

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

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West Delaware County Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2011 Election)		
Elwyn Curtis	President	2013
Steve Dudak	Vice President	2011
Mike Ryan	Board Member	2011
Linda Bessey	Board Member	2011
Cheryl Stufflebeam	Board Member	2013
(After September 2011 Election)		
Steve Dudak	President	2015
Cheryl Stufflebeam	Vice President	2013
Elwyn Curtis	Board Member	2013
Linda Bessey	Board Member	2015
Angie Corcoran	Board Member	2015
School Officials		
Kristen Rickey	Superintendent	2012
Kelly Jared	Director of Finance/ Board Secretary	2012
Drew Bracken	Attorney	2012

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2013 on our consideration of West Delaware County Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Members American Institute & Iowa Society of Certified Public Accountants

U.S generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 44 through 46 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. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Delaware County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

February 4, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Delaware County Community School District provides this Management's Discussion and Analysis of its financial statements to assist in the viewer's comprehension of the overall document. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. The reader is encouraged to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

General Fund revenues increased from \$15,117,700 in fiscal 2011 to \$15,939,045 in fiscal 2012, while General Fund expenditures increased from \$14,387,265 in fiscal 2011 to \$14,544,284 in fiscal 2012. This resulted in an increase in the District's General Fund balance from \$1,112,081 in fiscal 2011 to a balance of \$2,506,842 in fiscal 2012. The solvency ratio improved from 6.26% for fiscal 2011 to 14.65% for fiscal 2012. The District has taken steps to increase the solvency ratio, providing an adequate General Fund balance to weather unanticipated revenue reductions such as seen in FY10.

The District sold \$5,800,000 of General Obligation Bonds in February 2008, \$2,075,000 of PPEL Capital Loan Notes and \$3,785,000 of SILO Revenue Bonds in January 2006. The outstanding obligation totals \$7,780,000 as of June 30, 2012.

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

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

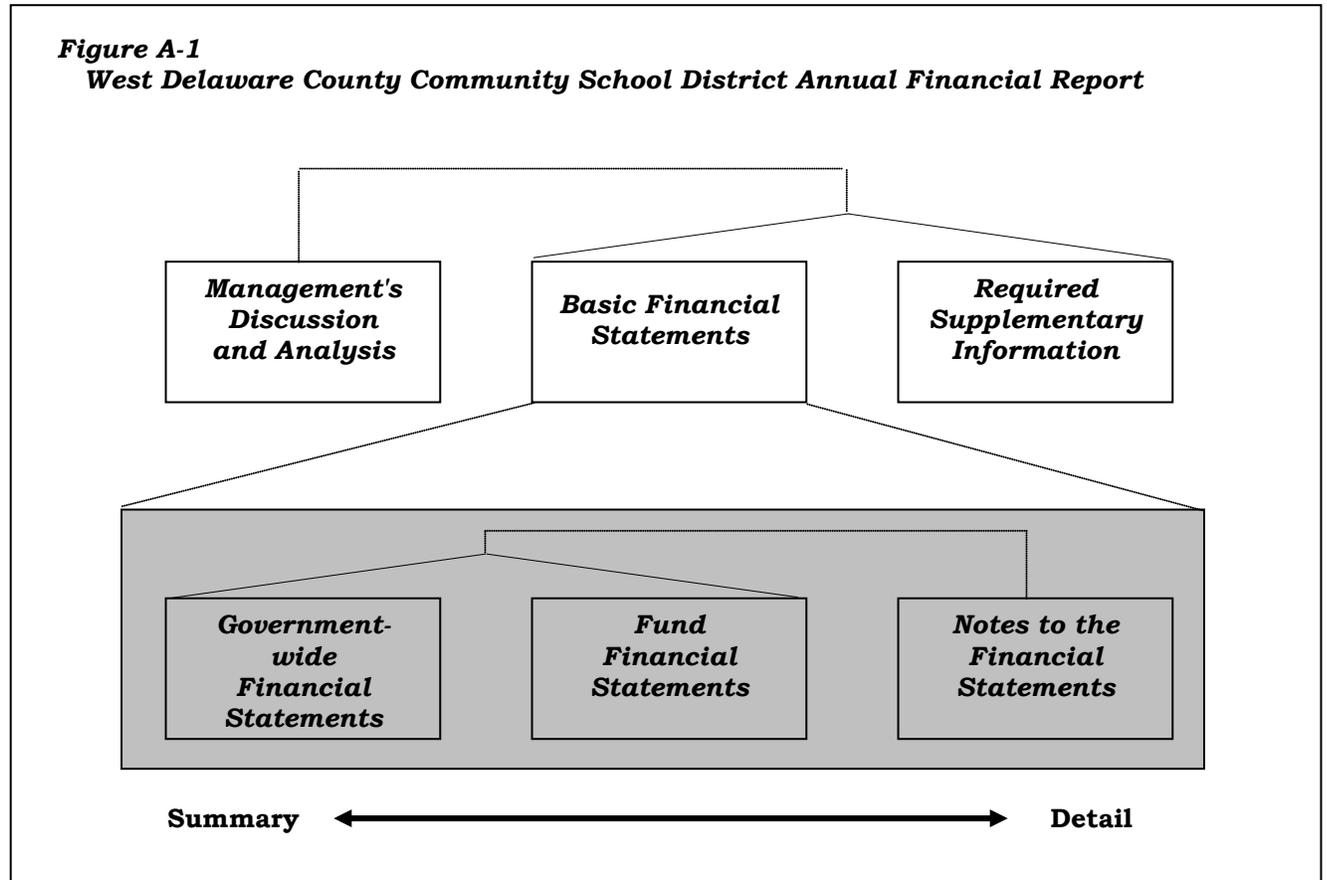


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three categories of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 12,239,799	10,787,598	366,832	284,288	12,606,631	11,071,886	13.86%
Capital assets	18,216,984	18,628,036	194,907	220,498	18,411,891	18,848,534	-2.32%
Total assets	30,456,783	29,415,634	561,739	504,786	31,018,522	29,920,420	3.67%
Long-term obligations	8,002,953	9,218,918	1,789	1,881	8,004,742	9,220,799	-13.19%
Other liabilities	6,783,779	7,012,254	13,001	10,811	6,796,780	7,023,065	-3.22%
Total liabilities	14,786,732	16,231,172	14,790	12,692	14,801,522	16,243,864	-8.88%
Net assets:							
Invested in capital assets, net of related debt	10,436,984	10,138,036	194,907	220,498	10,631,891	10,358,534	2.64%
Restricted	2,799,255	2,061,294	-	-	2,799,255	2,061,294	35.80%
Unrestricted	2,433,812	985,132	352,042	271,596	2,785,854	1,256,728	121.68%
Total net assets	\$ 15,670,051	13,184,462	546,949	492,094	16,217,000	13,676,556	18.58%

The District's combined net assets increased by \$2,540,444, or 18.58%, over the prior year. The largest portion of the District's net assets is the restricted net assets – resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

The District's restricted net assets increased \$737,961, or 35.80%, over the prior year. The increase in restricted net assets was due to the increase in the Capital Projects fund balance.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$1,529,126, or 121.68%. The increase in unrestricted net assets was due to the decrease in early retirement and the increasing General Fund fund balance.

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

Figure A-4
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	\$ 1,043,084	1,105,190	430,981	433,090	1,474,065	1,538,280	-4.17%
Operating grants and contributions and restricted interest	1,236,143	2,425,288	350,098	353,944	1,586,241	2,779,232	-42.93%
Capital grants and contributions and restricted interest	217,807	132,596	-	-	217,807	132,596	64.26%
General revenues:							
Property tax	6,294,048	6,101,845	-	-	6,294,048	6,101,845	3.15%
Income surtax	278,869	297,850	-	-	278,869	297,850	-6.37%
Statewide sales, services and use tax	1,106,108	1,104,314	-	-	1,106,108	1,104,314	0.16%
Unrestricted state grants	8,015,555	6,184,616	-	-	8,015,555	6,184,616	29.60%
Nonspecific program federal grants	310,713	180,894	-	-	310,713	180,894	71.77%
Unrestricted investment earnings	49,502	54,625	3,752	2,896	53,254	57,521	-7.42%
Other general revenues	206,932	218,741	1,883	1,930	208,815	220,671	-5.37%
Gain on sale of capital assets	50,984	-	-	-	50,984	-	100.00%
Total revenues	18,809,745	17,805,959	786,714	791,860	19,596,459	18,597,819	5.37%
Program expenses:							
Governmental activities:							
Instruction	10,203,441	10,339,983	-	-	10,203,441	10,339,983	-1.32%
Support services	4,661,455	4,467,745	16,124	20,452	4,677,579	4,488,197	4.22%
Non-instructional programs	32,477	11,607	715,735	679,631	748,212	691,238	8.24%
Other expenses	1,426,783	1,520,600	-	-	1,426,783	1,520,600	-6.17%
Total expenses	16,324,156	16,339,935	731,859	700,083	17,056,015	17,040,018	0.09%
Change in net assets	2,485,589	1,466,024	54,855	91,777	2,540,444	1,557,801	63.08%
Net assets beginning of year	13,184,462	11,718,438	492,094	400,317	13,676,556	12,118,755	12.85%
Net assets end of year	\$ 15,670,051	13,184,462	546,949	492,094	16,217,000	13,676,556	18.58%

In fiscal 2012, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 83.44% of the revenues from governmental activities while charges for service and sales and operating grants and contributions account for 99.28% of the revenue from business type activities.

The District's total revenues were \$19,596,459, of which \$18,809,745 was for governmental activities and \$786,714 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.37% increase in revenues and a 0.09% increase in expenses. Property tax revenue increased by \$192,203 to fund expenditures. The increases in expenses were related to an increase in salaries and benefits expenditures.

Governmental Activities

Revenues for governmental activities were \$18,809,745 and expenses were \$16,324,156.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 10,203,441	10,339,983	-1.32%	8,656,085	7,547,161	14.69%
Support services	4,661,455	4,467,745	4.34%	4,332,457	4,282,578	1.16%
Non-instructional programs	32,477	11,607	179.81%	32,477	11,607	179.81%
Other expenses	1,426,783	1,520,600	-6.17%	806,103	835,515	-3.52%
Totals	<u>\$ 16,324,156</u>	<u>16,339,935</u>	<u>-0.10%</u>	<u>13,827,122</u>	<u>12,676,861</u>	<u>9.07%</u>

- The cost financed by users of the District's programs was \$1,043,084.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,453,950.
- The net cost of governmental activities was financed with \$6,294,048 in property tax, \$278,869 in income surtax, \$1,106,108 in statewide sales, services and use tax, \$8,105,555 in unrestricted state grants, \$310,713 in nonspecific program federal grants, \$49,502 in interest income, \$206,932 in other general revenues and \$50,984 from the gain on the sale of capital assets.

Business Type Activities

Revenues of the District's business type activities were \$786,714 and expenses were \$731,859. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$5,072,465, an increase from last year's ending fund balance of \$3,413,126. The primary reason for the increase in combined fund balance in fiscal 2012 is due to the increase in the General fund balance.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The state's student enrollment driven funding formula has not provided much "new money" over the course of the last several years, yet the District maintains a competitive hiring salary for each of its job classifications. However, this was the third time in six years that General Fund revenues exceeded expenses. This resulted in the General Fund fund balance increasing by \$1,394,761 or 125.42%.

- The Capital Projects Fund balance increased from \$1,307,207 at the beginning of the fiscal year 2012 to \$1,522,582. This increase in fund balance was a result statewide sales, services and use tax revenue in excess of capital expenditures and money used for the repayment of debt.

Proprietary Fund Highlights

The Proprietary Fund net assets increased from \$492,094 at June 30, 2011 to \$546,949 at June 30, 2012, representing an increase of 11.15%. The increase was due to the revenues from state and federal sources as well as from student lunch sales in excess of District expenses.

BUDGETARY HIGHLIGHTS

The District's revenues were \$36,505 less than budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$18,411,891, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, furnishings athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.32% from the prior year, with building valuations increasing substantially due to the construction projects. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$780,760.

The original cost of the District's capital assets was \$25,991,179. Governmental funds account for \$25,563,486 with the remainder of \$427,693 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$423,292 at June 30, 2011, compared to \$387,611 reported at June 30, 2012. This decrease resulted from depreciation expense exceeding land improvements for the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	2011-12
Land	\$ 70,750	72,250	-	-	70,750	72,250	-2.08%
Buildings	16,897,099	17,332,802	-	-	16,897,099	17,332,802	-2.51%
Land improvements	387,611	423,292	-	-	387,611	423,292	-8.43%
Machinery and equipment	861,524	799,692	194,907	220,498	1,056,431	1,020,190	3.55%
Total	\$ 18,216,984	18,628,036	194,907	220,498	18,411,891	18,848,534	-2.32%

Long-Term Debt

At June 30, 2012, the District had \$8,004,742 in bonded and other long-term debt outstanding. This represents a decrease of 13.19% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had general obligations bonds payable of \$5,800,000 at June 30, 2012.

The District had revenue bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$1,050,000 at June 30, 2012.

The District had capital loan notes payable from the Capital Projects: Physical Plant and Equipment Fund of \$930,000 at June 30, 2012.

The District had early retirement payable from the General and Special Revenue, Management Levy Fund of \$22,016 at June 30, 2012.

The District had other postemployment benefits payable of \$160,117 at June 30, 2012.

The District had compensated absences payable of \$42,609 at June 30, 2012

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
General Obligation Bonds	\$ 5,800,000	5,800,000	-	-	5,800,000	5,800,000	0.00%
Revenue Bonds	1,050,000	1,545,000	-	-	1,050,000	1,545,000	-32.04%
Capital Loan Notes	930,000	1,145,000	-	-	930,000	1,145,000	-18.78%
Early Retirement	22,016	526,870	-	-	22,016	526,870	-95.82%
Net OPEB Liability	158,328	164,119	1,789	1,881	160,117	166,000	-3.54%
Compensated absences	42,609	37,929	-	-	42,609	37,929	12.34%
Totals	\$ 8,002,953	9,218,918	1,789	1,881	8,004,742	9,220,799	-13.19%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,977,698	347,627	5,325,325
Receivables:			
Property tax:			
Delinquent	69,087	-	69,087
Succeeding year	6,417,807	-	6,417,807
Income surtax	284,656	-	284,656
Accounts	19,797	35	19,832
Due from other governments	463,350	-	463,350
Inventories	-	19,170	19,170
Prepaid expenses	7,404	-	7,404
Capital assets, net of accumulated depreciation	18,216,984	194,907	18,411,891
TOTAL ASSETS	30,456,783	561,739	31,018,522
LIABILITIES			
Accounts payable	225,819	2,074	227,893
Salaries and benefits payable	70,502	1,219	71,721
Accrued interest payable	64,251	-	64,251
Deferred revenue:			
Succeeding year property tax	6,417,807	-	6,417,807
Other	5,400	-	5,400
Unearned revenue	-	9,708	9,708
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	515,000	-	515,000
Capital loan notes payable	220,000	-	220,000
Early retirement payable	22,016	-	22,016
Compensated absences	42,609	-	42,609
Portion due after one year:			
General obligation bonds payable	5,800,000	-	5,800,000
Revenue bonds payable	535,000	-	535,000
Capital loan notes payable	710,000	-	710,000
Net OPEB liability	158,328	1,789	160,117
TOTAL LIABILITIES	14,786,732	14,790	14,801,522
NET ASSETS			
Invested in capital assets, net of related debt	10,436,984	194,907	10,631,891
Restricted for:			
Categorical funding	255,648	-	255,648
School infrastructure	614,388	-	614,388
Physical plant and equipment	529,694	-	529,694
Management levy purposes	398,349	-	398,349
Student activities	343,413	-	343,413
Debt service	657,763	-	657,763
Unrestricted	2,433,812	352,042	2,785,854
TOTAL NET ASSETS	\$ 15,670,051	546,949	16,217,000

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 6,401,198	451,510	135,042	-	(5,814,646)	-	(5,814,646)
Special	1,835,880	72,949	161,452	-	(1,601,479)	-	(1,601,479)
Other	1,966,363	506,293	220,110	-	(1,239,960)	-	(1,239,960)
	<u>10,203,441</u>	<u>1,030,752</u>	<u>516,604</u>	<u>-</u>	<u>(8,656,085)</u>	<u>-</u>	<u>(8,656,085)</u>
Support services:							
Student	436,250	-	28,846	-	(407,404)	-	(407,404)
Instructional staff	687,261	-	15,392	-	(671,869)	-	(671,869)
Administration	1,225,439	-	-	-	(1,225,439)	-	(1,225,439)
Operation and maintenance of plant	1,506,444	-	-	217,807	(1,288,637)	-	(1,288,637)
Transportation	806,061	12,332	54,621	-	(739,108)	-	(739,108)
	<u>4,661,455</u>	<u>12,332</u>	<u>98,859</u>	<u>217,807</u>	<u>(4,332,457)</u>	<u>-</u>	<u>(4,332,457)</u>
Non-instructional programs:							
Food service operations	32,477	-	-	-	(32,477)	-	(32,477)
Long-term debt interest	334,719	-	-	-	(334,719)	-	(334,719)
Other expenditures:							
AEA flowthrough	620,680	-	620,680	-	-	-	-
Depreciation (unallocated)*	471,384	-	-	-	(471,384)	-	(471,384)
	<u>1,092,064</u>	<u>-</u>	<u>620,680</u>	<u>-</u>	<u>(471,384)</u>	<u>-</u>	<u>(471,384)</u>
Total governmental activities	<u>16,324,156</u>	<u>1,043,084</u>	<u>1,236,143</u>	<u>217,807</u>	<u>(13,827,122)</u>	<u>-</u>	<u>(13,827,122)</u>
Business Type activities:							
Support services:							
Operation and maintenance of plant	16,124	-	-	-	-	(16,124)	(16,124)
Non-instructional programs:							
Nutrition services	715,735	430,981	350,098	-	-	65,344	65,344
Total business type activities	<u>731,859</u>	<u>430,981</u>	<u>350,098</u>	<u>-</u>	<u>-</u>	<u>49,220</u>	<u>49,220</u>
Total	<u>\$ 17,056,015</u>	<u>1,474,065</u>	<u>1,586,241</u>	<u>217,807</u>	<u>(13,827,122)</u>	<u>49,220</u>	<u>(13,777,902)</u>
General Revenues:							
Property tax for:							
General purposes					\$ 5,851,836	-	5,851,836
Capital outlay					442,212	-	442,212
Income surtax					278,869	-	278,869
Statewide sales, services and use tax					1,106,108	-	1,106,108
Unrestricted state grants					8,015,555	-	8,015,555
Nonspecific program federal grants					310,713	-	310,713
Unrestricted investment earnings					49,502	3,752	53,254
Other general revenues					206,932	1,883	208,815
Gain on sale of capital assets					50,984	-	50,984
Total general revenues					<u>16,312,711</u>	<u>5,635</u>	<u>16,318,346</u>
Change in net assets					2,485,589	54,855	2,540,444
Net assets beginning of year					13,184,462	492,094	13,676,556
Net assets end of year					<u>\$ 15,670,051</u>	<u>546,949</u>	<u>16,217,000</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 2,529,414	1,255,865	1,029,269	4,814,548
Receivables:				
Property tax:				
Delinquent	60,065	4,789	4,233	69,087
Succeeding year	5,490,221	457,586	470,000	6,417,807
Income surtax	284,656	-	-	284,656
Accounts	1,672	-	18,125	19,797
Due from other governments	191,007	272,343	-	463,350
Prepaid expenses	7,404	-	-	7,404
TOTAL ASSETS	\$ 8,564,439	1,990,583	1,521,627	12,076,649
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 208,047	10,415	7,357	225,819
Salaries and benefits payable	69,273	-	1,229	70,502
Deferred revenue:				
Succeeding year property tax	5,490,221	457,586	470,000	6,417,807
Income surtax	284,656	-	-	284,656
Other	5,400	-	-	5,400
Total liabilities	6,057,597	468,001	478,586	7,004,184
Fund balances:				
Nonspendable	7,404	-	-	7,404
Restricted for:				
Categorical funding	255,648	-	-	255,648
School infrastructure	-	614,388	-	614,388
Physical plant and equipment	-	529,694	-	529,694
Management levy purposes	-	-	420,365	420,365
Student activities	-	-	343,413	343,413
Debt service	-	378,500	279,263	657,763
Unassigned	2,243,790	-	-	2,243,790
Total fund balances	2,506,842	1,522,582	1,043,041	5,072,465
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,564,439	1,990,583	1,521,627	12,076,649

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances of governmental funds (page 20)	\$	5,072,465
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		18,216,984
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		163,150
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		284,656
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(64,251)
Long-term liabilities, including bonds payable, capital loan notes payable, early retirement payable, compensated absences and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(8,002,953)</u>
Net assets of governmental activities (page 18)	\$	<u><u>15,670,051</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 5,752,851	1,548,320	385,225	7,686,396
Tuition	437,213	-	-	437,213
Other	250,067	20,394	667,374	937,835
Intermediate sources	18,208	-	-	18,208
State sources	8,706,060	108,046	212	8,814,318
Federal sources	772,162	100,000	-	872,162
Total revenues	<u>15,936,561</u>	<u>1,776,760</u>	<u>1,052,811</u>	<u>18,766,132</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,607,314	-	181,690	6,789,004
Special	1,828,594	-	7,365	1,835,959
Other	1,346,652	-	608,138	1,954,790
	<u>9,782,560</u>	<u>-</u>	<u>797,193</u>	<u>10,579,753</u>
Support services:				
Student	448,865	-	8,561	457,426
Instructional staff	562,813	124,006	1,589	688,408
Administration	1,275,471	5,137	19,070	1,299,678
Operation and maintenance of plant	1,233,713	-	105,310	1,339,023
Transportation	620,182	122,876	44,488	787,546
	<u>4,141,044</u>	<u>252,019</u>	<u>179,018</u>	<u>4,572,081</u>
Non-instructional programs:				
Food service operations	-	-	26,908	26,908
Capital outlay	-	304,334	-	304,334
Long-term debt:				
Principal	-	-	710,000	710,000
Interest and fiscal charges	-	-	345,521	345,521
	<u>-</u>	<u>-</u>	<u>1,055,521</u>	<u>1,055,521</u>
Other expenditures:				
AEA flowthrough	620,680	-	-	620,680
Total expenditures	<u>14,544,284</u>	<u>556,353</u>	<u>2,058,640</u>	<u>17,159,277</u>
Excess (deficiency) of revenues over (under) expenditures	1,392,277	1,220,407	(1,005,829)	1,606,855
Other financing sources (uses):				
Transfers in	-	-	1,055,032	1,055,032
Transfers out	-	(1,055,032)	-	(1,055,032)
Sale of capital assets	2,484	50,000	-	52,484
Total other financing sources (uses)	<u>2,484</u>	<u>(1,005,032)</u>	<u>1,055,032</u>	<u>52,484</u>
Net change in fund balances	1,394,761	215,375	49,203	1,659,339
Fund balance beginning of year	1,112,081	1,307,207	993,838	3,413,126
Fund balance end of year	<u>\$ 2,506,842</u>	<u>1,522,582</u>	<u>1,043,041</u>	<u>5,072,465</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds (page 22) \$ 1,659,339

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

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

Capital outlays	\$ 342,339	
Depreciation expense	(751,891)	
Loss on disposal	(1,500)	(411,052)

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 17,906

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. 710,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 10,802

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (7,371)

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

Compensated absences	(4,680)	
Early retirement	504,854	
Other postemployment benefits	5,791	505,965

Changes in net assets of governmental activities (page 19) \$ 2,485,589

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business Type	
	Enterprise: Fund	Governmental Activities: Internal Service Fund
	School Nutrition	
ASSETS		
Cash and pooled investments	\$ 347,627	163,150
Accounts receivable	35	-
Inventories	19,170	-
Capital assets, net of accumulated depreciation	194,907	-
TOTAL ASSETS	561,739	163,150
LIABILITIES		
Current liabilities:		
Accounts payable	2,074	-
Salaries and benefits payable	1,219	-
Unearned revenue	9,708	-
Total current liabilities	13,001	-
Long-term liabilities:		
Net OPEB liability	1,789	-
Total long-term liabilities	1,789	-
TOTAL LIABILITIES	14,790	-
NET ASSETS		
Invested in capital assets	194,907	-
Unrestricted	352,042	163,150
TOTAL NET ASSETS	\$ 546,949	163,150

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business Type	
	Enterprise: Fund	Governmental Activities:
	School	Internal
	Nutrition	Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 430,981	-
Miscellaneous	1,883	107,417
TOTAL OPERATING REVENUES	<u>432,864</u>	<u>107,417</u>
OPERATING EXPENSES:		
Support services:		
Operation and maintenance of plant:		
Services	16,124	-
Non-instructional programs:		
Food service operations:		
Salaries	263,394	-
Benefits	46,551	-
Services	10,532	-
Supplies	363,032	-
Other	3,357	-
Depreciation	28,869	-
	<u>715,735</u>	<u>-</u>
Other operations:		
Benefits	-	89,511
Total non-instructional programs	<u>715,735</u>	<u>89,511</u>
TOTAL OPERATING EXPENSES	<u>731,859</u>	<u>89,511</u>
OPERATING GAIN (LOSS)	(298,995)	17,906
NON-OPERATING REVENUES:		
State sources	7,235	-
Federal sources	342,863	-
Interest on investments	3,752	-
TOTAL NON-OPERATING REVENUES	<u>353,850</u>	<u>-</u>
Changes in net assets	54,855	17,906
Net assets beginning of year	<u>492,094</u>	<u>145,244</u>
Net assets end of year	<u>\$ 546,949</u>	<u>163,150</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business Type	
	Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 430,595	-
Cash received from miscellaneous	1,883	107,417
Cash payments to employees for services	(309,496)	-
Cash payments to suppliers for goods or services	(322,399)	(89,511)
Net cash provided by(used in) operating activities	<u>(199,417)</u>	<u>17,906</u>
Cash flows from non-capital financing activities:		
State grants received	7,235	-
Federal grants received	283,469	-
Net cash provided by non-capital financing activities	<u>290,704</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(3,278)	-
Cash flows from investing activities:		
Interest on investments	3,752	-
Net increase in cash and cash equivalents	91,761	17,906
Cash and cash equivalents at beginning of year	255,866	145,244
Cash and cash equivalents at end of year	<u>\$ 347,627</u>	<u>163,150</u>
Reconciliation of operating loss to net cash provided by(used in) operating activities:		
Operating gain(loss)	\$ (298,995)	17,906
Adjustments to reconcile operating gain(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	59,394	-
Depreciation	28,869	-
Decrease in inventories	9,178	-
Decrease in accounts receivable	39	-
Increase in accounts payable	2,074	-
Increase in salaries and benefits payable	541	-
Decrease in unearned revenue	(425)	-
Decrease in other postemployment benefits	(92)	-
Net cash provided by(used in) operating activities	<u>\$ (199,417)</u>	<u>17,906</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received Federal commodities valued at \$59,394.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	Private Purpose Trust	
	Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 33,212	4,040
Due from other groups	-	6,357
TOTAL ASSETS	<u>33,212</u>	<u>10,397</u>
LIABILITIES		
Due to other groups	-	10,397
NET ASSETS		
Restricted for scholarships	<u>\$ 33,212</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 28,530
Interest income	219
Total additions	<u>28,749</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>3,950</u>
Change in net assets	24,799
Net assets beginning of year	<u>8,413</u>
Net assets end of year	<u>\$ 33,212</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be intact or are not expected to be converted to cash.

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

Unassigned - All amounts not included in other spendable classifications.

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

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

E. Budgeting and Budgetary Control

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

(2) Cash and Pooled Investments

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

At June 30, 2012 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$63 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were both rated AAA by Standard and Poor's Financial Services.

(3) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide, Sales, Services and Use Tax	\$ 797,652
Debt Service	Capital Projects: Physical Plant and Equipment Levy	<u>257,380</u>
Total		<u>\$ 1,055,032</u>

The transfers from the Capital Projects: Statewide Sales, and Services and Use Tax and Capital Projects: Physical Plant and Equipment Levy funds to the Debt Service fund were for payment on the District's general obligation, revenue bond and capital loan note indebtedness.

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 72,250	-	1,500	70,750
Total capital assets not being depreciated	<u>72,250</u>	<u>-</u>	<u>1,500</u>	<u>70,750</u>
Capital assets being depreciated:				
Buildings	21,077,700	-	32,800	21,044,900
Land improvements	731,644	-	-	731,644
Machinery and equipment	3,450,754	342,339	76,901	3,716,192
Total capital assets being depreciated	<u>25,260,098</u>	<u>342,339</u>	<u>109,701</u>	<u>25,492,736</u>
Less accumulated depreciation for:				
Buildings	3,744,898	435,703	32,800	4,147,801
Land improvements	308,352	35,681	-	344,033
Machinery and equipment	2,651,062	280,507	76,901	2,854,668
Total accumulated depreciation	<u>6,704,312</u>	<u>751,891</u>	<u>109,701</u>	<u>7,346,502</u>
Total capital assets being depreciated, net	<u>18,555,786</u>	<u>(409,552)</u>	<u>-</u>	<u>18,146,234</u>
Governmental activities capital assets, net	<u>\$ 18,628,036</u>	<u>(409,552)</u>	<u>1,500</u>	<u>18,216,984</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 424,949	3,278	534	427,693
Less accumulated depreciation	204,451	28,869	534	232,786
Business type activities capital assets, net	<u>\$ 220,498</u>	<u>(25,591)</u>	<u>-</u>	<u>194,907</u>
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular				\$ 71,183
Other				39,001
Support services:				
Student				23,437
Administration				1,315
Operation and maintenance of plant				20,604
Transportation				124,967
				<u>280,507</u>
Unallocated depreciation				<u>471,384</u>
Total governmental activities depreciation expense				<u>\$ 751,891</u>
Business type activities:				
Food services				<u>\$ 28,869</u>

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 5,800,000	-	-	5,800,000	-
Revenue Bonds	1,545,000	-	495,000	1,050,000	515,000
Capital Loan Notes	1,145,000	-	215,000	930,000	220,000
Early Retirement	526,870	22,016	526,870	22,016	22,016
Net OPEB liability	164,119	-	5,791	158,328	-
Compensated absences	37,929	42,609	37,929	42,609	42,609
Total	\$ 9,218,918	64,625	1,280,590	8,002,953	799,625
<u>Business Type activities:</u>					
Net OPEB liability	\$ 1,881	-	92	1,789	-

General Obligation Bonds Payable

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of February 1, 2008			
	Interest Rates	Principal	Interest	Total
2013	4.00 %	\$ -	237,900	237,900
2014	4.00	-	237,900	237,900
2015	4.00	345,000	237,900	582,900
2016	4.00	360,000	224,100	584,100
2017	4.00	375,000	209,700	584,700
2018-2022	4.13	2,115,000	806,232	2,921,232
2023-2027	4.13	2,605,000	331,031	2,936,031
Total		\$ 5,800,000	2,284,763	8,084,763

Revenue Bonds Payable

Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond Issue of January 1, 2006			
	Interest Rates	Principal	Interest	Total
2013	4.10 %	\$ 515,000	43,446	558,446
2014	4.15	535,000	22,203	557,203
Total		\$ 1,050,000	65,649	1,115,649

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,785,000 bonds issued in January 2006. The statewide sales, services and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure and are payable through 2014. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 51 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,115,649. For the current year, \$495,000 in principal and \$63,741 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,106,108.

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

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

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

Capital Loan Notes

Details of the District's June 30, 2012 capital loan notes indebtedness is as follows:

Year	Note Issue of January 1, 2006				
Ending	Interest		Principal	Interest	Total
June 30,	Rates				
2013	3.70	% \$	220,000	34,532	254,532
2014	3.70		230,000	26,393	256,393
2015	3.70		235,000	17,883	252,883
2016	3.75		245,000	9,187	254,187
Total		\$	930,000	87,995	1,017,995

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each employee is a maximum of \$335 per month contribution toward single health insurance coverage until age 65. The employee will also receive \$43 per day of unused sick leave. The early retirement benefits paid during the year ended June 30, 2012, totaled \$143,759. A portion of the early retirement liability is now recorded based on actuarial valuations and is reflected in the net OPEB liability.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 198 active and 30 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. The District also offers early retirement benefits in the form of health insurance benefits resulting in an explicit rate subsidy to the OPEB liability.

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

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

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

Annual required contribution	\$ 275,000
Interest on net OPEB obligation	7,470
Adjustment to annual required contribution	(6,353)
Annual OPEB cost (expense)	<u>276,117</u>
Contributions made	<u>(282,000)</u>
Increase in net OPEB obligation	(5,883)
Net OPEB obligation - beginning of year	<u>166,000</u>
 Net OPEB obligation - end of year	 <u><u>\$ 160,117</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. 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 \$237,000 to the medical plan. Plan members eligible for benefits contributed \$206,000, or 48.2% of the premium costs.

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

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 240,410	78.6%	\$ 127,410
2011	275,590	86.0%	166,000
2012	276,117	102.1%	160,117

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$3,005,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,005,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,237,562, and the ratio of the UAAL to covered payroll was 32.5%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a percentage each year until reaching the 5% ultimate trend rate.

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

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

(7) Pension and Retirement Benefits

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

Plan members were required to contribute 5.38% of their annual covered salary and the District was required to contribute 8.07% of annual covered salary for the years ended June 30, 2012. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$745,471, \$634,196 and \$615,194 respectively, equal to the required contributions for each year.

(8) Risk Management

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

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

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

(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 \$620,680 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 ending restricted balances for categorical funding as of June 30, 2012 are comprised of the following programs:

Program	Amount
Talented and gifted	\$ 9,165
Dropout and dropout prevention	114,055
Teacher salary supplement	124,750
Professional development	3,636
Model core curriculum	530
Beginning teacher mentoring	3,512
Total restricted for categorical funding	\$ 255,648

REQUIRED SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 9,061,444	436,616	9,498,060	9,338,936	9,338,936	159,124
Intermediate sources	18,208	-	18,208	6,000	6,000	12,208
State sources	8,814,318	7,235	8,821,553	9,145,015	9,145,015	(323,462)
Federal sources	872,162	342,863	1,215,025	1,099,400	1,099,400	115,625
Total revenues	18,766,132	786,714	19,552,846	19,589,351	19,589,351	(36,505)
Expenditures/expenses:						
Instruction	10,579,753	-	10,579,753	11,177,926	11,177,926	598,173
Support services	4,572,081	16,124	4,588,205	4,956,555	4,956,555	368,350
Non-instructional programs	26,908	715,735	742,643	793,193	793,193	50,550
Other expenditures	1,980,535	-	1,980,535	2,337,021	2,337,021	356,486
Total expenditures/expenses	17,159,277	731,859	17,891,136	19,264,695	19,264,695	1,373,559
Excess of revenues over expenditures/expenses	1,606,855	54,855	1,661,710	324,656	324,656	1,337,054
Other financing sources, net	52,484	-	52,484	6,865	6,865	45,619
Excess of revenues and and other financing sources over expenditures/expenses	1,659,339	54,855	1,714,194	331,521	331,521	1,382,673
Balance beginning of year	3,413,126	492,094	3,905,220	3,260,374	3,260,374	644,846
Balance end of year	\$ 5,072,465	546,949	5,619,414	3,591,895	3,591,895	2,027,519

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY 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 comparison for the General Fund and each major Special Revenue Fund.

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

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

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	July 1, 2008	-	\$ 2,601,000	\$ 2,601,000	0.0 %	\$ 8,543,080	30.4%
2011	July 1, 2010	-	3,005,000	3,005,000	0.0	9,125,124	32.9%
2012	July 1, 2010	-	3,005,000	3,005,000	0.0	9,237,562	32.5%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue				Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Special Revenue Funds	Debt Service	
ASSETS					
Cash and pooled investments	\$ 418,410	331,596	750,006	279,263	1,029,269
Receivables:					
Property tax:					
Delinquent	4,233	-	4,233	-	4,233
Succeeding year	470,000	-	470,000	-	470,000
Accounts	-	18,125	18,125	-	18,125
TOTAL ASSETS	\$ 892,643	349,721	1,242,364	279,263	1,521,627
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,278	5,079	7,357	-	7,357
Salaries and benefits payable	-	1,229	1,229	-	1,229
Deferred revenue:					
Succeeding year property tax	470,000	-	470,000	-	470,000
Total liabilities	472,278	6,308	478,586	-	478,586
Fund balances:					
Restricted for:					
Management levy purposes	420,365	-	420,365	-	420,365
Student activities	-	343,413	343,413	-	343,413
Debt service	-	-	-	279,263	279,263
Total fund balances	420,365	343,413	763,778	279,263	1,043,041
TOTAL LIABILITIES AND FUND BALANCES	\$ 892,643	349,721	1,242,364	279,263	1,521,627

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	Special Revenue				Total
	Manage- ment Levy	Student Activity	Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:					
Local sources:					
Local tax	\$ 385,225	-	385,225	-	385,225
Other	23,876	643,341	667,217	157	667,374
State sources	212	-	212	-	212
TOTAL REVENUES	409,313	643,341	1,052,654	157	1,052,811
EXPENDITURES:					
Current:					
Instruction:					
Regular	181,690	-	181,690	-	181,690
Special	7,365	-	7,365	-	7,365
Other	-	608,138	608,138	-	608,138
Support services:					
Student	8,561	-	8,561	-	8,561
Instructional staff	1,589	-	1,589	-	1,589
Administration	19,070	-	19,070	-	19,070
Operation and maintenance of plant	104,787	523	105,310	-	105,310
Transportation	44,488	-	44,488	-	44,488
Non-instructional programs:					
Food service operations	26,908	-	26,908	-	26,908
Other expenditures:					
Long-term debt:					
Principal	-	-	-	710,000	710,000
Interest and fiscal charges	-	-	-	345,521	345,521
TOTAL EXPENDITURES	394,458	608,661	1,003,119	1,055,521	2,058,640
Excess(Deficiency) of revenues over(under) expenditures	14,855	34,680	49,535	(1,055,364)	(1,005,829)
Other financing sources:					
Transfer in	-	-	-	1,055,032	1,055,032
Net change in fund balance	14,855	34,680	49,535	(332)	49,203
Fund balance beginning of year	405,510	308,733	714,243	279,595	993,838
Fund balance end of year	\$ 420,365	343,413	763,778	279,263	1,043,041

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2012

	Capital Projects			
	Statewide Sales, Services and Use Tax	Gymnasium Construction	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 729,940	1,020	524,905	1,255,865
Receivables:				
Property tax:				
Delinquent	-	-	4,789	4,789
Succeeding year	-	-	457,586	457,586
Due from other governments	272,343	-	-	272,343
TOTAL ASSETS	\$ 1,002,283	1,020	987,280	1,990,583
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 10,415	-	-	10,415
Deferred revenue:				
Succeeding year property tax	-	-	457,586	457,586
Total liabilities	10,415	-	457,586	468,001
Fund balances:				
Restricted for:				
School infrastructure	613,368	1,020	-	614,388
Physical plant and equipment	-	-	529,694	529,694
Debt service	378,500	-	-	378,500
Total fund balances	991,868	1,020	529,694	1,522,582
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,002,283	1,020	987,280	1,990,583

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2012

	Capital Projects			
	Statewide Sales, Services and Use Tax	Gymnasium Construction	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,106,108	-	442,212	1,548,320
Other	4,214	10,000	6,180	20,394
State sources	107,807	-	239	108,046
Federal sources	-	-	100,000	100,000
TOTAL REVENUES	<u>1,218,129</u>	<u>10,000</u>	<u>548,631</u>	<u>1,776,760</u>
EXPENDITURES:				
Current:				
Support services:				
Instructional staff	124,006	-	-	124,006
Administration	4,038	-	1,099	5,137
Transportation	10,415	-	112,461	122,876
Capital outlay	469	8,980	294,885	304,334
TOTAL EXPENDITURES	<u>138,928</u>	<u>8,980</u>	<u>408,445</u>	<u>556,353</u>
Excess of revenues over expenditures	1,079,201	1,020	140,186	1,220,407
Other financing sources(uses):				
Transfers out	(797,652)	-	(257,380)	(1,055,032)
Sale of capital assets	-	-	50,000	50,000
Total other financing sources(uses)	<u>(797,652)</u>	<u>-</u>	<u>(207,380)</u>	<u>(1,005,032)</u>
Net change in fund balance	281,549	1,020	(67,194)	215,375
Fund balance beginning of year	710,319	-	596,888	1,307,207
Fund balance end of year	<u>\$ 991,868</u>	<u>1,020</u>	<u>529,694</u>	<u>1,522,582</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>District-wide:</u>				
General Activity	\$ 712	-	-	712
Special Programs Learning Aids	635	-	-	635
Special Programs Special Olympics	8,111	191	883	7,419
District-Wide Destination Imagination	3,548	2,306	5,854	-
	<u>13,006</u>	<u>2,497</u>	<u>6,737</u>	<u>8,766</u>
<u>Elementary:</u>				
Elem Vocal Music	352	385	-	737
Elem Activity	82,528	45,854	32,795	95,587
Elem Yearbook	2,356	45	587	1,814
	<u>85,236</u>	<u>46,284</u>	<u>33,382</u>	<u>98,138</u>
<u>Middle School:</u>				
MS Drama	91	-	-	91
MS Vocal Music	3,688	3,379	3,978	3,089
MS Band	6,681	1,587	5,728	2,540
MS Boys Basketball	-	1,127	1,127	-
MS Football	-	1,721	-	1,721
MS Boys Track	-	993	749	244
MS Boys Cross Country	90	14	-	104
MS Wrestling	4	2,123	2,127	-
MS Girls Basketball	-	1,065	1,065	-
MS Volleyball	-	1,187	934	253
MS Girls Track	55	971	925	101
MS Girls Cross Country	-	420	410	10
MS Activity	88,415	51,378	42,784	97,009
MS 5th Grade Activity	178	-	-	178
MS 8th Grade Field Trip	8,574	2,630	-	11,204
MS Rivers Day Activity	738	250	517	471
MS Peer Helpers	630	-	-	630
MS Student Council	92	-	-	92
MS FFA	55	-	-	55
MS Behavior Support	1,280	957	765	1,472
MS Yearbook	1,168	1,491	2,281	378
MS Concessions	7,306	34,887	34,133	8,060
	<u>119,045</u>	<u>106,180</u>	<u>97,523</u>	<u>127,702</u>
<u>High School:</u>				
HS Drama	2,049	22,113	16,177	7,985
HS Thespians	-	1,320	895	425
HS Speech	1,767	4,777	6,544	-
HS Vocal Music	15	22,551	22,566	-
HS Vocal Fundraisers	118	-	10	108

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>High School (continued):</u>				
HS Band	-	13,563	12,320	1,243
HS Band Fundraisers	3,495	3,935	1,950	5,480
HS Cheerleading	-	9,098	9,098	-
HS Boys Basketball	78	17,975	18,053	-
HS Football	5,507	59,806	63,580	1,733
HS Boys Soccer	3,109	4,564	5,263	2,410
HS Baseball	-	16,924	16,924	-
HS Boys Track	5,416	4,711	4,022	6,105
HS Boys Cross Country	372	1,792	1,481	683
HS Boys Tennis	39	-	-	39
HS Boys Golf	-	869	869	-
HS Wrestling	176	25,022	25,198	-
HS Girls Basketball	78	11,709	10,954	833
HS Volleyball	-	16,016	15,260	756
HS Girls Soccer	885	18,277	12,864	6,298
HS Softball	3,368	22,166	24,577	957
HS Girls Track	6,884	11,826	16,082	2,628
HS Girls Cross Country	-	1,831	1,656	175
HS Girls Golf	-	770	770	-
HS Activity Tickets	137	18,412	11,522	7,027
HS Activity	-	1,737	880	857
HS Student Vending	58	707	765	-
HS After Prom	-	3,366	3,363	3
HS Art	1,205	3,781	2,393	2,593
HS SADD	1,306	-	-	1,306
HS Bowling	346	5,528	5,367	507
HS National Honor Society	2,891	3,925	3,891	2,925
HS Student Council	-	4,458	4,458	-
HS Dance Team	1,346	1,707	1,483	1,570
HS Show Choir	-	21,066	21,066	-
HS FBLA	2,237	15,381	16,132	1,486
HS FCCLA	3,133	5,160	4,790	3,503
HS Foreign Language Fundraising	1,885	799	2,238	446
HS Back to School Fundraiser	3,380	3,685	3,128	3,937
Class of 2011	-	53	53	-
Class of 2012	-	40	40	-
Class of 2013	149	4,326	2,756	1,719
Class of 2014	1	6	7	-
Class of 2015	-	26	26	-
HS FFA	8,495	33,144	32,073	9,566
HS Athletic Equipment	6,158	783	1,000	5,941
HS Yearbook	23,014	26,881	25,727	24,168
HS Concessions	2	39,153	38,007	1,148
HS YADC	1,461	-	508	953
HY industrial Tech	886	2,641	2,233	1,294
	91,446	488,380	471,019	108,807
Total	\$ 308,733	643,341	608,661	343,413

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities:</u>		
	<u>Internal Service Funds</u>		
	<u>Self-funded</u>	<u>Tax</u>	
	<u>Insurance</u>	<u>Saver</u>	<u>Total</u>
ASSETS:			
Cash and pooled investments	\$ 127,571	35,579	163,150
LIABILITIES:	-	-	-
NET ASSETS	\$ 127,571	35,579	163,150

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	Governmental Activities:		
	Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
OPERATING REVENUES:			
Local sources:			
Miscellaneous	\$ 16,027	91,390	107,417
OPERATING EXPENSES:			
Other operations:			
Benefits	7,098	82,413	89,511
TOTAL OPERATING EXPENSES	7,098	82,413	89,511
Change in net assets	8,929	8,977	17,906
Net assets beginning of year	118,642	26,602	145,244
Net assets end of year	\$ 127,571	35,579	163,150

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

	Governmental Activities:		
	Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
Cash flows from operating activities:			
Cash received from miscellaneous	\$ 16,027	91,390	107,417
Cash payments to suppliers for goods or services	(7,098)	(82,413)	(89,511)
Net cash provided by operating activities	<u>8,929</u>	<u>8,977</u>	<u>17,906</u>
Net increase in cash and cash equivalents	8,929	8,977	17,906
Cash and cash equivalents at beginning of year	118,642	26,602	145,244
Cash and cash equivalents at end of year	<u>\$ 127,571</u>	<u>35,579</u>	<u>163,150</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2012

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>ELEMENTARY FACULTY VENDING</u>				
ASSETS				
Cash and pooled investments	\$ (3,912)	4,761	5,056	(4,207)
Due from other groups	4,002	205	-	4,207
	<u>\$ 90</u>	<u>4,966</u>	<u>5,056</u>	<u>-</u>
LIABILITIES				
Due to other groups	90	4,966	5,056	-
	<u>\$ 90</u>	<u>4,966</u>	<u>5,056</u>	<u>-</u>
<u>MIDDLE SCHOOL FACULTY VENDING</u>				
ASSETS				
Cash and pooled investments	\$ 3,955	4,441	4,004	4,392
LIABILITIES				
Due to other groups	\$ 3,955	4,441	4,004	4,392
<u>HIGH SCHOOL FACULTY VENDING</u>				
Cash and pooled investments	\$ 398	3,470	3,435	433
Due from other groups	158	-	158	-
	<u>\$ 556</u>	<u>3,470</u>	<u>3,593</u>	<u>433</u>
LIABILITIES				
Accounts payable	\$ 556	-	556	-
Due to other groups	-	3,470	3,037	433
	<u>\$ 556</u>	<u>3,470</u>	<u>3,593</u>	<u>433</u>
<u>ACADEMIC BOOSTER</u>				
ASSETS				
Cash and pooled investments	\$ 6,643	30,572	33,143	4,072
LIABILITIES				
Accounts payable	\$ 90	-	90	-
Due to other groups	6,553	30,572	33,053	4,072
	<u>\$ 6,643</u>	<u>30,572</u>	<u>33,143</u>	<u>4,072</u>

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>CAMP INVENTION</u>				
ASSETS				
Cash and pooled investments	\$ -	-	2,150	(2,150)
Due from other groups	-	2,150	-	2,150
	<u>\$ -</u>	<u>2,150</u>	<u>2,150</u>	<u>-</u>
LIABILITIES				
Due to other groups	\$ -	2,150	2,150	-
<u>SCHOOL TO WORK</u>				
ASSETS				
Cash and pooled investments	\$ -	1,500	-	1,500
	<u>\$ -</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
LIABILITIES				
Due to other groups	\$ -	1,500	-	1,500
	<u>\$ -</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 7,084	44,744	47,788	4,040
Due from other groups	4,160	2,355	158	6,357
	<u>\$ 11,244</u>	<u>47,099</u>	<u>47,946</u>	<u>10,397</u>
LIABILITIES				
Accounts payable	\$ 646	-	646	-
Due to other groups	10,598	47,099	47,300	10,397
	<u>\$ 11,244</u>	<u>47,099</u>	<u>47,946</u>	<u>10,397</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2012	2011	2010	2009
Revenues:				
Local sources:				
Local tax	\$ 7,686,396	7,561,982	6,805,373	6,524,265
Tuition	437,213	467,462	520,630	588,931
Other	937,835	1,097,057	1,427,154	1,014,302
Intermediate sources	18,208	19,176	10,887	3,223
State sources	8,814,318	7,921,970	7,236,430	8,247,287
Federal sources	872,162	796,285	1,407,316	672,074
Total	\$ 18,766,132	17,863,932	17,407,790	17,050,082
Expenditures:				
Current:				
Instruction:				
Regular	\$ 6,789,004	6,580,516	6,653,142	6,814,274
Special	1,835,959	1,754,746	1,720,533	1,997,925
Other	1,954,790	2,035,421	1,921,074	1,788,129
Support services:				
Student	457,426	489,796	538,091	557,396
Instructional staff	688,408	618,515	514,011	577,663
Administration	1,299,678	1,245,175	1,335,154	1,327,736
Operation and maintenance of plant	1,339,023	1,296,930	1,253,102	1,224,170
Transportation	787,546	844,250	839,998	668,223
Non-instructional programs	26,908	18,565	16,129	14,077
Capital outlay	304,334	79,362	1,870,086	4,744,937
Long-term debt:				
Principal	710,000	690,000	665,000	640,000
Interest	345,521	370,886	396,786	481,196
Other expenditures:				
AEA flow-through	620,680	685,085	681,550	609,219
Total	\$ 17,159,277	16,709,247	18,404,656	21,444,945

Modified Accrual Basis					
Years Ended June 30,					
2008	2007	2006	2005	2004	2003
6,199,860	6,144,866	6,040,121	5,979,031	5,338,738	4,515,905
530,119	475,862	469,363	424,314	375,884	272,682
1,995,017	1,290,501	1,027,705	733,515	619,639	656,419
2,337	18,945	1,648	992	2,225	3,894
7,988,447	7,665,915	7,069,095	6,830,325	6,728,038	7,116,621
450,431	490,028	525,365	534,309	620,330	412,125
17,166,211	16,086,117	15,133,297	14,502,486	13,684,854	12,977,646
6,761,292	6,245,118	5,876,112	5,507,524	5,470,527	5,750,083
1,793,130	1,778,297	1,604,609	1,421,712	1,807,235	1,505,916
1,740,027	1,791,278	1,668,535	1,687,515	1,248,063	1,228,576
523,663	506,034	506,248	461,371	475,490	456,332
587,147	627,900	637,959	606,391	744,472	858,173
1,244,674	1,231,530	1,655,746	1,139,647	1,151,947	1,200,579
1,201,451	1,295,088	1,119,330	919,307	847,699	838,538
797,057	721,294	669,179	631,989	606,693	569,502
12,588	12,005	10,773	8,177	4,000	1,151
3,157,006	6,060,294	221,750	91,893	182,404	172,587
620,000	555,000	22,428	273,056	266,233	234,070
207,975	261,468	52,292	7,306	15,339	23,958
580,821	558,796	539,508	539,265	550,205	590,036
19,226,831	21,644,102	14,584,469	13,295,153	13,370,307	13,429,501

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 12	\$ 37,898
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 12	304,965 *
			<u>342,863</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER:			
TITLE I (SINA - SCHOOLS IN NEED OF ASSISTANCE)	84.010	FY 12	7,568
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6950-GC	17,338
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6950-G	149,152
			<u>174,058</u>
FUND FOR THE IMPROVEMENT OF EDUCATION (IOWA DEMONSTRATION CONSTRUCTION GRANTS)			
	84.215	FY 12	<u>100,000</u>
IMPROVING TEACHER QUALITY STATE GRANTS			
	84.367	FY 12	<u>68,838</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES			
	84.369	FY 12	<u>10,192</u>
EDUCATION JOB FUNDS			
	84.410	FY 11	305,902
EDUCATION JOB FUNDS	84.410	FY 12	4,810
			<u>310,712</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 12	<u>85,922</u>
TOTAL			<u>\$ 1,092,585</u>

* - Includes \$59,394 of non-cash awards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Delaware County Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 4, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 4, 2013

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

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

Compliance

We have audited the compliance of West Delaware County Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of West Delaware County Community School District's major federal programs for the year ended June 30, 2012. West Delaware County Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of West Delaware County Community School District's management. Our responsibility is to express an opinion on West Delaware County Community School District's compliance based on our audit.

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

In our opinion, West Delaware County Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson P.C." with a stylized flourish at the end.

NOLTE, CORNMAN & JOHNSON, P.C.

February 4, 2013

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program were as follows:
 - Clustered Program:
 - Child Nutrition Cluster
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - Individual Program:
 - CFDA Number 84.410 - Education Jobs Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Delaware County Community School District qualified as a low-risk auditee.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-12 Scholarship Checks - We noted during our audit that the District wrote checks to students for scholarships from the Private Purpose Trust Fund. The checks did not include the college the student was attending as the payee.

Recommendation - The checks issued for scholarship awards should be written out to the student and college the student is attending. If the check is written directly to the student, the student must be issued a W-2.

Response - Scholarship Checks will be issued to both the school and the student. If the donor requests for the check to be sent to the student only, a W-2 will be issued.

Conclusion - Response accepted.

II-B-12 Agency Funds - We noted during our audit that the District utilizes an Agency Fund. According to Chapter 9 of the LEA Administrative Manual, "Agency funds are used to account for assets received and held as an agent for individuals, private organizations, or other governments. Agency Funds could include money collected for another government, a grant consortium when the district serves as fiscal agent for the other districts but has no managerial responsibilities, and funds for a teacher or parent-teacher organization which has its own Federal Identification Number. The District acts as a custodian of the assets and not an owner. Agency Funds may be created when an organization which is related to the operation of the District place certain assets into custody of the District. The District renders a service, as custodian, for the organization providing the assets. Agency funds typically involve only the receipt, temporary investment and remittance of assets to their rightful owners. Moneys owned by the District would not be accounted for in the Agency Fund."

The District appears to be improperly accounting for agency accounts. We noted staff pop accounts are reported in the Agency Fund. The revenues collected on the premises of the school are generally considered School proceeds and should be reported appropriately in the District records. The District has control of the vending machines and therefore the profit should be reported and accounted for in the District records. Agency funds are to account for non-district revenue.

Recommendation - The District should review Chapter 9 of the LEA Administrative Manual which identifies funds and allowable revenues and expenses. The District should review each agency account for propriety and make the necessary transfers to the proper fund where monies can be appropriately be receipted and expensed.

Response - Agency Funds will be reviewed for compliance with Chapter 9 of the LEA Administrative Manual.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 Certified Budget - District disbursements for the year ended June 30, 2012, did not exceed the amount budgeted.

IV-B-12 Questionable Disbursements - During our audit we noted the following items as questionable disbursements. More specific examples of those instances of questioned items and recommendations are as follows:

Incentive Prizes: We noted a disbursement of Chamber Bux as incentive prizes. Giving cash and/or cash equivalents to students as incentives or prizes do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

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

Response - The business manager met with administration in November 2012 and clarified the definition of cash equivalents. The business manual will be updated to state specifically that no gift cards including Chamber Bux or other cash equivalents may be funded from district sources including student activity accounts.

Conclusion - Response accepted.

Sales Tax Reimbursements: We noted during our audit instances of the District reimbursing employees for sales tax, which was paid by the employee. As the District is a tax-exempt entity reimbursements for sales tax would not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

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

Response - The business manager sent an email district wide on October 5, 2012 reminding staff that sales tax will not be reimbursed. It was also placed in the district's business manual which is distributed to the entire district.

Conclusion - Response accepted.

IV-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.

IV-D-12 Business Transactions - No business transactions between the District and District officials or employees were noted.

- IV-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 that the coverage is adequate for current operations.
- IV-F-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-12 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- IV-H-12 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-12 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-12 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely. We noted no significant deficiencies in the amounts reported.
- IV-K-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-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		\$ 710,319
Revenues/transfers in:		
Sales tax revenues	\$ 1,106,108	
Other local revenues	4,214	
Transfers from other funds	107,807	1,218,129
		<u>1,928,448</u>
Expenditures/transfers out:		
School infrastructure construction	469	
Equipment	137,459	
Other	1,000	
Transfers to other funds:		
Debt service fund	797,652	936,580
		<u>936,580</u>
Ending balance		<u>\$ 991,868</u>

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 \$1000 of Taxable Valuation	Property Tax Dollars
Debt Service Levy	\$ 0.53828	\$ 237,900

IV-M-12 DJ Contract - We noted during our audit that the District entered into a contract for DJ services for the homecoming dance. However, this contract was not signed by the Board President. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District to be in compliance with 291.1 of the Code of Iowa.

Response - The District will have the Board President sign all contracts entered into by the District.

Conclusion - Response accepted.

IV-N-12 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students.

Scholarship awards: It appears that the District awards scholarships to students from proceeds generated from activities recorded in the HS National Honor Society and Student Council accounts.

Recommendation - Scholarship awards to students are most appropriately handled through the Private Purpose Trust Fund. The District should determine the amount of scholarships to be awarded to students and receipt the proceeds and record subsequent expenditures in the Private Purpose Trust Fund.

Response - The district will review procedures related to scholarship awards from proceeds generated from activities such as National Honor Society.

Conclusion - Response accepted.

Commissions - We noted that Lifetouch commissions were recorded in the Student Activity Fund.

Recommendation - The Student Activity fund contains Lifetouch picture commissions. The General Fund is the only allowable fund for commission revenue recognition. In the future, Lifetouch picture commissions should be receipted to the General Fund.

Response - Receipts will be reviewed and procedures modified to ensure commissions such as Life Touch are placed in the General Fund.

Conclusion - Response accepted.