

VAN BUREN COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

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Van Buren Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 election)		
Tony Huffman	President	2010
Terry Jester	Vice President	2009
Tim Blair	Board Member (Resigned)	2008
Kara McEntee	Board Member (Appointed)	2008
Sheila Parsons	Board Member	2008
Dale Hornberg	Board Member	2009
Brian Starnes	Board Member	2009
Stan Whitten	Board Member	2010
Board of Education (After September 2008 election)		
Terry Jester	President	2009*
Brian Starnes	Vice President	2009*
Kara McEntee	Board Member	2011
Sheila Parsons	Board Member	2011
Dale Hornberg	Board Member	2009*
Tony Huffman	Board Member	2011*
Stan Whitten	Board Member	2011*
School Officials		
Dr. Karen Stinson	Superintendent	2009
Robyn Nolting	Board Secretary	2009
Janet Phelps	Board Treasurer	2009
Ahlers & Cooney	Attorney	2009

* Board term changed per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

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(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Van Buren Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2010, on our consideration of Van Buren Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 37 through 39 are not required parts of

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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 supplementary information. 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 Van Buren 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 is not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (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.


NOLTE, CORNMAN & JOHNSON, P.C.

January 8, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Buren Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$8,559,322 in fiscal 2008 to \$7,898,393 in fiscal 2009, while General Fund expenditures decreased from \$8,565,906 in fiscal 2008 to \$8,383,183 in fiscal 2009. The District's General Fund balance decreased from \$1,435,615 in fiscal 2008 to \$803,926 in fiscal 2008, a 44.00% decrease from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in state and federal sources in fiscal 2009. The decrease in expenditures was due primarily to decreases in the instruction and support services functions.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

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

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

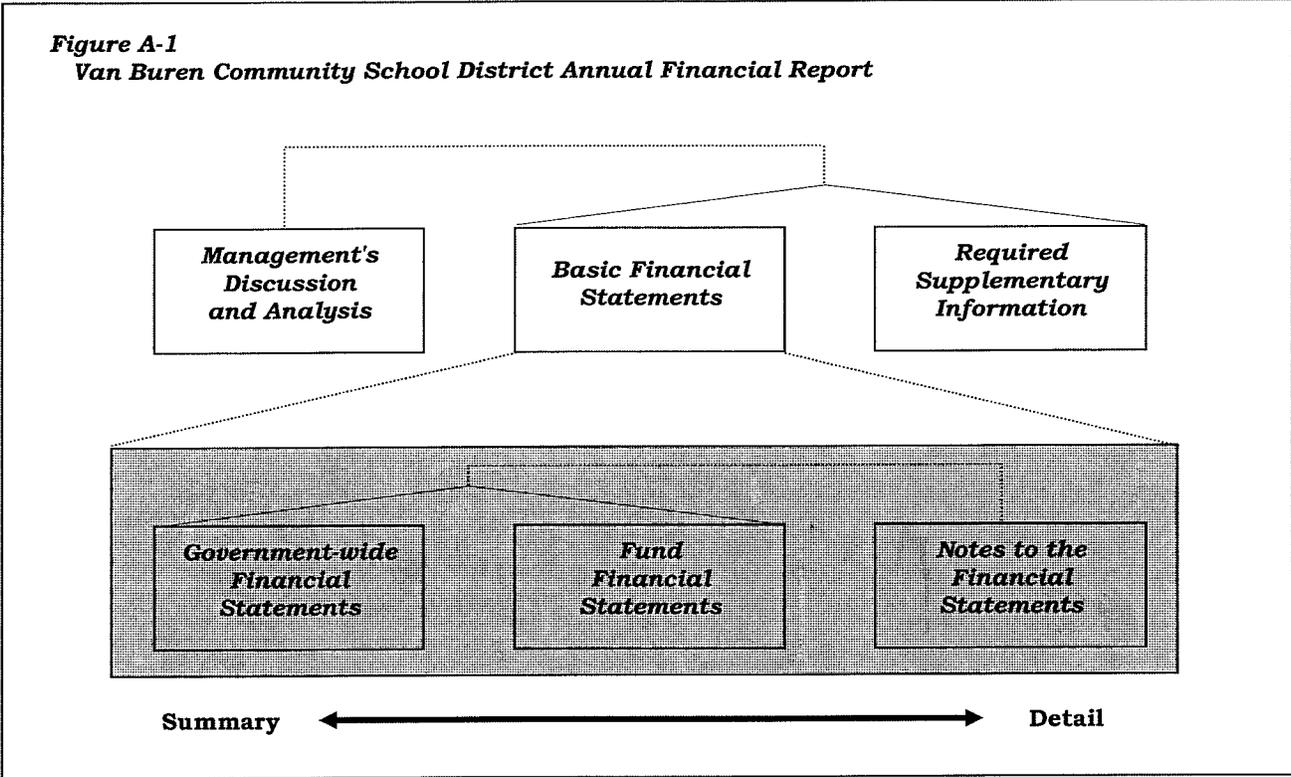


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- Agency Funds - These are funds through which the District administers and accounts for certain outside groups.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total Change June 30, 2008-09
	Activities		Activities		School District		
	June 30, 2009	2008	June 30, 2009	2008	June 30, 2009	2008	
Current and other assets	\$ 6,515,229	6,592,324	28,271	32,023	6,543,500	6,624,347	-1.22%
Capital assets	7,761,619	7,899,467	18,628	23,217	7,780,247	7,922,684	-1.80%
Total assets	14,276,848	14,491,791	46,899	55,240	14,323,747	14,547,031	-1.53%
Long-term liabilities	1,563,589	1,745,000	1,914	0	1,565,503	1,745,000	-10.29%
Other liabilities	3,473,108	3,272,956	43,129	30,763	3,516,237	3,303,719	6.43%
Total liabilities	5,036,697	5,017,956	45,043	30,763	5,081,740	5,048,719	0.65%
Net assets:							
Invested in capital assets, net of related debt	6,251,619	6,154,468	18,628	23,217	6,270,247	6,177,685	1.50%
Restricted	2,120,411	1,719,272	0	0	2,120,411	1,719,272	23.33%
Unrestricted	868,121	1,600,095	(16,772)	1,260	851,349	1,601,355	-46.84%
Total net assets	\$ 9,240,151	9,473,835	1,856	24,477	9,242,007	9,498,312	-2.70%

The District's combined net assets decreased by 2.70%, or \$256,305, from the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$401,139, or 23.33%, over the prior year. The increase was primarily a result of the increase in fund balances in the Debt Service and Capital Projects Funds.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$750,006, or 46.84%. This decrease is due to the decrease in the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to June 30, 2008.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues and Transfers:							
Program revenues:							
Charges for service	\$ 451,638	418,712	254,022	253,800	705,660	672,512	4.93%
Operating grants, contributions and restricted interest	2,040,299	2,568,850	195,712	196,970	2,236,011	2,765,820	-19.16%
Capital grants, contributions and restricted interest	18,000	20,000	0	0	18,000	20,000	-10.00%
General revenues:							
Property tax	2,488,477	2,424,403	0	0	2,488,477	2,424,403	2.64%
Income surtax	327,222	271,394	0	0	327,222	271,394	20.57%
Statewide sales and services tax	424,142	430,621	0	0	424,142	430,621	-1.50%
Unrestricted state grants	3,083,112	3,292,999	0	0	3,083,112	3,292,999	-6.37%
Unrestricted investment earnings	54,342	109,779	327	755	54,669	110,534	-50.54%
Other	90,187	87,575	0	0	90,187	87,575	2.98%
Transfers	(132,175)	(60,323)	132,175	60,323	0	0	0.00%
Total revenues and transfers	8,845,244	9,564,010	582,236	511,848	9,427,480	10,075,858	-6.43%
Program expenses:							
Governmental activities:							
Instruction	5,362,940	5,381,528	0	0	5,362,940	5,381,528	-0.35%
Support services	3,118,050	3,279,241	212,899	180,180	3,330,949	3,459,421	-3.71%
Non-instructional programs	1,442	5,320	391,958	360,835	393,400	366,155	7.44%
Other expenses	596,496	509,886	0	0	596,496	509,886	16.99%
Total expenses	9,078,928	9,175,975	604,857	541,015	9,683,785	9,716,990	-0.34%
Changes in net assets	(233,684)	388,035	(22,621)	(29,167)	(256,305)	358,868	-171.42%
Beginning net assets	9,473,835	9,085,800	24,477	53,644	9,498,312	9,139,444	3.93%
Ending net assets	\$ 9,240,151	9,473,835	1,856	24,477	9,242,007	9,498,312	-2.70%

In fiscal 2009, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 71.48% of the revenue from governmental activities while charges for service and operating grants and contributions account for 77.25% of the revenue from business type activities.

The District's total revenues were approximately \$9.43 million of which \$8.85 million was for governmental activities and \$0.58 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.43% decrease in revenues and a 0.34% decrease in expenses. The decrease in revenues is due primarily to the decrease in state and federal sources from the prior year. The decrease in expenses is related to the decrease of expenditures in the instruction and support services functions.

Governmental Activities

Revenues for governmental activities were \$8,845,244 and expenses were \$9,078,928 for the year ended June 30, 2009. In a difficult budget year the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2009.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 5,362,940	5,381,528	-0.35%	3,133,792	2,655,948	17.99%
Support services	3,118,050	3,279,241	-4.92%	3,100,050	3,254,817	-4.76%
Non-instructional programs	1,442	5,320	-72.89%	1,442	5,320	-72.89%
Other expenses	596,496	509,886	16.99%	333,707	252,328	32.25%
Totals	\$ 9,078,928	9,175,975	-1.06%	6,568,991	6,168,413	6.49%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$451,638.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,058,299.
- The net cost of governmental activities was financed with \$2,488,477 in property tax, \$327,222 in income surtax \$424,142 in statewide sales and services tax, \$3,083,112 in unrestricted state grants, \$54,342 in interest income and \$90,187 in other general revenue.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$582,236, representing a 13.75% increase over the prior year, while expenses totaled \$604,857, an 11.80% increase over the prior year. The District's business type activities include the School Nutrition Fund and the Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and interest income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,776,309, below last year's ending fund balance of a \$3,098,945. The decrease was due primarily to the decrease in the General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. State and federal sources resulted in a decrease in revenues. However, along with the decrease in revenues, the General Fund also had a decrease in expenditures. The decrease in revenues was greater than the decrease in expenditures causing the fund balance to decrease. The General Fund balance decreased from \$1,435,615 in fiscal year 2008 to \$803,926 in fiscal year 2009. In addition, the District transferred \$132,175 to support the Day Care Fund.

-
- The Capital Projects Fund balance was utilized for the collection of statewide sales and services tax. The District makes transfers to the Debt Service to provide debt relief in repayment of the General Obligation Bonds. The Capital Projects balance increased from \$748,811 in fiscal year 2008 to \$798,539 in fiscal year 2009.
 - The Debt Service Fund balance was utilized for the payments of principal and interest on bonds. Due to the bond requirements the District is required to create an escrow at Bank America that will be used to pay off the Qualified Zone Academy Bond. The Debt Service balance increased from \$544,413 in fiscal year 2008 to \$706,219 in fiscal year 2009, due to the increase in the escrow reserve and the increase statewide sales and services tax relief provided to fund debt repayments.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$24,477 at June 30, 2008 to \$16,270 at June 30, 2009, representing a decrease of 33.53%.

The Day Care Fund net assets decreased from a balance of \$0 at June 30, 2008 to a deficit balance of \$14,414 at June 30, 2009. The General Fund transferred \$132,175 at year end to support the Day Care Fund.

BUDGETARY HIGHLIGHTS

The District's revenues were \$2,288,647 less than budgeted revenue, a variance of 19.63%. The most significant variance resulted from the District receiving less in federal sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$7,780,247, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.83% from last year. More detailed information about the District's capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$316,063.

The original cost of the District's capital assets was \$11,076,335. Governmental funds account for \$10,968,853 with the remainder of \$107,482 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$450,257 at June 30, 2009, compared to \$411,889 reported at June 30, 2008. This increase resulted primarily from the purchase of two school buses during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 38,811	38,811	0	0	38,811	38,811	0.00%
Buildings	7,185,624	7,359,789	0	0	7,185,624	7,359,789	-2.42%
Land improvements	105,555	112,195	0	0	105,555	112,195	-6.29%
Machinery and equipment	431,629	388,672	18,628	23,217	450,257	411,889	8.52%
Total	\$ 7,761,619	7,899,467	18,628	23,217	7,780,247	7,922,684	-1.83%

Long-Term Debt

At June 30, 2009, the District had \$1,565,503 in total long-term debt outstanding. This represents a decrease of 11.47% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had general obligation bonds payable of \$1,010,000 at June 30, 2009.

The District had outstanding qualified zone academy bonds payable of \$500,000 at June 30, 2009.

The District had early retirement benefits payable of \$21,503 payable at June 30, 2009.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
General obligation bonds	\$ 1,010,000	1,245,000	0	0	1,010,000	1,245,000	-23.27%
Qualified zone academy bonds	500,000	500,000	0	0	500,000	500,000	0.00%
Early retirement	21,503	0	0	0	21,503	0	100.00%
Net OPEB liability	32,086	0	1,914	0	34,000	0	100.00%
Total	\$ 1,563,589	1,745,000	1,914	0	1,565,503	1,745,000	-11.47%

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The upcoming Iowa legislative session could again prove to be most challenging in respect to the state budget. The impact of state reductions to education is an unknown that we must be ready to address and compensate.
- The District receives a large amount of federal and state monies through grants. The grants have to be approved and their continuation depends on federal and state funding.
- The District has experienced reduced enrollment for the last few years, cutting state aid to the District.

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 Robyn Nolting, Board Secretary/Business Manager, Van Buren Community School District, 503 Henry Street, Keosauqua, Iowa, 52565.

BASIC FINANCIAL STATEMENTS

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,143,690	11,452	3,155,142
Receivables			
Property tax:			
Delinquent	54,302	0	54,302
Succeeding year	2,608,256	0	2,608,256
Income surtax	270,682	0	270,682
Accounts	166,880	0	166,880
Due from other governments	271,419	6,999	278,418
Inventories	0	9,820	9,820
Capital assets, net of accumulated depreciation	7,761,619	18,628	7,780,247
TOTAL ASSETS	14,276,848	46,899	14,323,747
LIABILITIES			
Accounts payable	49,110	0	49,110
Salaries and benefits payable	720,492	38,930	759,422
Accrued interest payable	4,870	0	4,870
Deferred revenue:			
Succeeding year property tax	2,608,256	0	2,608,256
Other	90,380	0	90,380
Unearned revenue	0	4,199	4,199
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	240,000	0	240,000
Early retirement	21,503	0	21,503
Portion due after one year:			
General obligation bonds	770,000	0	770,000
Qualified zone academy bonds	500,000	0	500,000
Net OPEB liability	32,086	1,914	34,000
TOTAL LIABILITIES	5,036,697	45,043	5,081,740
NET ASSETS			
Invested in capital assets, net of related debt	6,251,619	18,628	6,270,247
Restricted for:			
Categorical funding	178,968	0	178,968
Debt service	706,219	0	706,219
Capital projects	798,539	0	798,539
Management levy	146,309	0	146,309
Physical plant and equipment levy	271,159	0	271,159
Public Education and Recreation Levy	2,473	0	2,473
Other special revenue purposes	26,181	0	26,181
Unrestricted	858,684	(16,772)	841,912
TOTAL NET ASSETS	\$ 9,240,151	1,856	9,242,007

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular instruction	\$ 3,255,565	224,701	1,737,898	0	(1,292,966)	0	(1,292,966)
Special instruction	1,141,095	31,333	39,612	0	(1,070,150)	0	(1,070,150)
Other instruction	966,280	195,604	0	0	(770,676)	0	(770,676)
	<u>5,362,940</u>	<u>451,638</u>	<u>1,777,510</u>	<u>0</u>	<u>(3,133,792)</u>	<u>0</u>	<u>(3,133,792)</u>
Support services:							
Student	259,278	0	0	0	(259,278)	0	(259,278)
Instructional staff	326,636	0	0	0	(326,636)	0	(326,636)
Administration	1,156,453	0	0	0	(1,156,453)	0	(1,156,453)
Operation and maintenance of plant	709,958	0	0	18,000	(691,958)	0	(691,958)
Transportation	665,725	0	0	0	(665,725)	0	(665,725)
	<u>3,118,050</u>	<u>0</u>	<u>0</u>	<u>18,000</u>	<u>(3,100,050)</u>	<u>0</u>	<u>(3,100,050)</u>
Non-instructional programs:							
Community service operations	1,442	0	0	0	(1,442)	0	(1,442)
Other expenditures:							
Facilities acquisitions	119,669	0	0	0	(119,669)	0	(119,669)
Long-term debt interest	34,802	0	0	0	(34,802)	0	(34,802)
AEA flowthrough	262,789	0	262,789	0	0	0	0
Depreciation(unallocated)*	179,236	0	0	0	(179,236)	0	(179,236)
	<u>596,496</u>	<u>0</u>	<u>262,789</u>	<u>0</u>	<u>(333,707)</u>	<u>0</u>	<u>(333,707)</u>
Total governmental activities	<u>9,078,928</u>	<u>451,638</u>	<u>2,040,299</u>	<u>18,000</u>	<u>(6,568,991)</u>	<u>0</u>	<u>(6,568,991)</u>
Business type activities:							
Support services:							
Day Care:							
Administration	201,861	78,745	19,154	0	0	(103,962)	(103,962)
Operation and maintenance of plant	11,038	0	0	0	0	(11,038)	(11,038)
	<u>212,899</u>	<u>78,745</u>	<u>19,154</u>	<u>0</u>	<u>0</u>	<u>(115,000)</u>	<u>(115,000)</u>
Non-instructional programs:							
Day care operations	31,589	0	0	0	0	(31,589)	(31,589)
Food service operations	360,369	175,277	176,558	0	0	(8,534)	(8,534)
	<u>391,958</u>	<u>175,277</u>	<u>176,558</u>	<u>0</u>	<u>0</u>	<u>(40,123)</u>	<u>(40,123)</u>
Total business type activities	<u>604,857</u>	<u>254,022</u>	<u>195,712</u>	<u>0</u>	<u>0</u>	<u>(155,123)</u>	<u>(155,123)</u>
Total	<u>\$ 9,683,785</u>	<u>705,660</u>	<u>2,236,011</u>	<u>18,000</u>	<u>(6,568,991)</u>	<u>(155,123)</u>	<u>(6,724,114)</u>
General Revenues and Transfers:							
General Revenues:							
Property tax levied for:							
General purposes					\$ 2,322,295	0	2,322,295
Debt service					4,627	0	4,627
Capital outlay					161,555	0	161,555
Income surtax					327,222	0	327,222
Statewide sales and services tax					424,142	0	424,142
Unrestricted state grants					3,083,112	0	3,083,112
Unrestricted investment earnings					54,342	327	54,669
Other general revenues					90,187	0	90,187
Transfers					(132,175)	132,175	0
Total general revenues and transfers					<u>6,335,307</u>	<u>132,502</u>	<u>6,467,809</u>
Changes in net assets					(233,684)	(22,621)	(256,305)
Net assets beginning of year					<u>9,473,835</u>	<u>24,477</u>	<u>9,498,312</u>
Net assets end of year					<u>\$ 9,240,151</u>	<u>1,856</u>	<u>9,242,007</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
ASSETS					
Cash and pooled investments	\$ 1,319,738	656,166	706,119	461,667	3,143,690
Receivables:					
Property tax:					
Delinquent	47,326	0	100	6,876	54,302
Succeeding year	2,166,872	0	10,851	430,533	2,608,256
Income surtax	270,682	0	0	0	270,682
Accounts	166,880	0	0	0	166,880
Due from other governments	129,046	142,373	0	0	271,419
TOTAL ASSETS	\$ 4,100,544	798,539	717,070	899,076	6,515,229
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 48,192	0	0	918	49,110
Salaries and benefits payable	720,492	0	0	0	720,492
Deferred revenue:					
Succeeding year property tax	2,166,872	0	10,851	430,533	2,608,256
Income surtax	270,682	0	0	0	270,682
Other	90,380	0	0	0	90,380
Total liabilities	3,296,618	0	10,851	431,451	3,738,920
Fund balances:					
Reserved for:					
Categorical Funding	178,968	0	0	0	178,968
Debt service	0	0	706,219	0	706,219
Unreserved	624,958	798,539	0	467,625	1,891,122
Total fund balances	803,926	798,539	706,219	467,625	2,776,309
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,100,544	798,539	717,070	899,076	6,515,229

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN 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 (page 16)	\$ 2,776,309
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	7,761,619
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	270,682
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.	(4,870)
Long-term liabilities, including bonds payable, qualified zone academy bonds payable, early retirement benefits payable, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,563,589)</u>
Net assets of governmental activities (page 14)	<u><u>\$ 9,240,151</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,452,261	424,142	4,627	316,589	3,197,619
Tuition	252,777	0	0	0	252,777
Other	103,588	14,778	11,742	243,901	374,009
State sources	4,061,582	0	0	0	4,061,582
Federal sources	1,028,185	0	0	4,621	1,032,806
Total revenues	<u>7,898,393</u>	<u>438,920</u>	<u>16,369</u>	<u>565,111</u>	<u>8,918,793</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	3,210,087	0	0	0	3,210,087
Special	1,158,329	0	0	0	1,158,329
Other	753,611	0	0	212,669	966,280
	<u>5,122,027</u>	<u>0</u>	<u>0</u>	<u>212,669</u>	<u>5,334,696</u>
Support services:					
Student	259,278	0	0	0	259,278
Instructional staff	325,575	0	0	0	325,575
Administration	1,053,360	0	0	72,200	1,125,560
Operation and maintenance of plant	653,673	0	0	49,187	702,860
Transportation	705,039	0	0	17,350	722,389
	<u>2,996,925</u>	<u>0</u>	<u>0</u>	<u>138,737</u>	<u>3,135,662</u>
Non-instructional programs:					
Community service operations	1,442	0	0	0	1,442
Other expenditures:					
Facilities acquisitions	0	0	0	119,669	119,669
Long-term debt:					
Principal	0	0	235,000	0	235,000
Interest and fiscal charges	0	0	37,969	0	37,969
AEA flowthrough	262,789	0	0	0	262,789
	<u>262,789</u>	<u>0</u>	<u>272,969</u>	<u>119,669</u>	<u>655,427</u>
Total expenditures	<u>8,383,183</u>	<u>0</u>	<u>272,969</u>	<u>471,075</u>	<u>9,127,227</u>
Excess(deficiency)of revenues over(under) expenditures	(484,790)	438,920	(256,600)	94,036	(208,434)
Other financing sources(uses):					
Proceeds from the disposal of property	0	0	0	17,973	17,973
Transfers in	0	0	418,406	14,724	433,130
Transfers out	(146,899)	(389,192)	0	(29,214)	(565,305)
Total other financing sources(uses)	<u>(146,899)</u>	<u>(389,192)</u>	<u>418,406</u>	<u>3,483</u>	<u>(114,202)</u>
Net change in fund balances	(631,689)	49,728	161,806	97,519	(322,636)
Fund balance beginning of year	1,435,615	748,811	544,413	370,106	3,098,945
Fund balance end of year	<u>\$ 803,926</u>	<u>798,539</u>	<u>706,219</u>	<u>467,625</u>	<u>2,776,309</u>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2009

Net change in fund balances - total governmental funds (page 18) \$ (322,636)

*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 reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of capital assets in the year are as follows:

Capital outlays	\$ 175,195	
Depreciation expense	(311,474)	
Loss on disposal of capital assets	<u>(1,569)</u>	(137,848)

Repayment of long-term liabilities in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 235,000

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 42,222

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,167

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

Early retirement	(21,503)	
Other postemployment benefits	<u>(32,086)</u>	<u>(53,589)</u>

Changes in net assets of governmental activities (page 15) \$ (233,684)

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Enterprise Funds		
	School Nutrition	Day Care	Total
ASSETS			
Cash and cash equivalents	\$ 11,402	50	11,452
Due from other governments	6,999	0	6,999
Inventories	9,820	0	9,820
Capital assets, net of accumulated depreciation	18,628	0	18,628
Total assets	46,849	50	46,899
LIABILITIES			
Salaries and benefits payable	24,466	14,464	38,930
Net OPEB liability	1,914	0	1,914
Unearned revenue	4,199	0	4,199
Total liabilities	30,579	14,464	45,043
NET ASSETS			
Invested in capital assets	18,628	0	18,628
Unrestricted	(2,358)	(14,414)	(16,772)
Total net assets	\$ 16,270	(14,414)	1,856

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Enterprise Funds		
	School Nutrition	Day Care	Total
OPERATING REVENUE:			
Local sources:			
Charges for services	\$ 175,277	78,745	254,022
OPERATING EXPENSES:			
Support services:			
Administration:			
Salaries	0	158,271	158,271
Benefits	0	22,034	22,034
Services	0	15,986	15,986
Supplies	0	5,479	5,479
Other	0	91	91
	0	201,861	201,861
Operation and maintenance of plant services:			
Services	0	4,275	4,275
Supplies	0	6,763	6,763
	0	11,038	11,038
Total support services	0	212,899	212,899
Non-instructional programs:			
Food service operations:			
Salaries	134,465	17,017	151,482
Benefits	20,762	2,386	23,148
Services	3,613	21	3,634
Supplies	196,940	12,165	209,105
Depreciation	4,589	0	4,589
	360,369	31,589	391,958
TOTAL OPERATING EXPENSES	360,369	244,488	604,857
OPERATING LOSS	(185,092)	(165,743)	(350,835)
NON-OPERATING REVENUES:			
Transfer in	0	132,175	132,175
State sources	4,148	0	4,148
Federal sources	172,410	19,154	191,564
Interest income	327	0	327
TOTAL NON-OPERATING REVENUES	176,885	151,329	328,214
Change in net assets	(8,207)	(14,414)	(22,621)
Net assets beginning of year	24,477	0	24,477
Net assets end of year	\$ 16,270	(14,414)	1,856

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Enterprise Funds		
	School Nutrition	Day Care	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 174,267	0	174,267
Cash received from miscellaneous operating activities	576	78,745	79,321
Cash payments to employees for services	(150,489)	(188,845)	(339,334)
Cash payments to suppliers for goods or services	(183,465)	(45,612)	(229,077)
Net cash used in operating activities	(159,111)	(155,712)	(314,823)
Cash flows from non-capital financing activities:			
Transfer in from General Fund	0	132,175	132,175
State grants received	4,148	0	4,148
Federal grants received	148,859	19,680	168,539
Net cash provided by non-capital financing activities	153,007	151,855	304,862
Cash flows from investing activities:			
Interest on investments	327	0	327
Net decrease in cash and cash equivalents	(5,777)	(3,857)	(9,634)
Cash and cash equivalents at beginning of year	17,179	3,907	21,086
Cash and cash equivalents at end of year	\$ 11,402	50	11,452
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (185,092)	(165,743)	(350,835)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	16,552	0	16,552
Depreciation	4,589	0	4,589
Decrease in inventories	536	0	536
Decrease in accounts receivable	55	0	55
Decrease in accounts payable	0	(832)	(832)
Increase in salaries and benefits	2,824	10,863	13,687
Decrease in unearned revenue	(489)	0	(489)
Increase in other postemployment benefits	1,914	0	1,914
Net cash used in operating activities	\$ (159,111)	(155,712)	(314,823)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:			
Current assets:			
Cash and pooled investments	\$ 11,402	50	11,452
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
During the year ended June 30, 2009, the District received Federal commodities valued at \$16,552.			
SEE NOTES TO FINANCIAL STATEMENTS.			

VAN BUREN COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2009

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 2,762
Liabilities	
Due to other groups	<u>2,762</u>
Net Assets	
Unrestricted	<u>0</u>
Total Net Assets	<u>\$ 0</u>

SEE NOTES TO FINANCIAL STATEMENTS

VAN BUREN COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(1) Summary of Significant Accounting Policies

The Van Buren Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Keosauqua, Stockport, Douds, Birmingham, Mount Sterling, Milton and Cantril, Iowa, and the predominate agricultural territory in Van Buren and Davis 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, Van Buren Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Van Buren Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed

from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Day Care Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the day care 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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and

unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

D. Assets, Liabilities and Fund Balance

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District Funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa 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, they 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. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute,

the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

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

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

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

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

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

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

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

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

E. Budgeting and Budgetary Control

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

(2) Cash and Pooled Investments

The District's deposits at June 30, 2009 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

	Amortized Cost
Diversified Portfolio	<u>\$ 19,466</u>

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

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

(3) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Special Revenue, Physical Plant and Equipment Levy	\$ 29,214
General	Special Revenue, Student Activity	14,724
Debt Service	Capital Projects	389,192
Enterprise, Day Care	General	<u>132,175</u>
Total		<u>\$ 565,305</u>

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

(4) Capital Assets

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

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 107,482	0	0	107,482
Less accumulated depreciation	84,265	4,589	0	88,854
Business-type activities capital assets, net	\$ 23,217	(4,589)	0	18,628

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 38,811	0	0	38,811
Total capital assets not being depreciated	38,811	0	0	38,811

Capital assets being depreciated:				
Buildings	8,942,301	0	3,410	8,938,891
Land improvements	132,796	0	0	132,796
Machinery and equipment	1,833,044	175,195	149,884	1,858,355
Total capital assets being depreciated	10,908,141	175,195	153,294	10,930,042

Less accumulated depreciation for:				
Buildings	1,582,512	172,596	1,841	1,753,267
Land improvements	20,601	6,640	0	27,241
Machinery and equipment	1,444,372	132,238	149,884	1,426,726
Total accumulated depreciation	3,047,485	311,474	151,725	3,207,234

Total capital assets being depreciated, net	7,860,656	(136,279)	1,569	7,722,808
Governmental activities capital assets, net	\$ 7,899,467	(136,279)	1,569	7,761,619

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular instruction		\$ 6,842
Support services:		
Administration		27,282
Operation of plant and maintenance		4,973
Transportation		93,141
Administration		132,238
Unallocated depreciation		179,236
Total governmental activities depreciation expense		\$ 311,474
Business type activities:		
Food service operations		\$ 4,589

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 1,245,000	0	235,000	1,010,000	240,000
Qualified Zone Academy Bonds	500,000	0	0	500,000	0
Early retirement	0	21,503	0	21,503	21,503
Net OPEB liability	0	32,086	0	32,086	0
Total	\$ 1,745,000	53,589	235,000	1,563,589	261,503
Business type activities:					
Net OPEB liability	\$ 0	1,914	0	1,914	0

General Obligation Bonds Payable

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

Year Ending June 30,	Bond issue dated April 3, 2008			Bond issue dated April 1, 2003			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2010	2.600 %	\$ 210,000	24,985	2.750	30,000	4,237	\$ 240,000	29,222	269,222
2011	2.800	215,000	19,525	3.000	35,000	3,413	250,000	22,938	272,938
2012	2.950	220,000	13,505	3.250	35,000	2,363	255,000	15,868	270,868
2013	3.050	230,000	7,015	3.500	35,000	1,225	265,000	8,240	273,240
Total		\$ 875,000	65,030		\$ 135,000	11,238	\$ 1,010,000	76,268	1,086,268

Qualified Zone Academy Bonds

During the year ended June 30, 2002, the District issued zero interest Qualified Zone Academy Bonds (QZAB). Annual transfers from the Physical Plant and Equipment Levy (PPEL) fund to a debt sinking fund will be made to pay the indebtedness due January 31, 2016, of \$500,000.

Early Retirement

The District offered a voluntary early retirement plan to its full-time employees. Eligible employees must be at least age fifty-five and must have completed twenty years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives paid by the District include the premiums for a single health insurance coverage policy. The District did not pay out any benefits during the year and had a balance of \$21,503 at June 30, 2009.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the years 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 was \$324,280, \$318,517 and \$284,415, respectfully, equal to the required contributions for the year.

(7) Other Postemployment Benefits (OPEB)

The District 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, prescription drug, and dental benefits for retirees and their spouses. There are 160 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical, prescription drug, and dental coverage are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical, prescription drug, and dental benefits 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 retiree benefit plan on a pay-as-you-go basis.

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 62,000
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	62,000
Contributions made	(28,000)
Increase in net OPEB obligation	34,000
Net OPEB obligation beginning of year	0
Net OPEB obligation end of year	<u>\$ 34,000</u>

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 \$28,000 to the medical plan. Plan members eligible for benefits contributed \$42,000, or 60% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 62,000	45.16%	\$ 34,000

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 \$532,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$532,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,304,996, and the ratio of the UAAL to covered payroll was 16.10%. 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 July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the County'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 Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$753 per month for retirees less than age 65. The salary increase rate was assumed to be 4.52% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$262,789 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.

(10) Categorical Funding

Categorical funding balances for the District as of June 30, 2009 were as follows:

Beginning Teacher Mentoring	\$ 835
Dropout and Dropout Prevention	1,150
Market Factor	93
At-Risk Supplemental Weighting	20,535
Core Curriculum	10,724
Market Factor Incentives	5,687
Statewide Voluntary Preschool	42,449
Gifted and Talented	30,402
LEP Weighting	1,220
Home School Assistance Program	52,433
Professional Development	13,440
	<hr/>
Total	<u>\$ 178,968</u>

(11) Deficit Unrestricted Net Assets

The District had deficit unrestricted net assets in the Enterprise Funds totaling \$16,772. The School Nutrition Fund had deficit \$2,358 to account for this balance with the remainder of a deficit balance of \$14,414 accounted for in the Day Care Fund.

REQUIRED SUPPLEMENTARY INFORMATION

VAN BUREN 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 Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 3,824,405	254,349	4,078,754	3,946,338	3,946,338	132,416
State sources	4,061,582	4,148	4,065,730	4,696,162	4,696,162	(630,432)
Federal sources	1,032,806	191,564	1,224,370	3,015,000	3,015,000	(1,790,630)
Total revenues	<u>8,918,793</u>	<u>450,061</u>	<u>9,368,854</u>	<u>11,657,500</u>	<u>11,657,500</u>	<u>(2,288,646)</u>
Expenditures/expenses:						
Instruction	5,334,696	0	5,334,696	6,725,052	6,725,052	1,390,356
Support services	3,135,662	212,899	3,348,561	4,779,989	4,779,989	1,431,428
Non-instructional programs	1,442	391,958	393,400	555,644	555,644	162,244
Other expenditures	655,427	0	655,427	1,819,296	1,819,296	1,163,869
Total expenditures/expenses	<u>9,127,227</u>	<u>604,857</u>	<u>9,732,084</u>	<u>13,879,981</u>	<u>13,879,981</u>	<u>4,147,897</u>
Deficiency of revenues under expenditures	(208,434)	(154,796)	(363,230)	(2,222,481)	(2,222,481)	(1,859,251)
Other financing sources(uses), net	(114,202)	132,175	17,973	0	0	(17,973)
Deficiency of revenues and other financing sources under expenditures/expenses and other financing uses	(322,636)	(22,621)	(345,257)	(2,222,481)	(2,222,481)	(1,877,224)
Balance beginning of year	3,098,945	24,477	3,123,422	2,958,644	2,958,644	164,778
Balance end of year	<u>\$ 2,776,309</u>	<u>1,856</u>	<u>2,778,165</u>	<u>736,163</u>	<u>736,163</u>	<u>2,042,002</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED 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 comparison for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated 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.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION

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	\$ 0	\$ 532,000	\$ 532,000	0.0 %	\$ 3,304,996	16.10%

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

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2009

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
ASSETS					
Cash and pooled investments	\$ 165,344	26,181	267,669	2,473	461,667
Receivables:					
Property tax:					
Delinquent	3,386	0	3,490	0	6,876
Succeeding year	260,000	0	170,533	0	430,533
TOTAL ASSETS	\$ 428,730	26,181	441,692	2,473	899,076
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 918	0	0	0	918
Deferred revenue:					
Succeeding year property tax	260,000	0	170,533	0	430,533
Total liabilities	260,918	0	170,533	0	431,451
Fund balances:					
Unreserved	167,812	26,181	271,159	2,473	467,625
TOTAL LIABILITIES AND FUND BALANCES	\$ 428,730	26,181	441,692	2,473	899,076

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2009

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
REVENUES:					
Local sources:					
Local tax	\$ 155,034	0	161,555	0	316,589
Other	20,752	200,437	22,669	43	243,901
Federal sources	0	0	4,621	0	4,621
Total revenues	<u>175,786</u>	<u>200,437</u>	<u>188,845</u>	<u>43</u>	<u>565,111</u>
EXPENDITURES:					
Current:					
Instruction:					
Other	0	212,669	0	0	212,669
Support services:					
Administration	72,200	0	0	0	72,200
Operation and maintenance of plant	49,187	0	0	0	49,187
Student transportation	17,350	0	0	0	17,350
Other expenditures:					
Facilities acquisitions	0	0	119,669	0	119,669
Total expenditures	<u>138,737</u>	<u>212,669</u>	<u>119,669</u>	<u>0</u>	<u>471,075</u>
Excess(deficiency)of revenues over(under)expenditures	37,049	(12,232)	69,176	43	94,036
Other financing sources(uses):					
Proceeds from the disposal of property	0	0	17,973	0	17,973
Transfer in	0	14,724	0	0	14,724
Transfer out	0	0	(29,214)	0	(29,214)
Total other financing sources(uses)	<u>0</u>	<u>14,724</u>	<u>(11,241)</u>	<u>0</u>	<u>3,483</u>
Excess of revenues and other financing sources over expenditures and other financing uses	37,049	2,492	57,935	43	97,519
Fund balance beginning of year	<u>130,763</u>	<u>23,689</u>	<u>213,224</u>	<u>2,430</u>	<u>370,106</u>
Fund balance end of year	<u>\$ 167,812</u>	<u>26,181</u>	<u>271,159</u>	<u>2,473</u>	<u>467,625</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletics:				
General Athletics	\$ (8,948)	71,890	66,009	(3,067)
Secondary Cross Country	12	0	12	0
District Football	254	0	254	0
Total Athletics	(8,682)	71,890	66,275	(3,067)
Clubs and Organizations:				
Yearbook	1,260	6,058	6,326	992
The Udder Choice	1,062	6,881	6,752	1,191
Concession Enterprises	600	10,693	11,141	152
Cross Country	120	557	502	175
Drama	3,202	1,638	1,196	3,644
FCCLA	423	525	751	197
Football	1,803	936	3,442	(703)
FFA	47	2,045	1,556	536
Industrial Arts	1,882	0	76	1,806
Art Club	427	1,622	434	1,615
Boys Track Fundraising	67	5,420	4,806	681
Media Club	86	0	86	0
National Honor Society	1,149	1,224	1,415	958
Golf Fundraiser	50	0	0	50
Pow Wow	449	0	449	0
Rhythm Squad	2,056	5,516	6,897	675
Softball	392	1,902	2,136	158
Baseball Fundraising	3,182	5,897	4,220	4,859
Spanish Club	(727)	3,554	3,039	(212)
Student Council	(3,300)	475	499	(3,324)
Girls Track Fundraising	(771)	600	668	(839)
JEL	26	208	240	(6)
Rachel's Challenge	0	256	0	256
Young Inventors	0	1,462	1,780	(318)
Wrestling Fundraising	953	932	299	1,586
Volleyball Fundraising	(957)	2,481	3,057	(1,533)
Wrestling Cheerleaders	164	1,440	1,186	418
Young Investors Club	40	0	40	0
Boys Basketball Fundraising	1,231	253	1,390	94
Girls Basketball Fundraising	962	3,532	2,498	1,996
Football Cheerleaders	1,061	931	2,158	(166)
Basketball Cheerleaders	788	0	108	680
Total Clubs and Organizations	17,727	67,038	69,147	15,618
Classes:				
Class of 2009	334	194	37	491
Class of 2010	1,043	475	1,680	(162)
Class of 2011	883	575	35	1,423
Class of 2012	0	1,440	0	1,440
Class of 2013	954	959	0	1,913

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Miscellaneous:				
Interest	38	0	38	0
Teachers	(14,724)	14,724	0	0
Fines	61	0	61	0
Band	(1,818)	0	1,524	(3,342)
Chorus	(36)	4,139	1,528	2,575
Chorus/Band Fundraiser	13,636	53,727	72,344	(4,981)
Total Miscellaneous	<u>(2,843)</u>	<u>72,590</u>	<u>75,495</u>	<u>(5,748)</u>
Stockport Elementary:				
Stockport Elementary	3,285	0	0	3,285
Total Stockport Elementary	<u>3,285</u>	<u>0</u>	<u>0</u>	<u>3,285</u>
Douds Elementary:				
Douds Elementary	9,998	0	0	9,998
Total Douds Elementary	<u>9,998</u>	<u>0</u>	<u>0</u>	<u>9,998</u>
Grand Total	<u>\$ 23,689</u>	<u>215,161</u>	<u>212,669</u>	<u>26,181</u>

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2009

	Debt Service - Schoolhouse	Debt Service - QZAB	Total
ASSETS			
Cash and pooled investments	\$ 479,325	226,794	706,119
Receivables:			
Property tax:			
Delinquent	100	0	100
Succeeding year	10,851	0	10,851
TOTAL ASSETS	\$ 490,276	226,794	717,070
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 10,851	0	10,851
Fund balances:			
Unreserved	479,425	226,794	706,219
TOTAL LIABILITIES AND FUND BALANCES	\$ 490,276	226,794	717,070

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2009

	Debt Service - Schoolhouse	Debt Service - QZAB	Total
REVENUES:			
Local sources:			
Local tax	\$ 4,626	0	4,626
Other	5,625	6,118	11,743
Total revenues	<u>10,251</u>	<u>6,118</u>	<u>16,369</u>
EXPENDITURES:			
Principal	235,000	0	235,000
Interest and fiscal charges	37,969	0	37,969
Total expenditures	<u>272,969</u>	<u>0</u>	<u>272,969</u>
Excess (deficiency) of revenues over (under) expenditures	(262,718)	6,118	(256,600)
Other financing sources:			
Transfer in	389,192	29,214	418,406
Excess of revenues and other financing sources over expenditures and other financing uses	126,474	35,332	161,806
Fund balance beginning of year	352,951	191,462	544,413
Fund balance end of year	<u>\$ 479,425</u>	<u>226,794</u>	<u>706,219</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2009

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>AFTER PROM PARTY</u>				
ASSETS				
Cash and pooled investments	\$ 0	1,255	0	1,255
LIABILITIES				
Due to other groups	\$ 0	1,255	0	1,255
<u>ELEMENTARY BOYS BASEBALL</u>				
Cash and pooled investments	\$ 0	1,507	0	1,507
LIABILITIES				
Due to other groups	\$ 0	1,507	0	1,507
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 0	2,762	0	2,762
LIABILITIES				
Due to other groups	\$ 0	2,762	0	2,762

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN 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	\$ 3,197,618	3,126,418	3,179,100	3,250,277	2,895,547
Tuition	252,777	222,799	166,372	211,770	176,192
Other	374,009	434,974	407,840	474,432	330,392
State sources	4,061,582	4,305,337	3,928,194	3,943,463	3,691,297
Federal sources	1,032,806	1,534,805	1,881,611	1,785,221	1,013,094
Total	\$ 8,918,792	9,624,333	9,563,117	9,665,163	8,106,522
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 3,210,087	3,340,406	2,858,666	2,809,494	3,056,021
Special instruction	1,158,329	1,056,026	973,391	988,857	1,175,624
Other instruction	966,280	982,738	1,047,846	1,059,783	716,290
Support services:					
Student services	259,278	421,877	418,812	253,214	134,840
Instructional staff services	325,575	327,129	560,370	333,161	142,072
Administration services	1,125,560	1,150,891	1,175,818	1,126,076	733,788
Operation and maintenance of plant services	702,860	693,692	618,791	635,398	501,670
Transportation services	722,389	612,371	700,995	686,920	545,555
Other support services	0	0	0	0	146,418
Non-instructional programs	1,442	5,320	647	1,907	28,950
Other expenditures:					
Facilities acquisitions	119,669	101,364	407,382	584,711	312,463
Long-term debt:					
Principal	235,000	215,000	210,000	195,000	190,000
Interest and other charges	37,969	58,967	71,435	79,935	88,998
AEA flow-through	262,789	257,558	245,305	242,151	231,945
Total	\$ 9,127,227	9,223,339	9,289,458	8,996,607	8,004,634

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DIRECT:			
DEPARTMENT OF EDUCATION:			
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES			
NATIONAL PROGRAMS	84.184	FY 09	\$ <u>378,457</u>
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES -			
PROJECTS OF REGIONAL AND NATIONAL			
SIGNIFICANCE	93.243	FY 09	<u>37,299</u>
DRUG FREE COMMUNITIES SUPPORT PROGRAM	93.276	FY 09	<u>102,024</u>
INDIRECT:			
US DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 09	38,187
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 09	127,349
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 09	<u>6,874</u>
			<u>172,410</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 09	<u>6,571</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCA-			
TIONAL AGENCIES	84.010	FY 09	156,218
TITLE I GRANTS TO LOCAL EDUCATIONAL			
AGENCIES, RECOVERY ACT	84.389	FY 09	<u>20,030</u>
			<u>176,248</u>
CAREER AND TECHNICAL EDUCATION -			
BASIC GRANTS TO STATES	84.048	FY 08	973
CAREER AND TECHNICAL EDUCATION -			
BASIC GRANTS TO STATES	84.048	FY 09	<u>15,336</u>
			<u>16,309</u>
SAFE AND DRUG-FREE SCHOOLS AND			
COMMUNITIES - STATE GRANTS	84.186	FY 09	<u>3,423</u>
21ST CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 08	535
21ST CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 09	<u>150,000</u>
			<u>150,535</u>

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT (CONTINUED):			
IOWA DEPARTMENT OF EDUCATION (CONTINUED):			
RURAL EDUCATION ACHIEVEMENT PROGRAM (REAP)			
(RURAL AND LOW-INCOME SCHOOL PROGRAM)	84.358	FY 09	18,918
TITLE IIA - FEDERAL TEACHER QUALITY			
PROGRAM	84.367	FY 09	57,456
GRANTS FOR STATE ASSESSMENTS AND RELATED			
ACTIVITIES (TITLE VIA)	84.369	FY 09	4,563
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO			
STATES (PART B)	84.027	FY 09	39,612
ENHANCING EDUCATION THROUGH TECHNOLOGY			
(TITLE II D) (E2T2)	84.318	FY 09	400
DEPARTMENT OF HUMAN SERVICES:			
IOWA DEPARTMENT OF HUMAN SERVICES:			
CHILD CARE MANDATORY AND MATCHING			
FUNDS OF THE CHILD CARE AND DEVELOPMENT			
FUND (DHS REIMBURSEMENTS)	93.596	FY 09	12,583
US DEPARTMENT OF HOMELAND SECURITY:			
IOWA DEPARTMENT OF PUBLIC DEFENSE:			
DISASTER GRANTS - PUBLIC ASSISTANCE (FEMA)	97.036	FY 09	4,621
TOTAL			\$ 1,181,429

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Van Buren 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 preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of the
Van Buren 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 Van Buren 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 8, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren 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 our opinion on the effectiveness of Van Buren Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren 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 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 Van Buren Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Van Buren Community School District's financial statements that is more than inconsequential will not be prevented or detected by Van Buren Community School 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 Van Buren 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 item II-A-09 is a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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.

Van Buren 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 Van Buren 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 Van Buren Community School District and other parties to whom Van Buren 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 Van Buren Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

January 8, 2010

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Van Buren Community School District

Compliance

We have audited the compliance of Van Buren 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. Van Buren 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 Van Buren Community School District's management. Our responsibility is to express an opinion on Van Buren Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Van Buren 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 Van Buren Community School District's compliance with those requirements.

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

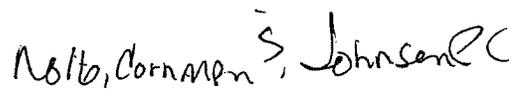
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed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

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

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 District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a material weakness.

Van Buren Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Van Buren 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 Van Buren Community School District and other parties to whom Van Buren 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.



NOLTE, CORNMAN & JOHNSON, P.C.

January 8, 2010

VAN BUREN 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 a material weakness.
- (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, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is 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 84.184 - Safe and Drug-Free Schools and Communities - National Programs
 - CFDA Number 84.287 - 21st Century Community Learning Center
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Van Buren Community School District did not qualify as a low-risk auditee.

VAN BUREN 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 noted.

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - We will review procedures and make adjustments to ensure segregation of duties for cash receipts, bank deposits and posting cash receipts to cash receipts journal.

Conclusion - Response accepted.

II-B-09 Grants - We noted during our audit, that when expenditures for specific projects were posted, expenses were not always properly posted to those projects. We also noted instances of grant reports not being filed timely as well as an instance of a 21st Century Community Learning Center expense where there was no timesheet or other supporting documentation available.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures. The District should also review procedures in place to ensure that grant reports are being filed on a timely basis and that grant expenditures have the proper supporting documentation.

Response - We will continue to review and improve our coding of our bills to ensure proper grant codes are being recorded. We will also improve our grant reports being filed timely.

Conclusion - Response accepted.

II-C-09 Receipting Procedures - We noted during our audit instances of sponsors not giving receipts when collecting money from individuals, fundraising events and other revenue fees. We also noted that sponsors were not always given a receipt for the money they turned into the central office.

Recommendation - The District actually maintains multiple layers of receipting from sponsors, to the building office and to the central office. When sponsors or fundraising chairpersons submit money to the office for multiple previously collected receipts, they should provide documentation of their receipts. This documentation should be used when reconciling deposits to receipts.

Response - We will continue to review and improve our procedures for sponsors to issue receipts when they are collecting money from individuals, fundraising events, and other revenues. We will also ensure the central office is issuing receipts to the sponsors when the money is turned in.

Conclusion - Response accepted.

II-D-09 Clothing Purchased for Coaches - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District should refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups. The costs associated with the clothing should be reimbursed from the employee or added to their W-2's as additional compensation.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing for coaches and other District employees in lieu of using public funds.

Response - We will not allow coaches to purchase clothing for themselves from the Student Activity Fund. We will suggest this offer to the Booster Club.

Conclusion - Response accepted.

II-E-09 Mileage Reimbursement - We noted during our audit that an employee was being reimbursed mileage costs for commuting.

Recommendation - Employees are responsible for commuting costs to and from work. If the District decides that it will pay for an employee's commuting mileage, then it should be added to the employee's W-2 as additional compensation, in compliance with IRS publication 15, Employers Tax Guide.

Response - We will correct the commuting mileage reimbursement to be added to the employees earnings and show on his W-2.

Conclusion - Response accepted.

II-F-09 Commodity Pricing - We noted during our audit of the Enterprise, School Nutrition Fund that the District did not price out the commodity inventory using the correct values at the end of the year.

Recommendation - The District should review procedures in place for calculation of commodity inventory prices. The State of Iowa provides a price guide listing of values to be used in the calculation. The District needs to use the correct price values in calculating the inventory value at year end.

Response - We will review the procedure for calculating the commodity inventory at the end of the year and use the correct values.

Conclusion - Response accepted.

VAN BUREN 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 noted.

SIGNIFICANT DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program and
CFDA Number 10.559: Summer Food Service Program for Children
Federal Award Year: 2009
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.184: Safe and Drug-Free Schools and Communities - National Programs
Federal Award Year: 2009
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.287: 21st Century Community Learning Center
Federal Award Year: 2008/2009
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-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 cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done 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 procedures and make adjustments to ensure segregation of duties for cash receipts, bank deposits, and posting cash receipts to cash receipts journal.

Conclusion - Response accepted.

III-B-09 Grants - We noted during our audit that a payroll timesheet was not available for the 21st Century Community Learning Center grant.

Recommendation - The District should review procedures in place to ensure that grant expenditures have the proper supporting documentation.

Response - We will continue to improve procedures to make sure all grant expenditures have proper supporting documentation.

Conclusion - Response accepted.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.
- IV-B-09 Questionable Disbursements - We noted no disbursements that may not meet the requirements for 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 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 - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.
- Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.
- Response - We will review and correct procedures to make sure all grant expenditures have proper supporting documentation.
- Conclusion - Response accepted.
- IV-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- IV-H-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-I-09 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- 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		\$	0
Statewide sales and services tax revenue			424,142
Expenditures/transfers out:			
Debt service for school infrastructure:			
General obligation debt	\$	389,192	389,192
Ending balance		\$	34,950

Levies reduced as a result of statewide sales and services tax received:

	Per \$1000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 2.40944	\$ 389,192

IV-L-09 Financial Condition - The District had several accounts in the Special Revenue, Student Activity Fund with deficit balances at June 30, 2009 totaling \$18,653. The District also had deficit unrestricted net asset balances of \$2,358 in the Enterprise, School Nutrition Fund and \$14,414 in the Enterprise, Day Care Fund.

Recommendation - The District should continue to monitor fund balances and investigate alternatives to eliminate the deficits. The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts.

Response - We will continue to review procedures to ensure positive balances of accounts within each fund, especially the Student Activity Fund. We will continue to monitor fund balances and have alternatives to prevent deficits.

Conclusion - Response accepted.

IV-M-09 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from. More specific examples of these instances are as follows:

We noted that the District holds several fundraisers within the Activity Fund, however we noted that the Board has not been approving those fundraisers.

There are several inactive accounts. These accounts should be reviewed, closed and allocated to the other student activity accounts.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended.

Response - We will review procedures and make necessary adjustments to comply with Iowa Code 281-12.6(1) for all Student Activity Funds, especially fundraisers.

Conclusion - Response accepted.

IV-N-09 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events.

Recommendation - Chapter 297.9 of the code of Iowa requires rent to be receipted into the general fund. The district should receipt rent collected for facility usage into the general fund.

Response - We will correct receipting of monies for hosting district and/or regional events to be receipted in the General Fund.

Conclusion - Response accepted.

IV-O-09 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - We will have our Board President sign athletic officials contracts from now on.

Conclusion - Response accepted.

IV-P-09 Policies - We noted during our audit that the District did not have a capital asset policy in place. We also noted that some policies have not been kept up to date. All board policies should be reviewed every five years and documented when reviewed and approved.

Recommendation - The District should review the policies in place and update the capital asset policy. The District should review the board policy book and update all the policies that have not been updated in the last five years. The District should take steps to review board policies in a timelier manner.

Response - We will review and update our Board Policies in a more timely manner and update the Capital Asset policy.

Conclusion - Response accepted.

IV-Q-09 Photo Image Checks - We noted during our audit that the checks the District receives from Community First Bank has photo images showing only the front of the checks. Chapter 544D.114 of the Code of Iowa requires both the front and back of check images to be retained.

Recommendation - The District should contact the bank to rectify the situation. The District should receive the photo images showing both the front and back of the checks or the original issued check.

Response - We will contact the bank and have the backs of the checks photo imaged from now on.

Conclusion - Response accepted.