BENTON COMMUNITY SCHOOL DISTRICT
VAN HORNE, IOWA

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

JUNE 30, 2009

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BENTON COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	Title	Term Expires
	Board of Education	
	(Before September 2008 Election)	
Brenda Schanbacher	President	2011
Terry Harrington	Vice President	2009
Dan Voss	Board Member	2011
Bryce Brecht	Board Member	2009
Tricia Schutterle	Board Member	2009
Robyn Allen	Board Member	2008
Brian Strellner	Board Member	2008
	Board of Education	
	(After September 2008 Election)	
Brenda Schanbacher	President	2011
Terry Harrington	Vice President	2009
Bryce Brecht	Board Member	2009
Tricia Schutterle	Board Member	2009
Bill Boies	Board Member	2011
Brian Strellner	Board Member	2011
Dan Voss	Board Member	2011
	School Officials	
Gary Zittergruen	Superintendent	2010
Doug Embray	District Secretary/Associate Superintendent	2010
Barb Barr	District Treasurer	2009
Shuttleworth and Ingersoll	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Benton 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 Benton Community School District, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Benton Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2010 on our consideration of Benton Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 14 and 48 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton 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 four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
January 19, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS 2009

This section of the Benton Community School District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2009. Our analysis will focus on the District's financial performance as a whole for the fiscal year 2009.

This is the seventh year that all District financial activities are reported on a full accrual basis, and comparisons with prior years will be made when appropriate. Efforts have been made to provide comparison data from the prior year when such data is required. In subsequent years, with additional data, five-year trends will be provided for District financial information.

Please read this analysis in conjunction with the District's financial statements, which immediately follow this section.

Fiscal 2009 Financial Highlights

- General Fund revenue and other financing sources increased from $13,688,365 in fiscal 2008 to $14,136,082, in fiscal 2009 while General Fund expenditures increased from $14,192,788 in fiscal 2008 to $14,777,723 in fiscal 2009. This resulted in an overall change in the District's General Fund balance from $1,922,283 in fiscal 2008 to $1,280,642 in fiscal 2009, a decrease from the prior fiscal year.

- The increase in General Fund revenues was attributed to an increase in local property tax collections as well as state and federal program revenue in fiscal 2009. In addition 2009 was the seventh year of the District Instructional Support Levy, funded by a mixture of Income-surtax, local property tax and State Aid. The levy is scheduled to provide approximately $514,415 for District identified purchases.

- The increase in expenditures was due primarily to an increase in personnel costs due to negotiated salary and benefit agreements, increased accounts payable expenditures, and increases in fixed costs.

- The District continues to collect one-cent sales tax revenue from Benton, Iowa and Tama Counties during the 2009 fiscal year. The revenue from this tax has been used to reduce District long-term debt. The District has also approved a new Revenue Purpose Statement to align with State Legislation on the One Cent Sales revenue collection. This funding stream continues to support district infrastructure needs.

- A stagnant economy impacted earning rates during the fiscal year, resulting in a small decrease in General Fund interest earnings on investments. In fiscal 2008 the District earned $33,008 on investments. In fiscal year 2009 the District earned $21,806 on investments, a decrease over last years earnings.

- The District completed several Physical Plant and Equipment activities related to building and grounds projects during the 2009 fiscal year. The PPEL fund will expire in Fiscal 2011. This funding approval has provided approximately 5 million dollars over the past decade to improve district infrastructure.

Overview of Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The statements for governmental funds explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- The statements for proprietary funds offer short-term and long-term financial information about the activities the District operates like businesses, such as food services, latchkey and preschool.

- The statements for fiduciary funds provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

District Wide Statements

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

The two District-wide 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 the District's financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base, the condition of school buildings and facilities, and student enrollment trends.

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

- **Governmental funds:** 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 funds:** The District charges fees to help cover the cost of certain services it provides. The District school nutrition program would be included here.

Fund Financial Statements

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

- 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 show that it is properly using certain revenues such as federal grants.

Benton Community School District has three types of funds:

- **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, which 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
    - The District's governmental funds include the General Fund; Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Fund.
- **Proprietary funds:** Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
    - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the school nutrition program and the preschool program.
- **Fiduciary funds:** The District is trustee, or fiduciary, for assets that belong to others.
    - **Agency Fund:** These are either funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts, or certain revenue collected from District employee purchases of pop and related expenditures.

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

Financial Analysis of the District as a Whole

Net assets: Figure A-1 provides a summary of the District's net assets for fiscal years ended June 30, 2008 and June 30, 2009.

Figure A-1 Statement of Net Assets

	Government Activities	Business Activity	School District	Government Activities	Business Activity	School District	Change
	2008	2008	2008	2009	2009	2009	
Current /other assets	11,956,664	168,837	12,125,501	12,085,090	162,619	12,247,709	122,208
Capital Assets	9,834,443	66,388	9,900,831	10,493,713	80,039	10,573,752	672,921
Total Assets	21,791,107	235,225	22,026,332	22,578,803	242,658	22,821,461	795,129
Long-term obligations	3,045,000	0	3,045,000	2,979,000	0	2,979,000	66,000
Other liabilities	6,872,126	12,846	6,884,972	7,436,893	18,322	7,455,215	570,243
Total Liabilities	9,917,126	12,846	9,929,972	10,415,893	18,322	10,434,215	504,243
Net Assets:							
Invested in capital Assets, net of debt	6,789,443	66,388	6,855,831	7,593,713	80,039	7,673,752	817,921
Restricted	3,181,844	0	3,181,844	3,610,091	0	3,610,091	428,247
Unrestricted	1,902,694	155,991	2,058,685	959,106	144,297	1,103,403	-955,282
Total Net Assets	11,873,981	222,379	12,096,360	12,162,910	224,336	12,387,246	290,886

Changes in net assets: Figure A-2 shows the changes in net assets for the years ending June 30, 2008 and June 30, 2009.

Figure A-2 Changes in Net Assets

	Government Activities 2008	Business Activities 2008	School District 2008	Government Activities 2009	Business Activities 2009	School District 2009	Change
Revenues:							
Program Revenue:							
Charge for service / sales	1,009,172	487,762	1,496,934	1,163,613	543,565	1,707,178	210,244
Operating grants, restricted interest	2,060,754	225,644	2,286,398	2,409,490	252,656	2,662,146	375,748
Capital grants, and restricted interest	165,260	0	165,260	0	0	0	-165,260
General Revenues:							
Property tax	6,356,828	0	6,356,828	6,766,799	0	6,766,799	409,971
Unrestricted state grants	6,485,371	0	6,485,371	6,175,079	0	6,175,079	-310,292
Unrestricted investments	81,724	902	82,626	49,397	825	50,222	-32,404
Other	79,644	0	79,644	59,871	0	59,871	-19,773
Total revenues	16,238,753	714,308	16,953,061	16,624,249	797,046	17,421,295	468,234
Program Expenses:							
Governmental activities							
Instruction	9,767,347	0	9,767,347	10,333,691	0	10,333,691	566,344
Support services	4,692,072	1,148	4,693,220	4,781,494	840	4,782,334	89,114
Non-instruction Programs	27,055	669,013	696,068	0	794,249	794,249	98,181
Other expenses	1,072,671	0	1,072,671	1,220,135	0	1,220,135	147,464
Total expenses	15,559,145	670,161	16,229,306	16,335,320	795,089	17,130,409	901,103
Change in net assets:	679,608	44,147	723,755	288,929	1,957	290,886	-432,869

Property tax and unrestricted state grants account for 74% of the District's total revenue. The District's expenses primarily relate to instruction and support services, which account for 88% of the total expenses.

Governmental Activities

Revenues for governmental activities were $16,624,249 and expenses were $16,335,320 in fiscal 2009, the District attempted to balance revenues and expenses for most Governmental Funds, excluding the Capital Projects Fund. Particular attention was given to the District General Fund. 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-3 Total Net Cost of Governmental Activities

Figure A-3 shows the changes in Net costs for the years ending June 30, 2008 and June 30, 2009.

	Cost of Services	Net Cost of Services	Cost of Services	Net Cost of Services	Change
	2008	2008	2009	2009	
Instruction	9,767,347	7,312,908	10,333,691	7,382,382	69,474
Support services	4,692,072	4,639,781	4,781,494	4,737,893	98,112
Non-instructional programs	27,055	27,055	0	0	-27,055
Other expenses	1,023,380	294,924	1,220,135	641,942	347,018
Total	15,509,854	12,274,668	16,335,320	12,762,217	487,549

- The cost financed by users of District's programs was $1,163,613
- Federal and state government subsidized certain programs with grants and contributions totaling $2,409,490
- The net cost of governmental activities was financed with $6,766,799 in property tax, and other taxes $6,175,079 in state foundation aid and $49,397 in interest income.

Business -Type Activities

Revenues for the District's business-type activities were $797,046 and expenses were $795,089. The District's business-type activities include the School Nutrition Fund, Latch key and Preschool programs. Revenues of these activities were comprised of charges for services, federal and state reimbursements, and investment income.

During the year ended June 30, 2009, the district increased its meal prices and preschool fees. This increased revenue resulted in additions to the School Nutrition Fund and Preschool Daycare Fund, which the District has obligated for updating computers and software and salaries for preschool personnel.

Financial Analysis of the District's Funds

As previously noted, the Benton 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 the District completed the year, its governmental funds reported combined fund balances of $ 4,223,428 a slight decrease over last year's ending fund balance of $ 4,660,931

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The Instructional Support Levy, taxes and grants resulted in a moderate increase in revenues. The increase in revenues was coupled with a larger than usual increase in General Fund expenditures. These conditions resulted in a decrease in the District's carry over fund balance.

- The General Fund balance decreased from $1,922,283 to $1,280,642 for the 2009 fiscal year. In addition 2009 was the seventh year for a District Instructional Support Levy, which has helped balance expenditures in the General Fund.

- The Physical Plant and Equipment Levy (PPEL) Fund balance increased in 2009. The Fund balance increased from $280,352 in fiscal 2008 to $387,110 in fiscal 2009. The main reason for the fund balance increase was the various identified construction projects were completed under projected costs.

- The District Capital Projects Account decreased $41,865 to a balance of $2,122,043 on June 30, 2009. This balance is a combination of One-cent sales tax money collections and retainage related to the Middle/High School building project. The balance is reserved for long-term debt reduction and infrastructure projects.

Proprietary Fund Highlights

The School Nutrition Fund had net assets of $210,381 on June 30, 2009. As previously noted, the District increased meal prices resulting in the increase in net assets. The District also revamped its Nutrition accounting system and software in 2007 and added an online payment option for district patrons.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following the required public notice and hearing for all funds, except its private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year the district amended its budget one time to reflect additional revenues and expenditures associated with Nutrition, Preschool and Construction Project Accounts. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and Major Special Revenue Funds are not presented on the budgetary comparison pages.

Legal Budgetary Highlights

The District's total actual receipts were approximately $17,417,795; $143,318 more than the total budget receipts amount of $17,274,477. The most significant change resulted in the District receiving additional revenue in the one-cent Sales Tax collections. Total expenditures were less than budgeted amount due primarily to the District's amount allocated for the General Fund. It is the District's practice to budget expenditures at an amount that exceeds projected expenditures for the coming fiscal but is less than the maximum allowed by law. The District then manages or controls General Fund spending through a line-item budget at the building level. As a result the District's certified budget should always exceed the actual expenditures during the fiscal year. Despite this budgeting practice, however, the District exceeded the budget in the instruction area due to increased costs associated with labor agreements.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2009, the District had invested $10,573,752 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, transportation equipment, computers, and audio-visual equipment. (See Figure A-4) This amount represents a net increase from the last fiscal year. More detailed information about capital assets is available in the financial statements. Depreciation expense for the year was $469,007.

Excluding depreciation, the District has over ten million dollars in capital assets. Governmental Funds account for the majority of the districts capital assets with the remainder in the Proprietary, School Nutrition Fund.

Figure A-4
Capital Assets, Net of Depreciation

Figure A-4 shows the changes in Capital Assets for the years ending June 30, 2008 and June 30, 2009.

	Governmental	Business-type	School	Governmental	Business-Type	School
	Activities	Activities	District	Activities	Activities	District
	2008	2008	2008	2009	2009	2009
Land	63,056	0	63,056	63,056	0	63,056
Land Improvements	280,139	0	280,139	257,385	0	257,385
Buildings	8,786,459	0	8,786,459	8,909,306	0	8,909,306
Construction	8,650	0	8,650	518,440	0	518,440
Furniture/Equip	696,139	66,388	762,527	745,526	80,039	825,565
Totals	9,834,443	66,388	9,900,831	10,493,713	80,039	10,573,752

Long-Term Debt

On June 30, 2009, the District had $2,979,000 in general obligation and other long-term debt outstanding. This represents a decrease of 66,000 from the 2008 fiscal year. The District issued $3,280,000 additional long-term debt in the 2004 fiscal year. These funds are being used to finance the Middle School High School Facility Roof and Drainage improvements.

Factors Bearing on the District's Future

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

- Although the District has experienced declining enrollment for four of the past five years, the District expects a stable to increasing enrollment in future years due to a new housing development in progress within the District and improvements made to District infrastructure.

- The District will need to consider the importance of continued Physical Plant and Equipment Levy revenue and its impact on District infrastructure projects. This voted levy provided approximately $405,400 in annual revenue for Fiscal 2009. This fund will expire in 2011 without voter renewal. If the district declines to continue this levy, expenditure for district infrastructure will need to be reevaluated. A possible funding alternative for district infrastructure would be Sales Revenue funding which is currently being used as property tax relief for the MS/HS roof and drainage project.

- Future obligations impacting the Sales Revenue Fund (33) include the early payoff of the current bond obligation balance of $2,900,000 and the consideration for the sale of a revenue bond for approximately $6,100,000 for building infrastructure improvements in Fiscal 2010. Current annual payment obligations are approximately $275,000 annually with future payments calculated to be approximately $575,000 annually. The Sales Revenue Fund will generate annually, with the assumption of 2% State Sales Revenue Growth, and declining district enrollment of 25 students annually approximately $900,000 per year.

- The District has annually supported the board approved Instructional Support Levy, ISL for the district improvements in technology, staff development, and textbook needs. This levy is a combination of property tax and district income surtax and generates approximately $500,000 annually for the General Fund (10). If this levy is not supported on an annual basis the district general fund would be impacted by these expenses.

- The District will negotiate a new labor contract in 2010 with its employee groups for fiscal 2011. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and Reserve Fund Balance.

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 Douglas D. Embray, Associate Superintendent, Benton Community School District, 304 First Street, PO Box 70, Van Horne, Iowa 52346-0070.

Basic Financial Statements

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	$ 5,267,203	$ 138,588	$ 5,405,791
Receivables:			
Property tax:			
Current year	91,386	-	91,386
Succeeding year	5,588,696	-	5,588,696
Income surtax	444,712	-	444,712
Accounts	13,709	-	13,709
Due from other governments	670,220	-	670,220
Inventories	8,802	24,031	32,833
Prepaid expenses	362	-	362
Capital assets, net of accumulated depreciation (note 5)	10,493,713	80,039	10,573,752
Total assets	22,578,803	242,658	22,821,461
Liabilities			
Accounts payable	391,592	-	391,592
Salaries and benefits payable	1,240,577	3,867	1,244,444
Accrued interest payable	19,943	-	19,943
Deferred revenue:			
Succeeding year property tax	5,588,696	-	5,588,696
Other	118,935	14,455	133,390
Good faith deposit	77,150	-	77,150
Long-term liabilities (note 6):			
Portion due within one year:			
Bonds payable	155,000	-	155,000
Portion due after one year:			
Bonds payable	2,745,000	-	2,745,000
Net OPEB liability	79,000	-	79,000
Total liabilities	10,415,893	18,322	10,434,215

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	$ 7,593,713	$ 80,039	$ 7,673,752
Restricted for:			
Categorical funding	447,216	-	447,216
Management levy	147,318	-	147,318
Physical plant and equipment levy	609,466	-	609,466
Other special revenue purposes	267,551	-	267,551
Capital projects	2,122,043	-	2,122,043
Baseball program	16,497	-	16,497
Unrestricted	959,106	144,297	1,103,403
Total net assets	$ 12,162,910	$ 224,336	$ 12,387,246

See notes to financial statements.

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Governmental Activities:			
Instruction	$ 10,333,691	$ 1,163,613	$ 1,787,696
Support services:			
Student services	241,845	-	-
Instructional staff services	442,033	-	-
Administration services	1,622,381	-	-
Operation and maintenance of plant services	1,560,822	-	-
Transportation services	914,413	-	43,601
	4,781,494	-	43,601
Other expenditures:			
Facilities acquisition	191,628	-	-
Long-term debt interest and fiscal charges	126,271	-	-
AEA flowthrough	578,193	-	578,193
Depreciation (unallocated) *	324,043	-	-
	1,220,135	-	578,193
Total governmental activities	16,335,320	1,163,613	2,409,490
Business-Type Activities:			
Support services:			
Operation and maintenance of plant services	840	-	-
Non-instructional programs:			
Food service operations	751,997	502,242	252,656
Preschool/daycare operations	42,252	41,323	-
	794,249	543,565	252,656
Total business-type activities	795,089	543,565	252,656
Total	$ 17,130,409	$ 1,707,178	$ 2,662,146

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (7,382,382)	$ -	$ (7,382,382)
(241,845)	-	(241,845)
(442,033)	-	(442,033)
(1,622,381)	-	(1,622,381)
(1,560,822)	-	(1,560,822)
(870,812)	-	(870,812)
(4,737,893)	-	(4,737,893)
(191,628)	-	(191,628)
(126,271)	-	(126,271)
-	-	-
(324,043)	-	(324,043)
(641,942)	-	(641,942)
(12,762,217)	-	(12,762,217)
-	(840)	(840)
-	2,901	2,901
-	(929)	(929)
-	1,972	1,972
-	1,132	1,132
(12,762,217)	1,132	(12,761,085)

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs

General Revenues:

Property tax levied for:
General purposes
Capital outlay
Income surtax
Statewide sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ 4,991,923	$ -	$ 4,991,923
336,864	-	336,864
500,724	-	500,724
937,288	-	937,288
6,175,079	-	6,175,079
49,397	825	50,222
59,871	-	59,871
13,051,146	825	13,051,971
288,929	1,957	290,886
11,873,981	222,379	12,096,360
$ 12,162,910	$ 224,336	$ 12,387,246

BENTON COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	$ 2,668,472	$ 1,782,183	$ 816,548	$ 5,267,203
Receivables:				
Property tax:				
Current year	80,617	-	10,769	91,386
Succeeding year	5,037,181	-	551,515	5,588,696
Income surtax	222,356	-	222,356	444,712
Interfund receivable (note 4)	565	-	-	565
Accounts	13,709	-	-	13,709
Due from other governments	229,526	440,694	-	670,220
Inventories	8,802	-	-	8,802
Prepaid expenses	362	-	-	362
Total assets	$ 8,261,590	$ 2,222,877	$ 1,601,188	$ 12,085,655

BENTON COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 361,899	$ 23,684	$ 6,009	$ 391,592
Salaries and benefits payable	1,240,577	-	-	1,240,577
Interfund payable (note 4)	-	-	565	565
Deferred revenue:				
Succeeding year property tax	5,037,181	-	551,515	5,588,696
Other	341,291	-	222,356	563,647
Good faith deposit	-	77,150	-	77,150
Total liabilities	6,980,948	100,834	780,445	7,862,227
Fund balances:				
Reserved for:				
Categorical funding	456,018	-	-	456,018
Inventories	8,802	-	-	8,802
Prepaid expenses	362	-	-	362
Debt service	-	-	2,267	2,267
Baseball program	-	-	16,497	16,497
Unreserved, reported in:				
General fund	815,460	-	-	815,460
Special revenue funds	-	-	801,979	801,979
Capital projects fund	-	2,122,043	-	2,122,043
Total fund balances	1,280,642	2,122,043	820,743	4,223,428
Total liabilities and fund balances	$ 8,261,590	$ 2,222,877	$ 1,601,188	$ 12,085,655

See notes to financial statements.

BENTON COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances of governmental funds	$ 4,223,428
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	10,493,713
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	444,712
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.	(19,943)
Long-term liabilities, including bonds payable and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(2,979,000)
Net assets of governmental activities	$ 12,162,910

See notes to financial statements.

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	$ 4,936,734	$ 937,288	$ 1,491,659	$ 7,365,681
Tuition	432,324	-	-	432,324
Other	96,038	23,971	34,770	154,779
Intermediate sources	24,335	-	-	24,335
State sources	8,235,513	-	479	8,235,992
Federal sources	407,638	-	-	407,638
Total revenues	14,132,582	961,259	1,526,908	16,620,749
Expenditures:				
Current:				
Instruction	9,691,909	-	587,794	10,279,703
Support services:				
Student services	240,429	-	-	240,429
Instructional staff services	439,262	-	-	439,262
Administration services	1,605,611	-	6,502	1,612,113
Operation and maintenance of plant services	1,346,050	-	204,484	1,550,534
Transportation services	876,269	-	73,521	949,790
	4,507,621	-	284,507	4,792,128
Other expenditures:				
Facilities acquisition	-	705,036	407,804	1,112,840
Long term debt:				
Principal	-	-	145,000	145,000
Interest and fiscal charges	-	26,455	127,433	153,888
AEA flowthrough	578,193	-	-	578,193
	578,193	731,491	680,237	1,989,921
Total expenditures	14,777,723	731,491	1,552,538	17,061,752
Excess (deficiency) of revenues over (under) expenditures	(645,141)	229,768	(25,630)	(441,003)

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total
Other financing sources (uses):				
Sale of equipment	$ 3,500	$ -	$ -	$ 3,500
Interfund transfers in (note 3)	-	-	271,633	271,633
Interfund transfers out (note 3)	-	(271,633)	-	(271,633)
Total other financing sources (uses)	3,500	(271,633)	271,633	3,500
Net change in fund balances	(641,641)	(41,865)	246,003	(437,503)
Fund balances beginning of year	1,922,283	2,163,908	574,740	4,660,931
Fund balances end of year	$ 1,280,642	$ 2,122,043	$ 820,743	$ 4,223,428

See notes to financial statements.

BENTON 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, 2009

Net change in fund balances - total governmental funds		$ (437,503)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:		
Expenditures for capital assets	$ 1,117,421	
Depreciation expense	(458,151)	659,270
Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		145,000
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, however, interest expense is recognized as the interest accrues, regardless of when it is due.		1,162
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Net OPEB liability		(79,000)
Change in net assets of governmental activities		$ 288,929

See notes to financial statements.

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	School Nutrition	Nonmajor - Preschool Daycare	Total
Assets			
Cash and cash equivalents	$ 120,766	$ 17,822	$ 138,588
Inventories	24,031	-	24,031
Capital assets, net of accumulated depreciation (note 5)	80,039	-	80,039
Total assets	224,836	17,822	242,658
Liabilities			
Salaries and benefits payable	-	3,867	3,867
Deferred revenue	14,455	-	14,455
Total liabilities	14,455	3,867	18,322
Net Assets			
Invested in capital assets	80,039	-	80,039
Unrestricted	130,342	13,955	144,297
Total net assets	$ 210,381	$ 13,955	$ 224,336

See notes to financial statements.

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	School Nutrition	Nonmajor - Preschool Daycare	Total
Operating revenues:			
Local sources:			
Charges for services	$ 502,242	$ 41,323	$ 543,565
Operating expenses:			
Support services:			
Operation and maintenance of plant services	840	-	840
Non-instructional programs	751,997	42,252	794,249
	752,837	42,252	795,089
Operating loss	(250,595)	(929)	(251,524)
Non-operating revenues:			
Interest on investments	825	-	825
State sources	8,057	-	8,057
Federal sources	244,599	-	244,599
Total non-operating revenues	253,481	-	253,481
Change in net assets	2,886	(929)	1,957
Net assets beginning of year	207,495	14,884	222,379
Net assets end of year	$ 210,381	$ 13,955	$ 224,336

See notes to financial statements.

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	School Nutrition	Nonmajor - Preschool Daycare	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	$ 485,374	$ -	$ 485,374
Cash received from miscellaneous operating activities	18,477	41,323	59,800
Cash payments to employees for services	(306,834)	(36,233)	(343,067)
Cash payments to suppliers for goods or services	(385,541)	(2,152)	(387,693)
Net cash provided by (used by) operating activities	(188,524)	2,938	(185,586)
Cash flows from non-capital financing activities:			
State grants received	8,057	-	8,057
Federal grants received	194,993	-	194,993
Net cash provided by non-capital financing activities	203,050	-	203,050
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(24,507)	-	(24,507)
Cash flows from investing activities:			
Interest on investments	825	-	825
Net increase (decrease) in cash and cash equivalents	(9,156)	2,938	(6,218)
Cash and cash equivalents beginning of year	129,922	14,884	144,806
Cash and cash equivalents end of year	$ 120,766	$ 17,822	$ 138,588
Reconciliation of operating loss to net cash provided by (used by) operating activities:			
Operating loss	$ (250,595)	$ (929)	$ (251,524)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:			
Depreciation	10,856	-	10,856
Commodities used	49,606	-	49,606
Increase in salaries and benefits payable	-	3,867	3,867
Increase in deferred revenue	1,609	-	1,609
Net cash provided by (used by) operating activities	$ (188,524)	$ 2,938	$ (185,586)

Non-cash investing, capital and financing activities:
During the year ended June 30, 2009, the District received $49,606 of federal commodities.

See notes to financial statements.

BENTON COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	Agency
Assets:	
Cash	$ 7,211
Liabilities:	
Other payables	7,211
Net assets	$ -

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Benton Community School District is a political subdivision of the State of Iowa and operates public schools for children in preschool and grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Van Horne, Atkins, Blairstown, Elberon, Watkins, and Walford, Iowa, and agricultural territory in Benton, Tama, and Iowa 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, Benton 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. Benton 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 does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Benton and Iowa County Assessor's Conference Boards.

B. Basis of Presentation

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

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

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

The 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.

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the 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.

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. 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 District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2009 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-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	$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	45-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

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

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Deferred revenue for proprietary funds and business-type activities consists of unearned meal revenue.

Long-term Liabilities – In the District-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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is not to reimburse for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District has no compensated absences liability at June 30, 2009.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-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. Net assets restricted through enabling legislation as of June 30, 2009 consists of $3,593,594.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures in the instruction function exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 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.

Note 2. Cash and Pooled Investments (continued)

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

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	$ 28

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	$ 271,633

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

Note 4. Interfund Receivables and Payables

At June 30, 2009, the interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
Interfund balances between governmental funds:		
Other receivables:		
General	Special Revenue - Student Activity	$ 565

The other receivable interfund balance is due to timing differences involved in payroll reimbursements. The balances between governmental funds are not included on the District-wide Statement of Net Assets.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 63,056	$ -	$ -	$ 63,056
Construction in progress	8,650	509,790	-	518,440
Total capital assets not being depreciated	71,706	509,790	-	581,496
Capital assets being depreciated:				
Buildings	14,722,843	415,501	-	15,138,344
Improvements other than buildings	458,673	-	-	458,673
Furniture and equipment	2,070,810	192,130	-	2,262,940
Total capital assets being depreciated	17,252,326	607,631	-	17,859,957
Less accumulated depreciation for:				
Buildings	5,936,384	292,654	-	6,229,038
Improvements other than buildings	178,534	22,754	-	201,288
Furniture and equipment	1,374,671	142,743	-	1,517,414
Total accumulated depreciation	7,489,589	458,151	-	7,947,740
Total capital assets being depreciated, net	9,762,737	149,480	-	9,912,217
Governmental activities capital assets, net	$ 9,834,443	$ 659,270	$ -	$ 10,493,713

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	$ 154,474	$ 24,507	$ -	$ 178,981
Less accumulated depreciation	88,086	10,856	-	98,942
Business-type activities capital assets, net	$ 66,388	$ 13,651	$ -	$ 80,039

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	$ 18,466
Support services:	
Instructional staff	1,004
Administration	1,296
Operation and maintenance of plant services	6,247
Transportation	107,095
	134,108
Unallocated depreciation	324,043
Total governmental activities depreciation expense	$ 458,151
Business-type activities:	
Food service operations	$ 10,856

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	$ 3,045,000	$ -	$ 145,000	$ 2,900,000	$ 155,000
Net OPEB liability	-	79,000	-	79,000	-
Total	$ 3,045,000	$ 79,000	$ 145,000	$ 2,979,000	$ 155,000

Note 6. Long-Term Liabilities (continued)

Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

	Bond Issue of November 1, 1993			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	6.00 %	$ 35,000	$ 4,200	$ 39,200
2011	6.00	35,000	2,100	37,100
Subtotal		70,000	6,300	76,300

	Bond Issue of December 1, 2003			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.500 %	$ 120,000	$ 115,458	$ 235,458
2011	4.500	125,000	110,058	235,058
2012	3.375	170,000	104,432	274,432
2013	3.500	180,000	98,695	278,695
2014	3.700	185,000	92,395	277,395
2015	3.800	190,000	85,550	275,550
2016	3.900	200,000	78,330	278,330
2017	4.000	210,000	70,530	280,530
2018	4.100	215,000	62,130	277,130
2019	4.150	225,000	53,315	278,315
2020	4.250	235,000	43,977	278,977
2021	4.300	245,000	33,990	278,990
2022	4.400	260,000	23,455	283,455
2023	4.450	270,000	12,015	282,015
Subtotal		2,830,000	984,330	3,814,330
Total		$ 2,900,000	$ 990,630	$ 3,890,630

Note 7. Other Postemployment Benefits (OPEB)

The District prospectively implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

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 252 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the 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, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$	113,000
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost		113,000
Contributions made		34,000
Increase in net OPEB obligation		79,000
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	$	79,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the District contributed $34,000 to the medical plan. Plan members eligible for benefits contributed $43,000, or 55.8% of the premium costs.

Note 7. Other Postemployment Benefits (OPEB) (continued)

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, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 113,000	30.1%	$ 79,000

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was $1,011,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1,011,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $10,059,754, and the ratio of the UAAL to covered payroll was 10.0%. As of June 30, 2009, 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, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% 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 Valuation Report as of June 30, 2008 and applying the termination factors used in the IPERS Actuarial Valuation Report as of June 30, 2008.

Projected claim costs of the medical plan are $765 per month for retirees less than age 65. 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.

Note 8. Short-Term Debt Activity

During the year ended June 30, 2009, the District entered into a short-term interfund loan from the Capital Projects Fund to the General Fund. The loan was necessary to provide temporary financing during a period of low cash flows due to the timing of property tax and state aid receipts.

A summary of the short-term debt activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Loans Received	Loans Repaid	Balance End of Year
Interfund loans	$ -	$ 10,000	$ 10,000	$ -

Note 9. Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were $626,101, $568,780, and $501,011, respectively, equal to the required contributions for each year.

Note 10. Risk Management

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

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $578,193 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Construction Commitments

The District has entered into various contracts totaling $6,248,777 for an elementary school addition and the remodeling of an elementary school building. As of June 30, 2009, costs of $50,350 had been incurred against the contracts. The balance of $6,198,427 remaining at June 30, 2009 will be paid as work on the projects progresses.

Note 13. Subsequent Event

On July 1, 2009, the District issued $6,575,000 of school infrastructure sales and services tax revenue bonds. Proceeds from the issuance will be used to pay the costs of construction of an elementary school addition. The revenue bonds will be paid over twenty years with interest rates from 3% to 5%.

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Required Supplementary Information

BENTON COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Funds
Required Supplementary Information
Year Ended June 30, 2009

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
REVENUES:						
Local sources	$ 7,952,784	$ 544,390	$ 8,497,174	$ 8,317,054	$ 8,317,054	$ 180,120
Intermediate sources	24,335	-	24,335	-	-	24,335
State sources	8,235,992	8,057	8,244,049	8,362,423	8,362,423	(118,374)
Federal sources	407,638	244,599	652,237	595,000	595,000	57,237
Total revenues	16,620,749	797,046	17,417,795	17,274,477	17,274,477	143,318
EXPENDITURES/EXPENSES:						
Instruction	10,279,703	-	10,279,703	10,150,000	10,150,000	(129,703)
Support services	4,792,128	840	4,792,968	4,972,014	4,972,014	179,046
Non-instructional programs	-	794,249	794,249	901,500	901,500	107,251
Other expenditures	1,989,921	-	1,989,921	1,976,986	3,466,986	1,477,065
Total expenditures/expenses	17,061,752	795,089	17,856,841	18,000,500	19,490,500	1,633,659
Excess (deficiency) of revenues over (under) expenditures/ expenses	(441,003)	1,957	(439,046)	(726,023)	(2,216,023)	1,776,977
Other financing sources, net	3,500	-	3,500	40,000	40,000	(36,500)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(437,503)	1,957	(435,546)	(686,023)	(2,176,023)	1,740,477
Balance beginning of year	4,660,931	222,379	4,883,310	4,443,578	4,443,578	439,732
Balance end of year	$ 4,223,428	$ 224,336	$ 4,447,764	$ 3,757,555	$ 2,267,555	$ 2,180,209

See accompanying independent auditor's report.

BENTON COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2009

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. 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 function 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. During the year, the District adopted one budget amendment increasing budgeted expenditures by $1,490,000.

During the year ended June 30, 2009, expenditures in the instruction function exceeded the amount budgeted.

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)
Required Supplementary Information
Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	$ -	$ 1,011	$ 1,011	0.0%	$ 10,060	10.0%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

BENTON COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Assets				
Cash and pooled investments	$ 142,128	$ 268,116	$ 387,540	$ 2,267
Receivables:				
Property tax:				
Current year	5,190	-	5,579	-
Succeeding year	215,001	-	336,514	-
Income surtax	-	-	222,356	-
Total assets	$ 362,319	$ 268,116	$ 951,989	$ 2,267
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ 6,009	$ -
Interfund payable	-	565	-	-
Deferred revenue:				
Succeeding year property tax	215,001	-	336,514	-
Other	-	-	222,356	-
Total liabilities	215,001	565	564,879	-
Fund balances:				
Reserved for:				
Debt service	-	-	-	2,267
Baseball program	-	-	-	-
Unreserved:				
Undesignated	147,318	267,551	387,110	-
Total fund balances	147,318	267,551	387,110	2,267
Total liabilities and fund balances	$ 362,319	$ 268,116	$ 951,989	$ 2,267

See accompanying independent auditor's report.

Permanent Marjorie Smith Trust	Total
$ 16,497	$ 816,548
-	10,769
-	551,515
-	222,356
$ 16,497	$ 1,601,188
$ -	$ 6,009
-	565
-	551,515
-	222,356
-	780,445
-	2,267
16,497	16,497
-	801,979
16,497	820,743
$ 16,497	$ 1,601,188

BENTON COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Revenues:				
Local sources:				
Local tax	$ 301,893	$ 602,798	$ 586,968	$ -
Other	32,800	-	857	713
State sources	221	-	258	-
Total revenues	334,914	602,798	588,083	713
Expenditures:				
Current:				
Instruction	-	587,794	-	-
Support services:				
Administration services	6,502	-	-	-
Operation and maintenance of plant services	204,484	-	-	-
Transportation services	-	-	73,521	-
Other expenditures:				
Facilities acquisition	-	-	407,804	-
Long term debt:				
Principal	-	-	-	145,000
Interest and fiscal charges	-	-	-	127,433
Total expenditures	210,986	587,794	481,325	272,433
Excess (deficiency) of revenues over (under) expenditures	123,928	15,004	106,758	(271,720)
Other financing sources:				
Interfund transfers in	-	-	-	271,633
Net change in fund balances	123,928	15,004	106,758	(87)
Fund balances beginning of year	23,390	252,547	280,352	2,354
Fund balances end of year	$ 147,318	$ 267,551	$ 387,110	$ 2,267

See accompanying independent auditor's report.

Permanent Marjorie Smith Trust	Total
$ -	$ 1,491,659
400	34,770
-	479
400	1,526,908
-	587,794
-	6,502
-	204,484
-	73,521
-	407,804
-	145,000
-	127,433
-	1,552,538
400	(25,630)
-	271,633
400	246,003
16,097	574,740
$ 16,497	$ 820,743

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
High School:				
Cocurricular	$ 3,457	$ 1,350	$ -	$ 4,807
Drama	5,849	9,441	10,003	5,287
Vocal	35,663	173,869	180,138	29,394
Instrumental	6,194	17,011	20,878	2,327
Industrial Tech. Resale	522	-	-	522
Student Council	724	1,665	1,636	753
Media Club	2,825	1,771	1,771	2,825
Concessions	255	-	-	255
Yearbook	20,391	12,600	11,050	21,941
Art Club	3,715	5,980	4,090	5,605
Pom Pom	364	3,367	2,863	868
SADD	205	-	-	205
FFA	19,114	64,040	49,514	33,640
Spanish Club	12,224	14,726	9,940	17,010
National Honor Society	1,526	3,096	2,930	1,692
FCCLA	(214)	7,739	7,616	(91)
Wrestlerettes	45	-	-	45
Cheerleaders	165	-	-	165
Thespians	2,277	1,513	934	2,856
Class of 2008	232	758	990	-
Class of 2009	973	3,445	3,544	874
Class of 2010	2,220	1,084	1,973	1,331
Class of 2011	1,229	1,232	-	2,461
Class of 2012	-	1,280	-	1,280
HOSA	3,962	-	-	3,962
B/G Cocurricular	13,348	9,050	-	22,398
General Athletics	54,692	182,060	194,292	42,460
	191,957	517,077	504,162	204,872
Middle School:				
Student Council	2,741	637	2,149	1,229

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Atkins:				
Cocurricular	$ 376	$ 58	$ -	$ 434
Student Council	19,823	17,692	17,455	20,060
Media Club	3,463	5,995	5,501	3,957
	23,662	23,745	22,956	24,451
Norway:				
Cocurricular	1,084	29	-	1,113
Student Council	7,249	28,137	31,153	4,233
Media Club	3,108	7,440	9,406	1,142
Yearbook	(596)	2,124	2,493	(965)
	10,845	37,730	43,052	5,523
Keystone:				
Cocurricular	3,918	119	-	4,037
VHE Fundraiser	2,000	-	-	2,000
Student Council	13,999	23,490	15,475	22,014
Media Club	2,747	-	-	2,747
Art Club	678	-	-	678
	23,342	23,609	15,475	31,476
Total	$ 252,547	$ 602,798	$ 587,794	$ 267,551

See accompanying independent auditor's report.

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	$ 7,211	$ -	$ -	$ 7,211
Liabilities				
Other payables	$ 7,211	$ -	$ -	$ 7,211

See accompanying independent auditor's report.

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

	Modified Accrual Basis Years Ended June 30,				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	$ 7,365,681	$ 6,316,008	$ 6,200,534	$ 5,749,200	$ 5,666,309
Tuition	432,324	331,666	411,950	435,003	394,057
Other	154,779	922,268	779,811	660,751	554,516
Intermediate sources	24,335	5,020	27,250	-	31,116
State sources	8,235,992	8,294,627	7,570,220	7,222,771	6,660,965
Federal sources	407,638	326,764	408,774	416,949	275,729
Total revenues	$ 16,620,749	$ 16,196,353	$ 15,398,539	$ 14,484,674	$ 13,582,692
Expenditures:					
Instruction	$ 10,279,703	$ 9,806,078	$ 8,915,773	$ 8,477,351	$ 8,191,843
Support services:					
Student services	240,429	247,792	218,385	282,904	236,472
Instructional staff services	439,262	420,346	399,005	415,950	361,657
Administration services	1,612,113	1,535,295	1,329,890	1,264,891	1,106,402
Operation and maintenance of plant services	1,550,534	1,618,579	1,659,135	1,416,325	1,335,313
Transportation services	949,790	794,070	857,489	785,013	756,403
Non-instructional programs	-	27,055	-	-	-
Other expenditures:					
Facilities acquisition	1,112,840	1,184,905	1,040,783	672,640	1,454,627
Long-term debt:					
Principal	145,000	140,000	135,000	125,000	45,000
Interest and fiscal charges	153,888	134,045	140,015	145,453	203,246
AEA flowthrough	578,193	563,196	531,883	500,773	477,287
Total expenditures	$ 17,061,752	$ 16,471,361	$ 15,227,358	$ 14,086,300	$ 14,168,250

See accompanying independent auditor's report.

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 09	$ 23,471
National School Lunch Program	10.555	FY 09	171,522
National School Lunch Program (non-cash)	10.555	FY 09	49,606
			244,599
U. S. Department of the Interior:			
Iowa Department of Natural Resources:			
Sport Fish Restoration Program	15.605	FY 09	100
U. S. Department of Education:			
Iowa Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	0609G	85,016
Special Education - Preschool Grants	84.173	FY 09	424
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 09	5,393
Improving Teacher Quality State Grants	84.367	FY 09	46,788
Grants for State Assessments and Related Activities	84.369	FY 09	10,062
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 09	133,299
Grant Wood Area Education Agency:			
Special Education - Grants to States	84.027	FY 09	83,244
Career and Technical Education - Basic Grants to States	84.048	FY 09	10,619
Total			$ 619,544

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

See accompanying independent auditor's report.

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
Benton 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 Benton Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Benton 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 Benton Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Benton 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 would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Benton Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Benton Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Benton Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-B-09 and II-C-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance 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 Benton Community School District's operations for the year ended June 30, 2009 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.

Benton 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 Benton 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 Benton Community School District and other parties to whom Benton 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 Benton 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.

Oskaloosa, Iowa
January 19, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Benton Community School District:

Compliance

We have audited the compliance of Benton 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 are applicable to each of its major federal programs for the year ended June 30, 2009. Benton 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 Benton Community School District's management. Our responsibility is to express an opinion on Benton Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 Benton 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 Benton Community School District's compliance with those requirements.

In our opinion, Benton Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Benton Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Benton 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 the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Benton Community School District and other parties to whom Benton 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.

Oskaloosa, Iowa
January 19, 2010

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

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, including material weaknesses.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements.

(e) An unqualified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:
- CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- Clustered programs:
  - CFDA Number 10.553 – School Breakfast Program
  - CFDA Number 10.555 – National School Lunch Program

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Benton Community School District did not qualify as a low-risk auditee.

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

II-A-09 Segregation of Duties – The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as reviewing, recording and processing cash receipts and performing bank reconciliations, which can be performed by the same person, and preparing, recording, and mailing checks, which can be performed by the same person. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken some steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that a lack of segregation of duties in the above mentioned areas still exists.

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

Response – We will review the recommendation and look to improve in areas where possible.

Conclusion – Response accepted.

II-B-09 Financial Reporting – During the audit, we identified material amounts of receivables and accrued payroll not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables and accrued payroll are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables or accrued payroll transactions.

Conclusion – Response accepted.

II-C-09 Bank Reconciliation – We noted $14,275 of Student Activity Fund checks written in July 2009 that were included as outstanding checks on the June 30, 2009 bank reconciliation.

Recommendation – This practice understates cash and accounts payable and is not in conformity with generally accepted accounting procedures. The outstanding checks on the bank reconciliation should include only checks that had been written June 30 or earlier but had not cleared through the bank. All checks should be dated the day they are written.

Response – We will try to properly record and date all checks in the future. We will discontinue the practice of recording accounts payable items as outstanding checks.

Conclusion – Response accepted.

Part II: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

II-D-09 Credit Card Usage/Controls – We noted in our testing of District credit card usage that the District does not balance the credit card statement charges to the supporting receipts or invoices. We also noted several transactions supported only by a purchase order and other transactions that did not have a detail receipt available. In addition, the monthly charges on the card were not always paid in full or timely, which resulted in finance charges and late fees of $453 for the year.

Recommendation – All charges on the card should be reconciled monthly to supporting detail receipts and invoices, and any discrepancies should be investigated immediately. The balance on the credit card should be paid in full monthly to avoid finance charges and late fees.

Response – We will require detail receipts for all credit card purchases in the future. We will make sure the credit card balances are paid in full and timely each month.

Conclusion – Response accepted.

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Significant Deficiency:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2009
U.S. Department of Agriculture
Passed through the Iowa Department of Education

III-A-09 Segregation of Duties – One important aspect of the internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the posting of the cash receipts to the cash receipts journal, the preparing and recording of checks, and the bank reconciliations are all performed by the same person.

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

Response – We will review the recommendation and look to improve in areas where possible.

Conclusion – Response accepted.

CFDA Number 84.010: Title I Grants to Local Educational Agencies
Federal Award Year: 2009
U.S. Department of Education
Passed through the Iowa Department of Education

III-B-09 Segregation of Duties – One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the preparing, recording, and mailing of checks and the bank reconciliations are all performed by the same person.

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

Response – We will review the recommendation and look to improve in areas where possible.

Conclusion – Response accepted.

BENTON COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part IV: Other Findings Related to Statutory Reporting:

IV-A-09 Certified Budget – Expenditures for the year ended June 30, 2009, exceeded the amount budgeted in the instruction function.

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

Response – We will amend our budget before expenditures exceed the budget in the future.

Conclusion – Response accepted.

IV-B-09 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-09 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-09 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-09 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-09 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-I-09 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

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

IV-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	$ -
Statewide sales and services tax revenue	937,288
Expenditures/transfers out:	
None	-
Ending balance	$ 937,288

IV-L-09 Interfund Loan – The District made a short-term interfund loan from the Capital Projects Fund to the General Fund during the year ended June 30, 2009. This loan was not made by Board resolution as required by an Iowa Department of Education declaratory order.

Recommendation – Any interfund loan should be accomplished through a Board resolution.

Response – We will have a Board resolution to authorize any future interfund loans.

Conclusion – Response accepted.