,263
	2,263
Other Expenditures:	
AEA Flow-Through	307,914
Total Expenditures	6,516,141
Excess of Revenues Over Expenditures	1,056,841
Other Financing Sources:	
Insurance Recovery	25,137
Excess of Revenues Over Expenditures and Other Financing Uses	1,081,978
Fund Balance - Beginning of Year	361,346
Fund Balance - End of Year	\$ 1,443,324

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

Schedule 2

	Special Revenue Funds		Capital Project	Debt Service	Total
	Student Activity	Management Levy	Physical Plant and Equipment Levy		
ASSETS					
Cash and Cash Equivalents	\$ 187,082	\$ 165,778	\$ 266,097	\$ 65,791	\$ 684,748
Receivables:					
Property Tax	-	-	4,496	3,126	7,622
Succeeding Year Property Tax	-	99,999	274,604	182,274	556,877
Due from Other Funds	155	-	-	-	155
Total Assets	187,237	265,777	545,197	251,191	1,249,402
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	28,062	1,517	11,112	-	40,691
Due to Other Funds	7,661	-	-	-	7,661
Early Retirement Payable	-	43,225	-	-	43,225
Deferred Revenue - Succeeding Year					
Property Taxes	-	99,999	274,604	182,274	556,877
Total Liabilities	35,723	144,741	285,716	182,274	648,454
Fund Balances					
Restricted for:					
Debt Service	-	-	-	68,917	68,917
Management Levy Purposes	-	121,036	-	-	121,036
Physical Plant and Equipment	-	-	259,481	-	259,481
Student Activities	151,514	-	-	-	151,514
Total Fund Balances	151,514	121,036	259,481	68,917	600,948
Total Liabilities and Equity	\$ 187,237	\$ 265,777	\$ 545,197	\$ 251,191	\$ 1,249,402

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

Schedule 3

	Special Revenue Funds		Capital Project	Debt Service	Total
	Student Activity	Management Levy	Physical Plant and Equipment Levy		
REVENUE:					
Local Sources:					
Local Tax	\$ -	\$ -	\$ 261,097	\$ 181,528	\$ 442,625
Other	335,881	4,409	6,938	4,882	352,110
State Sources	-	-	184	129	313
Total Revenue	<u>335,881</u>	<u>4,409</u>	<u>268,219</u>	<u>186,539</u>	<u>795,048</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular Instruction	-	93,198	-	-	93,198
Other Instruction	355,103	-	-	-	355,103
Support Services:					
Student Services	-	592	-	-	592
Instructional Staff Services	-	5,705	-	-	5,705
Administration Services	-	16,529	-	-	16,529
Operation and Maintenance	-	22,102	28,080	-	50,182
Transportation Services	-	27,635	-	-	27,635
Non-instructional Programs	-	5,857	-	-	5,857
Other Expenditures:					
Facilities Acquisition and Construction	-	-	140,524	-	140,524
Long-term Debt:					
Principal	-	-	-	522,915	522,915
Interest and Fiscal Charges	-	-	-	109,434	109,434
Total Expenditures	<u>355,103</u>	<u>171,618</u>	<u>168,604</u>	<u>632,349</u>	<u>1,327,674</u>
Excess(Deficiency) of Revenues Over Expenditures	<u>(19,222)</u>	<u>(167,209)</u>	<u>99,615</u>	<u>(445,810)</u>	<u>(532,626)</u>
Other Financing Sources (Uses):					
Transfers In	-	-	1,270	450,714	451,984
Transfers Out	(8,378)	-	(4,381)	-	(12,759)
Insurance Recovery	37,079	-	-	-	37,079
Total Other Financing Sources (Uses)	<u>28,701</u>	<u>-</u>	<u>(3,111)</u>	<u>450,714</u>	<u>476,304</u>
Net Change in Fund Balances	9,479	(167,209)	96,504	4,904	(56,322)
Fund Balances -					
Beginning of Year	142,035	288,245	162,977	64,013	657,270
Fund Balances - End of Year	<u>\$ 151,514</u>	<u>\$ 121,036</u>	<u>\$ 259,481</u>	<u>\$ 68,917</u>	<u>\$ 600,948</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

					Schedule 4
	Balance June 30, 2010	Revenues	Expenditures	Operating Transfers	Balance June 30, 2011
HIGH SCHOOL					
Adult Education	\$ 4	\$ -	\$ -	\$ (4)	\$ -
Revolving Account	333	35,951	33,708	-	2,576
Annual	2,908	3,540	2,996	-	3,452
Newspaper-Falcon Banner	497	1,786	1,096	265	1,452
Drama Club	3,133	1,799	1,964	-	2,968
Dance Team	2,727	6,028	5,797	-	2,958
Athletic Pop/Materials for Resale	2,437	3,941	3,005	-	3,373
Vocal Music Group	2,052	4,435	3,904	-	2,583
Band	-	1,116	814	-	302
High School Athletics	51	86,306	65,822	7,145	27,680
Concession Supplies	5,038	32,063	35,700	2,215	3,616
Future Famers of America	9,160	4,475	6,458	-	7,177
Library Club	1	-	1	-	-
Student Council	4,458	6,504	9,374	-	1,588
Cheerleaders	2,533	740	500	-	2,773
HS Student Newspaper	88	265	-	(353)	-
Class of 2009	2,593	-	-	-	2,593
Class of 2010	2,719	-	-	-	2,719
Class of 2011	2,864	997	1,155	-	2,706
Class of 2012	1,437	1,402	609	(470)	1,760
Class of 2013	720	1,316	664	-	1,372
Class of 2014	-	903	563	-	340
Employee Fundraiser	69	-	-	(69)	-
High School Art Club	108	-	53	-	55
National Honor Society	685	3,956	4,174	-	467
Volleyball Fundraiser	1,460	5,262	5,320	-	1,402
Softball Fundraiser	3,184	5,561	2,924	(2,215)	3,606
Boys Basketball Fundraiser	581	4,865	5,590	310	166
High School Miscellaneous Accounts	1,340	-	-	-	1,340
Football Fundraiser	3,338	19,022	19,785	-	2,575
Boy Baseball Fundraiser	-	40	704	664	-
Girls Basketball Fundraiser	451	7,538	7,523	-	466
Cross Country Fundraiser	2,911	220	289	-	2,842
Bowling Fundraiser	-	-	784	784	-
Wrestling Fundraiser	1,603	5,925	7,777	249	-
Track Fundraiser	168	-	69	-	99
Track Resurface Project	\$ 1,270	-	-	(1,270)	\$ -

(Continued)

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

	Schedule 4 (Continued)				
	Balance June 30, 2010	Revenues	Expenditures	Operating Transfers	Balance June 30, 2011
HIGH SCHOOL - (Continued)					
Prom Fund	\$ 1,082	\$ 10,518	\$ 12,070	\$ 470	\$ -
Math Center Fundraiser	-	8	8	-	-
Falcon Joe's Coffee Shop	19,459	5,301	7,971	-	16,789
FCA	198	800	998	-	-
Speech	-	1,349	1,046	-	303
Quiz Bowl	6	1,740	1,323	-	423
Golf	163	553	395	-	321
Soccer	3,540	2,400	1,008	-	4,932
Case Training	-	2,800	1,657	-	1,143
Lakeside Lab	1,193	2,414	2,566	-	1,041
Read Across America	-	3	3	-	-
PBS	1,453	1,690	2,754	-	389
Falcon Clothing	5,297	-	-	(5,297)	-
Daycare Fundraiser	3,884	6,394	3,170	(7,108)	-
Motorheads (Race Car)	-	2,899	168	-	2,731
Interest Account	-	4,099	405	(3,694)	-
Washington, D.C. Trips	9,309	55,499	56,594	-	8,214
High School Total	<u>108,505</u>	<u>344,423</u>	<u>321,258</u>	<u>(8,378)</u>	<u>123,292</u>
 MIDDLE SCHOOL	 18,032	 13,391	 19,215	 2,297	 14,505
 IRETON ELEMENTARY	 6,228	 1,122	 4,849	 (978)	 1,523
 HAWARDEN ELEMENTARY					
Revolving Account	9,270	3,839	1,101	(9,270)	2,738
Book Fair/Library Fines	-	4,821	6,498	1,677	-
Box Tops/ Wagon Wheels	-	3,039	86	4,329	7,282
Computer camp	-	924	565	1,559	1,918
PBS	-	1,401	1,531	386	256
Hawarden Elementary Total	<u>9,270</u>	<u>14,024</u>	<u>9,781</u>	<u>(1,319)</u>	<u>12,194</u>
 Grand Totals	 <u>\$ 142,035</u>	 <u>\$ 372,960</u>	 <u>\$ 355,103</u>	 <u>\$ (8,378)</u>	 <u>\$ 151,514</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE EIGHT YEARS ENDED JUNE 30, 2011**

	Modified Accrual Basis of Accounting			
	2011	2010	2009	2008
Revenues:				
Local Sources:				
Local Tax	\$ 3,569,734	\$ 4,159,796	\$ 3,120,235	\$ 2,740,024
Tuition	99,238	120,241	113,643	100,411
Other	508,423	544,366	608,704	616,836
State Sources	4,239,377	3,793,844	4,134,225	3,986,607
Federal Sources	525,676	969,824	555,167	386,145
Total	<u>8,942,448</u>	<u>9,588,071</u>	<u>8,531,974</u>	<u>7,830,023</u>
Expenditures:				
Instruction:				
Regular	3,438,314	2,388,666	2,547,867	2,518,803
Special	1,293,539	2,056,316	2,056,196	1,796,036
Other	686,568	721,290	775,771	793,791
Support Services:				
Student	300,609	183,494	169,484	162,001
Instructional Staff	294,278	194,050	222,968	486,620
Administration	613,769	719,222	730,676	796,236
Operation and maintenance of plant	545,524	606,683	605,069	682,145
Transportation	272,162	268,700	245,731	276,545
Non-instructional programs	8,120	2,936	1,194	2,642
Other Expenditures:				
Facilities Acquisition	529,761	218,950	426,086	23,388
Long-term debt:				
Principal	522,915	359,058	335,127	405,889
Interest and other charges	118,654	139,394	217,260	198,633
AEA Flowthrough	307,914	302,706	271,270	260,963
Total	<u>\$ 8,932,127</u>	<u>\$ 8,161,465</u>	<u>\$ 8,604,699</u>	<u>\$ 8,403,692</u>

Schedule 5

Modified Accrual			
2007	2006	2005	2004
\$ 2,677,428	\$ 2,539,452	\$ 3,230,943	\$ 2,898,455
148,739	159,940	144,066	161,039
627,245	828,216	753,478	618,025
3,753,054	3,507,196	3,111,365	3,075,134
380,096	467,033	437,105	471,604
<u>7,586,562</u>	<u>7,501,837</u>	<u>7,676,957</u>	<u>7,224,257</u>
2,510,548	2,329,155	2,422,967	2,207,852
1,492,013	1,404,660	855,679	918,168
740,657	695,246	766,328	639,521
199,534	172,959	140,337	134,220
374,433	261,151	245,256	314,336
727,603	666,787	554,151	526,789
681,095	615,744	652,862	639,087
302,274	242,222	209,482	204,360
1,561	308,456	298,995	303,979
11,090	263,963	111,095	45,258
388,792	-	-	-
215,618	231,007	246,101	260,767
242,252	234,214	224,482	246,791
<u>\$ 7,887,470</u>	<u>\$ 7,425,564</u>	<u>\$ 6,727,735</u>	<u>\$ 6,441,128</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

				Schedule 6
Grantor/Program	CFDA Number	Grant Number	Expenditures	
Indirect:				
U.S. Department of Agriculture:				
Iowa Department of Education:				
School Nutrition Cluster Programs:				
School Breakfast Program	10.553	FY11	\$ 50,551	
National School Lunch Program	10.555	FY11	160,157	***
Summer Food Service Program for Children	10.559	FY11	39,225	
			<u>249,933</u>	*
U.S. Department of Education:				
Iowa Department of Education:				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	FY11	72,023	
Title I Grants to Local Educational Agencies - ARRA	84.389	FY11	36,051	
			<u>108,074</u>	
Migrant Education - State Grant Program	84.011	FY11	49,503	
Education for Homeless Children and Youth	84.196	FY11	15,668	
English Language Acquisition Grants	84.365	FY11	6,016	**
Improving Teacher Quality State Grants	84.367	FY11	30,446	
Grants for State Assessments & Related Activities	84.369	FY11	4,336	
Safe and Drug-Free Schools and Communities - National Programs	84.011	FY11	260	
State Fiscal Stabilization Programs Cluster:				
State Fiscal Stabilization Fund (SFSF) - Education State Grants - ARRA				
	84.394	FY11	38,074	
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act				
	84.397	FY11	33,960	
			<u>72,034</u>	*
Northwest Area Education Agency:				
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	FY11	50,742	
Carl Perkins Grant	84.048A	FY11	5,791	
English Language Acquisition Grants	84.365	FY11	13,332	**
Total			<u>\$ 606,135</u>	

* Total expenditures from these programs exceed 50% of the total Federal Awards and are considered major programs

**Total for CFDA Number 84.365 is \$19,348.

***Includes \$23,637 of non-cash awards.

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the West Sioux Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and 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.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Schedule 7

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Material weaknesses in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.559 – Summer Food Service Program for Children
 - Clustered Programs:
 - CFDA Number 84.394 – State Fiscal Stabilization Fund (SFSF) – Education State Grants – ARRA
 - CFDA Number 84.397 – State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Sioux Community School District did not qualify as a low-risk auditee.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Schedule 7

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

MATERIAL WEAKNESSES:

II-A-11 Financial Accounting – Segregation of Duties

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

II-B-11 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables, or capital asset transactions.

Conclusion – Response accepted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Schedule 7

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

MATERIAL WEAKNESSES:

III-A-11 Financial Accounting – Segregation of Duties

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

III-B-11 Financial Reporting/Grant Administration

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. In addition, adjustments were required to be made to the District's Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts in the Schedule of Expenditures of Federal Awards.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – The District understands the nature of the weakness and will double check these items in the future to avoid missing any receivables, payables, capital asset transactions, or adjustments to the Schedule of Expenditures of Federal Awards.

Conclusion – Response accepted.

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Schedule 7

Part IV: Other Findings Related to Statutory Reporting:

IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011 exceeded the amounts budgeted in the instructional, non-instructional and other expenditures functions.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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

IV-D-11 Business Transactions – Business transactions between the District and District officials are detailed as follow:

<u>Name, Title, and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Mary Johnson, District Employee Owner of Truesdell Oil Company	Gas/Fuel	\$ 48,881
Scott Vreeman, Employee Spouse Owner of Siouxland Propane	Fuel/Repair	\$ 34,314

In accordance with an Attorney General’s opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest as the transactions were competitively bid.

<u>Name, Title, and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Richard Steckelberg, Employee Spouse Owner of Mainstreet Auto Body	Repair	\$755
Karen and Brian Engleman, District Employees Owners of Sportman’s Lanes	Physical Education Fees	\$1,241
James Pickner, Employee Spouse Owner of Pickner Law Office	Legal Services	\$150

The above transactions do not appear to represent a conflict of interest since the amounts were less than \$1,500 during the year.

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Schedule 7

Part IV: Other Findings Related to Statutory Reporting (Continued):

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

- IV-F-11** Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-11** Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

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

- IV-I-11** Deposits and Investments – 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 were noted.

- IV-J-11** Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.

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

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Schedule 7

Part IV: Other Findings Related to Statutory Reporting (Continued):

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

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

Beginning Balance		\$	822,158
Revenues			
Sales tax revenues	\$		560,543
Capital Lease Proceeds			510,804
Other		57,428	1,128,775
Ending Balance			\$ 1,950,933
Expenditures			
School Infrastructure & Construction	\$		389,237
Equipment			689,855
Other			9,220
Transfers to other funds:			
Debt Service Fund		446,333	1,534,645
Ending Balance			\$ 416,288

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

IV-M-11 Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), monies in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. There are several activities reported in the Special Revenue, Student Activity Fund that do not appear to be extracurricular or co-curricular in nature.

Recommendation – The District should review all accounts and reclassify to the appropriate fund in accordance with the guidelines if necessary.

Response – We will review the activity in the accounts and will reclassify to the General Fund if considered necessary.

Conclusion – Response accepted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2011

Schedule 8

Part V: Findings – Year Ended June 30, 2010

III-A-10 **CFDA Numbers 10.553, 10.555, 10.559: School Nutrition Cluster Programs**
Federal Award Year: 2010
U.S. Department of Agriculture
Questioned Cost: \$257,912

Eligibility – Applications used to determine eligibility for students were unable to be located. Testing to determine if students were properly qualified to receive free or reduced meals under program guidelines was not able to be performed.

Recommendation – The District should implement adequate records management procedures to ensure all necessary documents are maintained.

Response – The District understands the nature of the weakness and will pay close attention to record retention procedures to ensure proper records are maintained.

Conclusion - This finding has been resolved as of June 30, 2011. Adequate documentation was kept and provided by the District.

III-B-10 **Financial Accounting – Segregation of Duties**

Condition – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District’s accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Current Status – This finding still exists at June 30, 2011 (See Comment III-A-11).

III-C-10 **Financial Reporting/Grant Administration**

Condition – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District’s financial statements. In addition, adjustments were required to be made to the District’s Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts in the Schedule of Expenditures of Federal Awards.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District’s financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Current Status – This finding still exists at June 30, 2011 (See Comment III-B-11).



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

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

To the Board of Education of the
West Sioux Community School District

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the WEST SIOUX COMMUNITY SCHOOL DISTRICT, as of and for the year ended June 30, 2011, which collectively comprise the West Sioux Community School District's basic financial statements, and have issued our report thereon dated December 27, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

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

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

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 a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-A-11 and II-B-11 to be material weaknesses.

The West Sioux Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the West Sioux Community School District's responses and, accordingly, we express no opinion on them.

Compliance and Other Matters:

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

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

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of West Sioux Community School District and other parties to whom the West Sioux Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 27, 2011



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

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

To the Board of Education of the
West Sioux Community School District

Compliance:

We have audited the compliance of WEST SIOUX COMMUNITY SCHOOL DISTRICT with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. West Sioux Community School District'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 Sioux Community School District's management. Our responsibility is to express an opinion on West Sioux Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Sioux Community School District'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 of West Sioux Community School District's compliance with those requirements.

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

Internal Control over Compliance:

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies,

significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-A-11 and III-B-11 to be material weaknesses.

West Sioux Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit West Sioux Community School District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 27, 2011

West Sioux Community School

Gary Richardson., Superintendent, 1300 Falcon Drive, Hawarden, IA 51023
712-551-1461 - Fax-712-551-1367

Schedule of Findings and Questioned Costs Corrective Action Plan June 30, 2011

Department of Education:

West Sioux Community School District, respectfully submits the following corrective action plan for the year ended June 30, 2011.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2011.

The findings from the June 30, 2011 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

MATERIAL WEAKNESSES:

III-A-11 – Financial Accounting – Segregation of Duties – National School Lunch Program Cluster CFDA #10.553, #10.555, and #10.559 – State Fiscal Stabilization Fund (SFSF) Cluster CFDA #84.394 and #84.397

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. The District feels that additional personnel would not be cost effective. However, management will continue to monitor all transactions on a regular basis.

III-B-11 – Financial Reporting – Grant Administration – National School Lunch Program Cluster CFDA #10.553, #10.555, and #10.559 – State Fiscal Stabilization Fund (SFSF) Cluster CFDA #84.394 and #84.397

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. In addition, adjustments were required to be made to the District's Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts in the Schedule of Expenditures of

Federal Awards.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – With limited personnel it is difficult to ensure that all items are captured and reported properly. At this time the Districts feels that additional personnel would not be cost effective, however, management will continue to monitor and double check these areas in the future.

If the Department of Education has questions regarding this plan, please call Gary Richardson at 712-551-1461.

Sincerely yours,

WEST SIOUX COMMUNITY SCHOOL DISTRICT

A handwritten signature in black ink, appearing to read "Gary Richardson", written over the typed name below.

Gary Richardson, Superintendent