

West Central Community School District

**Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings**

June 30, 2012

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Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District, Maynard, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

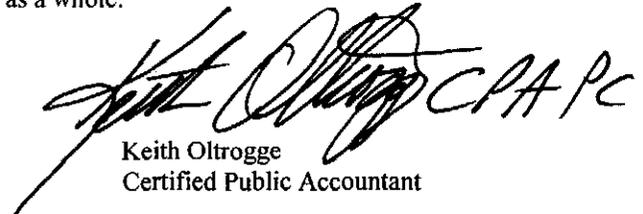
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated March 13, 2013 on my consideration of West Central Community School District's internal control over financial reporting and my 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 my 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 my audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 34 through 36 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 which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 my 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 my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge
Certified Public Accountant

March 13, 2013

West Central Community School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

West Central 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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,816,718 in fiscal 2011 to \$2,991,449 in fiscal 2012, while General Fund expenditures increased from \$2,943,376 in fiscal 2011 to \$3,084,059 in fiscal 2012. The District's General Fund balance decreased from \$702,197 in fiscal year 2011 to \$609,587 in fiscal year 2012, a 13.2% decrease.
- The increase in General Fund revenues was attributable to an increase in local and state sources in fiscal year 2012. The increase in expenditures was due primarily to an increase in instruction and support services.
- The District's solvency ratio has decreased from 21.1% at June 30, 2011 to 16.6% at June 30, 2012. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

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

Figure A-1
West Central Community School District Annual Financial Report

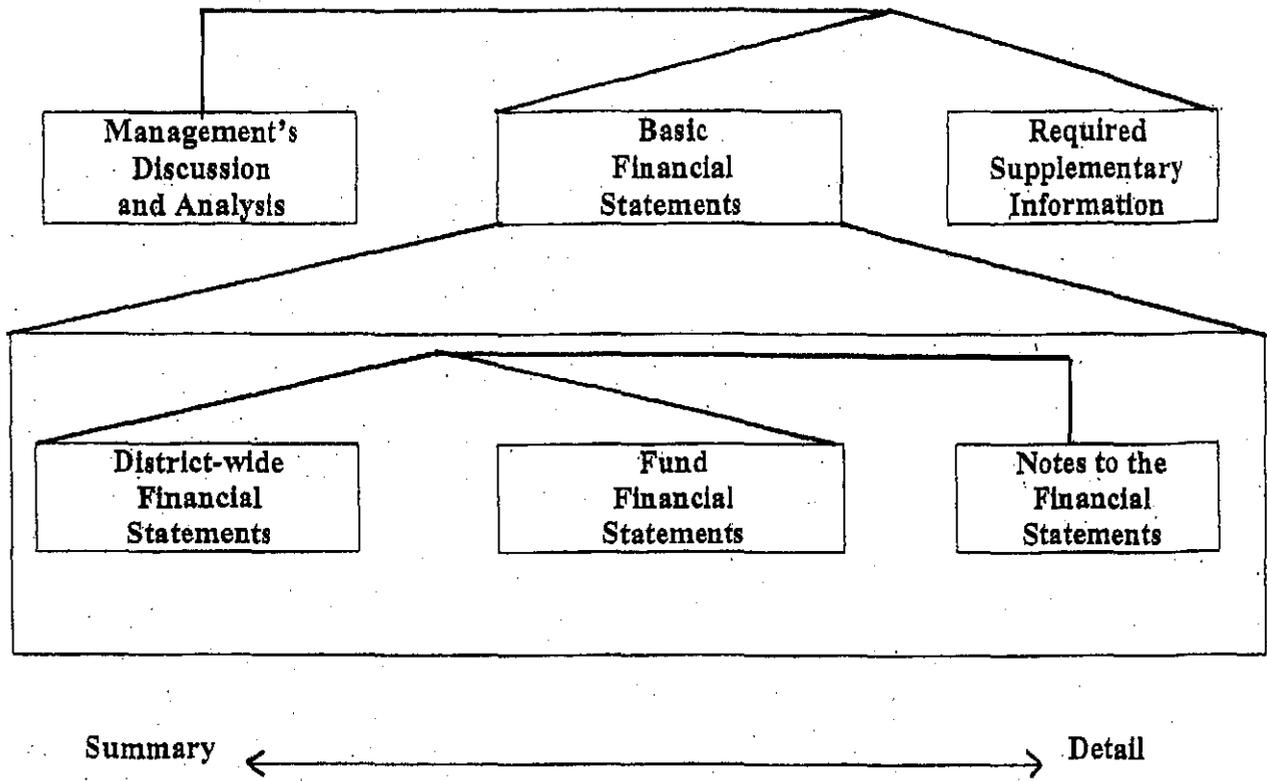


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District’s net assets at June 30, 2012 compared to June 30, 2011.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	\$3,725,348	\$3,841,836	\$31,684	\$37,279	\$3,757,032	\$3,879,115	-3.2%
Capital assets	1,200,547	1,271,121	7,709	6,240	1,208,256	1,277,361	-5.4%
Total assets	\$4,925,895	\$5,112,957	\$39,393	\$43,519	\$4,965,288	\$5,156,476	-7.3%
Long-term liabilities	\$225,957	\$213,727	\$-	\$-	\$225,957	\$213,727	5.7%
Other liabilities	1,710,855	2,016,201	9,154	10,339	1,720,009	2,026,540	-15.1%
Total liabilities	\$1,936,812	\$2,229,928	\$9,154	\$10,339	\$1,945,966	\$2,240,267	-13.1%
Net assets:							
Invested in capital assets, net of related debt	\$1,200,547	\$1,236,907	\$7,709	\$6,240	\$1,208,256	\$1,243,147	-2.8%
Restricted	1,315,516	1,047,806	-	-	1,315,516	1,047,806	25.5%
Unrestricted	473,020	598,316	22,530	26,940	495,550	625,256	-20.8%
Total net assets	\$2,989,083	\$2,883,029	\$30,239	\$33,180	\$3,019,322	\$2,916,209	3.5%

The District’s combined net assets increased by nearly 3.5%, or approximately \$103,000, over the prior year. The largest portion of the District’s net assets is in the “invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt”. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets increased by approximately \$267,700, or 25.5% over the prior year. The increase was primarily a result of reclassification of unrestricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$129,700, or 20.8%. This decrease in unrestricted net assets was a result of reclassification of unrestricted net assets.

Figure A-4 shows the change in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues:							
Program revenues:							
Charges for service	\$276,029	\$296,466	\$80,905	\$84,351	\$356,934	\$380,817	-6.3%
Operating grants, contributions and restricted interest	500,442	508,444	73,992	72,699	574,434	581,143	-1.2%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	1,603,725	1,541,357	-	-	1,603,725	1,541,357	4.0%
Local option sales and service tax	222,213	201,159	-	-	222,213	201,159	10.5%
Unrestricted state grants	1,001,686	937,463	-	-	1,001,686	937,463	6.9%
Unrestricted investment earnings	15,373	24,416	91	150	15,464	24,566	-37.1%
Other	46,601	24,385	-	-	46,601	24,385	91.1%
Total revenues	\$3,666,069	\$3,533,690	\$154,988	\$157,200	\$3,821,057	\$3,690,890	3.5%
Program expenses:							
Governmental activities:							
Instruction	\$2,362,075	\$2,159,255	\$-	\$-	\$2,362,075	\$2,159,255	9.4%
Support services	1,056,423	1,013,880	-	-	1,056,423	1,013,880	4.2%
Non-instructional programs	-	-	157,880	151,194	157,880	151,194	4.4%
Other expenses	141,517	146,704	-	-	141,517	146,704	-3.5%
Total expenses	\$3,560,015	\$3,319,839	\$157,880	\$151,194	\$3,717,895	\$3,471,033	7.1%
Change in net assets	\$106,054	\$213,851	-\$2,892	\$6,006	\$103,162	\$219,857	-53.1%

In fiscal year 2012, property tax and unrestricted state grants account for 71% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$3.8 million, of which approximately \$3.6 million was for governmental activities and \$0.2 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.5% increase in revenues and a 7.1% increase in expenses. Property tax increased approximately \$62,000. The increase in expenses is related to increases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$3,666,069 and expenses were \$3,560,015 for the year ended June 30, 2012. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-2012	2012	2011	Change 2011-2012
Instruction	\$2,362,075	\$2,159,255	9.4%	\$1,587,716	\$1,356,819	17.0%
Support services	1,056,423	1,013,880	4.2%	1,054,311	1,011,406	15.3%
Non-instructional programs	-	-	-	-	-	-
Other expenses	141,517	146,704	-3.5%	141,517	146,704	-3.5%
Totals	\$3,560,015	\$3,319,839	7.2%	\$2,783,544	\$2,514,929	10.7%

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$356,934.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$574,434.
- The net cost of governmental activities was financed with \$1,825,938 in property and other taxes and \$1,001,686 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$154,988 and expenses were \$157,880. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Central 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 \$2,014,493 well above last year's ending fund balances of \$1,826,312.

Governmental Fund Highlights

- The General Fund balance decreased from \$702,197 to \$609,587, due in part to the increase in expenditures.
- The Management Fund balance increased from \$340,148 to \$431,853, due in part to the decrease in expenses.
- The Capital Projects Fund balance increased from \$722,795 to \$906,812 at June 30, 2012, representing an increase of approximately 25.5%.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$33,180 at June 30, 2011 to \$30,239 at June 30, 2012, representing a decrease of approximately 8.9%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$195,514 less than budgeted revenues, a variance of 4.9%. The most significant variance resulted from the District receiving less in State aid than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$1,208,256, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 14.8% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$186,250.

The original cost of the District's capital assets was \$4,282,832. Governmental funds account for \$4,266,015, with the remainder of \$16,817 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Land	\$62,506	\$62,506	\$-	\$-	\$62,506	\$62,506	-
Buildings	604,363	630,591	-	-	604,363	630,591	-4.2%
Improvement other than buildings	131,385	141,985	-	-	131,385	141,985	-7.5%
Furniture and equipment	402,293	578,024	7,709	6,240	410,002	584,264	-28.8%
Totals	\$1,200,547	\$1,413,106	\$7,709	\$6,240	\$1,208,256	\$1,419,346	-14.8%

Long-Term Debt

At June 30, 2012, the District had \$0 in other long-term debt outstanding. This represents a decrease of approximately 100% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's constitutional debt limit is approximately \$9.4 million.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2012	2011	2011-2012
Notes payable	\$-	\$34,214	100%

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.

- Fayette County has advised the District that the District's total taxable valuation will remain about the same for property tax collected in fiscal 2012.
- The District has experienced declining enrollment for the past three years and expects that trend to continue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kim Arndt, the District Secretary/Business Manager, West Central Community School District, 305 Pember Street, Maynard IA 50655.

Basic Financial Statements

West Central Community School District

Statement of Net Assets

June 30, 2012

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,238,369	\$ 27,128	\$ 2,265,497
Receivables:			
Property tax:			
Delinquent	130,002	-	130,002
Succeeding year	1,123,153	-	1,123,153
Accounts	84,897	512	85,409
Due from other governments	148,927	-	148,927
Inventories	-	4,044	4,044
Capital assets, net of accumulated depreciation	1,200,547	7,709	1,208,256
Total Assets	\$ 4,925,895	\$ 39,393	\$ 4,965,288
Liabilities			
Accounts payable	\$ 59,791	\$ 55	\$ 59,846
Salaries and benefits payable	297,511	8,853	306,364
Deferred revenue-succeeding year property tax	1,236,783	-	1,236,783
Deferred revenue-other	116,770	246	117,016
Long-term liabilities:			
Portion due within one year:			
Early retirement	54,000	-	54,000
Portion due after one year:			
Early retirement	132,948	-	132,948
Net OPEB liability	39,009	-	39,009
Total Liabilities	\$ 1,936,812	\$ 9,154	\$ 1,945,966
Net Assets			
Invested in capital assets, net of related debt	\$ 1,200,547	\$ 7,709	1,208,256
Restricted for:			
Categorical funding	97,558	-	97,558
Management levy purposes	244,905	-	244,905
Physical plant and equipment	198,716	-	198,716
Student activities	66,241	-	66,241
Capital projects	708,096	-	708,096
Unrestricted	473,020	22,530	495,550
Total Net Assets	\$ 2,989,083	\$ 30,239	\$ 3,019,322

See notes to financial statements.

West Central Community School District

Statement of Activities

Year Ended June 30, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,542,584	\$ 135,717	\$ 423,712	\$ -
Special instruction	324,285	38,198	54,256	-
Other instruction	495,206	102,114	20,362	-
	<u>\$ 2,362,075</u>	<u>\$ 276,029</u>	<u>\$ 498,330</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 66,059	\$ -	\$ 1,801	\$ -
Instructional staff services	129,327	-	-	-
Administration services	426,643	-	-	-
Operation and maintenance of plant services	244,587	-	-	-
Transportation services	189,807	-	311	-
	<u>\$ 1,056,423</u>	<u>\$ -</u>	<u>\$ 2,112</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 23,192	\$ -	\$ -	\$ -
Long-term debt interest	181	-	-	-
AEA flow-through	118,144	-	-	-
	<u>\$ 141,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 3,560,015</u>	<u>\$ 276,029</u>	<u>\$ 500,442</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 157,880	\$ 80,905	\$ 73,992	\$ -
Total	<u>\$ 3,717,895</u>	<u>\$ 356,934</u>	<u>\$ 574,434</u>	<u>\$ -</u>

See notes to financial statements.

West Central Community School District

Statement of Activities

Year Ended June 30, 2012

	<u>Program Revenues</u>		
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>	<u>Charges for Services</u>		

General Revenues:

Property Tax Levied For:
 General purposes
 Capital outlay
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total General Revenues

Change in net assets

Net assets beginning of year
Prior period adjustment

Adjusted net assets beginning of the year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -983,155	\$ -	\$ -983,155
-231,831	-	-231,831
-372,730	-	-372,730
\$ -1,587,716	\$ -	\$ -1,587,716
\$ -64,258	\$ -	\$ -64,258
-129,327	-	-129,327
-426,643	-	-426,643
-244,587	-	-244,587
-189,496	-	-189,496
\$ -1,054,311	\$ -	\$ -1,054,311
\$ -23,192	\$ -	\$ -23,192
-181	-	-181
-118,144	-	-118,144
\$ -141,517	\$ -	\$ -141,517
\$ -2,783,544	\$ -	\$ -2,783,544
\$ -	\$ -2,983	\$ -2,983
\$ -2,783,544	\$ -2,983	\$ -2,786,527

Net (Expense) Revenue
And Changes in Net Assets

	Governmental Activities		Business Type Activities		Total
\$	1,453,700	\$	-	\$	1,453,700
	150,025		-		150,025
	222,213		-		222,213
	1,001,686		-		1,001,686
	15,373		91		15,464
	46,601		-		46,601
<hr/>					
\$	2,889,598	\$	91	\$	2,889,689
<hr/>					
\$	106,054	\$	-2,892	\$	103,162
<hr/>					
\$	2,883,029	\$	33,180	\$	2,916,209
	-		-49		-49
<hr/>					
\$	2,883,029	\$	33,131	\$	2,916,160
<hr/>					
\$	2,989,083	\$	30,239	\$	3,019,322

West Central Community School District

Balance Sheet
Governmental Funds

June 30, 2012

Assets	General	Management	Capital Projects	Non-Major	Total
Cash and Pooled Investments	\$ 894,696	\$ 429,758	\$ 847,489	\$ 66,426	\$ 2,238,369
Receivables:					
Property Tax:					
Delinquent	13,049	2,056	114,897	-	130,002
Succeeding year	1,121,886	-	1,267	-	1,123,153
Accounts	26,328	39	58,530	-	84,897
Due from other governments	114,472	-	34,455	-	148,927
Total Assets	\$ 2,170,431	\$ 431,853	\$ 1,056,638	\$ 66,426	\$ 3,725,348
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 59,132	\$ -	\$ 474	\$ 185	\$ 59,791
Salaries and benefits payable	297,511	-	-	-	297,511
Deferred Revenue:					
Succeeding year property tax	1,121,886	-	114,897	-	1,236,783
Other	82,315	-	34,455	-	116,770
Total Liabilities	\$ 1,560,844	\$ -	\$ 149,826	\$ 185	\$ 1,710,855
Fund Balances:					
Restricted for:					
Categorical funding	\$ 97,558	\$ -	\$ -	\$ -	\$ 97,558
Management levy purposes	-	431,853	-	-	431,853
Student activities	-	-	-	66,241	66,241
School infrastructure	-	-	708,096	-	708,096
Physical plant and equipment	-	-	198,716	-	198,716
Unassigned	512,029	-	-	-	512,029
Total Fund Balances	\$ 609,587	\$ 431,853	\$ 906,812	\$ 66,241	\$ 2,014,493
Total Liabilities and Fund Balances	\$ 2,170,431	\$ 431,853	\$ 1,056,638	\$ 66,426	\$ 3,725,348

See notes to financial statements.

West Central Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2012

Total fund balances of governmental funds (page 16)	\$ 2,014,493
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	1,200,547
Long-term liabilities, including notes payable, early retirement and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported in the funds	<u>-225,957</u>
Net assets of governmental activities (page 13)	<u>\$ 2,989,083</u>

West Central Community School District

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

Year Ended June 30, 2012

	General	Management	Capital Projects	Non-Major	Total
Revenues:					
Local Sources:					
Local tax	\$ 1,266,712	\$ 186,988	\$ 372,238	\$ -	\$ 1,825,938
Tuition	168,112	-	-	-	168,112
Other	54,637	3,964	12,394	98,896	169,891
Intermediate sources					
State sources	1,341,156	86	54	-	1,341,296
Federal sources	160,832	-	-	-	160,832
Total Revenues	\$ 2,991,449	\$ 191,038	\$ 384,686	\$ 98,896	\$ 3,666,069
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 1,373,696	\$ 40,807	\$ -	\$ -	\$ 1,414,503
Special instruction	322,741	-	-	-	322,741
Other instruction	395,932	-	-	93,827	489,759
	\$ 2,092,369	\$ 40,807	\$ -	\$ 93,827	\$ 2,227,003
Support Services:					
Student services	\$ 30,532	\$ 16,515	\$ 47,287	\$ -	\$ 94,334
Instructional staff services	101,357	7,051	39,248	-	147,656
Administration services	415,335	2,000	-	-	417,335
Operation and maintenance of plant services	199,188	26,180	10,500	-	235,868
Transportation services	127,134	6,780	1,311	-	135,225
	\$ 873,546	\$ 58,526	\$ 98,346	\$ -	\$ 1,030,418
Other Expenditures:					
Facilities acquisition	\$ -	\$ -	\$ 67,251	\$ -	\$ 67,251
Principal	-	-	-	34,214	34,214
Interest	-	-	-	858	858
AEA flow-through	118,144	-	-	-	118,144
	\$ 118,144	\$ -	\$ 67,251	\$ 35,072	\$ 220,467
Total Expenditures	\$ 3,084,059	\$ 99,333	\$ 165,597	\$ 128,899	\$ 3,477,888
Excess (deficiency) of revenues over (under) expenditures	\$ -92,610	\$ 91,705	\$ 219,089	\$ -30,003	\$ 188,181
Other financing sources (uses):					
Operating transfers in (out)	-	-	-35,072	35,072	-
Excess (deficiency) over revenue and other financing sources over (under) expenditures and other financing uses	\$ -92,610	\$ 91,705	\$ 184,017	\$ 5,069	\$ 188,181
Fund balances beginning of year	702,191	340,148	722,795	61,172	1,826,312
Fund Balances End of Year	\$ 609,587	\$ 431,853	\$ 906,812	\$ 66,241	\$ 2,014,493

See notes to financial statements.

West Central Community School District

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities**

Year Ended June 30, 2012

Net change in fund balances – total governmental funds (page 18) \$ 188,181

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

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

Expenditures for capital assets	\$ 114,275	
Depreciation expense	-184,849	-70,574

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

Repaid	34,214
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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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:

Early retirement	\$ -31,193	
Other postemployment benefits	-15,251	-46,444

Change in Net Assets of Governmental Activities (page 15) \$ 106,054

West Central Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2012

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 27,128
Accounts receivable	512
Inventories	4,044
Capital assets, net of accumulated depreciation	<u>7,709</u>
Total Assets	<u>\$ 39,393</u>
Liabilities	
Accounts payable	\$ 55
Salaries and benefits payable	8,853
Deferred revenue	<u>246</u>
Total Liabilities	<u>\$ 9,154</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 7,709
Unrestricted	<u>22,530</u>
Total Net Assets	<u>\$ 30,239</u>

West Central Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year Ended June 30, 2012

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 80,905
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 53,573
Benefits	7,715
Purchased services	1,569
Supplies	93,337
Depreciation	-1,401
Other	285
Total operating expenses	\$ 157,880
Operating loss	\$ -76,975
Non-operating revenues:	
State sources	\$ 1,269
Federal sources	72,723
Interest income	91
Total non-operating revenues	\$ 74,083
Change in net assets	\$ -2,892
Net assets beginning of year	\$ 33,180
Prior period adjustment	-49
Adjusted Net Asset beginning of year	\$ 33,131
Net Assets End of Year	\$ 30,239

See notes to financial statements.

West Central Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2012

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 78,907
Cash paid to employees for services	-60,387
Cash paid to suppliers for goods or services	-82,319
Net cash used by operating activities	<u>\$ -63,799</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 1,269
Federal grants received	60,963
Net cash provided by non-capital financing activities	<u>\$ 62,232</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -2,870</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 91</u>
Net decrease in cash and cash equivalents	\$ -4,346
Cash and cash equivalents beginning of year	<u>31,474</u>
Cash and Cash Equivalents End of Year	<u>\$ 27,128</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -76,975
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	11,760
Depreciation	1,401
Decrease in inventories	1,156
Decrease in accounts receivable	93
Increase in salaries and benefits payable	900
(Decrease) in deferred revenue	-2,091
Increase in accounts payable	-43
Net Cash Used by Operating Activities	<u>\$ -63,799</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$11,760 of federal commodities.

West Central Community School District

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2012

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	\$ <u>2,389</u>
Liabilities	
Accounts payable	\$ <u>-</u>
Net Assets	
Reserved for scholarships	\$ <u>2,389</u>

West Central Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

Year Ended June 30, 2012

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,930
Interest income	15
Total additions	\$ 1,945
Deductions	
Support services:	
Supplies	\$ 5,066
Change in net assets	\$ -3,121
Net assets beginning of year	5,510
Net Assets End of Year	\$ 2,389

West Central Community School District

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

West Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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 Maynard, Westgate and Randalia, Iowa and portions of the predominately agricultural territory in Fayette County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, West Central 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. West Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the 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 non-fiduciary activities of the District. For the most part, the effect of inter-fund 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 non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

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

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

Unrestricted net assets consist of net assets that do not meet 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 non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

The Management Fund is used to account for all resources used for District insurance and early retirement benefits.

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

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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.

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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 the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and a charter school grant that will be recognized in fiscal 2012.

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.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

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

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 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.

Interest Rate Risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

(3) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Physical Plant and Equipment Levy	\$ 35,072

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

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 62,506	\$ -	\$ -	\$ 62,506
Total capital assets not being depreciated	\$ 62,506	\$ -	\$ -	\$ 62,506
Capital assets being depreciated:				
Buildings	\$ 1,655,613	\$ 19,528	\$ -	\$ 1,675,141
Improvements other than buildings	173,150	-	-	173,150
Furniture and equipment	2,260,471	94,747	-	2,355,218
Total capital assets being depreciated	\$ 4,089,234	\$ 114,275	\$ -	\$ 4,203,509
Less accumulated depreciation for:				
Buildings	\$ 1,025,022	\$ 45,756	\$ -	\$ 1,070,778
Improvements other than buildings	31,165	10,600	-	41,765
Furniture and equipment	1,824,432	128,493	-	1,952,925
Total accumulated depreciation	\$ 2,880,619	\$ 184,849	\$ -	\$ 3,065,468
Total capital assets being depreciated, net	\$ 1,208,615	\$ -70,574	\$ -	\$ 1,138,041
Governmental Activities Capital Assets, Net	\$ 1,271,121	\$ -70,574	\$ -	\$ 1,200,547
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 15,589	\$ 2,870	\$ 1,642	\$ 16,817
Less accumulated depreciation	9,349	1,401	1,642	9,108
Business Type Activities Capital Assets, Net	\$ 6,240	\$ 1,469	\$ -	\$ 7,709

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 108,073
Special	1,544
Other	5,447

Support services:

Administration	8,179
Operation and maintenance of plant	7,024
Transportation	54,582

Total Depreciation Expense – Governmental Activities \$ 184,849

Business Type Activities:

Food service operations	<u>\$ 1,401</u>
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(5) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 34,214	\$ -	\$ 34,214	\$ -	\$ -
Early retirement	155,755	72,000	40,807	186,948	54,000
Net OPEB liability	23,758	15,251	-	39,009	-
Total	<u>\$ 213,727</u>	<u>\$ 87,251</u>	<u>\$ 75,021</u>	<u>\$ 225,957</u>	<u>\$ 54,000</u>

Bus Loan

On December 15, 2009, the District borrowed \$68,017 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 2.5%, with two annual payments of \$34,008.50.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty and employees must have completed twenty-four years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2012 totaled \$40,807.

(6) **Pension and Retirement Benefits**

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$147,552, \$121,244, and \$118,597, respectively, equal to the required contributions for each year.

(7) **Other Postemployment Benefits (OPEB)**

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 27 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County’s net OPEB obligations:

Annual required contribution	\$	17,552
Interest on net OPEB obligation		594
Adjustment to annual required contribution		-1,565
Annual OPEB cost	\$	16,581
Contributions made		-1,330
Increase in net OPEB obligation	\$	15,251
Net OPEB obligation beginning of year		23,758
Net OPEB obligation end of year	\$	<u>39,009</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$97,164 to the medical plan. Plan members eligible for benefits contributed \$158,400, or 61% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$15,213	24.7%	\$11,459
June 30, 2011	\$16,212	17.7%	\$23,758
June 30, 2012	\$17,552	7.6%	\$39,009

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$100,302 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$100,302. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,225,383 and the ratio of the UAAL to covered payroll was 12.2%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, 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 designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District’s funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$369.59 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$118,144 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

Program	Amount
Home School Assistance Program	\$ 5,740
Gifted and Talented	30,741
At Risk Programs	12,664
Beginning Teacher Mentoring	1,130
Teacher Salary Supplement	3,620
Iowa Early Intervention Grant	13,807
Core Curriculum	13,009
Professional Development	14,922
Market Factors	1,925
	<u>\$ 97,558</u>

(11) Subsequent Events

The District has evaluated subsequent events through March 13, 2013 which is the date that the financial statements were available to be issued.

(12) Prior Period Adjustment

The Proprietary Fund – School Nutrition had a prior period adjustment of \$49.

Required Supplementary Information

West Central Community School District

**Budgetary Comparison Schedule of Revenue, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2012

	<u>Governmental Funds Actual</u>	<u>Proprietary Fund Actual</u>
Receipts:		
Local sources	\$ 2,163,941	\$ 80,996
Intermediate sources	-	-
State sources	1,341,296	1,269
Federal sources	160,832	72,723
Total Receipts	<u>\$ 3,666,069</u>	<u>\$ 154,988</u>
Disbursements:		
Instruction	\$ 2,227,003	\$ -
Support services	1,030,418	-
Non-instructional programs	-	157,880
Other expenditures	220,467	-
Total Disbursements	<u>\$ 3,477,888</u>	<u>\$ 157,880</u>
Excess (deficiency) of receipts over (under) disbursements	<u>\$ 188,181</u>	<u>\$ -2,892</u>
Balances beginning of year	\$ 1,826,312	\$ 33,180
Prior period adjustment	-	-49
Adjusted balances beginning of year	<u>\$ 1,826,312</u>	<u>\$ 33,131</u>
Fund Balances End of Year	<u>\$ 2,014,493</u>	<u>\$ 30,239</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	2,244,937	\$ 2,274,644	\$ -29,707
	-	-	-
	1,342,565	1,561,532	-218,967
	233,555	180,395	53,160
\$	<u>3,821,057</u>	<u>\$ 4,016,571</u>	<u>\$ -195,514</u>
\$	2,227,003	\$ 2,865,337	\$ 638,334
	1,030,418	2,023,008	992,590
	157,880	214,974	57,094
	220,467	602,971	382,504
\$	<u>3,635,768</u>	<u>\$ 5,706,290</u>	<u>\$ 2,070,522</u>
\$	<u>185,289</u>	<u>\$ -1,689,719</u>	<u>\$ 1,875,008</u>
\$	1,859,492	\$ 1,730,719	\$ 128,773
	-49	-	-49
\$	<u>1,859,443</u>	<u>\$ 1,730,719</u>	<u>\$ 128,724</u>
\$	<u>2,044,732</u>	<u>\$ 41,000</u>	<u>\$ 2,003,732</u>

West Central Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2012

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 except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

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

West Central Community School District

**Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)**

Required Supplementary Information

June 30, 2012

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	-	\$116	\$116	0.0%	\$1,380	8.0%
2011	July 1, 2009	-	\$109	\$109	0.0%	\$1,190	10.9%
2012	July 1, 2009	-	\$100	\$100	0.0%	\$1,225	12.2%

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

Other Supplementary Information

West Central Community School District

Balance Sheet
Non-Major Governmental Fund

June 30, 2012

	Special Revenue
	Student
	Activity
Assets	
Cash and pooled investments	\$ 66,426
Total Assets	\$ 66,426
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 185
Total Liabilities	\$ 185
Fund Balances:	
Restricted for:	
Student activities	\$ 66,241
Total fund balances	\$ 66,241
Total Liabilities and Fund Balances	\$ 66,426

See accompanying independent auditor's report.

West Central Community School District

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds**

Year Ended June 30, 2012

	Special Revenue		Debt Service	Total
	Student Activity			
Revenues:				
Local sources:				
Other	\$ 98,896	\$ -		\$ 98,896
Total Revenues	\$ 98,896	\$ -		\$ 98,896
Expenditures:				
Current:				
Instruction:				
Other instruction	\$ 93,827	\$ -		\$ 93,827
Other expenditures:				
Principal	-	34,214		34,214
Interest	-	858		858
Total Expenditures	\$ 93,827	\$ 35,072		\$ 128,899
Excess (deficiency) of revenues over (under) expenditures	\$ 5,069	\$ -35,072		\$ -30,003
Other financing sources (uses):				
Operating transfers in (out)	\$ -	\$ 35,072		\$ 35,072
Excess (deficiency) over revenues and other financing sources over (under) expenditures and other financing uses	\$ 5,069	-		5,069
Fund balances beginning of year	61,172	-		61,172
Fund Balances End of Year	\$ 66,241	\$ -		\$ 66,241

West Central Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Assets			
Cash and pooled investments	\$ 649,566	\$ 197,923	\$ 847,489
Receivables:			
Property Tax:			
Delinquent	-	114,897	114,897
Succeeding year	-	1,267	1,267
Accounts	58,530	-	58,530
Due from other governments	-	34,455	34,455
Total Assets	\$ 708,096	\$ 348,542	\$ 1,056,638
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 474	\$ 474
Deferred revenue:			
Succeeding year property tax	-	114,897	114,897
Other	-	34,455	34,455
Total Liabilities	\$ -	\$ 149,826	\$ 149,826
Fund Balances:			
Restricted for:			
School infrastructure	\$ 708,096	\$ -	\$ 708,096
Physical plant and equipment	-	198,716	198,716
Total fund balances	\$ 708,096	\$ 198,716	\$ 906,812
Total Liabilities and Fund Balances	\$ 708,096	\$ 348,542	\$ 1,056,638

West Central Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts

Year Ended June 30, 2012

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local Sources:			
Local tax	\$ 222,213	\$ 150,025	\$ 372,238
Other	10,059	2,335	12,394
State sources	-	54	54
Total Revenues	<u>\$ 232,272</u>	<u>\$ 152,414</u>	<u>\$ 384,686</u>
Expenditures:			
Support Services:			
Student services	\$ -	\$ 47,287	\$ 47,287
Instructional staff services	-	39,248	39,248
Operation and maintenance of plant services	-	10,500	10,500
Transportation services	-	1,311	1,311
Other Expenditures:			
Facilities acquisition	62,500	4,751	67,251
Total Expenditures	<u>\$ 62,500</u>	<u>\$ 103,097</u>	<u>\$ 165,597</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 169,772</u>	<u>\$ 49,317</u>	<u>\$ 219,089</u>
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ -	\$ -35,072	\$ -35,072
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 169,772</u>	<u>\$ 14,245</u>	<u>\$ 184,017</u>
Fund balances beginning of year	538,324	184,471	722,795
Fund Balances End of Year	<u>\$ 708,096</u>	<u>\$ 198,716</u>	<u>\$ 906,812</u>

See accompanying independent auditor's report.

West Central Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2012

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Adjustment & Intra-Fund Transfers	Balance End of Year
Potpourri/Pepsi Funds	\$ 288	\$ -	\$ -	\$ -288	\$ -
Yearbook	4,665	5,975	5,558	-	5,082
Student Council	1,222	165	163	-	1,224
Industrial Arts Club	1,711	1,437	2,034	-	1,114
Spanish Club	4,513	2,555	2,195	-	4,873
Senior Class	-	555	4,060	3,610	105
Junior Class	3,610	2,298	1,987	60	3,981
Sophomore Class	3,670	124	44	-985	2,765
Freshman Class	2,685	50	14	-915	1,806
8 th Grade	1,769	689	13	1,101	3,546
7 th Grade	2,871	473	-	-1,941	1,403
6 th Grade	930	597	-	-930	597
Dramatics	1,525	-	608	-	917
Vocal Music	5,822	7,015	5,725	-	7,112
Instrumental Music	5,382	8,184	7,234	-	6,332
Athletics/Cheerleaders	539	33,226	28,636	-	5,129
Musical/Concert	3,248	2,304	2,029	-	3,523
Resale	7	3,366	3,373	-	-
Student Sales	-	4,595	4,595	-	-
School Store	3,097	3,715	3,963	-	2,849
Nice	12,739	4,086	4,795	-380	11,650
Volleyball	490	1,330	787	-	1,033
Administrative	389	894	1,695	668	256
Track	-	786	786	-	-
Golf	-	196	186	-	10
Boys Basketball	-	249	249	-	-
Football	-	11,114	10,544	-	570
Girls Basketball	-	1,805	1,711	-	94
Softball	-	691	691	-	-
FCS Bakery	-	422	152	-	270
Total	\$ 61,172	\$ 98,896	\$ 93,827	\$ -	\$ 66,241

See accompanying independent auditor's report.

West Central Community School District

**Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds**

For the Last Nine Years

	Modified Accrual Basis			
	2012	2011	2010	2009
Revenues:				
Local Sources:				
Local tax	\$ 1,825,938	\$ 1,742,516	\$ 1,750,964	\$ 1,700,374
Tuition	168,112	179,107	121,704	169,811
Other	169,891	166,160	192,718	193,387
Intermediate sources	-	-	-	-
State sources	1,341,296	1,287,703	1,069,884	1,487,707
Federal sources	160,832	158,204	285,147	119,538
Total	\$ 3,666,069	\$ 3,533,690	\$ 3,420,417	\$ 3,670,817
Expenditures:				
Instruction:				
Regular instruction	\$ 1,414,503	\$ 1,318,774	\$ 1,350,636	\$ 1,340,501
Special instruction	322,741	311,002	292,440	340,509
Other instruction	489,759	517,362	567,564	471,921
Support services:				
Student services	94,334	39,702	60,575	56,209
Instructional staff services	147,656	171,536	106,542	82,881
Administration services	417,335	410,255	368,357	344,019
Operation and maintenance of plant services	235,868	229,439	240,092	234,354
Transportation services	135,225	158,798	243,560	123,852
Other expenditures:				
Facilities acquisition	67,251	145,234	171,249	166,047
Long-term debt:				
Principal	34,214	33,802	32,054	30,890
Interest and other charges	858	1,272	1,237	2,367
AEA flow-through	118,144	131,821	130,188	122,544
Other	-	-	-	-
Total	\$ 3,477,888	\$ 3,468,997	\$ 3,564,494	\$ 3,316,094

See accompanying independent auditor's report.

Modified Accrual Basis				
2008	2007	2006	2005	2004
\$ 1,664,476	\$ 1,682,478	\$ 1,603,994	\$ 1,566,663	1,541,666
143,381	151,282	105,135	123,884	94,614
216,854	196,830	173,203	160,173	139,862
-	-	-	-	-
1,453,179	1,357,074	1,262,051	1,208,978	1,129,526
88,053	266,627	347,091	132,515	124,120
<u>\$ 3,565,943</u>	<u>\$ 3,654,291</u>	<u>\$ 3,491,474</u>	<u>\$ 3,192,213</u>	<u>3,029,788</u>

\$ 1,406,353	\$ 1,413,620	\$ 1,325,824	\$ 1,274,530	1,284,799
355,209	315,070	287,561	312,201	443,725
346,482	378,970	371,405	334,254	226,936
86,167	97,900	85,290	62,575	15,971
66,455	68,587	81,900	26,920	38,471
390,760	381,383	463,644	370,212	362,137
259,656	240,501	252,904	218,514	221,229
184,763	118,284	214,689	99,812	82,537
126,035	56,902	243,209	171,727	138,813
27,556	26,571	-	45,700	92,140
1,036	2,024	-	2,171	2,770
121,513	113,415	105,970	103,247	103,304
-	-	-	934	-
<u>\$ 3,371,985</u>	<u>\$ 3,213,227</u>	<u>\$ 3,432,396</u>	<u>\$ 3,022,797</u>	<u>3,012,832</u>

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

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

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Central Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 13, 2013. I conducted my 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

The management of West Central Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered West Central Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Central Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of West Central Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-12 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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



Keith Oltrogge
Certified Public Accountant

March 13, 2013

West Central Community School District

Schedule of Findings

Year Ended June 30, 2012

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Conclusion – Response accepted.

I-B-12 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

West Central Community School District

Schedule of Findings

Year Ended June 30, 2012

Part II - Other Findings Related to Statutory Reporting:

- II-A-12 Certified Budget – Expenditures for the year ended June 30, 2012 did not exceed the certified budget.
- II-B-12 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-12 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.
- II-D-12 Business Transactions –No business transactions between the District and District officials or employees were noted.
- II-E-12 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 the coverage is adequate for current operations.
- II-F-12 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-12 Certified Enrollment –No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-12 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.
- II-J-12 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.
- II-K-12 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

West Central Community School District

Schedule of Findings

Year Ended June 30, 2012

Part II - Other Findings Related to Statutory Reporting (continued):

II-L-12 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	538,324
Revenues/transfers in:			
Sales tax revenues	\$	152,053	
Other local revenues		10,059	
School infrastructure supplemental amount		70,160	232,272
		\$	770,596
Expenditures/transfers out:			
School infrastructure construction			62,500
Ending balance		\$	708,096

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

		Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$	0.00000	\$ 222,213
Physical plant and equipment levy		0.00000	75,579
Public educational and recreational levy		-	-