

VENTURA COMMUNITY SCHOOL DISTRICT

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

June 30, 2009

Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-11
Basic Financial Statements:	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	A	13-14
Statement of Activities	B	15-16
Governmental Fund Financial Statements:		
Balance Sheet	C	17
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	18
Statement of Revenues, Expenditures and Changes in Fund Balances	E	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	20
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H	22
Statement of Cash Flows	I	23
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	24
Statement of Changes in Fiduciary Net Assets	K	25
Notes to Financial Statements		26-35
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		37
Notes to Required Supplementary Information - Budgetary Reporting		38
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	40
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	41
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	42
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	43
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 <u>Government Auditing Standards</u>		44-45
Schedule of Findings and Responses		46-50

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Independent Auditor's Report

To the Board of Education of
Ventura 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 Ventura Community School District, Ventura, 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 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 Ventura Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2010, on our consideration of Ventura 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 and Budgetary Comparison Information on pages 4 through 11 and 37 through 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Ventura 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 five years ended June 30, 2008, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, 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.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

February 25, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ventura Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ending 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 increased from \$3,313,893 in fiscal 2008 to \$3,400,479 in fiscal 2009, while General Fund expenditures increased from \$3,237,813 in fiscal 2008 to \$3,260,485 in fiscal 2009. The District's General Fund balance increased from \$316,022 in fiscal 2008 to \$456,016 in fiscal 2009, an increase of 44%.
- The increase in General Fund revenues was attributable to higher property tax revenues and higher state revenues. The increase in expenditures was due primarily to salaries and benefits.

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 Ventura 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 Ventura 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 Ventura Community School District acts solely as an agent or custodian for the benefit of those outside the school.

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

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

Other Supplementary Information provides detailed information about the non-major funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements.

The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District's Internal Service Fund is another type of proprietary fund. The Internal Service Fund is used to account for the District's employee flexible benefit plan.

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 Private-Purpose Trust Funds. This fund includes the Ventura Community School District Foundation as required by Chapter 279.62 of the Code of Iowa.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	(Expressed in Thousands)							Percent Change June 30, 2008-2009
	Governmental Activities		Business Type Activities		Total District			
	June 30,		June 30,		June 30,			
	2008	2009	2008	2009	2008	2009		
Current and other assets	\$4,418.5	\$5,255.8	\$16.2	\$21.4	\$4,434.7	\$5,277.2	19.0%	
Capital Assets	\$3,187.1	\$3,229.2	\$5.6	\$3.6	\$3,192.7	\$3,232.8	1.3%	
Total Assets	\$7,605.6	\$8,485.0	\$21.8	\$25.0	\$7,627.4	\$8,510.0	11.6%	
Long-term Liabilities	\$271.3	\$106.4	\$0.0	\$0.0	\$271.3	\$106.4	-60.8%	
Other Liabilities	\$3,196.8	\$3,729.5	\$2.0	\$2.0	\$3,198.8	\$3,731.5	16.7%	
Total Liabilities	\$3,468.1	\$3,835.9	\$2.0	\$2.0	\$3,470.1	\$3,837.9	10.6%	
Net Assets:								
Invested in capital assets net of related debt	\$2,989.7	\$3,181.2	\$5.6	\$3.6	\$2,995.3	\$3,184.8	6.3%	
Restricted	\$751.6	\$980.8	\$0.0	\$0.0	\$751.6	\$980.8	30.5%	
Unrestricted	\$396.2	\$487.2	\$14.2	\$19.4	\$410.4	\$506.6	23.4%	
TOTAL NET ASSETS	\$4,137.5	\$4,649.2	\$19.8	\$23.0	\$4,157.3	\$4,672.2	12.4%	

The District's combined net assets increased by 12.4% or approximately \$514,900 over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land,

infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District’s restricted net assets increased approximately \$229,000 or 31% over the prior year. The increase was primarily a result of sales tax revenues that are being saved to finance future capital improvements.

Unrestricted net assets – the part of the net assets that can be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$96,200 or 23%. This increase in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

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

Figure A-4

	Change in Net Assets						Percent Change 2008-2009
	Governmental Activities		Business-type Activities		Total School District		
	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	
Revenues							
Program Revenues:							
Charges for services	983,545	900,645	94,479	93,313	1,078,024	993,958	-8%
Operating grants & contributions	418,901	446,143	54,337	56,329	473,238	502,472	6%
Capital grants & contributions	0	0	0	0	0	0	0%
General Revenues:							
Property taxes	1,803,465	1,844,994	0	0	1,803,465	1,844,994	2%
Income Surtax	166,587	196,583	0	0	166,587	196,583	18%
Local option sales tax	330,049	312,443	0	0	330,049	312,443	-5%
Unrestricted state grants	335,766	415,788	0	0	335,766	415,788	24%
Unrestricted investment earnings	69,533	41,620	0	0	69,533	41,620	-40%
Other revenue	0	7,922	526	0	526	7,922	1406%
Total Revenues	4,107,846	4,166,138	149,342	149,642	4,257,188	4,315,780	1%
Expenses:							
Instruction	2,400,697	2,344,436	0	0	2,400,697	2,344,436	-2%
Support services	1,049,391	1,066,978	0	0	1,049,391	1,066,978	2%
Non-instructional programs	0	0	141,146	146,382	141,146	146,382	4%
Other expenditures	243,285	243,117	0	0	243,285	243,117	0%
Total expenses	3,693,373	3,654,531	141,146	146,382	3,834,519	3,800,913	-1%
CHANGE IN NET ASSETS	414,473	511,607	8,196	3,260	422,669	514,867	22%
Net assets beginning of year	3,723,071	4,137,544	11,542	19,738	3,734,613	4,157,282	11%
Net assets end of year	4,137,544	4,649,151	19,738	22,998	4,157,282	4,672,149	12%

Property tax and unrestricted state grants account for 52% of the total revenue. The District’s expenses primarily relate to instruction and support services, which account for 90% of the total expenses.

Governmental Activities

Revenues from governmental activities were \$4,166,138 and expenses were \$3,654,531.

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

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services 2008	Total Cost of Services 2009	Net Cost of Services 2008	Net Cost of Services 2009
	\$	\$	\$	\$
Instruction	2,400,697	2,344,436	1,095,210	1,097,522
Support Services	1,049,391	1,066,978	1,048,906	1,066,978
Non-instructional Programs	0	0	0	0
Other Expenses	243,285	243,117	146,811	143,243
TOTAL	<u>3,693,373</u>	<u>3,654,531</u>	<u>2,290,927</u>	<u>2,307,743</u>

- The cost financed by users of the District's programs was \$900,645.
- Federal and State governments subsidized certain programs with grants and contributions totaling \$446,143.
- The net cost of governmental activities was financed with \$2,354,020 in property and other taxes and \$415,788 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$149,642 and expenses were \$146,382. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ending June 30, 2009, meal prices were increased, however expenditures increased due to increase in wages/benefits and the purchase of a new freezer.

INDIVIDUAL FUND ANALYSIS

As stated previously, Ventura Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,358,559, slightly above last year's ending fund balances of \$1,067,872. However, the primary reason for the increase in combined fund balances in fiscal 2009 is due to approximately \$300,000 in revenue from the local option sales and service tax and the reduction of administrative salaries and benefits as well as reducing staff by one instructor.

Governmental Fund Highlights

- The General Fund balance increased from \$316,022 to \$456,016 due in part to a reduction in staff, both administration and instruction.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from \$39,534 in fiscal 2008 to -\$15,812 in fiscal 2009. The balance in this fund will be used for future capital projects and equipment purchases. This negative balance is due primarily to updating the computer lab and server along with the purchase of a new bus paying 1/3 of the cost and also new music equipment (drums and wireless microphones/system.)
- The Capital Projects Fund balance increased from \$529,509 in 2008 to \$712,512 in 2009, due to the revenue generated by the Local Option Sales and Service tax. Future plans for this fund is for major renovation at the high school and elementary buildings.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$19,738 in fiscal 2008 to \$22,998 in fiscal 2009, representing an increase of 17%. Lunch prices were increased this year.

BUDGETARY HIGHLIGHTS

The District's receipts were \$246,848 less than budgeted receipts, a variance of 5.7%. The most significant variance resulted in a decrease from both state and federal funding.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$3,232,845, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of less than 1.2% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statement. Depreciation expense for the year was \$118,820.

Figure A-6

Capital Assets (net of depreciation)							
	Governmental		Business type		Total		Percentage Change 2007-2008
	Activities		Activities		School District		
	2008	2009	2008	2009	2008	2009	
	\$	\$	\$	\$	\$	\$	
Land	27,350	27,350	0	0	27,350	27,350	0%
Construction in progress	0	149,425	0	0	0	149,425	0%
Buildings	2,869,252	2,782,612	0	0	2,869,252	2,782,612	-3%
Improvements	148,855	140,533	0	0	148,855	140,533	-6%
Equipment & Furniture	141,669	129,281	5,582	3,644	147,251	132,925	-10%
TOTAL	3,187,126	3,229,201	5,582	3,644	3,192,708	3,232,845	1%

Long-Term Debt

At June 30, 2008, the District had retired the general obligation bonds outstanding. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statement.

The \$125,000 long-term revenue bonds were paid in full by revenue from the local option sales tax as of June 30, 2009.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Percent Change 2007-08
	2007	2008	
	\$	\$	
Statewide Sales and Services			
Tax Revenue Bonds	125,000	0	-100%
Capital Leases	72,379	48,029	-34%
Early Retirement	70,604	54,236	-23%
Compensated Absences	3,364	4,092	22%
	<u>271,347</u>	<u>106,357</u>	<u>-61%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- As of February 23, 2010, State revenues were down 10% in Fiscal Year 2009. The district has already received an 'across the board cut' of 10% for fiscal year 2010 in state aid for fiscal year 2010 and is scheduled to receive 2% allowable growth in fiscal year 2010.
- Open Enrollment has declined from Sept. 2009 to Sept. 2010. This will mean reduced revenues in the future. These declines are received in the fiscal year they happen, unlike declines or increases in resident student enrollment which are reflected in the year following the fiscal year they occur.

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 Nancy Watson, District Secretary and Business Manager, Ventura Community School District, 110 South Main, Ventura, IA 50482.

BASIC FINANCIAL STATEMENTS

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents:			
ISCAP	1,144,700	-	1,144,700
Other	1,356,151	16,685	1,372,836
Receivables:			
Property tax:			
Delinquent	19,060	-	19,060
Succeeding year	2,150,816	-	2,150,816
Accounts	71	-	71
Accrued interest:			
ISCAP	6,426	-	6,426
Due from other governments	553,563	243	553,806
Prepaid expenses	25,006	-	25,006
Inventories	-	4,511	4,511
Capital assets, net of accumulated depreciation	3,229,201	3,644	3,232,845
Total assets	8,484,994	25,083	8,510,077
Liabilities			
Accounts payable	149,707	110	149,817
Salaries and benefits payable	242,091	-	242,091
Accrued interest payable	1,598	-	1,598
Deferred revenue:			
Succeeding year property tax	2,150,816	-	2,150,816
Other	32,245	1,975	34,220
ISCAP warrants payable	1,128,000	-	1,128,000
ISCAP accrued interest payable	6,445	-	6,445
ISCAP premium	18,584	-	18,584
Long-term liabilities:			
Portion due within one year:			
Capital leases	23,604	-	23,604
Termination benefits	23,549	-	23,549
Compensated absences	900	-	900
Portion due after one year:			
Capital leases	24,425	-	24,425
Termination benefits	30,687	-	30,687
Compensated absences	3,192	-	3,192
Total liabilities	3,835,843	2,085	3,837,928

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net assets			
Invested in capital assets, net of related debt	3,181,172	3,644	3,184,816
Restricted for:			
Categorical funding	68,966	-	68,966
Management levy	2,291	-	2,291
Physical plant and equipment levy	49,321	-	49,321
Other special revenue purposes	109,480	-	109,480
Sales tax capital projects	712,512	-	712,512
Debt service	38,238	-	38,238
Unrestricted	<u>487,171</u>	<u>19,354</u>	<u>506,525</u>
Total net assets	<u><u>4,649,151</u></u>	<u><u>22,998</u></u>	<u><u>4,672,149</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,600,144	582,384	311,741	-
Special	304,207	161,365	13,994	-
Other	440,085	156,896	20,534	-
	<u>2,344,436</u>	<u>900,645</u>	<u>346,269</u>	<u>-</u>
Support services:				
Student	50,042	-	-	-
Instructional staff	102,860	-	-	-
Administration	499,436	-	-	-
Operation and maintenance of plant	264,117	-	-	-
Transportation	150,523	-	-	-
	<u>1,066,978</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	43,297	-	-	-
Long-term debt interest	6,181	-	1,197	-
AEA flowthrough	98,677	-	98,677	-
Depreciation (unallocated)*	94,962	-	-	-
	<u>243,117</u>	<u>-</u>	<u>99,874</u>	<u>-</u>
Total governmental activities	3,654,531	900,645	446,143	-
Business type activities:				
Non-instructional programs:				
Food service operations	146,382	93,313	56,329	-
Total	3,800,913	993,958	502,472	-
General Revenues:				
Property taxes levied for:				
General purposes				
Capital outlay				
Income surtax				
Statewide sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(706,019)	-	(706,019)
(128,848)	-	(128,848)
(262,655)	-	(262,655)
<u>(1,097,522)</u>	<u>-</u>	<u>(1,097,522)</u>
(50,042)	-	(50,042)
(102,860)	-	(102,860)
(499,436)	-	(499,436)
(264,117)	-	(264,117)
(150,523)	-	(150,523)
<u>(1,066,978)</u>	<u>-</u>	<u>(1,066,978)</u>
(43,297)	-	(43,297)
(4,984)	-	(4,984)
-	-	-
(94,962)	-	(94,962)
<u>(143,243)</u>	<u>-</u>	<u>(143,243)</u>
(2,307,743)	-	(2,307,743)
-	3,260	3,260
<u>(2,307,743)</u>	<u>3,260</u>	<u>(2,304,483)</u>
1,718,464	-	1,718,464
126,530	-	126,530
196,583	-	196,583
312,443	-	312,443
415,788	-	415,788
41,620	-	41,620
7,922	-	7,922
<u>2,819,350</u>	<u>-</u>	<u>2,819,350</u>
511,607	3,260	514,867
<u>4,137,544</u>	<u>19,738</u>	<u>4,157,282</u>
<u>4,649,151</u>	<u>22,998</u>	<u>4,672,149</u>

VENTURA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Assets				
Cash and pooled investments:				
ISCAP	1,144,700	-	-	1,144,700
Other	397,709	651,113	304,610	1,353,432
Receivables:				
Property tax:				
Delinquent	17,027	-	2,033	19,060
Succeeding year	1,933,813	-	217,003	2,150,816
Accounts	-	-	71	71
Accrued interest - ISCAP	6,426	-	-	6,426
Interfund receivable	2,100	-	-	2,100
Due from other governments	423,031	65,399	65,133	553,563
Prepaid expenses	25,006	-	-	25,006
Total assets	3,949,812	716,512	588,850	5,255,174
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	28,405	4,000	116,683	149,088
Salaries and benefits payable	242,091	-	-	242,091
ISCAP warrants payable	1,128,000	-	-	1,128,000
ISCAP accrued interest payable	6,445	-	-	6,445
ISCAP premium	18,584	-	-	18,584
Deferred revenue:				
Succeeding year property tax	1,933,813	-	217,003	2,150,816
Income surtax	104,213	-	65,133	169,346
Other	32,245	-	-	32,245
Total liabilities	3,493,796	4,000	398,819	3,896,615
Fund balances:				
Reserved for:				
Categorical funding	68,966	-	-	68,966
Debt service	-	-	39,836	39,836
Unreserved reported in:				
General Fund	387,050	-	-	387,050
Special Revenue Funds	-	-	150,195	150,195
Capital Projects Fund	-	712,512	-	712,512
Total fund balances	456,016	712,512	190,031	1,358,559
Total liabilities and fund balances	3,949,812	716,512	588,850	5,255,174

VENTURA 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 (Exhibit C)	1,358,559
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,229,201
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	169,346
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.	(1,598)
Long-term liabilities, including bonds payable, capital leases payable, compensated absences and termination benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(106,357)</u>
Net assets of governmental activities (Exhibit A)	<u><u>4,649,151</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,760,148	312,443	266,752	2,339,343
Tuition	710,173	-	-	710,173
Other	69,424	4,937	166,850	241,211
State sources	780,975	-	-	780,975
Federal sources	79,759	-	-	79,759
Total revenues	<u>3,400,479</u>	<u>317,380</u>	<u>433,602</u>	<u>4,151,461</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,548,553	-	65,869	1,614,422
Special	304,207	-	-	304,207
Other	309,714	-	129,442	439,156
	<u>2,162,474</u>	<u>-</u>	<u>195,311</u>	<u>2,357,785</u>
Support services:				
Student	49,582	-	460	50,042
Instructional staff	85,094	-	16,666	101,760
Administration	496,649	-	12,588	509,237
Operation and maintenance of plant	241,768	-	21,738	263,506
Transportation	126,241	-	5,532	131,773
	<u>999,334</u>	<u>-</u>	<u>56,984</u>	<u>1,056,318</u>
Other expenditures:				
Facilities acquisition	-	9,000	183,722	192,722
Long-term debt:				
Principal	-	-	149,350	149,350
Interest and fiscal charges	-	-	5,922	5,922
AEA flowthrough	98,677	-	-	98,677
	<u>98,677</u>	<u>9,000</u>	<u>338,994</u>	<u>446,671</u>
Total expenditures	<u>3,260,485</u>	<u>9,000</u>	<u>591,289</u>	<u>3,860,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>139,994</u>	<u>308,380</u>	<u>(157,687)</u>	<u>290,687</u>
Other financing sources (uses):				
Operating transfers in	-	-	150,649	150,649
Operating transfers out	-	(125,377)	(25,272)	(150,649)
Total other financing sources (uses)	<u>-</u>	<u>(125,377)</u>	<u>125,377</u>	<u>-</u>
Net change in fund balances	139,994	183,003	(32,310)	290,687
Fund balances beginning of year	316,022	529,509	222,341	1,067,872
Fund balances end of year	<u>456,016</u>	<u>712,512</u>	<u>190,031</u>	<u>1,358,559</u>

See notes to financial statements.

VENTURA COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2009

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		290,687
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	160,315	
Depreciation expense	<u>(118,240)</u>	42,075
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		
		14,677
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
		149,350
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.		
		(259)
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:		
Termination benefits	16,368	
Compensated absences	<u>(728)</u>	15,640
An internal service fund is used by the District's management to charge the costs of the employee flexible benefit program to the individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		
		<u>(563)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>511,607</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2009

	Enterprise Fund <u>Nonmajor School Nutrition</u> \$	Governmental Activities - Internal Service Fund <u> </u> \$
Assets		
Cash and cash equivalents	16,685	2,719
Due from other governments	243	-
Inventories	4,511	-
Capital assets, net of accumulated depreciation	<u>3,644</u>	<u>-</u>
Total assets	<u>25,083</u>	<u>2,719</u>
Liabilities		
Accounts payable	110	619
Interfund payable	-	2,100
Deferred revenue	<u>1,975</u>	<u>-</u>
Total liabilities	<u>2,085</u>	<u>2,719</u>
Net assets		
Invested in capital assets	3,644	-
Unrestricted	<u>19,354</u>	<u>-</u>
Total net assets	<u>22,998</u>	<u>-</u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2009

	Enterprise Fund <u>Nonmajor School Nutrition</u> \$	Governmental Activities - Internal Service Fund <u> </u> \$
Operating revenues:		
Local sources:		
Charges for service	<u>93,313</u>	<u>16,313</u>
Operating expenses:		
Non-instructional programs:		
Salaries	60,687	-
Benefits	8,735	16,876
Purchased services	2,610	-
Supplies	71,832	-
Depreciation	<u>2,518</u>	<u>-</u>
Total operating expenses	<u>146,382</u>	<u>16,876</u>
Operating gain (loss)	<u>(53,069)</u>	<u>(563)</u>
Non-operating revenues:		
State sources	1,602	-
Federal sources	<u>54,727</u>	<u>-</u>
Total non-operating revenues	<u>56,329</u>	<u>-</u>
Net income	3,260	(563)
Net assets beginning of year	<u>19,738</u>	<u>563</u>
Net assets end of year	<u><u>22,998</u></u>	<u><u>-</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2009

	Enterprise Fund	Governmental Activities - Internal Service Fund
	Nonmajor School Nutrition	Service Fund
	\$	\$
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	93,255	-
Cash received from services provided to other funds	-	16,313
Cash payments to employees for services	(69,422)	(16,257)
Cash payments to suppliers for goods or services	(62,362)	-
Net cash (used by) provided by operating activities	<u>(38,529)</u>	<u>56</u>
Cash flows from non-capital financing activities:		
State grants received	1,602	-
Federal grants received	42,214	-
Net cash provided by non-capital financing activities	<u>43,816</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(580)	-
Cash flows from investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	4,707	56
Cash and cash equivalents at beginning of year	<u>11,978</u>	<u>2,663</u>
Cash and cash equivalents at end of year	<u><u>16,685</u></u>	<u><u>2,719</u></u>
Reconciliation of operating gain (loss) to net cash used by operating activities:		
Operating gain (loss)	(53,069)	(563)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Commodities used	12,270	-
Depreciation	2,518	-
Decrease (increase) in inventories	(300)	-
(Decrease) increase in accounts payable	110	619
(Decrease) increase in deferred revenue	(58)	-
Net cash (used by) provided by operating activities	<u>(38,529)</u>	<u>56</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$12,270 of federal commodities.

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009

	Private Purpose Trust Foundation
	<u>\$</u>
Assets	
Cash and investments	56,949
Liabilities	
	<u>-</u>
Net Assets	
Reserved for scholarships	31,190
Unreserved	<u>25,759</u>
Total net assets	<u><u>56,949</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trust Foundation
	<u>\$</u>
Additions:	
Local sources:	
Gifts and contributions	600
Interest income	1,161
Total additions	<u>1,761</u>
Deductions:	
Support services:	
Scholarships awarded	900
Loss in investment market value	9,523
Donation to Ventura School	500
Total deductions	<u>10,923</u>
Change in net assets	(9,162)
Net assets beginning of year	<u>66,111</u>
Net assets end of year	<u><u>56,949</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

1. Summary of Significant Accounting Policies

Ventura Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Ventura, Iowa and the predominately agricultural territory in a portion of Cerro Gordo and Hancock 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, Ventura 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 Ventura Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District's Internal Service Fund is also reported as a proprietary fund. The Internal Service Fund is used to account for the District's employee flexible benefit plan.

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

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals. This fund consists of the Ventura Community School District Foundation which was established by the school in 1996 and is included as part of the District's financial statements as required by Chapter 279.62 of the Code of Iowa. This code section was effective July 1, 2005, but was to be applied retroactively. The Foundation has provided scholarships to Ventura Community School District alumni.

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, 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 Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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 represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused sick leave hours for subsequent use or for payment upon retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General 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 are 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. During the year ended June 30, 2009 the District exceeded its General Fund unspent authorized budget.

2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3 as amended by Statement No. 40.

3. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
		\$
General Fund	Internal Service Fund	2,100

The interfund loans are for cash flow purposes.

4. Interfund Transfers

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
		\$
Nonmajor Debt Service Fund	Nonmajor Physical Plant and Equip. Levy	25,272
Nonmajor Debt Service Fund	Capital Projects Fund	125,377

The transfer moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

5. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009, is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2008-09A	06/26/08	06/25/09	-	1,598	-	-
2008-09B	01/21/09	01/21/10	389,935	4,735	385,000	6,191
2009-10A	06/25/09	06/23/10	754,765	93	743,000	254
			<u>1,144,700</u>	<u>6,426</u>	<u>1,128,000</u>	<u>6,445</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009, is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	535,000	535,000	-

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
	%	%
2008-09A	3.500	3.469
2008-09B	3.000	2.110
2009-10A	2.500	0.902

6. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	27,350	-	-	27,350
Construction in progress	-	149,425	-	149,425
Total assets not being depreciated	<u>27,350</u>	<u>149,425</u>	<u>-</u>	<u>176,775</u>
Capital assets being depreciated:				
Buildings	4,088,086	-	-	4,088,086
Improvements other than buildings	355,783	-	-	355,783
Furniture and equipment	696,573	10,890	32,000	675,463
Total capital assets being deprec.	<u>5,140,442</u>	<u>10,890</u>	<u>32,000</u>	<u>5,119,332</u>
Less accumulated depreciation for:				
Buildings	1,218,834	86,640	-	1,305,474
Improvements other than buildings	206,928	8,322	-	215,250
Furniture and equipment	554,904	23,278	32,000	546,182
Total accumulated depreciation	<u>1,980,666</u>	<u>118,240</u>	<u>32,000</u>	<u>2,066,906</u>
Total capital assets being depreciated, net	<u>3,159,776</u>	<u>(107,350)</u>	<u>-</u>	<u>3,052,426</u>
Governmental activities capital assets, net	<u>3,187,126</u>	<u>42,075</u>	<u>-</u>	<u>3,229,201</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	89,610	580	-	90,190
Less accumulated depreciation	<u>84,028</u>	<u>2,518</u>	-	<u>86,546</u>
Business type activities capital assets, net	<u>5,582</u>	<u>(1,938)</u>	-	<u>3,644</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	799
Other	929
Support services:	
Instructional staff support	1,100
Administration	1,089
Operation and maintenance of plant services	611
Transportation	<u>18,750</u>
	23,278
Unallocated depreciation	<u>94,962</u>
Total depreciation expense – governmental activities	<u>118,240</u>
Business type activities:	
Food services	<u>580</u>

7. 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
	\$	\$	\$	\$	\$
Revenue bonds	125,000	-	125,000	-	-
Capital leases	72,379	-	24,350	48,029	23,604
Termination benefits	70,604	6,327	22,695	54,236	23,549
Compensated absences	<u>3,364</u>	<u>728</u>	-	<u>4,092</u>	<u>900</u>
Total	<u>271,347</u>	<u>7,055</u>	<u>172,045</u>	<u>106,357</u>	<u>48,053</u>

Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least five years of service to the District and must be eligible for IPERS benefits and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits consist of single health insurance coverage until age 65 or until the retiree is eligible for Medicare, whichever is sooner.

At June 30, 2009, the District has an obligation to three participants with a total liability of \$54,236. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$22,695.

Capital Leases

The District has leased a bus under a capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2009.

	<u>Year Ending June 30,</u>	<u>Amount</u>
		\$
	2010	25,272
	2011	<u>25,272</u>
Minimum lease payments		50,544
Less amount representing interest		<u>2,515</u>
Present value of minimum lease payments		<u><u>48,029</u></u>

8. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits 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 salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$109,803, \$106,043, and \$102,418 respectively, equal to the required contributions for each year.

9. Risk Management

Ventura 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.

10. 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 \$98,677 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.

11. Lease Commitment

The District entered into a four year contract to lease copiers in fiscal year 2006. The payments the District will make over the next two years are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Lease</u> <u>Payment</u>
	\$
2010	9,540
2011	3,975

12. Construction Commitment

The District has entered into a \$334,500 remodeling contract. As of June 30, 2009 costs of \$109,845 had been incurred against the contract. The balance remaining at June 30, 2009 will be paid as work on the project progresses.

13. Subsequent Events

The District awarded a \$150,365 construction contract for Phase II of school renovations after June 30, 2009.

14. Deficit Fund Balances

At June 30, 2009 the District had a \$15,812 deficit fund balance in the Nonmajor Physical Plant and Equipment Levy Fund.

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	3,290,727	93,313	3,384,040	3,560,548	3,560,548	(176,508)
State sources	780,975	1,602	782,577	887,403	887,403	(104,826)
Federal sources	79,759	54,727	134,486	100,000	100,000	34,486
Total revenues	<u>4,151,461</u>	<u>149,642</u>	<u>4,301,103</u>	<u>4,547,951</u>	<u>4,547,951</u>	<u>(246,848)</u>
Expenditures/Expenses:						
Instruction	2,357,785	-	2,357,785	2,680,000	2,680,000	322,215
Support services	1,056,318	-	1,056,318	1,957,653	1,957,653	901,335
Non-instructional programs	-	146,382	146,382	170,000	170,000	23,618
Other expenditures	446,671	-	446,671	650,094	650,094	203,423
Total expenditures/expenses	<u>3,860,774</u>	<u>146,382</u>	<u>4,007,156</u>	<u>5,457,747</u>	<u>5,457,747</u>	<u>1,450,591</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	290,687	3,260	293,947	(909,796)	(909,796)	1,203,743
Balance beginning of year	<u>1,067,872</u>	<u>19,738</u>	<u>1,087,610</u>	<u>1,005,304</u>	<u>1,005,304</u>	<u>82,306</u>
Balance end of year	<u>1,358,559</u>	<u>22,998</u>	<u>1,381,557</u>	<u>95,508</u>	<u>95,508</u>	<u>1,286,049</u>

VENTURA 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

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

During the year ended June 30, 2009, the District exceeded its General Fund unspent authorized budget.

OTHER SUPPLEMENTARY INFORMATION

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

Assets	Special Revenue Funds				Total
	Management	Student	Physical	Debt	
	Levy	Activity	Plant and	Service	
		Equipment			
	\$	\$	\$	\$	\$
Cash and pooled investments	55,730	109,872	99,172	39,836	304,610
Receivables:					
Property tax:					
Delinquent	726	-	1,307	-	2,033
Succeeding year	80,000	-	137,003	-	217,003
Accounts	71	-	-	-	71
Due from other governments	-	-	65,133	-	65,133
Total assets	136,527	109,872	302,615	39,836	588,850
Liabilities & Fund Balances					
Liabilities:					
Accounts payable	-	392	116,291	-	116,683
Deferred revenue:					
Succeeding year property tax	80,000	-	137,003	-	217,003
Income surtax	-	-	65,133	-	65,133
Total liabilities	80,000	392	318,427	-	398,819
Fund balances:					
Reserved for debt service	-	-	-	39,836	39,836
Unreserved fund balance reported in:					
Special Revenue Funds	56,527	109,480	(15,812)	-	150,195
Total fund balances	56,527	109,480	(15,812)	39,836	190,031
Total liabilities and fund balances	136,527	109,872	302,615	39,836	588,850

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2009

	Special Revenue Funds				Total
	Management	Student	Physical	Debt	
	Levy	Activity	Plant and	Service	
		Equipment			
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	70,257	-	196,495	-	266,752
Other	5,749	158,051	1,853	1,197	166,850
Total revenues	<u>76,006</u>	<u>158,051</u>	<u>198,348</u>	<u>1,197</u>	<u>433,602</u>
Expenditures:					
Current:					
Instruction:					
Regular	39,250	-	26,619	-	65,869
Other	-	129,442	-	-	129,442
Support services:					
Student	460	-	-	-	460
Instructional staff	14,780	-	1,886	-	16,666
Administration	1,688	-	10,900	-	12,588
Operation and maintenance of plant	16,443	-	5,295	-	21,738
Transportation	5,532	-	-	-	5,532
Other expenditures:					
Facilities acquisition	-	-	183,722	-	183,722
Long-term debt:					
Principal	-	-	-	149,350	149,350
Interest and fiscal charges	-	-	-	5,922	5,922
Total expenditures	<u>78,153</u>	<u>129,442</u>	<u>228,422</u>	<u>155,272</u>	<u>591,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,147)</u>	<u>28,609</u>	<u>(30,074)</u>	<u>(154,075)</u>	<u>(157,687)</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	150,649	150,649
Operating transfers out	-	-	(25,272)	-	(25,272)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(25,272)</u>	<u>150,649</u>	<u>125,377</u>
Net change in fund balances	(2,147)	28,609	(55,346)	(3,426)	(32,310)
Fund balances beginning of year	<u>58,674</u>	<u>80,871</u>	<u>39,534</u>	<u>43,262</u>	<u>222,341</u>
Fund balances end of year	<u><u>56,527</u></u>	<u><u>109,480</u></u>	<u><u>(15,812)</u></u>	<u><u>39,836</u></u>	<u><u>190,031</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$
Annual	3,031	6,420	8,866	585
Art club	643	152	136	659
Athletic fund	24,704	45,671	43,623	26,752
Athletic resale	3,199	23,456	22,234	4,421
Band	11,670	29,600	12,272	28,998
Band resale	(860)	528	375	(707)
Band/vocal trip	5,402	9,037	6,573	7,866
Vocal club	202	-	-	202
Candy sales	5,856	-	200	5,656
Coaches supper	2,729	-	-	2,729
Class of 2009	2,666	-	2,666	-
Class of 2010	-	14,688	10,415	4,273
Class of 2011	126	65	-	191
FFA	962	20,132	17,571	3,523
Honor society	615	200	116	699
JEL	200	-	-	200
Pep club	(4)	2,828	1,449	1,375
Science club	1,563	-	-	1,563
SES	610	-	-	610
Spanish club	746	-	-	746
Speech club	183	-	-	183
Stage fund-drama	955	3,454	1,940	2,469
Student senate	1,387	561	697	1,251
Technology club	588	-	-	588
Interest	13,781	1,259	-	15,040
Beginning accruals	(83)	-	(83)	-
Ending accruals	-	-	392	(392)
	<u>80,871</u>	<u>158,051</u>	<u>129,442</u>	<u>109,480</u>
Total	<u>80,871</u>	<u>158,051</u>	<u>129,442</u>	<u>109,480</u>

VENTURA COMMUNITY SCHOOL DISTRICT

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

For the Last Six Years

	Modified Accrual Basis					
	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	2,339,343	2,239,752	2,187,126	2,094,066	2,084,703	2,206,522
Tuition	710,173	748,582	810,612	722,845	744,315	728,356
Other	241,211	308,364	260,905	261,508	267,276	262,933
State sources	780,975	670,342	654,877	713,414	698,106	572,729
Federal sources	79,759	80,457	89,973	88,005	95,069	82,396
Total revenues	<u>4,151,461</u>	<u>4,047,497</u>	<u>4,003,493</u>	<u>3,879,838</u>	<u>3,889,469</u>	<u>3,852,936</u>
Expenditures:						
Instruction:						
Regular	1,614,422	1,562,665	1,677,299	1,577,185	1,542,978	1,505,131
Special	304,207	361,276	350,967	301,801	254,582	222,517
Other	439,156	474,052	429,490	482,411	406,623	376,163
Support services:						
Student	50,042	49,001	45,432	44,352	45,230	46,734
Instructional staff	101,760	78,865	59,804	24,381	82,618	121,566
Administration	509,237	493,230	499,098	461,210	461,432	409,982
Operation and maintenance	263,506	273,251	300,482	276,412	269,977	243,204
Transportation	131,773	226,892	121,725	120,064	185,059	102,768
Non-instructional programs	-	-	-	-	9,758	8,988
Other expenditures:						
Facilities acquisition	192,722	100,940	13,004	126,951	553,532	142,524
Long-term debt:						
Principal	149,350	125,000	384,396	418,635	431,888	300,711
Interest and other charges	5,922	10,000	20,991	32,797	41,285	58,204
AEA flowthrough	98,677	92,606	91,035	83,496	80,935	77,919
Total expenditures	<u>3,860,774</u>	<u>3,847,778</u>	<u>3,993,723</u>	<u>3,949,695</u>	<u>4,365,897</u>	<u>3,616,411</u>

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

To the Board of Education of
Ventura 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 Ventura 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 February 25, 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 Ventura 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 Ventura Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ventura 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 and other 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 Ventura 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 Ventura Community School District's financial statements that is more than inconsequential will not be prevented or detected by Ventura Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses 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 Ventura Community School District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura 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 II of the accompanying Schedule of Findings and Responses.

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.

Ventura Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. While we have expressed our conclusions on the District's responses, we did not audit Ventura 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 Ventura Community School District and other parties to whom Ventura Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Ventura 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.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

February 25, 2010

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2009

Part I: Findings Related to the Financial Statements:

Significant deficiencies:

09-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

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

Conclusion: Response accepted.

09-I-B Financial Reporting: During the audit, we discovered that receivables were overstated because one material receivable for open enrollment tuition was recorded twice. Adjustment was subsequently made by the District to properly reduce the receivable balance for this error.

Recommendation: The District should implement procedures to review balance sheet balances for reasonableness.

District Response: We will double check our receivable and payable balances in the future to avoid any material over or under statements.

Conclusion: Response accepted.

09-I-C Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2009

Part I: Findings Related to the Financial Statements (continued):

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

09-I-D

Board Meetings: We noted that board members are not receiving a monthly financial report. Board members need timely information on school finances to be able to make informed decisions on financial matters.

Recommendation: The board should receive a monthly financial report showing cash balances, revenues and expenditures along with comparisons to budgeted amounts and prior year data.

District Response: We will prepare financial reports for monthly board meetings.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

09-II-A Certified Budget: Expenditures for the year ended June 30, 2009, did not exceed the certified budgeted amounts. The District did exceed its unspent authorized budget by approximately \$35,667.

Recommendation: The District should contact the Iowa Department of Education and the School Budget Review committee to resolve the unspent authorized budget issue.

District Response: We will contact the Iowa Department of Education and the School Budget Review Committee to resolve the issue regarding the unspent authorized budget.

Conclusion: Response accepted.

09-II-B Questionable Expenditures: We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

09-II-C Travel Expenses: 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.

09-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.

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

09-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.

09-II-G Certified Enrollment: The calculation for supplemental weighting on line 12 of the Certified Enrollment Certification Form for October 2008, included open enrollment in students. Only resident students can be counted for supplemental weighting.

Recommendation: The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

District Response: We will contact these departments.

Conclusion: Response accepted.

09-II-H Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

09-II-I Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2009

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

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

According to proposed administrative rules, "Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting." We noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation: All categorical funding expenditures should be posted to the correct expenditure accounts as the expenditures are incurred.

Response: We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion: Response accepted.

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

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

	\$
Beginning balance	-
Statewide sales and services tax revenue	312,310
Expenditures/transfers out:	
Debt service for school infrastructure:	
Revenue debt	125,377
Ending balance	186,933

09-II-L Old outstanding checks: We noted that the District's bank reconciliations included approximately \$600 of old outstanding checks. Iowa Code Section 566 specifies that holders of unclaimed property, which includes outstanding checks, must file a report with and send the unclaimed property to the Treasurer of Iowa.

Recommendation: The District should investigate the status of all old outstanding checks. Checks that were issued in error or in duplicate should be voided and removed from the list of outstanding checks. The District should search for the owners of all other outstanding checks, then, reissue new checks if the owners are found. If the owners can not be found, the District must file an unclaimed property report with and send the money to the Treasurer State of Iowa.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2009

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

Response: We will begin investigating the status of old outstanding checks and we will file an unclaimed property report with the Treasurer of Iowa if necessary.

Conclusion: Response accepted.

09-II-M Physical Plant and Equipment Levy Fund (PEEL): The Physical Plant and Equipment Levy Fund may be used to purchase equipment with a unit cost exceeding \$500 and may be used for building and ground repairs and construction. We noted that expenditures from this fund included approximately \$2,790 of shelving and chairs with per unit cost of less than \$500 and \$4,367 for computer repairs and maintenance. These items are not allowable from the PEEL Fund.

Recommendation: The District should be aware of the limitation on types of expenditures allowed from this fund and consider reimbursing the Physical Plant and Equipment Fund for the purchases.

District Response: We will monitor the expenditures from this fund and have General Fund make the reimbursement.

Conclusion: Response accepted.

09-II-N Deficit Balances: The District has a deficit fund balance in the Physical Plant and Equipment Levy Fund of \$15,812 at June 30, 2009.

Recommendation: The District should continue to monitor this fund and investigate alternatives to eliminate the deficit.

District Response: The deficit will be covered with property taxes in the next fiscal year.

Conclusion: Response accepted.