

VAN BUREN COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Management's Discussion and Analysis	7-16
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 18
Statement of Activities	B 19
Governmental Fund Financial Statements:	
Balance Sheet	C 20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 23
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 24
Statement of Revenues, Expenses and Changes in Fund Net Assets	H 25
Statement of Cash Flows	I 26
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	J 27
Notes to Financial Statements	28-40
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	42
Notes to Required Supplementary Information - Budgetary Reporting	43
Schedule of Funding Progress for the Retiree Health Plan	44
Other Supplementary Information:	<u>Schedule</u>
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	1 46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2 47
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3 48-49
Debt Service Funds:	
Combining Balance Sheet	4 50
Combining Schedule of Changes in Revenues, Expenses and Changes in Fund Balances	5 51
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	6 52
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	7 53
Schedule of Expenditures of Federal Awards	8 54-55
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	56-57
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	58-59
Schedule of Findings and Questioned Costs	60-65

Van Buren Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 election)		
Terry Jester	President	2009
Brian Starnes	Vice President	2009
Kara McEntee	Board Member	2011
Sheila Parsons	Board Member	2011
Dale Hornberg	Board Member	2009
Tony Huffman	Board Member	2011
Stan Whitten	Board Member	2011
Board of Education (After September 2009 election)		
Brian Starnes	President	2013
Kara McEntee	Vice President	2011
Sheila Parsons	Board Member	2011
Stan Whitten	Board Member	2011
Tony Huffman	Board Member	2011
Nasseen Hesler	Board Member	2013
Terry Jester	Board Member	2013
School Officials		
Dr. Karen Stinson	Superintendent	2010
Robyn Nolting	Board Secretary	2010
Janet Phelps	Board Treasurer	2010
Ahlers & Cooney	Attorney	2010

Van Buren 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
Van Buren Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Van Buren Community School District, Keosauqua, Iowa as of and for the year ended June 30, 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 Van Buren Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2011, on our consideration of Van Buren Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 are not required parts of

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the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2009 (which is not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 3, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Buren Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 \$7,898,393 in fiscal 2009 to \$7,599,041 in fiscal 2010, while General Fund expenditures decreased from \$8,383,183 in fiscal 2009 to \$8,355,126 in fiscal 2010. The District's General Fund balance decreased from \$803,926 in fiscal 2009 to \$47,841 in fiscal 2010, a 94.05% decrease from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in state and local sources in fiscal 2010. The decrease in expenditures was due primarily to decreases in the instruction and support services functions.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

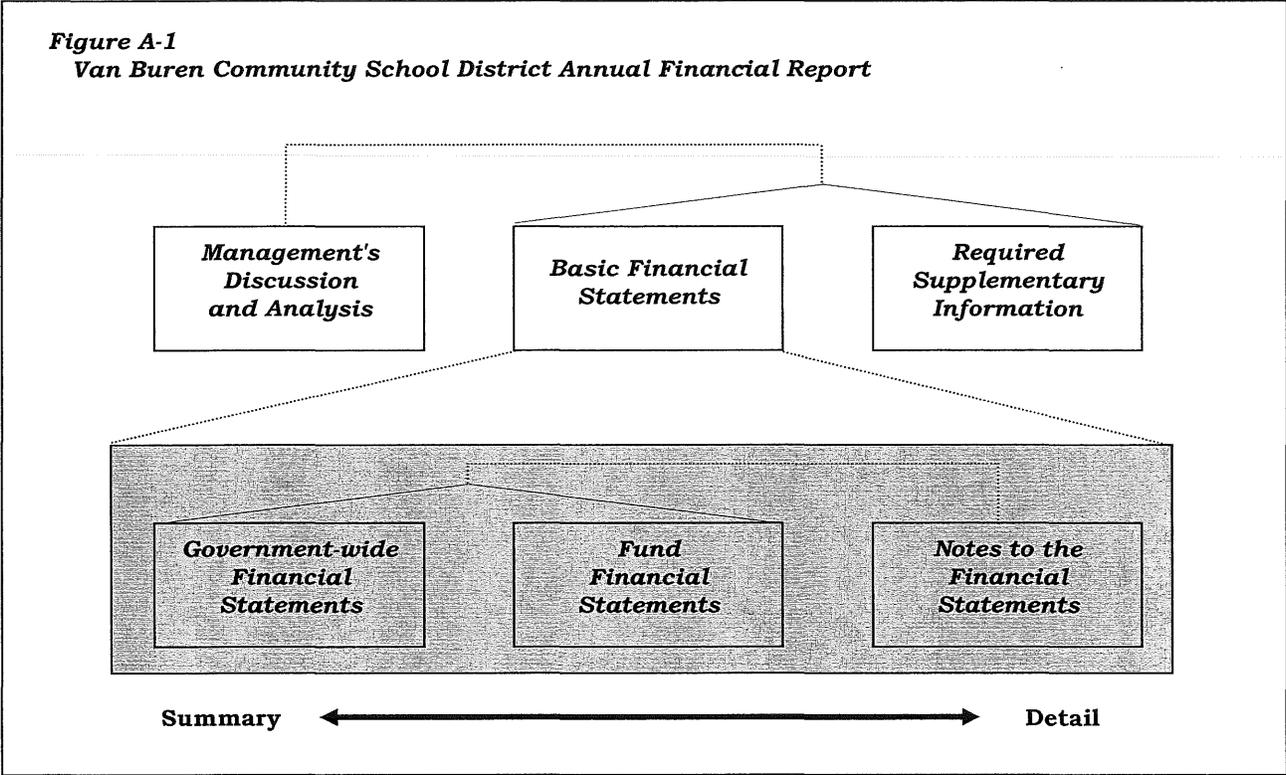


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 6,293,861	6,515,229	38,724	28,271	6,332,585	6,543,500	-3.22%
Capital assets	7,517,933	7,761,619	21,622	18,628	7,539,555	7,780,247	-3.09%
Total assets	13,811,794	14,276,848	60,346	46,899	13,872,140	14,323,747	-3.15%
Long-term liabilities	1,556,625	1,563,589	3,453	1,914	1,560,078	1,565,503	-0.35%
Other liabilities	3,663,714	3,473,108	35,343	43,129	3,699,057	3,516,237	5.20%
Total liabilities	5,220,339	5,036,697	38,796	45,043	5,259,135	5,081,740	3.49%
Net assets:							
Invested in capital assets, net of related debt	6,247,933	6,251,619	21,622	18,628	6,269,555	6,270,247	-0.01%
Restricted	2,444,335	2,120,411	-	-	2,444,335	2,120,411	15.28%
Unrestricted	(100,813)	868,121	(72)	(16,772)	(100,885)	851,349	-111.85%
Total net assets	\$ 8,591,455	9,240,151	21,550	1,856	8,613,005	9,242,007	-6.81%

The District's combined net assets decreased by 6.81%, or \$629,002, from the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$323,924, or 15.28%, over the prior year. The increase was primarily a result of the increase in fund balances in the Capital Projects Funds and the Special Revenue, Management Levy 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 \$952,234, or 111.85%. This decrease is due primarily to the decrease in the General Fund.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues and Transfers:							
Program revenues:							
Charges for service	\$ 502,525	451,638	238,665	254,022	741,190	705,660	5.04%
Operating grants, contributions and restricted interest	2,053,309	2,040,299	226,415	195,712	2,279,724	2,236,011	1.95%
Capital grants, contributions and restricted interest	21,320	18,000	3,750	-	25,070	18,000	39.28%
General revenues:							
Property tax	2,578,924	2,488,477	-	-	2,578,924	2,488,477	3.63%
Income surtax	292,333	327,222	-	-	292,333	327,222	-10.66%
Statewide sales and services tax	421,027	424,142	-	-	421,027	424,142	-0.73%
Unrestricted state grants	2,706,393	3,083,112	-	-	2,706,393	3,083,112	-12.22%
Unrestricted investment earnings	37,459	54,342	187	327	37,646	54,669	-31.14%
Other	75,201	90,187	20	-	75,221	90,187	-16.59%
Transfers	(107,820)	(132,175)	107,820	132,175	-	-	0.00%
Total revenues and transfers	8,580,671	8,845,244	576,857	582,236	9,157,528	9,427,480	-2.86%
Program expenses:							
Governmental activities:							
Instruction	5,502,499	5,362,940	-	-	5,502,499	5,362,940	2.60%
Support services	2,916,267	3,118,050	175,391	212,899	3,091,658	3,330,949	-7.18%
Non-instructional programs	12,742	1,442	381,772	391,958	394,514	393,400	0.28%
Other expenses	797,859	596,496	-	-	797,859	596,496	33.76%
Total expenses	9,229,367	9,078,928	557,163	604,857	9,786,530	9,683,785	1.06%
Changes in net assets	(648,696)	(233,684)	19,694	(22,621)	(629,002)	(256,305)	145.41%
Beginning net assets	9,240,151	9,473,835	1,856	24,477	9,242,007	9,498,312	-2.70%
Ending net assets	\$ 8,591,455	9,240,151	21,550	1,856	8,613,005	9,242,007	-6.81%

In fiscal 2010, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 69.91% of the revenue from governmental activities while charges for service and operating grants and contributions account for 80.62% of the revenue from business type activities.

The District's total revenues were approximately \$9.16 million of which \$8.58 million was for governmental activities and \$0.58 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.86% decrease in revenues and a 1.06% increase in expenses. The decrease in revenues is due primarily to the decrease in state and local sources from the prior year. The increase in expenses is related to the increase of expenditures in the instruction and other expenses functions.

Governmental Activities

Revenues for governmental activities were \$8,580,671 and expenses were \$9,229,367 for the year ended June 30, 2010. In a difficult budget year the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2010.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 5,502,499	5,362,940	2.60%	3,236,713	3,133,792	3.28%
Support services	2,916,267	3,118,050	-6.47%	2,894,947	3,100,050	-6.62%
Non-instructional programs	12,742	1,442	783.63%	12,742	1,442	783.63%
Other expenses	797,859	596,496	33.76%	507,811	333,707	52.17%
Totals	\$ 9,229,367	9,078,928	1.66%	6,652,213	6,568,991	1.27%

For the year ended June 30, 2010:

- The cost financed by users of the District's programs was \$502,525.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,074,629.
- The net cost of governmental activities was financed with \$2,578,924 in property tax, \$292,333 in income surtax \$421,027 in statewide sales and services tax, \$2,706,393 in unrestricted state grants, \$37,459 in interest income and \$75,201 in other general revenue.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2010 were \$576,857, representing a .93% decrease over the prior year, while expenses totaled \$557,163, an 7.89% decrease over the prior year. The District's business type activities include the School Nutrition Fund and the Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and interest income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,349,667, below last year's ending fund balance of a \$2,776,309. The decrease was due primarily to the decrease in the General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. State and local sources resulted in a decrease in revenues. However, while the District had a decrease in revenues, expenditures increased. Revenues were less than expenditures resulting in the General Fund balance decreasing from \$803,926 in fiscal year 2009 to \$47,841 in fiscal year 2010. In addition, the District transferred \$107,820 to support the Day Care Fund.

-
- The Capital Projects Fund balance was utilized for the collection of statewide sales and services tax. The District makes transfers to the Debt Service to provide debt relief in repayment of the General Obligation Bonds. The Capital Projects balance increased from \$798,539 in fiscal year 2009 to \$992,996 in fiscal year 2010.
 - The Debt Service Fund balance was utilized for the payments of principal and interest on bonds. Due to the bond requirements the District is required to create an escrow at Bank America that will be used to pay off the Qualified Zone Academy Bond. The Debt Service balance increased from \$706,219 in fiscal year 2009 to \$727,413 in fiscal year 2010, due to the increase in the escrow reserve and the increase statewide sales and services tax relief provided to fund debt repayments.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$16,270 at June 30, 2009 to \$30,370 at June 30, 2010, representing an increase of 86.67%.

The Day Care Fund net assets increased from a deficit balance of \$14,414 at June 30, 2009 to a deficit balance of \$8,820 at June 30, 2010. The General Fund transferred \$107,820 at year end to support the Day Care Fund.

BUDGETARY HIGHLIGHTS

The District's revenues were \$2,109,577 less than budgeted revenue, a variance of 18.77%. 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 \$7,539,555, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 3.19% from last year. More detailed information about the District's capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$331,877.

The original cost of the District's capital assets was \$11,040,851. Governmental funds account for \$10,925,869 with the remainder of \$114,982 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land category. The District's land totaled \$19,165 at June 30, 2010, compared to \$38,811 reported at June 30, 2009. This decrease resulted from the sale of a parcel of land.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 19,165	38,811	-	-	19,165	38,811	-102.51%
Buildings	6,963,481	7,185,624	-	-	6,963,481	7,185,624	-3.19%
Land improvements	94,918	105,555	-	-	94,918	105,555	-11.21%
Machinery and equipment	440,369	431,629	21,622	18,628	461,991	450,257	2.54%
Total	\$ 7,517,933	7,761,619	21,622	18,628	7,539,555	7,780,247	-3.19%

Long-Term Debt

At June 30, 2010, the District had \$1,560,078 in total long-term debt outstanding. This represents a decrease of .35% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had general obligation bonds payable of \$770,000 at June 30, 2010.

The District had outstanding qualified zone academy bonds payable of \$500,000 at June 30, 2010.

The District had early retirement benefits payable of \$228,736 at June 30, 2010.

The District had other post employment benefits payable of \$61,342 at June 30, 2010.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
General obligation bonds	\$ 770,000	1,010,000	-	-	770,000	1,010,000	-31.17%
Qualified zone academy bonds	500,000	500,000	-	-	500,000	500,000	0.00%
Early retirement	228,736	21,503	-	-	228,736	21,503	90.60%
Net OPEB liability	57,889	32,086	3,453	1,914	61,342	34,000	44.57%
Total	\$ 1,556,625	1,563,589	3,453	1,914	1,560,078	1,565,503	-0.35%

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District receives a large amount of federal and state monies through grants. The grants have to be approved and their continuation depends on federal and state funding.
- The District has experienced reduced enrollment for the last few years, cutting state aid to the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robyn Nolting, Board Secretary/Business Manager, Van Buren Community School District, 503 Henry Street, Keosauqua, Iowa, 52565.

BASIC FINANCIAL STATEMENTS

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,723,255	21,045	2,744,300
Receivables			
Property tax:			
Delinquent	54,619	-	54,619
Succeeding year	2,691,183	-	2,691,183
Income surtax	284,303	-	284,303
Accounts	55,413	-	55,413
Due from other governments	485,088	5,852	490,940
Inventories	-	11,827	11,827
Capital assets, net of accumulated depreciation	7,517,933	21,622	7,539,555
TOTAL ASSETS	13,811,794	60,346	13,872,140
LIABILITIES			
Accounts payable	238,449	-	238,449
Salaries and benefits payable	713,039	31,925	744,964
Accrued interest payable	3,823	-	3,823
Deferred revenue:			
Succeeding year property tax	2,691,183	-	2,691,183
Other	17,220	-	17,220
Unearned revenue	-	3,418	3,418
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	250,000	-	250,000
Early retirement	228,736	-	228,736
Portion due after one year:			
General obligation bonds	520,000	-	520,000
Qualified zone academy bonds	500,000	-	500,000
Net OPEB liability	57,889	3,453	61,342
TOTAL LIABILITIES	5,220,339	38,796	5,259,135
NET ASSETS			
Invested in capital assets, net of related debt	6,247,933	21,622	6,269,555
Restricted for:			
Categorical funding	371,245	-	371,245
Debt service	727,413	-	727,413
Capital projects	992,996	-	992,996
Management levy	95,033	-	95,033
Physical plant and equipment levy	225,017	-	225,017
Other special revenue purposes	32,631	-	32,631
Unrestricted	(100,813)	(72)	(100,885)
TOTAL NET ASSETS	\$ 8,591,455	21,550	8,613,005

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities		
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 3,304,080	338,484	1,388,628	-	(1,576,968)	-	(1,576,968)
Special	1,136,552	30,789	145,063	-	(960,700)	-	(960,700)
Other	1,061,867	133,252	229,570	-	(699,045)	-	(699,045)
	<u>5,502,499</u>	<u>502,525</u>	<u>1,763,261</u>	<u>-</u>	<u>(3,236,713)</u>	<u>-</u>	<u>(3,236,713)</u>
Support services:							
Student	174,482	-	-	-	(174,482)	-	(174,482)
Instructional staff	257,442	-	-	-	(257,442)	-	(257,442)
Administration	1,090,168	-	-	-	(1,090,168)	-	(1,090,168)
Operation and maintenance of plant	612,399	-	-	21,320	(591,079)	-	(591,079)
Transportation	781,776	-	-	-	(781,776)	-	(781,776)
	<u>2,916,267</u>	<u>-</u>	<u>-</u>	<u>21,320</u>	<u>(2,894,947)</u>	<u>-</u>	<u>(2,894,947)</u>
Non-instructional programs:							
Community service operations	12,742	-	-	-	(12,742)	-	(12,742)
Other expenditures:							
Facilities acquisitions	301,874	-	-	-	(301,874)	-	(301,874)
Long-term debt interest	28,926	-	-	-	(28,926)	-	(28,926)
AEA flowthrough	290,048	-	290,048	-	-	-	-
Depreciation(unallocated)*	177,011	-	-	-	(177,011)	-	(177,011)
	<u>797,859</u>	<u>-</u>	<u>290,048</u>	<u>-</u>	<u>(507,811)</u>	<u>-</u>	<u>(507,811)</u>
Total governmental activities	<u>9,229,367</u>	<u>502,525</u>	<u>2,053,309</u>	<u>21,320</u>	<u>(6,652,213)</u>	<u>-</u>	<u>(6,652,213)</u>
Business type activities:							
Support services:							
Day Care:							
Administration	164,865	66,007	27,132	-	-	(71,726)	(71,726)
Operation and maintenance of plant	10,526	-	-	-	-	(10,526)	(10,526)
	<u>175,391</u>	<u>66,007</u>	<u>27,132</u>	<u>-</u>	<u>-</u>	<u>(82,252)</u>	<u>(82,252)</u>
Non-instructional programs:							
Day care operations	19,974	-	-	-	-	(19,974)	(19,974)
Food service operations	361,798	172,658	199,283	3,750	-	13,893	13,893
	<u>381,772</u>	<u>172,658</u>	<u>199,283</u>	<u>3,750</u>	<u>-</u>	<u>(6,081)</u>	<u>(6,081)</u>
Total business type activities	<u>557,163</u>	<u>238,665</u>	<u>226,415</u>	<u>3,750</u>	<u>-</u>	<u>(88,333)</u>	<u>(88,333)</u>
Total	<u>\$ 9,786,530</u>	<u>741,190</u>	<u>2,279,724</u>	<u>25,070</u>	<u>(6,652,213)</u>	<u>(88,333)</u>	<u>(6,740,546)</u>
General Revenues and Transfers:							
General Revenues:							
Property tax levied for:							
General purposes				\$ 2,398,165	-		2,398,165
Debt service				10,814	-		10,814
Capital outlay				169,945	-		169,945
Income surtax				292,333	-		292,333
Statewide sales and services tax				421,027	-		421,027
Unrestricted state grants				2,706,393	-		2,706,393
Unrestricted investment earnings				37,459		187	37,646
Other general revenues				75,201		20	75,221
Transfers				(107,820)	107,820		-
Total general revenues and transfers				<u>6,003,517</u>	<u>108,027</u>		<u>6,111,544</u>
Changes in net assets				(648,696)	19,694		(629,002)
Net assets beginning of year				9,240,151	1,856		9,242,007
Net assets end of year				<u>\$ 8,591,455</u>	<u>21,550</u>		<u>8,613,005</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2010

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
ASSETS					
Cash and pooled investments	\$ 443,383	809,113	727,187	743,572	2,723,255
Receivables:					
Property tax:					
Delinquent	45,349	-	226	9,044	54,619
Succeeding year	2,465,451	-	-	225,732	2,691,183
Income surtax	284,303	-	-	-	284,303
Accounts	55,413	-	-	-	55,413
Due from other governments	301,205	183,883	-	-	485,088
TOTAL ASSETS	\$ 3,595,104	992,996	727,413	978,348	6,293,861
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 67,250	-	-	171,199	238,449
Salaries and benefits payable	713,039	-	-	-	713,039
Deferred revenue:					
Succeeding year property tax	2,465,451	-	-	225,732	2,691,183
Income surtax	284,303	-	-	-	284,303
Other	17,220	-	-	-	17,220
Total liabilities	3,547,263	-	-	396,931	3,944,194
Fund balances:					
Reserved for:					
Categorical Funding	371,245	-	-	-	371,245
Debt service	-	-	727,413	-	727,413
Unreserved	(323,404)	992,996	-	581,417	1,251,009
Total fund balances	47,841	992,996	727,413	581,417	2,349,667
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,595,104	992,996	727,413	978,348	6,293,861

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20) \$ 2,349,667

*Amounts reported for governmental activities in the
 Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds. 7,517,933

Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period. 284,303

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. (3,823)

Long-term liabilities, including bonds payable, qualified zone academy bonds payable, early retirement benefits payable, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,556,625)

Net assets of governmental activities (page 18) \$ 8,591,455

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,417,787	421,027	10,814	429,035	3,278,663
Tuition	345,672	-	-	-	345,672
Other	75,880	11,662	12,907	157,108	257,557
State sources	3,461,520	-	-	-	3,461,520
Federal sources	1,298,182	-	-	21,320	1,319,502
Total revenues	<u>7,599,041</u>	<u>432,689</u>	<u>23,721</u>	<u>607,463</u>	<u>8,662,914</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	3,098,414	-	-	-	3,098,414
Special	1,136,552	-	-	-	1,136,552
Other	934,768	-	-	127,099	1,061,867
	<u>5,169,734</u>	<u>-</u>	<u>-</u>	<u>127,099</u>	<u>5,296,833</u>
Support services:					
Student	174,482	-	-	-	174,482
Instructional staff	244,470	-	-	-	244,470
Administration	986,863	-	-	62,096	1,048,959
Operation and maintenance of plant	561,870	-	-	45,241	607,111
Transportation	807,097	-	-	15,518	822,615
	<u>2,774,782</u>	<u>-</u>	<u>-</u>	<u>122,855</u>	<u>2,897,637</u>
Non-instructional programs:					
Community service operations	12,742	-	-	-	12,742
Other expenditures:					
Facilities acquisitions	-	-	-	226,459	226,459
Long-term debt:					
Principal	-	-	240,000	-	240,000
Interest and fiscal charges	-	-	29,973	-	29,973
AEA flowthrough	290,048	-	-	-	290,048
	<u>290,048</u>	<u>-</u>	<u>269,973</u>	<u>226,459</u>	<u>786,480</u>
Total expenditures	<u>8,247,306</u>	<u>-</u>	<u>269,973</u>	<u>476,413</u>	<u>8,993,692</u>
Excess (deficiency) of revenues over (under) expenditures	(648,265)	432,689	(246,252)	131,050	(330,778)
Other financing sources (uses):					
Proceeds from the disposal of property	-	-	-	11,956	11,956
Transfers in	-	-	267,446	-	267,446
Transfers out	(107,820)	(238,232)	-	(29,214)	(375,266)
Total other financing sources (uses)	<u>(107,820)</u>	<u>(238,232)</u>	<u>267,446</u>	<u>(17,258)</u>	<u>(95,864)</u>
Net change in fund balances	(756,085)	194,457	21,194	113,792	(426,642)
Fund balance beginning of year	803,926	798,539	706,219	467,625	2,776,309
Fund balance end of year	<u>\$ 47,841</u>	<u>992,996</u>	<u>727,413</u>	<u>581,417</u>	<u>2,349,667</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds (page 22) \$ (426,642)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of capital assets in the year are as follows:

Capital outlays	\$ 159,100	
Depreciation expense	(327,371)	
Loss on disposal of capital assets	<u>(75,415)</u>	(243,686)

Repayment of long-term liabilities in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 240,000

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 13,621

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. 1,047

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

Early retirement	(207,233)	
Other postemployment benefits	<u>(25,803)</u>	<u>(233,036)</u>

Changes in net assets of governmental activities (page 19) \$ (648,696)

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Enterprise Funds		
	School Nutrition	Day Care	Total
ASSETS			
Cash and cash equivalents	\$ 21,045	-	21,045
Due from other governments	4,042	1,810	5,852
Inventories	11,827	-	11,827
Capital assets, net of accumulated depreciation	21,622	-	21,622
Total assets	58,536	1,810	60,346
LIABILITIES			
Salaries and benefits payable	21,295	10,630	31,925
Net OPEB liability	3,453	-	3,453
Unearned revenue	3,418	-	3,418
Total liabilities	28,166	10,630	38,796
NET ASSETS			
Invested in capital assets	21,622	-	21,622
Unrestricted	8,748	(8,820)	(72)
Total net assets	\$ 30,370	(8,820)	21,550

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise Funds		
	School Nutrition	Day Care	Total
OPERATING REVENUE:			
Local sources:			
Charges for services	\$ 172,658	66,007	238,665
Miscellaneous	20	-	20
TOTAL OPERATING REVENUES	<u>172,678</u>	<u>66,007</u>	<u>238,685</u>
OPERATING EXPENSES:			
Support services:			
Administration:			
Salaries	-	127,387	127,387
Benefits	-	18,343	18,343
Services	-	16,378	16,378
Supplies	-	2,757	2,757
	<u>-</u>	<u>164,865</u>	<u>164,865</u>
Operation and maintenance of plant services:			
Services	-	3,559	3,559
Supplies	-	6,967	6,967
	<u>-</u>	<u>10,526</u>	<u>10,526</u>
Total support services	<u>-</u>	<u>175,391</u>	<u>175,391</u>
Non-instructional programs:			
Food service operations:			
Salaries	136,752	7,914	144,666
Benefits	21,065	1,262	22,327
Services	1,980	7	1,987
Supplies	197,495	10,791	208,286
Depreciation	4,506	-	4,506
	<u>361,798</u>	<u>19,974</u>	<u>381,772</u>
TOTAL OPERATING EXPENSES	<u>361,798</u>	<u>195,365</u>	<u>557,163</u>
OPERATING LOSS	<u>(189,120)</u>	<u>(129,358)</u>	<u>(318,478)</u>
NON-OPERATING REVENUES:			
Capital contributions	3,750	-	3,750
Transfer in	-	107,820	107,820
State sources	9,110	-	9,110
Federal sources	190,173	27,132	217,305
Interest income	187	-	187
TOTAL NON-OPERATING REVENUES	<u>203,220</u>	<u>134,952</u>	<u>338,172</u>
Change in net assets	14,100	5,594	19,694
Net assets beginning of year	<u>16,270</u>	<u>(14,414)</u>	<u>1,856</u>
Net assets end of year	<u>\$ 30,370</u>	<u>(8,820)</u>	<u>21,550</u>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Enterprise Funds		
	School Nutrition	Day Care	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 171,877	-	171,877
Cash received from miscellaneous operating activities	20	66,007	66,027
Cash payments to employees for services	(159,449)	(158,740)	(318,189)
Cash payments to suppliers for goods or services	(177,309)	(40,459)	(217,768)
Net cash used in operating activities	<u>(164,861)</u>	<u>(133,192)</u>	<u>(298,053)</u>
Cash flows from non-capital financing activities:			
Transfer in from General Fund	-	107,820	107,820
State grants received	9,110	-	9,110
Federal grants received	168,957	25,322	194,279
Net cash provided by non-capital financing activities	<u>178,067</u>	<u>133,142</u>	<u>311,209</u>
Cash flows from capital and related financing activities:			
Acquisition of assets	(3,750)	-	(3,750)
Cash flows from investing activities:			
Interest on investments	187	-	187
Net increase(decrease) in cash and cash equivalents	9,643	(50)	9,593
Cash and cash equivalents at beginning of year	11,402	50	11,452
Cash and cash equivalents at end of year	<u>\$ 21,045</u>	<u>-</u>	<u>21,045</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (189,120)	(129,358)	(318,478)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	24,173	-	24,173
Depreciation	4,506	-	4,506
Increase in inventories	(2,007)	-	(2,007)
Decrease in salaries and benefits	(3,171)	(3,834)	(7,005)
Decrease in unearned revenue	(781)	-	(781)
Increase in other postemployment benefits	1,539	-	1,539
Net cash used in operating activities	<u>\$ (164,861)</u>	<u>(133,192)</u>	<u>(298,053)</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$24,173.

During the year ended June 30, 2010, the District received \$3,750 in capital contributions from the General Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2010

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 1,302
Liabilities	
Due to other groups	1,302
Net Assets	
Unrestricted	-
Total Net Assets	<u>\$ -</u>

SEE NOTES TO FINANCIAL STATEMENTS

VAN BUREN COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

The Van Buren Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Keosauqua, Stockport, Douds, Birmingham, Mount Sterling, Milton and Cantril, Iowa, and the predominate agricultural territory in Van Buren and Davis Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balance

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangible assets	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

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

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

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

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

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

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

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

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2010 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and

instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$20,272 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk - the investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

(3) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Special Revenue, Physical Plant and Equipment Levy	\$ 29,214
Debt Service	Capital Projects	238,232
Enterprise, Day Care	General	<u>107,820</u>
Total		<u>\$ 375,266</u>

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

(4) Capital Assets

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

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 107,482	7,500	-	114,982
Less accumulated depreciation	88,854	4,506	-	93,360
Business-type activities capital assets, net	<u>\$ 18,628</u>	<u>2,994</u>	<u>-</u>	<u>21,622</u>

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 38,811	-	19,646	19,165
Total capital assets not being depreciated	<u>38,811</u>	<u>-</u>	<u>19,646</u>	<u>19,165</u>
Capital assets being depreciated:				
Buildings	8,938,891	-	82,187	8,856,704
Land improvements	132,796	-	11,616	121,180
Machinery and equipment	1,858,355	159,100	88,635	1,928,820
Total capital assets being depreciated	<u>10,930,042</u>	<u>159,100</u>	<u>182,438</u>	<u>10,906,704</u>
Less accumulated depreciation for:				
Buildings	1,753,267	170,952	30,996	1,893,223
Land improvements	27,241	6,059	7,038	26,262
Machinery and equipment	1,426,726	150,360	88,635	1,488,451
Total accumulated depreciation	<u>3,207,234</u>	<u>327,371</u>	<u>126,669</u>	<u>3,407,936</u>
Total capital assets being depreciated, net	<u>7,722,808</u>	<u>(168,271)</u>	<u>55,769</u>	<u>7,498,768</u>
Governmental activities capital assets, net	<u>\$ 7,761,619</u>	<u>(168,271)</u>	<u>75,415</u>	<u>7,517,933</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular instruction	\$ 5,343
Support services:	
Administration	25,569
Operation of plant and maintenance	3,579
Transportation	115,869
Administration	150,360
Unallocated depreciation	177,011
Total governmental activities depreciation expense	<u>\$ 327,371</u>
Business type activities:	
Food service operations	<u>\$ 4,506</u>

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 1,010,000	-	240,000	770,000	250,000
Qualified Zone Academy Bonds	500,000	-	-	500,000	-
Early retirement	21,503	228,736	21,503	228,736	228,736
Net OPEB liability	32,086	25,803	-	57,889	-
Total	\$ 1,563,589	254,539	261,503	1,556,625	478,736
Business type activities:					
Net OPEB liability	\$ 1,914	1,539	-	3,453	-

General Obligation Bonds Payable

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

Year Ending June 30,	Bond issue dated April 3, 2008			Bond issue dated April 1, 2003			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	2.800 %	\$ 215,000	19,525	3.000	35,000	3,413 %	\$ 250,000	22,938	272,938
2012	2.950	220,000	13,505	3.250	35,000	2,363	255,000	15,868	270,868
2013	3.050	230,000	7,015	3.500	35,000	1,225	265,000	8,240	273,240
Total		\$ 665,000	40,045		\$ 105,000	7,001	\$ 770,000	47,046	817,046

Qualified Zone Academy Bonds

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

Early Retirement

The District offered a voluntary early retirement plan to its full-time employees. Eligible employees must be at least age fifty-five and must have completed twenty years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement incentives paid by the District include the premiums for a single health insurance coverage policy. The District did not pay out any benefits during the year and had a balance of \$228,736 at June 30, 2010.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 was \$357,121, \$324,280 and \$318,517, respectfully, equal to the required contributions for the year.

(7) Other Postemployment Benefits (OPEB)

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

Plan Description - The District operates a single-employer retiree benefit plan which provides medical, prescription drug, and dental benefits for retirees and their spouses. There are 160 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 62,000
Interest on net OPEB obligation	2,790
Adjustment to annual required contribution	(2,448)
Annual OPEB cost	<u>62,342</u>
Contributions made	(35,000)
Increase in net OPEB obligation	<u>27,342</u>
Net OPEB obligation beginning of year	34,000
Net OPEB obligation end of year	<u>\$ 61,342</u>

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

For the year ended June 30, 2010, the District contributed \$35,000 to the medical plan. Plan members eligible for benefits contributed \$49,000, or 58.34% 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
June 30, 2010	62,342	56.14%	61,342

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2010, the actuarial accrued liability was \$532,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$532,000. The covered payroll (annual payroll of active employees covered by the plan) was \$5,022,320, and the ratio of the UAAL to covered payroll was 10.59%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

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

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$290,048 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.

(10) Deficit Unrestricted Net Assets/Fund Balance

The District had deficit unrestricted net assets in the Enterprise Funds totaling \$72. The Day Care Fund had deficit \$8,820 unrestricted net assets at June 30, 2010. The District had a deficit unrestricted net assets in the Governmental Funds of \$100,813 at June 30, 2010. The District had a deficit unreserved, undesignated fund balance of \$323,404 in the General Fund at June 30, 2010.

(11) Categorical Funding

Categorical funding balances for the District as of June 30, 2010 were as follows:

<u>Project</u>	<u>Amount</u>
Beginning Teacher Mentoring	\$ 1,427
Dropout and Dropout Prevention	83,576
Market Factor	3,015
At-Risk Supplemental Weighting	40,980
Core Curriculum	13,056
Teacher quality	1,330
Statewide Voluntary Preschool	71,235
Gifted and Talented	45,626
LEP Weighting	2,489
Home School Assistance Program	89,464
Teacher development academy	4,645
Professional Development	14,402
Total	<u>\$ 371,245</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
				Revenues:		
Local sources	\$ 3,881,892	238,872	4,120,764	4,283,938	4,283,938	(163,174)
State sources	3,461,520	9,110	3,470,630	4,829,840	4,829,840	(1,359,210)
Federal sources	1,319,502	217,305	1,536,807	2,124,000	2,124,000	(587,193)
Total revenues	<u>8,662,914</u>	<u>465,287</u>	<u>9,128,201</u>	<u>11,237,778</u>	<u>11,237,778</u>	<u>(2,109,577)</u>
Expenditures/expenses:						
Instruction	5,296,833	-	5,296,833	6,309,877	6,309,877	1,013,044
Support services	2,898,387	175,391	3,073,778	3,810,000	3,810,000	736,222
Non-instructional programs	12,742	381,772	394,514	579,977	579,977	185,463
Other expenditures	785,730	-	785,730	1,801,127	1,801,127	1,015,397
Total expenditures/expenses	<u>8,993,692</u>	<u>557,163</u>	<u>9,550,855</u>	<u>12,500,981</u>	<u>12,500,981</u>	<u>2,950,126</u>
Deficiency of revenues under expenditures	(330,778)	(91,876)	(422,654)	(1,263,203)	(1,263,203)	(840,549)
Other financing sources(uses), net	(95,864)	111,570	15,706	3,500	3,500	(12,206)
Deficiency of revenues and other financing sources under expenditures/expenses and other financing uses	(426,642)	19,694	(406,948)	(1,259,703)	(1,259,703)	(852,755)
Balance beginning of year	<u>2,776,309</u>	<u>1,856</u>	<u>2,778,165</u>	<u>3,788,157</u>	<u>3,788,157</u>	<u>(1,009,992)</u>
Balance end of year	<u>\$ 2,349,667</u>	<u>21,550</u>	<u>2,371,217</u>	<u>2,528,454</u>	<u>2,528,454</u>	<u>(157,237)</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

For Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	\$ 532,000	\$ 532,000	0.0 %	\$ 3,304,996	16.10%
2010	July 1, 2008	\$ -	\$ 532,000	532,000	0.0 %	\$ 5,022,320	10.59%

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

OTHER SUPPLEMENTARY INFORMATION

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 318,276	32,956	392,340	743,572
Receivables:				
Property tax:				
Delinquent	5,493	-	3,551	9,044
Succeeding year	100,000	-	125,732	225,732
TOTAL ASSETS	\$ 423,769	32,956	521,623	978,348
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	325	170,874	171,199
Deferred revenue:				
Succeeding year property tax	100,000	-	125,732	225,732
Total liabilities	100,000	325	296,606	396,931
Fund balances:				
Unreserved	323,769	32,631	225,017	581,417
TOTAL LIABILITIES AND FUND BALANCES	\$ 423,769	32,956	521,623	978,348

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
REVENUES:					
Local sources:					
Local tax	\$ 259,090	-	169,945	-	429,035
Other	19,671	133,549	3,873	15	157,108
Federal sources	-	-	21,320	-	21,320
Total revenues	278,761	133,549	195,138	15	607,463
EXPENDITURES:					
Current:					
Instruction:					
Other	-	127,099	-	-	127,099
Support services:					
Administration	62,096	-	-	-	62,096
Operation and maintenance of plant	45,190	-	-	51	45,241
Student transportation	15,518	-	-	-	15,518
Other expenditures:					
Facilities acquisitions	-	-	224,022	2,437	226,459
Total expenditures	122,804	127,099	224,022	2,488	476,413
Excess(deficiency)of revenues over(under)expenditures	155,957	6,450	(28,884)	(2,473)	131,050
Other financing sources(uses):					
Proceeds from the disposal of property	-	-	11,956	-	11,956
Transfer out	-	-	(29,214)	-	(29,214)
Total other financing sources(uses)	-	-	(17,258)	-	(17,258)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	155,957	6,450	(46,142)	(2,473)	113,792
Fund balance beginning of year	167,812	26,181	271,159	2,473	467,625
Fund balance end of year	\$ 323,769	32,631	225,017	-	581,417

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletics:				
General Athletics	\$ (3,067)	49,851	50,342	(3,558)
Total Athletics	<u>(3,067)</u>	<u>49,851</u>	<u>50,342</u>	<u>(3,558)</u>
Clubs and Organizations:				
Yearbook	992	3,335	1,715	2,612
The Udder Choice	1,191	6,546	6,449	1,288
Concession Enterprises	152	10,286	9,180	1,258
Cross Country	175	458	418	215
Drama	3,644	3,464	4,205	2,903
FCCLA	197	799	449	547
Football	(703)	7,741	3,343	3,695
FFA	536	2,232	2,424	344
Industrial Arts	1,806	-	-	1,806
Art Club	1,615	705	734	1,586
Boys Track Fundraising	681	60	127	614
National Honor Society	958	700	975	683
Golf Fundraiser	50	-	38	12
Rhythm Squad	675	3,781	2,280	2,176
Softball	158	3,970	7,059	(2,931)
Baseball Fundraising	4,859	4,066	8,056	869
Spanish Club	(212)	1,244	2,555	(1,523)
Student Council	(3,324)	680	438	(3,082)
Girls Track Fundraising	(839)	305	244	(778)
JEL	(6)	76	-	70
Rachel's Challenge	256	589	265	580
Young Inventors	(318)	-	-	(318)
Wrestling Fundraising	1,586	738	1,576	748
Volleyball Fundraising	(1,533)	3,182	2,127	(478)
Wrestling Cheerleaders	418	403	2,295	(1,474)
Boys Basketball Fundraising	94	2,337	756	1,675
Girls Basketball Fundraising	1,996	-	1,005	991
Football Cheerleaders	(166)	3,754	3,017	571
Basketball Cheerleaders	680	875	822	733
Total Clubs and Organizations	<u>15,618</u>	<u>62,326</u>	<u>62,552</u>	<u>15,392</u>
Classes:				
Class of 2009	491	-	441	50
Class of 2010	(162)	340	505	(327)
Class of 2011	1,423	40	949	514
Class of 2012	1,440	248	208	1,480
Class of 2013	1,913	591	-	2,504
Class of 2014	990	1,351	716	1,625
Class of 2015	-	1,883	-	1,883
Class of 2016	-	1,102	-	1,102
Total Classes	<u>6,095</u>	<u>5,555</u>	<u>2,819</u>	<u>8,831</u>

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

Account	Balance End of Year	Revenues	Expendi- tures	Balance End of Year
Miscellaneous:				
Interest	-	25	-	25
Band	(3,342)	760	349	(2,931)
Chorus	2,575	1,722	1,092	3,205
Chorus/Band Fundraiser	(4,981)	13,310	9,945	(1,616)
Total Miscellaneous	(5,748)	15,817	11,386	(1,317)
Stockport Elementary:				
Stockport Elementary	3,285	-	-	3,285
Total Stockport Elementary	3,285	-	-	3,285
Douds Elementary:				
Douds Elementary	9,998	-	-	9,998
Total Douds Elementary	9,998	-	-	9,998
Grand Total	\$ 26,181	133,549	127,099	32,631

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 JUNE 30, 2010

	Debt Service - Schoolhouse	Debt Service - QZAB	Total
ASSETS			
Cash and pooled investments	\$ 463,916	263,271	727,187
Receivables:			
Property tax:			
Delinquent	226	-	226
TOTAL ASSETS	\$ 464,142	263,271	727,413
LIABILITIES AND FUND BALANCES			
Liabilities:	-	-	-
Fund balances:			
Unreserved	464,142	263,271	727,413
TOTAL LIABILITIES AND FUND BALANCES	\$ 464,142	263,271	727,413

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2010

	Debt Service - Schoolhouse	Debt Service - QZAB	Total
REVENUES:			
Local sources:			
Local tax	\$ 10,814	-	10,814
Other	5,644	7,263	12,907
Total revenues	16,458	7,263	23,721
EXPENDITURES:			
Principal	240,000	-	240,000
Interest and fiscal charges	29,973	-	29,973
Total expenditures	269,973	-	269,973
Excess (deficiency) of revenues over (under) expenditures	(253,515)	7,263	(246,252)
Other financing sources:			
Transfer in	238,232	29,214	267,446
Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(15,283)	36,477	21,194
Fund balance beginning of year	479,425	226,794	706,219
Fund balance end of year	\$ 464,142	263,271	727,413

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>AFTER PROM PARTY</u>				
ASSETS				
Cash and pooled investments	\$ 1,255	1,302	1,255	1,302
LIABILITIES				
Due to other groups	\$ 1,255	1,302	1,255	1,302
<u>ELEMENTARY BOYS BASEBALL</u>				
Cash and pooled investments	\$ 1,507	-	1,507	-
LIABILITIES				
Due to other groups	\$ 1,507	-	1,507	-
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 2,762	1,302	2,762	1,302
LIABILITIES				
Due to other groups	\$ 2,762	1,302	2,762	1,302

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	Years Ended June 30,					
	2010	2009	2008	2007	2006	2005
Revenues:						
Local sources:						
Local tax	\$ 3,278,663	3,197,618	3,126,418	3,179,100	3,250,277	2,895,547
Tuition	345,672	252,777	222,799	166,372	211,770	176,192
Other	257,557	374,009	434,974	407,840	474,432	330,392
State sources	3,461,520	4,061,582	4,305,337	3,928,194	3,943,463	3,691,297
Federal sources	1,319,502	1,032,806	1,534,805	1,881,611	1,785,221	1,013,094
Total	\$ 8,662,914	8,918,792	9,624,333	9,563,117	9,665,163	8,106,522
Expenditures:						
Current:						
Instruction:						
Regular instruction	\$ 3,098,414	3,210,087	3,340,406	2,858,666	2,809,494	3,056,021
Special instruction	1,136,552	1,158,329	1,056,026	973,391	988,857	1,175,624
Other instruction	1,061,867	966,280	982,738	1,047,846	1,059,783	716,290
Support services:						
Student services	174,482	259,278	421,877	418,812	253,214	134,840
Instructional staff services	244,470	325,575	327,129	560,370	333,161	142,072
Administration services	1,048,959	1,125,560	1,150,891	1,175,818	1,126,076	733,788
Operation and maintenance of plant services	607,111	702,860	693,692	618,791	635,398	501,670
Transportation services	822,615	722,389	612,371	700,995	686,920	545,555
Other support services	-	-	-	-	-	146,418
Non-instructional programs	12,742	1,442	5,320	647	1,907	28,950
Other expenditures:						
Facilities acquisitions	226,459	119,669	101,364	407,382	584,711	312,463
Long-term debt:						
Principal	240,000	235,000	215,000	210,000	195,000	190,000
Interest and other charges	29,973	37,969	58,967	71,435	79,935	88,998
AEA flow-through	290,048	262,789	257,558	245,305	242,151	231,945
Total	\$ 8,993,692	9,127,227	9,223,339	9,289,458	8,996,607	8,004,634

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DIRECT:			
US DEPARTMENT OF EDUCATION:			
SAFE AND DRUG FREE SCHOOLS & COMMUNITIES			
NATIONAL PROGRAMS	84.184	FY 10	\$ <u>38,841</u>
US DEPARTMENT OF HUMAN SERVICES:			
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES -			
PROJECTS OF REGIONAL AND NATIONAL			
SIGNIFICANCE	93.243	FY 10	<u>47,210</u>
DRUG FREE COMMUNITIES SUPPORT PROGRAM	93.276	FY 10	<u>93,635</u>
INDIRECT:			
US DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	35,255
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	149,170 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 10	<u>4,012</u>
			<u>188,437</u>
CHILD AND ADULT FEEDING PROGRAM	10.558	FY 10	<u>7,416</u>
TEAM NUTRITION GRANT	10.574	FY 10	<u>1,735</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCA-			
TIONAL AGENCIES	84.010	FY 10	183,924
TITLE I GRANTS TO LOCAL EDUCATIONAL			
AGENCIES, RECOVERY ACT	84.389	FY 09	1,862
TITLE I GRANTS TO LOCAL EDUCATIONAL			
AGENCIES, RECOVERY ACT	84.389	FY 10	<u>43,784</u>
			<u>229,570</u>
TITLE IIA - FEDERAL TEACHER QUALITY			
PROGRAM	84.367	FY 10	<u>55,466</u>
SAFE AND DRUG-FREE SCHOOLS AND			
COMMUNITIES - STATE GRANTS	84.186	FY 10	<u>3,690</u>
21ST CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 10	<u>150,000</u>
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) -			
EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 09	63,179
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) -			
EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	<u>341,341</u>
			<u>404,520</u>

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT (CONTINUED):			
IOWA DEPARTMENT OF EDUCATION (CONTINUED):			
FUND FOR THE IMPROVEMENT OF EDUCATION			
(IOWA DEMONSTRATION CONSTRUCTION GRANTS)	84.215	FY 10	21,320
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 10	4,550
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	38,739
SPECIAL EDUCATION - PRESCHOOL GRANT	84.173	FY 10	400
ARRA - SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 09	21,185
ARRA - SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 10	84,739
			145,063
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	18,954
ENHANCING EDUCATION THROUGH TECHNOLOGY (TITLE II D) (E2T2)	84.318	FY 10	200
DEPARTMENT OF HUMAN SERVICES:			
IOWA DEPARTMENT OF HUMAN SERVICES:			
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND (DHS REIMBURSEMENTS)			
	93.596	FY 10	19,716
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
IOWA DEPARTMENT OF EDUCATION:			
LEARN AND SERVE AMERICA SCHOOL AND COMMUNITY BASED PROGRAMS	94.004	FY 10	834
DEPARTMENT OF JUSTICE:			
DRUG-FREE COMMUNITIES SUPPORT PROGRAM GRANTS	16.729	FY 10	5,445
TOTAL			\$ 1,436,602

* -Includes \$24,173 in non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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
Van Buren Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Van Buren Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 3, 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 Van Buren Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Van Buren Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-10 and II-C-10 to be significant deficiencies.

Compliance and Other Matters

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

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

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

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 3, 2011

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

To the Board of Education of
Van Buren Community School District

Compliance

We have audited the compliance of Van Buren Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Van Buren Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Van Buren Community School District's management. Our responsibility is to express an opinion on Van Buren Community School District's compliance based on our audit.

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

In our opinion, Van Buren Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

A 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.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part III of the accompanying Schedule of Findings and Questioned Costs as item III-B-10 to be significant deficiency.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 3, 2011

VAN BUREN 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) Significant deficiencies and a material weakness 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 significant deficiency and material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund (SFSF) -
Education State Grants, Recovery Act
 - Title I Cluster:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 - ARRA - Title I Grants to Local Education Agencies
 - Special Education Cluster:
 - CFDA Number 84.027 - Special Education - Grants to States (Part B)
 - CFDA Number 84.173 - Special Education - Preschool Grant
 - CFDA Number 84.391 - Special Education - Grants to States
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Van Buren Community School District did not qualify as a low-risk auditee.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - We will segregate cash receipt process among employees.

Conclusion - Response accepted.

II-B-10 Receipting Procedures - We noted during our audit an instance where the Special Education Preschool Part B money was receipted against an expense, thus reducing the expenses and understating the revenues.

Recommendation - The District should review its procedures to ensure that receipts collected are properly recorded as revenue and not against an expense.

Response - We will review procedures to ensure receipts are not recorded to expense codes.

Conclusion - Response accepted.

II-C-10 Officials Contracts - We noted during our audit that the Athletic Director maintains all contracts for athletic officials. The contracts are not provided to the district office for support for payment.

Recommendation - The District office should maintain copies of the officials contracts for supporting documentation.

Response - We will maintain copies of officials contracts as supporting documentation for payables.

Conclusion - Response accepted.

VAN BUREN COMMUNITY SCHOOL DISTRICT
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 DEFICIENCIES:

CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund (SFSF) -
Education State Grants, Recovery Act
Federal Award Year: 2009 and 2010
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.010 - Title I Grants to Local Educational Agencies
CFDA Number 84.389 - ARRA - Title I Grants to Local Education Agencies
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.027 - Special Education - Grants to States (Part B)
CFDA Number 84.173 - Special Education - Preschool Grant
CFDA Number 84.391 - Special Education - Grants to States
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 - We will segregate cash receipt process among employees.

Conclusion - Response accepted.

III-B-10 Receipting Procedures - We noted during our audit an instance where the Special Education Preschool Part B money was receipted against an expense, thus reducing the expenses and understating the revenues.

Recommendation - The District should review its procedures to ensure that receipts collected are properly recorded as revenue and not against an expense.

Response - We will review procedures to ensure receipts are not recorded to expense codes.

Conclusion - Response accepted.

VAN BUREN 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 disbursements 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 - No business transactions between the District and District officials were noted.
- 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 - We noted no variances in the basic enrollment data certified to the Department of Education.
- IV-H-10 Supplementary Weighting - We noted the District understated its supplementary weighting data certified to the Department of Education by 0.26.
- Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
- Response - The District will contact the Department of Education and the Department of Management to resolve this matter.
- Conclusion - Response accepted.
- 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 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-10 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning Balance	\$	34,950
Statewide sales and services tax revenue		421,028
Expenditures/transfers out:		
Debt service for school infrastructure:		
General obligation debt		238,233
Ending balance	\$	217,745

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

	Per \$1000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 1.39699	\$ 238,233
Physical Plant and Equipment Levy	0.67000	114,257

IV-M-10 Financial Condition - The District had eleven accounts in the Special Revenue, Student Activity Fund with deficit balances at June 30, 2010 totaling \$19,016. The District also had deficit unrestricted net asset balances of \$8,820 in the Enterprise, Day Care Fund and a total deficit net assets in the Enterprise Funds of \$72. The District had a deficit unrestricted net assets in the Governmental Activities of \$100,813. The District also had an unreserved, undesignated fund balance of \$323,404 at June 30, 2010 in the General Fund.

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

Response - We will review purchase approval procedures for the Student Activity Fund and continue to monitor fund balances.

Conclusion - Response accepted.

IV-N-10 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

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

Response - We will have the Board President sign all officials' contracts for the District.

Conclusion - Response accepted.

IV-O-10 Photo Image Checks - We noted during our audit that the checks the District receives from Community First Bank for Student Activity Fund has photo images showing only the front of the checks. Chapter 544D.114 of the Code of Iowa requires both the front and back of check images to be retained.

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

Response - We will contact the bank to provide photo images showing the back and front of check images.

Conclusion - Response accepted.