

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

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Boyer Valley Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2009 election)</b>		
Steve Puck	President	2011
Ken Dunham	Vice President	2009
Pat Putnam	Board Member	2011
Paul Klein	Board Member	2011
Randy Mitchell	Board Member	2009
Julie Wood	Board Member	2011
Mark McAllister	Board Member	2009
<b>Board of Education (After September 2009 election)</b>		
Ken Dunham	President	2013
Steve Puck	Vice President	2011
Pat Putnam	Board Member	2011
Paul Klein	Board Member	2011
Randy Mitchell	Board Member	2013
Julie Wood	Board Member	2011
Mark McAllister	Board Member	2013
<b>School Officials</b>		
Thomas Vint	Superintendent	2010
Sharon Lee	District Secretary/Treasurer	2010
Mundt, Franck & Schumacher	Attorney	2010

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

**NOLTE, CORNMAN & JOHNSON P.C.**

**Certified Public Accountants**

(a professional corporation)

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

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Boyer Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyer Valley Community School District, Dunlap, Iowa, as of and for the year ended June 30, 2010, 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.

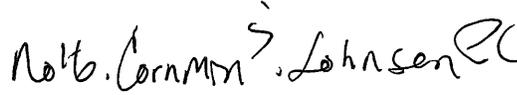
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyer Valley Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof 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 March 7, 2011 on our consideration of the Boyer Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and 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 the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 43 through 45 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 an opinion on the financial statements that collectively comprise Boyer Valley 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 six years ended June 30, 2009 (which are not presented herein) and expressed an unqualified opinion 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 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.

March 7, 2011

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Boyer Valley 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, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2010 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$4,698,746 in fiscal 2009 to \$4,627,023 in fiscal 2010, while General Fund expenditures increased from \$4,550,390 in fiscal 2009 to \$4,669,693 in fiscal 2010. This resulted in a decrease in the District's General Fund balance from \$396,091 in fiscal 2009 to a balance of \$353,421 in fiscal 2010, a 10.77% decrease from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in state sources. The increase in expenditures was primarily due to an increase in instructional expenditures.

### **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 Boyer Valley 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 Boyer Valley 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 Boyer Valley 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.

Other Supplementary Information provides detailed information about the nonmajor funds.

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

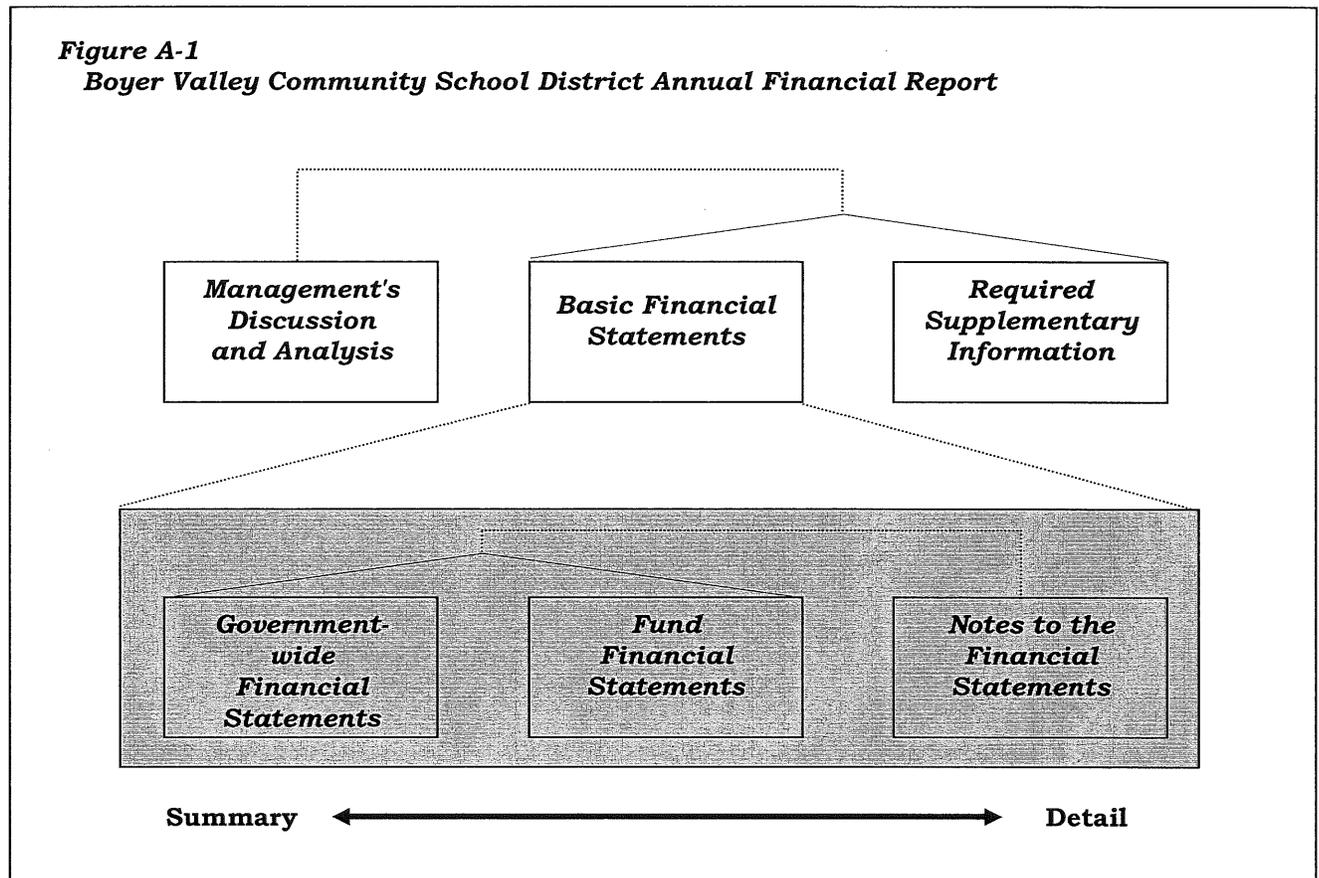


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
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.

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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, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

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

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

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

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

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

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

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

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 total net assets at June 30, 2010 compared to June 30, 2009.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2010-09
Current and other assets	\$ 3,397,483	4,042,846	37,804	26,185	3,435,287	4,069,031	-15.57%
Capital assets	6,864,596	7,020,258	46,052	54,862	6,910,648	7,075,120	-2.32%
Total assets	10,262,079	11,063,104	83,856	81,047	10,345,935	11,144,151	-7.16%
Long-term obligations	4,213,131	4,486,976	2	0	4,213,133	4,486,976	-6.10%
Other liabilities	2,166,292	2,875,152	11,068	54,909	2,177,360	2,930,061	-25.69%
Total liabilities	6,379,423	7,362,128	11,070	54,909	6,390,493	7,417,037	-13.84%
Net assets:							
Invested in capital assets, net of related debt	2,669,898	2,563,046	46,052	54,862	2,715,950	2,617,908	3.75%
Restricted	816,828	670,379	0	0	816,828	670,379	21.85%
Unrestricted	395,930	467,551	26,734	(28,724)	422,664	438,827	-3.68%
Total net assets	\$ 3,882,656	3,700,976	72,786	26,138	3,955,442	3,727,114	6.13%

The District's combined net assets increased by 6.13%, or \$228,328 over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents 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 \$146,449, or 21.85% over the prior year. The increase was primarily a result of the decrease in fund balance in the General Fund.

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 \$16,163, or 3.68%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 and June 30, 2009.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2010-09
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 315,137	295,643	261,576	239,932	576,713	535,575	7.68%
Operating grants and contributions and restricted interest	1,189,909	908,990	134,577	115,103	1,324,486	1,024,093	29.33%
General revenues:							
Property tax	1,840,011	1,860,357	0	0	1,840,011	1,860,357	-1.09%
Income surtax	231,715	233,875	0	0	231,715	233,875	-0.92%
Statewide sales, services and use tax	175,346	195,875	0	0	175,346	195,875	-10.48%
Unrestricted state grants	1,557,936	1,940,728	0	0	1,557,936	1,940,728	-19.72%
Unrestricted investment earnings	21,304	48,872	0	0	21,304	48,872	-56.41%
Other general revenue	141,661	146,881	1,728	0	143,389	146,881	-2.38%
Transfers	(10,000)	(10,000)	10,000	10,000	0	0	100.00%
Total revenues, net transfers	5,463,019	5,621,221	407,881	365,035	5,870,900	5,986,256	-1.93%
Program expenses:							
Governmental activities:							
Instructional	3,172,162	3,167,938	0	0	3,172,162	3,167,938	0.13%
Support services	1,492,217	1,502,179	0	0	1,492,217	1,502,179	-0.66%
Non-instructional programs	2,582	2,722	361,233	363,290	363,815	366,012	-0.60%
Other expenses	614,378	560,856	0	0	614,378	560,856	9.54%
Total expenses	5,281,339	5,233,695	361,233	363,290	5,642,572	5,596,985	0.81%
Changes in net assets	181,680	387,526	46,648	1,745	228,328	389,271	-41.34%
Beginning net assets	3,700,976	3,313,450	26,138	24,393	3,727,114	3,337,843	11.66%
Ending net assets	\$ 3,882,656	3,700,976	72,786	26,138	3,955,442	3,727,114	6.13%

In fiscal 2010, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 69.65% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 97.12% of the revenue from business type activities.

The District's total revenues were approximately \$5.87 million of which \$5.46 million was for governmental activities and less than \$0.41 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.93% decrease in revenues and a less than 1% increase in expenses. The increase in expenses are related to increase in the negotiated salary and benefits, offset by decreases in all other areas.

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## Governmental Activities

Revenues, net transfers for governmental activities were \$5,463,019 and expenses were \$5,281,339.

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.

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change	2010	2009	Change
			2010-09			2010-09
Instruction	\$ 3,172,162	3,167,938	0.13%	1,848,876	2,134,045	-13.36%
Support services	1,492,217	1,502,179	-0.66%	1,489,234	1,498,806	-0.64%
Non-instructional programs	2,582	2,722	-5.14%	2,582	2,722	-5.14%
Other expenses	614,378	560,856	9.54%	435,601	393,489	10.70%
Totals	<u>\$ 5,281,339</u>	<u>5,233,695</u>	<u>0.91%</u>	<u>3,776,293</u>	<u>4,029,062</u>	<u>-6.27%</u>

The cost financed by users of the District's programs was \$315,137.

- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,189,909.
- The net cost of governmental activities was financed with \$1,840,011 in property tax, \$231,715 in income surtax, \$175,346 in statewide sales, services and use tax, \$1,557,936 in unrestricted state grants, \$21,304 in interest income and \$141,661 in other general revenue.

## Business Type Activities

Revenues of the District's business type activities were \$407,881 and expenses were \$361,233. The District's business type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,061,082, above last year's ending fund balances of a \$1,000,685.

## Governmental Fund Highlights

- The District's decrease in General Fund financial position to \$353,421 from \$396,091 is the product of many factors. Decreases in state sources along with increases in instruction expenditures were the main causes of the decrease of \$42,670.
- The Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$230,381 in fiscal 2009 to \$280,042 in fiscal 2010. The District's compensation for insurance claim lead to increase of the Fund balance.

- The Debt Service Fund balance increased from \$47,150 in fiscal 2009 to \$47,962 in fiscal 2010. The slight increase is due to the District budgeting enough tax revenue to cover the expenditures for the fund.

### Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$69,593 at June 30, 2009 to \$75,051 at June 30, 2010, representing an increase of 7.84%. The Day Care Fund net assets increased from a deficit \$43,455 at June 30, 2009 to a deficit \$2,265 at June 30, 2010, representing an increase of 94.79%.

## BUDGETARY HIGHLIGHTS

The District's revenues were \$986,991 less than budgeted revenues, a variance of 14.40%. The most significant variance resulted from the District receiving less in state 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, 2010, the District had invested \$6.91 million, 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) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$273,817.

The original cost of the District's capital assets was \$9.73 million. Governmental funds account for \$9.57 million with the remainder of \$0.16 million in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$129,595 at June 30, 2010, compared to \$106,692 reported at June 30, 2009. This increase resulted from the resurfacing of the high school track during the year.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	2010-09
Land	\$ 1,100	1,100	0	0	1,100	1,100	0.00%
Buildings	6,499,606	6,632,353	0	0	6,499,606	6,632,353	-2.00%
Land improvements	129,595	106,692	0	0	129,595	106,692	21.47%
Machinery and equipment	234,295	280,113	46,052	54,862	280,347	334,975	-16.31%
Total	\$ 6,864,596	7,020,258	46,052	54,862	6,910,648	7,075,120	-2.32%

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## Long-Term Debt

At June 30, 2010, the District had \$4,213,133 in general and other long-term debt outstanding. This represents a decrease of 6.10% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$4,115,000 at June 30, 2010.

The District had total outstanding City Note payable from the Special Revenue, Physical Plant and Equipment Levy Fund of \$39,698 at June 30, 2010.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Funds of \$16,308 at June 30, 2010.

The District had a Net OPEB liability at June 30, 2010 of \$2,127.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total School District		Total Change
	June 30,	June 30,	June 30,
	2010	2009	2010-09
General obligation bonds	\$ 4,155,000	4,405,000	-5.68%
City note	39,698	52,212	-23.97%
Early retirement	16,308	29,764	-45.21%
Net OPEB liability	2,127	0	100.00%
Totals	\$ 4,213,133	4,486,976	-6.10%

## 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:

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

## 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 Sharon Lee, Board Secretary, Boyer Valley Community School District, 1102 Iowa Avenue, Dunlap, Iowa, 51529.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 927,385	16,788	944,173
Receivables:			
Property tax:			
Delinquent	141,229	0	141,229
Succeeding year	2,020,220	0	2,020,220
Income surtax	201,061	0	201,061
Accounts	58,182	296	58,478
Due from other governments	49,406	5,437	54,843
Inventories	0	15,283	15,283
Capital assets, net of accumulated depreciation	6,864,596	46,052	6,910,648
<b>TOTAL ASSETS</b>	<b>10,262,079</b>	<b>83,856</b>	<b>10,345,935</b>
<b>LIABILITIES</b>			
Excess of warrants issued over bank balance	0	7,769	7,769
Accounts payable	81,442	26	81,468
Accrued interest payable	32,678	0	32,678
Deferred revenue:			
Succeeding year property tax	2,020,220	0	2,020,220
Other	31,952	0	31,952
Unearned revenue	0	3,273	3,273
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	265,000	0	265,000
City note payable	12,889	0	12,889
Early retirement payable	10,289	0	10,289
Portion due after one year:			
General obligation bonds payable	3,890,000	0	3,890,000
City note payable	26,809	0	26,809
Early retirement payable	6,019	0	6,019
Net OPEB liability	2,125	2	2,127
<b>TOTAL LIABILITIES</b>	<b>6,379,423</b>	<b>11,070</b>	<b>6,390,493</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,669,898	46,052	2,715,950
Restricted for:			
Debt service	47,962	0	47,962
Categorical funding	125,475	0	125,475
Management levy	95,430	0	95,430
Capital projects	201,079	0	201,079
Physical plant and equipment levy	280,042	0	280,042
Other special revenue purposes	66,840	0	66,840
Unrestricted	395,930	26,734	422,664
<b>TOTAL NET ASSETS</b>	<b>\$ 3,882,656</b>	<b>72,786</b>	<b>3,955,442</b>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 2,127,889	132,145	815,346	(1,180,398)	0	(1,180,398)
Special	548,840	51,636	53,917	(443,287)	0	(443,287)
Other	495,433	131,356	138,886	(225,191)	0	(225,191)
	<u>3,172,162</u>	<u>315,137</u>	<u>1,008,149</u>	<u>(1,848,876)</u>	<u>0</u>	<u>(1,848,876)</u>
Support services:						
Student services	107,790	0	0	(107,790)	0	(107,790)
Instructional staff services	105,366	0	0	(105,366)	0	(105,366)
Administration services	584,426	0	0	(584,426)	0	(584,426)
Operation and maintenance of plant services	389,682	0	0	(389,682)	0	(389,682)
Transportation services	304,953	0	2,983	(301,970)	0	(301,970)
	<u>1,492,217</u>	<u>0</u>	<u>2,983</u>	<u>(1,489,234)</u>	<u>0</u>	<u>(1,489,234)</u>
Non-instructional programs						
Food service operations	1,578	0	0	(1,578)	0	(1,578)
Community service operations	1,004	0	0	(1,004)	0	(1,004)
	<u>2,582</u>	<u>0</u>	<u>0</u>	<u>(2,582)</u>	<u>0</u>	<u>(2,582)</u>
Other expenditures:						
Facilities acquisitions	73,848	0	0	(73,848)	0	(73,848)
Long-term debt:						
Interest and fiscal charges	204,610	0	0	(204,610)	0	(204,610)
AEA flowthrough	178,777	0	178,777	0	0	0
Depreciation (unallocated)*	157,143	0	0	(157,143)	0	(157,143)
	<u>614,378</u>	<u>0</u>	<u>178,777</u>	<u>(435,601)</u>	<u>0</u>	<u>(435,601)</u>
Total governmental activities	5,281,339	315,137	1,189,909	(3,776,293)	0	(3,776,293)
Business Type activities:						
Non-instructional programs:						
Nutrition services	246,831	117,334	133,227	0	3,730	3,730
Day care services	114,402	144,242	1,350	0	31,190	31,190
Total business-type activities	<u>361,233</u>	<u>261,576</u>	<u>134,577</u>	<u>0</u>	<u>34,920</u>	<u>34,920</u>
Total	\$ 5,642,572	576,713	1,324,486	(3,776,293)	34,920	(3,741,373)
General Revenues:						
Local tax for:						
General purposes				\$ 1,487,510	0	1,487,510
Capital outlay				116,980	0	116,980
Debt service				235,521	0	235,521
Income surtax				231,715	0	231,715
Statewide sales, services and use tax				175,346	0	175,346
Unrestricted state grants				1,557,936	0	1,557,936
Unrestricted investment earnings				21,304	0	21,304
Other general revenue				141,661	1,728	143,389
Transfers				(10,000)	10,000	0
Total general revenues				<u>3,957,973</u>	<u>11,728</u>	<u>3,969,701</u>
Changes in net assets				181,680	46,648	228,328
Net assets beginning of year				<u>3,700,976</u>	<u>26,138</u>	<u>3,727,114</u>
Net assets end of year				<u>\$ 3,882,656</u>	<u>72,786</u>	<u>3,955,442</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General	Physical Plant and Equipment	Debt Service	Other Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 338,844	278,548	44,987	260,623	923,002
Receivables:					
Property tax:					
Delinquent	17,789	1,494	2,975	118,971	141,229
Succeeding year	1,560,375	131,727	238,118	90,000	2,020,220
Income surtax	201,061	0	0	0	201,061
Accounts	57,298	0	0	884	58,182
Due from other governments	49,406	0	0	0	49,406
<b>TOTAL ASSETS</b>	<b>\$ 2,224,773</b>	<b>411,769</b>	<b>286,080</b>	<b>470,478</b>	<b>3,393,100</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 77,964	0	0	821	78,785
Deferred revenue:					
Succeeding year property tax	1,560,375	131,727	238,118	90,000	2,020,220
Income surtax	201,061	0	0	0	201,061
Other	31,952	0	0	0	31,952
Total liabilities	1,871,352	131,727	238,118	90,821	2,332,018
Fund balances:					
Reserved for:					
Debt service	0	0	47,962	0	47,962
Categorical funding	125,475	0	0	0	125,475
Unreserved, reported in:					
General fund	227,946	0	0	0	227,946
Special revenue funds	0	280,042	0	178,578	458,620
Capital projects fund	0	0	0	201,079	201,079
Total fund balances	353,421	280,042	47,962	379,657	1,061,082
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,224,773</b>	<b>411,769</b>	<b>286,080</b>	<b>470,478</b>	<b>3,393,100</b>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2010

<b>Total fund balances of governmental funds (page 20)</b>	\$ 1,061,082
 <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.	6,864,596
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	201,061
Blending of Internal service funds to be reflected on an entity wide basis	1,726
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.	(32,678)
Long-term liabilities, including general obligation bonds, city note payable, early retirement and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,213,131)</u>
<b>Net assets of governmental activities (page 18)</b>	<u><u>\$ 3,882,656</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	General	Physical Plant and Equipment	Debt Service	Other Nonmajor Governmental Funds	Total
<b>REVENUES:</b>					
Local sources:					
Local tax	\$ 1,620,098	116,980	235,521	270,241	2,242,840
Tuition	179,634	0	0	0	179,634
Other	161,741	2,365	674	136,564	301,344
State sources	2,058,230	79	159	81,847	2,140,315
Federal sources	604,654	0	0	0	604,654
Total revenues	4,624,357	119,424	236,354	488,652	5,468,787
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	2,097,485	0	0	520	2,098,005
Special	513,697	0	0	33,284	546,981
Other	480,656	0	0	123,294	603,950
	3,091,838	0	0	157,098	3,248,936
Support services:					
Student	107,718	0	0	0	107,718
Instructional staff	105,316	0	0	0	105,316
Administration	591,386	0	400	1,451	593,237
Operation and maintenance of plant	352,670	7,012	0	31,938	391,620
Transportation	230,984	0	0	9,913	240,897
	1,388,074	7,012	400	43,302	1,438,788
Non-instructional programs:					
Food service operations	0	0	0	1,578	1,578
Community service operations	1,004	0	0	0	1,004
	1,004	0	0	1,578	2,582
Other expenditures:					
Facilities acquisitions	0	121,147	0	0	121,147
Long-term debt:					
Principal	0	0	262,514	0	262,514
Interest and fiscal charges	0	0	206,708	0	206,708
AEA flowthrough	178,777	0	0	0	178,777
	178,777	121,147	469,222	0	769,146
Total expenditures	4,659,693	128,159	469,622	201,978	5,459,452
Excess of revenues over expenditures	(35,336)	(8,735)	(233,268)	286,674	9,335
Other financing sources(uses):					
Insurance compensation	0	58,396	0	0	58,396
Sale of fixed assets	2,666	0	0	0	2,666
Transfer in	0	0	234,080	0	234,080
Transfer out	(10,000)	0	0	(234,080)	(244,080)
Total other financing sources(uses)	(7,334)	58,396	234,080	(234,080)	51,062
Net change in fund balances	(42,670)	49,661	812	52,594	60,397
Fund balance beginning of year	396,091	230,381	47,150	327,063	1,000,685
Fund balance end of year	\$ 353,421	280,042	47,962	379,657	1,061,082

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2010

Net change in fund balances - total governmental funds (page 22) \$ 60,397

*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 Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures, depreciation expense and loss on disposal of capital assets in the current year are as follows:

Expenditures for capital assets	\$ 100,679	
Depreciation expense	<u>(256,341)</u>	(155,662)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Repaid	262,514
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due.

In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	2,098
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Net change in Internal service funds changed back against expendable made for self funded insurance at an entity wide basis.	(3,230)
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Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.	4,232
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	\$ 13,456	
Other postemployment benefits	<u>(2,125)</u>	<u>11,331</u>

Changes in net assets of governmental activities (page 19)	<u>\$ 181,680</u>
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SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUND  
 JUNE 30, 2010

	Business type Activities - Enterprise Funds			Governmental
	School	Day	Total	Activities:
	Nutrition	Care		Internal Service
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 16,788	0	16,788	4,383
Accounts receivable	0	296	296	0
Due from other governments	202	5,235	5,437	0
Inventories	15,283	0	15,283	0
Non-current assets:				
Capital assets, net of accumulated depreciation	46,052	0	46,052	0
<b>TOTAL ASSETS</b>	<b>78,325</b>	<b>5,531</b>	<b>83,856</b>	<b>4,383</b>
<b>LIABILITIES</b>				
Excess of warrants issued over bank balance	0	7,769	7,769	0
Accounts payable	0	26	26	2,657
Unearned revenue	3,273	0	3,273	0
Net OPEB liability	1	1	2	0
<b>TOTAL LIABILITIES</b>	<b>3,274</b>	<b>7,796</b>	<b>11,070</b>	<b>2,657</b>
<b>NET ASSETS</b>				
Invested in capital assets	46,052	0	46,052	0
Unrestricted	28,999	(2,265)	26,734	1,726
<b>TOTAL NET ASSETS</b>	<b>\$ 75,051</b>	<b>(2,265)</b>	<b>72,786</b>	<b>1,726</b>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 117,334	144,242	261,576	32,206
Miscellaneous	1,728	0	1,728	0
	<u>119,062</u>	<u>144,242</u>	<u>263,304</u>	<u>32,206</u>
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	110,187	95,493	205,680	0
Benefits	15,380	12,539	27,919	35,436
Services	4,236	115	4,351	0
Supplies	107,809	6,255	114,064	0
Depreciation	8,810	0	8,810	0
Other	409	0	409	0
TOTAL OPERATING EXPENSES	<u>246,831</u>	<u>114,402</u>	<u>361,233</u>	<u>35,436</u>
OPERATING INCOME (LOSS)	<u>(127,769)</u>	<u>29,840</u>	<u>(97,929)</u>	<u>(3,230)</u>
NON-OPERATING REVENUES:				
State sources	2,686	1,350	4,036	0
Federal sources	130,541	0	130,541	0
TOTAL NON-OPERATING REVENUES	<u>133,227</u>	<u>1,350</u>	<u>134,577</u>	<u>0</u>
Excess(deficiency) of revenues over (under) expenditures	5,458	31,190	36,648	(3,230)
OTHER FINANCING SOURCES				
Transfer in	0	10,000	10,000	0
Changes in net assets	5,458	41,190	46,648	(3,230)
Net assets beginning of year	<u>69,593</u>	<u>(43,455)</u>	<u>26,138</u>	<u>4,956</u>
Net assets end of year	<u>\$ 75,051</u>	<u>(2,265)</u>	<u>72,786</u>	<u>1,726</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 117,180	0	117,180	0
Cash received from miscellaneous operating activities	1,728	146,830	148,558	32,206
Cash payments to employees for services	(125,566)	(114,202)	(239,768)	(32,779)
Cash payments to suppliers for goods or services	(87,578)	(6,344)	(93,922)	0
Net cash provided by(used in) operating activities	<u>(94,236)</u>	<u>26,284</u>	<u>(67,952)</u>	<u>(573)</u>
Cash flows from non-capital financing activities:				
Transfer from general fund	0	10,000	10,000	0
State grants received	2,686	1,350	4,036	0
Federal grants received	98,532	0	98,532	0
Net cash provided by non-capital financing activities	<u>101,218</u>	<u>11,350</u>	<u>112,568</u>	<u>0</u>
Net increase(decrease) in cash and cash equivalents	6,982	37,634	44,616	(573)
Cash and cash equivalents at beginning of year	9,806	(45,403)	(35,597)	4,956
Cash and cash equivalents at end of year	<u>\$ 16,788</u>	<u>(7,769)</u>	<u>9,019</u>	<u>4,383</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (127,769)	29,840	(97,929)	(3,230)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	32,009	0	32,009	0
Depreciation	8,810	0	8,810	0
Increase in inventories	(7,133)	0	(7,133)	0
Decrease(Increase) in accounts receivable	(92)	2,588	2,496	0
Increase in accounts payable	0	26	26	2,657
Decrease in salaries and benefits payable	0	(6,171)	(6,171)	0
Decrease in unearned revenue	(62)	0	(62)	0
Increase in other postemployment benefits	1	1	2	0
Net cash provided by(used in) operating activities	<u>\$ (94,236)</u>	<u>26,284</u>	<u>(67,952)</u>	<u>(573)</u>

## NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$32,009.

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust	Agency Fund
	Scholarship Fund	Fund
ASSETS		
Cash and pooled investments	\$ 15,111	3,992
LIABILITIES		
Due to other groups	0	3,992
NET ASSETS		
Reserved for scholarships	10,000	0
Unreserved	5,111	0
TOTAL NET ASSETS	\$ 15,111	0

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUND  
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship Fund
ADDITIONS:	
Local sources:	
Gifts and contributions	\$ 1,300
Interest income	279
Total additions	1,579
DEDUCTIONS:	
Regular instruction:	
Scholarships awarded	4,200
Change in net assets	(2,621)
Net assets beginning of year	17,732
Net assets end of year	\$ 15,111

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(1) **Summary of Significant Accounting Policies**

The Boyer Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and 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 Dunlap, Dow City and Arion, Iowa, and the predominate agricultural territory in Harrison, Crawford, Shelby and Monona 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, Boyer Valley 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 Boyer Valley 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 Harrison, Crawford, Shelby and Monona Counties Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The Special Revenue Physical, Plant and Equipment Fund (PPEL) is utilized to account for purchase and improvements of grounds in the District.

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise Fund, School Nutrition Fund, the Enterprise Fund, Day Care Fund and the Internal Service 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 service operations of the District. The Internal Service Fund is used to account for flex benefits of employees.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are

reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

#### D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. 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 the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax

receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

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

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

Unearned Revenues - Unearned revenues are monies collected for 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 Statement of Net Assets in the Proprietary, 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 Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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, 2010 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 drainage district.

The District had no investments at June 30, 2010.

**(3) Transfers**

The detail of transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 234,080
Enterprise, Day Care	General	<u>10,000</u>
Total		<u>\$ 244,080</u>

Transfers from the Capital Projects Fund to the Debt Service Fund were for principal and interest payments for general obligation bonds. Transfers from the General Fund to the Enterprise, Day Care Fund were for to help fund the District's day care.

**(4) 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. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.50%. The interest rate on the Series 2009-10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate of 4.50%. A summary of the District's ISCAP activity for the year ended June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Interest Payable
2008-09B	1/21/09	1/21/10	\$ 0	50,000	50,000	0
2009-10A	6/25/09	6/23/10	0	200,000	200,000	0
2009-10B	1/21/10	2/1/11	0	25,000	25,000	0
Total			\$ 0	275,000	275,000	0

During the year ended June 30, 2010, the District paid \$4,930 of interest on the ISCAP warrants.

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,100	0	0	1,100
Total capital assets not being depreciated	1,100	0	0	1,100
Capital assets being depreciated:				
Buildings	7,882,321	14,157	0	7,896,478
Land improvements	452,011	33,142	0	485,153
Machinery and equipment	1,131,956	63,531	10,151	1,185,336
Total capital assets being depreciated	9,466,288	110,830	10,151	9,566,967
Less accumulated depreciation for:				
Buildings	1,249,968	146,904	0	1,396,872
Land improvements	345,319	10,239	0	355,558
Machinery and equipment	851,843	107,864	8,666	951,041
Total accumulated depreciation	2,447,130	265,007	8,666	2,703,471
Total capital assets being depreciated, net	7,019,158	(154,177)	1,485	6,863,496
Governmental activities capital assets, net	\$ 7,020,258	(154,177)	1,485	6,864,596
Business type activities:				
Machinery and equipment	\$ 160,448	0	0	160,448
Less accumulated depreciation	105,586	8,810	0	114,396
Business type activities capital assets, net	\$ 54,862	(8,810)	0	46,052

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 34,264
Special		7,500
Other		741
Support services:		
Operation and maintenance of plant		1,334
Transportation		64,025
		<u>107,864</u>
Unallocated depreciation		<u>157,143</u>
Total governmental activities depreciation expense		<u>\$ 265,007</u>
Business type activities:		
Food services		<u>\$ 8,810</u>

**(6) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,405,000	0	250,000	4,155,000	265,000
City note	52,212	0	12,514	39,698	12,889
Early retirement	29,764	0	13,456	16,308	10,289
Net OPEB liability	0	2,125	0	2,125	0
Total	<u>\$ 4,486,976</u>	<u>2,125</u>	<u>275,970</u>	<u>4,213,131</u>	<u>288,178</u>
Business type activities:					
Net OPEB liability	\$ 0	2	0	2	0

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue of July 1, 2002			
	Interest Rates	Principal	Interest	Total
2011	5.00 %	\$ 265,000	192,518	457,518
2012	5.00	275,000	179,143	454,143
2013	4.25-4.35	290,000	165,687	455,687
2014	4.35-4.45	300,000	153,035	453,035
2015-2019	4.25-4.80	1,745,000	545,105	2,290,105
2020-2022	4.80-4.95	1,280,000	112,066	1,392,066
Total		<u>\$ 4,155,000</u>	<u>1,347,554</u>	<u>5,502,554</u>

City Note Payable

During the year ended June 30, 2003 the District entered into an agreement with the City of Dunlap for utility relocation.

Details of the District's June 30, 2010 city note indebtedness are as follows:

Year Ending June 30,	Note of June 16, 2003			
	Interest Rates	Principal	Interest	Total
2011	3.00 %	\$ 12,889	1,191	14,080
2012	3.00	13,276	804	14,080
2013	3.00	13,533	547	14,080
Total		\$ 39,698	2,542	42,240

Early Retirement

The District previously offered a voluntary early retirement plan to its full-time employees. Eligible employees must have been at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must have completed an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee was continued health insurance coverage paid by the District equal to the insurance rate at the time of the employee's retirement for a maximum of seven years. Early retirement benefits paid during the year ended June 30, 2010, totaled \$13,456. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

**(7) Pension and Retirement Benefits**

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

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010, 2009 and 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$204,006, \$193,112 and \$181,991 respectively, equal to the required contributions for each year.

**(8) 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, 2010.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical benefits for retirees and

their spouses. There are 56 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 25 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 19,453
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>19,453</u>
Contributions made	<u>(17,326)</u>
Increase in net OPEB obligation	2,127
Net OPEB obligation beginning of year	0
Net OPEB obligation end of year	<u><u>\$ 2,127</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$17,326 to the plan. Plan members eligible for benefits contributed \$73,317 or 81% 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, 2010 are summarized as follows:

Year Ended	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 19,453	89.07%	\$ 2,127

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was

\$164,534, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$164,534. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1.79 million and the ratio of the

UAAL to covered payroll was 9.24%. As of June 30, 2010 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information provided by the Central Lee Community School District.

Projected claim costs of the medical plan are \$429 per month for retirees who have a \$1,000 deductible and \$374 per month for retirees who have a \$2,000 deductible. The UAAL is being amortized as a level percentage of the projected payroll expense on an open basis over 25 years.

**(9) Risk Management**

The Boyer Valley Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides the District dental insurance coverage and protection.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2010 was \$34,437.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

Boyer Valley 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 \$178,777 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Deficit Fund Balance**

The Enterprise - Day Care Fund had deficit fund balance of \$2,265 at June 30, 2010.

**(12) Categorical Funding**

The District's ending reserved balances for categorical funding as of June 30, 2010 are broken out by the following projects:

Project	Amount
Gifted and talented	\$ 6,330
Four year old preschool	56,080
Teacher salary supplement	24,788
Model core curriculum	15,423
Professional development	21,030
Market factor incentives	1,824
Total	<u>\$ 125,475</u>

REQUIRED SUPPLEMENTARY INFORMATION

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND  
 CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2010

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
<b>Revenues:</b>						
Local sources	\$ 2,723,818	263,304	2,987,122	3,192,471	3,192,471	(205,349)
Intermediate sources	0	0	0	17,500	17,500	(17,500)
State sources	2,140,315	4,036	2,144,351	2,935,188	2,935,188	(790,837)
Federal sources	604,654	130,541	735,195	708,500	708,500	26,695
Total revenues	5,468,787	397,881	5,866,668	6,853,659	6,853,659	(986,991)
<b>Expenditures/Expenses:</b>						
Instruction	3,248,936	0	3,248,936	3,805,000	3,805,000	556,064
Support services	1,438,788	0	1,438,788	1,831,550	1,831,550	392,762
Non-instructional programs	2,582	361,233	363,815	547,000	547,000	183,185
Other expenditures	769,146	0	769,146	985,736	985,736	216,590
Total expenditures/expenses	5,459,452	361,233	5,820,685	7,169,286	7,169,286	1,348,601
Excess(Deficiency) of revenues over(under) expenditures/expenses	9,335	36,648	45,983	(315,627)	(315,627)	361,610
Other financing sources, net	51,062	10,000	61,062	2,500	2,500	58,562
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	60,397	46,648	107,045	(313,127)	(313,127)	420,172
Balance beginning of year	1,000,685	26,138	1,026,823	664,833	664,833	361,990
Balance end of year	\$ 1,061,082	72,786	1,133,868	351,706	351,706	782,162

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2010

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 functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FUNDING PROGRESS FOR THE  
 RETIREE HEALTH PLAN (IN THOUSANDS)  
 REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 165	165	0.0%	\$1,786	9.24%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

OTHER SUPPLEMENTARY INFORMATION

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

	Nonmajor Special Revenue Funds				Total
	Management Levy	Student Activity	Total Special Revenue Funds	Capital Projects	Other Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and pooled investments	\$ 111,319	65,984	177,303	83,320	260,623
Receivables:					
Property tax:					
Delinquent	1,212	0	1,212	117,759	118,971
Succeeding year property tax	90,000	0	90,000	0	90,000
Accounts	0	884	884	0	884
<b>TOTAL ASSETS</b>	<b>\$ 202,531</b>	<b>66,868</b>	<b>269,399</b>	<b>201,079</b>	<b>470,478</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 793	28	821	0	821
Deferred revenue:					
Succeeding year property tax	90,000	0	90,000	0	90,000
Total liabilities	90,793	28	90,821	0	90,821
Unreserved fund balances	111,738	66,840	178,578	201,079	379,657
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 202,531</b>	<b>66,868</b>	<b>269,399</b>	<b>201,079</b>	<b>470,478</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds				Total
	Manage- ment Levy	Student Activity	Total Special Revenue Funds	Capital Projects	Other Nonmajor Governmental Funds
REVENUES:					
Local sources:					
Local tax	\$ 94,895	0	94,895	175,346	270,241
Other	964	134,127	135,091	1,473	136,564
State sources	64	0	64	81,783	81,847
TOTAL REVENUES	95,923	134,127	230,050	258,602	488,652
EXPENDITURES:					
Current:					
Instruction:					
Regular	0	520	520	0	520
Special	33,138	146	33,284	0	33,284
Other	0	123,294	123,294	0	123,294
Support services:					
Administration services	1,451	0	1,451	0	1,451
Operation and maintenance of plant services	31,938	0	31,938	0	31,938
Transportation services	9,913	0	9,913	0	9,913
Non-instructional:					
Food service operations	1,578	0	1,578	0	1,578
TOTAL EXPENDITURES	78,018	123,960	201,978	0	201,978
EXCESS OF REVENUES OVER EXPENDITURES	17,905	10,167	28,072	258,602	286,674
OTHER FINANCING(USES):					
Transfer out	0	0	0	(234,080)	(234,080)
Net change in fund balances	17,905	10,167	28,072	24,522	52,594
Fund balances beginning of year	93,833	56,673	150,506	176,557	327,063
Fund balances end of year	\$ 111,738	66,840	178,578	201,079	379,657

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2010

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Annual	\$ (7,468)	9,321	4,404	(2,551)
AP Testing	49	302	302	49
Book Club	0	51	0	51
Drama	3,625	837	678	3,784
Cheerleaders	1,476	3,924	3,521	1,879
Vocal Music	5,855	1,660	1,036	6,479
Instrumental Music	15,654	13,203	13,196	15,661
Science Club	252	846	570	528
Entrepreneurship	3,709	9,862	8,857	4,714
FFA	265	33	33	265
FCCLA	1,537	1,062	1,304	1,295
FTA	57	0	0	57
Foreign Language	419	0	0	419
Library Club	0	1,108	1,108	0
National Honor Society	1,786	0	476	1,310
HS Student Council	2,889	7,522	7,183	3,228
Industrial Arts Club	21	0	0	21
Class of 2013	0	100	0	100
Class of 2012	100	100	0	200
Class of 2011	127	16,884	14,675	2,336
Class of 2010	2,858	1,282	3,107	1,033
Class of 2009	2,926	0	2,926	0
Drill Team	6,788	9,278	7,404	8,662
General Athletics	6,772	40,332	37,623	9,481
Resale Account	(110)	6,379	6,233	36
Booster Club	0	2,318	2,318	0
Elem Student Council	3,586	3,794	3,801	3,579
Memorial	1,819	0	0	1,819
Elem Music	376	679	332	723
MS Student Council	1,286	373	905	754
Community Bank Grant	19	2,877	1,968	928
Total	<u>\$ 56,673</u>	<u>134,127</u>	<u>123,960</u>	<u>66,840</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS  
 JUNE 30, 2010

	Private Purpose Trust - Scholarship Fund				
	Rife Scholarship	Egan Scholarship	Sullivan Scholarship	Weber Scholarship	Total
ASSETS					
Cash and pooled investments	\$ 10,517	305	2,608	1,681	15,111
LIABILITIES					
	0	0	0	0	0
NET ASSETS					
Reserved for scholarships	10,000	0	0	0	10,000
Unreserved	517	305	2,608	1,681	5,111
TOTAL NET ASSETS	\$ 10,517	305	2,608	1,681	15,111

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS  
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust - Scholarship Fund						
	Omaha						Total
	Rife Scholarship	Egan Scholarship	Sullivan Scholarship	Weber Scholarship	Community Foundation	Science Scholarship	
ADDITIONS:							
Local sources:							
Gifts and contributions	\$ 0	0	0	0	1,200	100	1,300
Interest income	228	0	51	0	0	0	279
	228	0	51	0	1,200	100	1,579
DEDUCTIONS:							
Instruction:							
Regular instruction:							
Scholarships awarded	400	500	500	1,500	1,200	100	4,200
Changes in net assets	(172)	(500)	(449)	(1,500)	0	0	(2,621)
Net assets beginning of year	10,689	805	3,057	3,181	0	0	17,732
Net assets end of year	\$ 10,517	305	2,608	1,681	0	0	15,111

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2010

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 3,992	12,523	12,523	3,992
LIABILITIES				
Due to other groups	\$ 3,992	12,523	12,523	3,992

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	Years Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 2,242,840	2,288,957	2,207,491	2,230,432	2,128,486	2,205,739	1,947,919
Tuition	179,634	154,130	214,502	239,341	225,347	224,800	411,056
Other	301,344	327,186	324,464	309,566	355,841	363,508	643,508
Intermediate sources	0	8,000	11,000	8,000	8,000	8,000	2,338
State sources	2,140,315	2,561,331	2,657,802	2,433,158	2,394,928	2,221,872	2,120,111
Federal sources	604,654	280,387	258,058	282,310	275,257	1,085,779	767,911
<b>Total</b>	<b>\$ 5,468,787</b>	<b>5,619,991</b>	<b>5,673,317</b>	<b>5,502,807</b>	<b>5,387,859</b>	<b>6,109,698</b>	<b>5,892,843</b>
Expenditures:							
Current:							
Instruction:							
Regular	\$ 2,098,005	2,056,613	1,968,640	1,870,059	1,745,066	1,747,922	1,787,725
Special	546,981	579,824	615,841	595,517	545,603	775,501	842,670
Other	603,950	514,740	589,497	589,443	589,687	483,699	475,387
Support services:							
Student	107,718	101,740	99,592	87,759	92,128	76,517	110,353
Instructional staff	105,316	109,620	104,293	98,097	115,735	96,627	122,846
Administration	593,237	575,067	577,762	549,210	569,883	735,123	535,953
Operation and maintenance of plant	391,620	395,356	427,044	429,042	371,307	394,502	527,039
Transportation	240,897	336,475	368,068	348,439	327,834	456,069	620,940
Other support	0	0	0	0	0	4,927	0
Non-instructional programs	2,582	2,722	1,527	1,599	1,637	2,270	1,437
Other expenditures:							
Facilities acquisitions	121,147	38,512	171,095	323,298	142,785	1,106,289	4,877,188
Long-term debt:							
Principal	262,514	260,374	341,605	329,003	273,436	267,832	223,180
Interest and fiscal charges	206,708	218,484	232,309	245,081	251,568	259,056	260,177
AEA flow-through	178,777	167,367	163,378	157,767	151,965	151,018	153,254
<b>Total</b>	<b>\$ 5,459,452</b>	<b>5,356,894</b>	<b>5,660,651</b>	<b>5,624,314</b>	<b>5,178,634</b>	<b>6,557,352</b>	<b>10,538,149</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Direct:			
U.S. Department of Education			
Rural Education Achievement Program	84.358	FY10	\$ 29,627
Indirect:			
U.S. Department of Agriculture:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	19,729
National School Lunch Program	10.555	FY10	110,812 *
			<u>130,541</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	69,275
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY09	7,645
	84.389	FY10	15,290
			<u>92,210</u>
Career and Technical Education - Basic Grants to States	84.048	FY10	5,418
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY10	1,537
Improving Teacher Quality State Grants	84.367	FY10	34,359
Grants for State Assessment and Related Activities	84.369	FY10	2,854
ARRA - State Fiscal Stabilization Fund (SFSF)			
Education State Grants	84.394	FY09	39,137
	84.394	FY10	213,106
			<u>252,243</u>
Area Education Agency:			
Special Education Cluster:			
ARRA - Special Education Grants to States, Recovery Act	84.391	FY09	12,575
	84.391	FY10	18,347
Special Education - Grants to States	84.027	FY10	22,995
			<u>53,917</u>
Total			<u>\$ 602,706</u>

\* - Includes \$32,009 of non-cash rewards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

# NOLTE, CORNMAN & JOHNSON P.C.

## Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

### Independent Auditor's Report 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  
Boyer Valley 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 Boyer Valley Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 7, 2011. 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 Boyer Valley 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 Boyer Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boyer Valley Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boyer Valley 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, 2010 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.

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

March 7, 2011

**NOLTE, CORNMAN & JOHNSON P.C.**

**Certified Public Accountants**

(a professional corporation)

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

Telephone (641) 792-1910

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

To the Board of Education of the  
Boyer Valley Community School District:

Compliance

We have audited the compliance of Boyer Valley 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, 2010. Boyer Valley 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 Boyer Valley Community School District's management. Our responsibility is to express an opinion on Boyer Valley 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 Boyer Valley 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 Boyer Valley Community School District's compliance with those requirements.

In our opinion, Boyer Valley 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, 2010.

Internal Control Over Compliance

The management of Boyer Valley 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 Boyer Valley 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Boyer Valley 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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all

deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-10 to be a material weakness.

Boyer Valley 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 have expressed our conclusions on the District's responses, we did not audit Boyer Valley 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 Boyer Valley Community School District and other parties to whom Boyer Valley Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.



NOLTE, CORNMAN & JOHNSON, P.C.

March 7, 2011

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weaknesses in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are 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 84.394 - ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act.
  - Clustered Programs:
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

Boyer Valley Community School District did not qualify as a low-risk auditee.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

II-A-10 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 - The District will investigate alternatives and implement if possible.

Conclusion - Response accepted

BOYER VALLEY COMMUNITY SCHOOL DISTRICTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 10.553: School Breakfast Program  
CFDA Number 10.555: National School Lunch Program  
Federal Award Year: 2010  
U.S. Department of Agriculture  
Passed through the Iowa Department of Education

CFDA Number 84.394: ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants,  
Recovery Act  
Federal Award Year: 2010  
U.S. Department of Education  
Passed through the Iowa Department of Education

III-A-10 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 - The District will investigate alternatives and implement if possible.

Conclusion - Response accepted.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - District expenditures for the year ended June 30, 2010, did not exceed the amount budgeted.

IV-B-10 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-10 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-10 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Julie Wood, Board Member Owner of In-Kahoots DJ Service	Purchased Services	\$250
Ken Dunham, Board Member Owner of Dunham Hardwoods	Supplies	\$765

In accordance with Chapter 279.7A of the code of Iowa, the above transactions with the board members do not appear to represent a conflict of interest.

IV-E-10 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-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-10 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-10 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-10 Financial Condition - We noted, the District had deficit net assets of \$2,265 in the Enterprise - Day Care Fund. We also noted during our audit a deficit account balance in the Special Revenue, Student Activity Fund of \$2,551.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - The District is currently working on eliminating the deficits in these two funds.

Conclusion - Response accepted.

IV-L-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-M-10 Statewide Sales, Service and Use 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 servicing tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning Balance	\$	0
Statewide sales, service and use tax revenue		175,346
Debt service for school infrastructure		
General obligation debt		<u>175,346</u>
Ending Balance	<u>\$</u>	<u>0</u>

As a result of the statewide sales, services and use tax revenue received during year ended June 30, 2010 the District reduced the following levy:

	<u>Per \$1000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt service levy	\$ 1.44472	\$ 175,346

IV-N-10 Student Activity Fund - During our audit we noted prizes were given to individual students for being the top seller for fundraisers from the Student Activity Fund.

Recommendation - Prizes should not be given out, by the District, for being the top seller of a fundraiser.

Response - The District has stopped this practice.

Conclusion - Response accepted.