

VENTURA COMMUNITY SCHOOL DISTRICT

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

June 30, 2010

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Independent Auditor's Report

To the Board of Education of
Ventura Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ventura Community School District, Ventura, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ventura Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2011, on our consideration of Ventura Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 38 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ventura Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

January 26, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ventura Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ending June 30, 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 \$3,400,479 in fiscal 2009 to \$3,376,719 in fiscal 2010, and the General Fund expenditures decreased from \$3,260,485 in fiscal 2009 to \$3,175,290 in fiscal 2010. The District's General Fund balance increased from \$456,016 in fiscal 2009 to \$657,445 in fiscal 2010, an increase of 31%.
- The decrease in General Fund revenues was attributable to a reduction in our State Foundation aid revenues. The decrease in expenditures was due primarily to reducing salaries and benefits.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets

includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds*; The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds. This fund includes the Ventura Community School District Foundation as required by Chapter 279.62 of the Code of Iowa.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-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
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2010	2009	2010	2009	2010	2008-2009
Current and other assets	\$5,255.8	\$4,363.0	\$21.4	\$27.4	\$5,277.2	\$4,390.4	-16.8%
Capital Assets	\$3,229.2	\$3,781.7	\$3.6	\$3.9	\$3,232.8	\$3,785.6	17.1%
Total Assets	\$8,485.0	\$8,144.7	\$25.0	\$31.3	\$8,510.0	\$8,176.0	-3.9%
Long-term Liabilities	\$106.4	\$71.4	\$0.0	\$0.5	\$106.4	\$71.9	-32.4%
Other Liabilities	\$3,729.5	\$2,874.3	\$2.0	\$1.8	\$3,731.5	\$2,876.1	-22.9%
Total Liabilities	\$3,835.9	\$2,945.7	\$2.0	\$2.3	\$3,837.9	\$2,948.0	-23.2%
Net Assets:							
Invested in capital assets net of related debt	\$3,181.2	\$3,757.3	\$3.6	\$3.9	\$3,184.8	\$3,761.2	18.1%
Restricted	\$980.8	\$870.5	\$0.0	\$0.0	\$980.8	\$870.5	-11.2%
Unrestricted	\$487.2	\$571.3	\$19.4	\$25.1	\$506.6	\$596.4	17.7%
TOTAL NET ASSETS	\$4,649.2	\$5,199.1	\$23.0	\$29.0	\$4,672.2	\$5,228.1	12.0%

The District's combined net assets increased by 12% or approximately \$555,900 over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$110,300 or 11% over the prior year. The decrease was primarily a result of using sales tax revenues to finance current capital improvements.

Unrestricted net assets – the part of the net assets that can be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$89,800 or 18%. This increase in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

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

	Change in Net Assets						Percentage Change 2009-2010
	Governmental Activities		Business-type Activities		Total School District		
	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	
Revenues							
Program Revenues:							
Charges for services	900,645	796,956	93,313	91,719	993,958	888,675	-11%
Operating grants & contributions	446,143	548,387	56,329	62,794	502,472	611,181	22%
Capital grants & contributions	0	0	0	0	0	0	0%
General Revenues:							
Property taxes	1,844,994	2,192,508	0	0	1,844,994	2,192,508	19%
Income Surtax	196,583	182,691	0	0	196,583	182,691	-7%
Local option sales tax	312,443	309,070	0	0	312,443	309,070	-1%
Unrestricted state grants	415,788	53,861	0	0	415,788	53,861	-87%
Unrestricted investment earnings	41,620	22,350	0	0	41,620	22,350	-46%
Other revenue	7,922	10,326	0	0	7,922	10,326	30%
Total Revenues	4,166,138	4,116,149	149,642	154,513	4,315,780	4,270,662	-1%
Expenses:							
Instruction	2,344,436	2,332,144	0	0	2,344,436	2,332,144	-1%
Support services	1,066,978	979,524	0	0	1,066,978	979,524	-8%
Non-instructional programs	0	0	146,382	148,538	146,382	148,538	1%
Other expenditures	243,117	254,482	0	0	243,117	254,482	5%
Total expenses	3,654,531	3,566,150	146,382	148,538	3,800,913	3,714,688	-2%
CHANGE IN NET ASSETS	511,607	549,999	3,260	5,975	514,867	555,974	8%
Net assets beginning of year	4,137,544	4,649,151	19,738	22,998	4,157,282	4,672,149	12%
Net assets end of year	4,649,151	5,199,150	22,998	28,973	4,672,149	5,228,123	12%

Property tax and unrestricted state grants account for 53% of the total revenue. The District’s expenses primarily relate to instruction and support services, which account for 90% of the total expenses.

Governmental Activities

Revenues from governmental activities were \$4,161,149 and expenses were \$3,566,150.

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

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services 2009 \$	Total Cost of Services 2010 \$	Net Cost of Services 2009 \$	Net Cost of Services 2010 \$
Instruction	2,344,436	2,332,144	1,097,522	1,105,559
Support Services	1,066,978	979,524	1,066,978	978,009
Non-instructional Programs	0	0	0	0
Other Expenses	243,117	254,482	143,243	137,239
TOTAL	3,654,531	3,566,150	2,307,743	2,220,807

- The cost financed by users of the District’s programs was \$796,956.
- Federal and State governments subsidized certain programs with grants and contributions totaling \$548,387.
- The net cost of governmental activities was financed with \$2,684,269 in property and other taxes and \$53,861 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$154,513 and expenses were \$148,538. The District’s business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ending June 30, 2010, meal prices remained the same as 2009 prices, however expenditures increased due to increase in wages/benefits.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,307,193, slightly less than last year’s ending fund balances of \$1,358,559. However, the primary reason for the decrease in combined fund balances in fiscal 2010 is due to a reduction in State and Federal Aid and the cost of Capital Project improvements.

Governmental Fund Highlights

- The General Fund balance increased from \$456,016 to \$657,445 due in part to a reduction in staff and instruction.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from -\$15,812 in fiscal 2009 to \$234,140 in fiscal 2010. The balance in this fund will be used for future capital projects and equipment purchases.

- The Capital Projects Fund balance decreased from \$712,512 in 2009 to \$234,564 in 2010, due to major renovation improvements at the high school and elementary buildings.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$22,998 in fiscal 2009 to \$28,973 in fiscal 2010, representing an increase of 26%. Lunch prices remained the same as last year.

BUDGETARY HIGHLIGHTS

The District's receipts were \$395,781 less than budgeted receipts, a variance of 9%. The most significant variance resulted in a decrease from state funding.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$3,785,630, 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) This represents a net increase of 17% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statement. Depreciation expense for the year was \$149,212.

Phase I and Phase II of construction projects at the high school were completed during fiscal year 2010. At June 30, 2010 the District has incurred approximately \$278,000 for Phase III of the project and has committed to spending another \$695,000 to complete the project.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2009-2010
	Activities		Activities		School District		
	2009	2010	2009	2010	2009	2010	
	\$	\$	\$	\$	\$	\$	
Land	27,350	27,350	0	0	27,350	27,350	0%
Construction in progress	149,425	277,926	0	0	149,425	277,926	86%
Buildings	2,782,612	3,233,620	0	0	2,782,612	3,233,620	16%
Improvements	140,533	132,211	0	0	140,533	132,211	-6%
Equipment & Furniture	129,281	110,603	3,644	3,920	132,925	114,523	-14%
TOTAL	3,229,201	3,781,710	3,644	3,920	3,232,845	3,785,630	17%

Long-Term Debt

Additional information about the District's long-term debt is presented in Note 7 to the financial statement.

	Total School District		Change
	2009	2010	2009-2010
	\$	\$	
Capital Leases	48,029	24,429	-50%
Early Retirement	54,236	27,251	-50%
Compensated Absences	4,092	2,644	-35%
Net OPEB liability	0	17,056	100%
	<u>106,357</u>	<u>71,380</u>	<u>-33%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Due to the Federal Education Jobs Fund we were able to rehire an elementary teacher and also a transportation employee who assists in transporting students to shared educational programs outside the district. These funds, however, will be discontinued at the end of the 2010-2011 school year.
- Open Enrollment has declined from Sept. 2009 to Sept. 2010. This will mean reduced revenues in the future. These declines are received in the fiscal year they happen, unlike declines or increases in resident student enrollment which are reflected in the year following the fiscal year they occur.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nancy Watson, District Secretary and Business Manager, Ventura Community School District, 110 South Main, Ventura, IA 50482.

BASIC FINANCIAL STATEMENTS

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	1,598,820	22,349	1,621,169
Receivables:			
Property tax:			
Delinquent	54,491	-	54,491
Succeeding year	2,343,848	-	2,343,848
Accounts	712	-	712
Due from other governments	355,295	255	355,550
Prepaid expenses	9,913	-	9,913
Inventories	-	4,769	4,769
Capital assets, net of accumulated depreciation	3,781,710	3,920	3,785,630
Total assets	8,144,789	31,293	8,176,082
Liabilities			
Accounts payable	217,378	-	217,378
Salaries and benefits payable	231,681	-	231,681
Accrued interest payable	45	-	45
Deferred revenue:			
Succeeding year property tax	2,343,848	-	2,343,848
Other	64,011	1,818	65,829
Bond good faith deposit	17,300	-	17,300
Long-term liabilities:			
Portion due within one year:			
Capital leases	24,425	-	24,425
Termination benefits	16,350	-	16,350
Compensated absences	1,000	-	1,000
Portion due after one year:			
Termination benefits	10,901	-	10,901
Compensated absences	1,644	-	1,644
Net OPEB liability	17,056	502	17,558
Total liabilities	2,945,639	2,320	2,947,959

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net assets			
Invested in capital assets, net of related debt	3,757,285	3,920	3,761,205
Restricted for:			
Categorical funding	173,574	-	173,574
Physical plant and equipment levy	304,012	-	304,012
Other special revenue purposes	118,343	-	118,343
Sales tax capital projects	234,564	-	234,564
Debt service	40,030	-	40,030
Unrestricted	<u>571,342</u>	<u>25,053</u>	<u>596,395</u>
Total net assets	<u><u>5,199,150</u></u>	<u><u>28,973</u></u>	<u><u>5,228,123</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,577,152	595,566	369,621	-
Special	292,450	80,728	32,854	-
Other	462,542	120,662	27,154	-
	<u>2,332,144</u>	<u>796,956</u>	<u>429,629</u>	<u>-</u>
Support services:				
Student	35,049	-	-	-
Instructional staff	80,570	-	-	-
Administration	471,950	-	-	-
Operation and maintenance of plant	243,543	-	-	-
Transportation	148,412	-	1,515	-
	<u>979,524</u>	<u>-</u>	<u>1,515</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	14,193	-	-	-
Long-term debt interest	115	-	329	-
AEA flowthrough	116,914	-	116,914	-
Depreciation (unallocated)*	123,260	-	-	-
	<u>254,482</u>	<u>-</u>	<u>117,243</u>	<u>-</u>
Total governmental activities	3,566,150	796,956	548,387	-
Business type activities:				
Non-instructional programs:				
Food service operations	148,538	91,719	62,794	-
Total	3,714,688	888,675	611,181	-
General Revenues:				
Property taxes levied for:				
General purposes				
Capital outlay				
Income surtax				
Statewide sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(611,965)	-	(611,965)
(178,868)	-	(178,868)
(314,726)	-	(314,726)
<u>(1,105,559)</u>	<u>-</u>	<u>(1,105,559)</u>
(35,049)	-	(35,049)
(80,570)	-	(80,570)
(471,950)	-	(471,950)
(243,543)	-	(243,543)
(146,897)	-	(146,897)
<u>(978,009)</u>	<u>-</u>	<u>(978,009)</u>
(14,193)	-	(14,193)
214	-	214
-	-	-
<u>(123,260)</u>	<u>-</u>	<u>(123,260)</u>
<u>(137,239)</u>	<u>-</u>	<u>(137,239)</u>
(2,220,807)	-	(2,220,807)
<u>-</u>	<u>5,975</u>	<u>5,975</u>
<u>(2,220,807)</u>	<u>5,975</u>	<u>(2,214,832)</u>
2,052,762	-	2,052,762
139,746	-	139,746
182,691	-	182,691
309,070	-	309,070
53,861	-	53,861
22,350	-	22,350
10,326	-	10,326
<u>2,770,806</u>	<u>-</u>	<u>2,770,806</u>
549,999	5,975	555,974
<u>4,649,151</u>	<u>22,998</u>	<u>4,672,149</u>
<u>5,199,150</u>	<u>28,973</u>	<u>5,228,123</u>

VENTURA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2010

	General Fund	Physical Plant and Equipment Levy	Capital Projects	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Assets					
Cash and pooled investments	848,164	198,845	368,004	180,920	1,595,933
Receivables:					
Property tax:					
Delinquent	48,254	3,575	-	2,662	54,491
Succeeding year	2,057,581	156,267	-	130,000	2,343,848
Accounts	712	-	-	-	712
Interfund receivable	2,100	31,720	-	-	33,820
Due from other governments	228,838	69,872	56,585	-	355,295
Prepaid expenses	9,913	-	-	-	9,913
Total assets	3,195,562	460,279	424,589	313,582	4,394,012
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	41,328	-	172,725	2,538	216,591
Salaries and benefits payable	231,681	-	-	-	231,681
Interfund payable	31,720	-	-	-	31,720
Deferred revenue:					
Succeeding year property tax	2,057,581	156,267	-	130,000	2,343,848
Income surtax	111,796	69,872	-	-	181,668
Other	64,011	-	-	-	64,011
Bond good faith deposit	-	-	17,300	-	17,300
Total liabilities	2,538,117	226,139	190,025	132,538	3,086,819
Fund balances:					
Reserved for:					
Categorical funding	173,574	-	-	-	173,574
Debt service	-	-	-	40,075	40,075
Unreserved reported in:					
General Fund	483,871	-	-	-	483,871
Special Revenue Funds	-	234,140	-	140,969	375,109
Capital Projects Fund	-	-	234,564	-	234,564
Total fund balances	657,445	234,140	234,564	181,044	1,307,193
Total liabilities and fund balances	3,195,562	460,279	424,589	313,582	4,394,012

VENTURA 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 (Exhibit C)	1,307,193
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,781,710
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	181,668
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.	(45)
Long-term liabilities, including capital leases payable, compensated absences, termination benefits, and other postemployment benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(71,376)</u>
Net assets of governmental activities (Exhibit A)	<u><u>5,199,150</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	General Fund	Physical Plant and Equipment Levy	Capital Projects	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	2,075,400	205,273	309,070	82,204	2,671,947
Tuition	652,640	-	-	-	652,640
Other	64,219	1,531	2,824	126,206	194,780
State sources	370,859	-	-	-	370,859
Federal sources	213,601	-	-	-	213,601
Total revenues	<u>3,376,719</u>	<u>206,804</u>	<u>311,894</u>	<u>208,410</u>	<u>4,103,827</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,557,858	699	-	36,698	1,595,255
Special	291,447	-	-	-	291,447
Other	346,556	-	-	112,549	459,105
	<u>2,195,861</u>	<u>699</u>	<u>-</u>	<u>149,247</u>	<u>2,345,807</u>
Support services:					
Student	34,275	-	-	272	34,547
Instructional staff	59,977	5,198	-	15,395	80,570
Administration	422,413	6,679	-	44,362	473,454
Operation and maintenance of plant	222,290	206	-	18,333	240,829
Transportation	123,560	-	-	5,600	129,160
	<u>862,515</u>	<u>12,083</u>	<u>-</u>	<u>83,962</u>	<u>958,560</u>
Other expenditures:					
Facilities acquisition	-	28,643	679,997	-	708,640
Long-term debt:					
Principal	-	-	-	23,604	23,604
Interest and fiscal charges	-	-	-	1,668	1,668
AEA flowthrough	116,914	-	-	-	116,914
	<u>116,914</u>	<u>28,643</u>	<u>679,997</u>	<u>25,272</u>	<u>850,826</u>
Total expenditures	<u>3,175,290</u>	<u>41,425</u>	<u>679,997</u>	<u>258,481</u>	<u>4,155,193</u>
Excess (deficiency) of revenues over	<u>201,429</u>	<u>165,379</u>	<u>(368,103)</u>	<u>(50,071)</u>	<u>(51,366)</u>
Other financing sources (uses):					
Operating transfers in	-	109,845	-	25,272	135,117
Operating transfers out	-	(25,272)	(109,845)	-	(135,117)
Total other financing sources (uses)	<u>-</u>	<u>84,573</u>	<u>(109,845)</u>	<u>25,272</u>	<u>-</u>
Net change in fund balances	201,429	249,952	(477,948)	(24,799)	(51,366)
Fund balances beginning of year	456,016	(15,812)	712,512	205,843	1,358,559
Fund balances end of year	<u>657,445</u>	<u>234,140</u>	<u>234,564</u>	<u>181,044</u>	<u>1,307,193</u>

See notes to financial statements.

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		(51,366)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	700,197	
Depreciation expense	<u>(147,688)</u>	552,509
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		12,322
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		23,604
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.		1,553
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	26,985	
Compensated absences	1,448	
Other postemployment benefits	<u>(17,056)</u>	<u>11,377</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>549,999</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2010

	Nonmajor School Nutrition <u> </u> \$	Governmental Activities - Internal Service Fund <u> </u> \$
Assets		
Cash and cash equivalents	22,349	2,887
Due from other governments	255	-
Inventories	4,769	-
Capital assets, net of accumulated depreciation	<u>3,920</u>	<u>-</u>
Total assets	<u>31,293</u>	<u>2,887</u>
Liabilities		
Accounts payable	-	787
Interfund payable	-	2,100
Deferred revenue	1,818	-
Net OPEB liability	<u>502</u>	<u>-</u>
Total liabilities	<u>2,320</u>	<u>2,887</u>
Net assets		
Invested in capital assets	3,920	-
Unrestricted	<u>25,053</u>	<u>-</u>
Total net assets	<u><u>28,973</u></u>	<u><u>-</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	Nonmajor School Nutrition <u> </u> \$	Governmental Activities - Internal Service Fund <u> </u> \$
Operating revenues:		
Local sources:		
Charges for service	91,719	12,453
Operating expenses:		
Non-instructional programs:		
Salaries	61,618	-
Benefits	9,535	12,453
Purchased services	3,585	-
Supplies	72,276	-
Depreciation	1,524	-
Total operating expenses	<u>148,538</u>	<u>12,453</u>
Operating gain (loss)	<u>(56,819)</u>	<u>-</u>
Non-operating revenues:		
State sources	1,414	-
Federal sources	61,380	-
Total non-operating revenues	<u>62,794</u>	<u>-</u>
Net income	5,975	-
Net assets beginning of year	<u>22,998</u>	<u>-</u>
Net assets end of year	<u><u>28,973</u></u>	<u><u>-</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2010

	Nonmajor School Nutrition \$	Governmental Activities - Internal Service Fund \$
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	91,562	-
Cash received from services provided to other funds	-	12,453
Cash payments to employees for services	(70,651)	(12,285)
Cash payments to suppliers for goods or services	(61,875)	-
Net cash (used by) provided by operating activities	<u>(40,964)</u>	<u>168</u>
Cash flows from non-capital financing activities:		
State grants received	1,414	-
Federal grants received	47,014	-
Net cash provided by non-capital financing activities	<u>48,428</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,800)	-
Cash flows from investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	5,664	168
Cash and cash equivalents at beginning of year	16,685	2,719
Cash and cash equivalents at end of year	<u>22,349</u>	<u>2,887</u>
Reconciliation of operating gain (loss) to net cash used by operating activities:		
Operating gain (loss)	(56,819)	-
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Commodities used	14,354	-
Depreciation	1,524	-
Decrease (increase) in inventories	(258)	-
(Decrease) increase in accounts payable	(110)	168
(Decrease) increase in salaries and benefits payable	-	-
(Decrease) increase in deferred revenue	(157)	-
(Decrease) increase in other postemployment benefits	502	-
Net cash (used by) provided by operating activities	<u>(40,964)</u>	<u>168</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$14,354 of federal commodities.

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2010

	Private Purpose Trust Foundation
	<u>\$</u>
Assets	
Cash and investments	60,805
Accounts receivable	<u>48</u>
Total assets	<u>60,853</u>
Liabilities	<u>-</u>
Net Assets	
Reserved for scholarships	31,190
Unreserved	<u>29,663</u>
Total net assets	<u><u>60,853</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2010

	Private Purpose Trust Foundation
	<u>\$</u>
Additions:	
Local sources:	
Gifts and contributions	500
Investment income	4,504
Total additions	<u>5,004</u>
Deductions:	
Support services:	
Scholarships awarded	<u>1,100</u>
Change in net assets	3,904
Net assets beginning of year	<u>56,949</u>
Net assets end of year	<u><u>60,853</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

Ventura Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Ventura, Iowa and the predominately agricultural territory in a portion of Cerro Gordo and Hancock Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Physical Plant and Equipment Levy Fund is a special revenue fund that is used to account for the revenues from and expenditures of the physical plant and equipment property tax levy.

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 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, furniture 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.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	3-20 years
Furniture and equipment	5-20 years

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused sick leave hours for subsequent use or for payment upon retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgeting and Budgetary Control

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

2. Cash and Pooled Investments

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

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

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

3. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
		\$
General Fund	Internal Service Fund	2,100
Physical Plant and Equipment Levy	General Fund	31,720

The loan between the General and Internal Service Fund is for cash flow purposes. The payable from the General Fund to the Physical Plant and Equipment Levy is to reclassify revenue and expenditures that were miscoded.

4. Interfund Transfers

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
		\$
Nonmajor Debt Service Fund	Physical Plant and Equip. Levy	25,275
Physical Plant and Equip. Levy	Capital Projects Fund	109,845

The transfer between the Physical Plant and Equipment Levy Fund and the Debt Service Fund moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

The transfer from the Capital Projects Fund to the Physical Plant and Equipment Levy Fund was a reimbursement for construction costs expended in the Physical Plant and Equipment Levy Fund last year.

5. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants.

The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. N.A. is the trustee for the program.

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

Series	Warrant Date	Final Warrant Maturity Date	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
			\$	\$	\$	\$
2009-10A	6/25/09	6/23/10	-	-	-	-
2009-10B	2/1/10	1/21/11	-	-	-	-
			-	-	-	-

During the year ended June 30, 2010, the District paid \$6,121 of interest on the ISCAP warrants.

6. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	27,350	-	-	27,350
Construction in progress	149,425	687,092	558,591	277,926
Total assets not being depreciated	176,775	687,092	558,591	305,276
Capital assets being depreciated:				
Buildings	4,088,086	565,946	-	4,654,032
Improvements other than buildings	355,783	-	-	355,783
Furniture and equipment	675,463	5,750	-	681,213
Total capital assets being deprec.	5,119,332	571,696	-	5,691,028
Less accumulated depreciation for:				
Buildings	1,305,474	114,938	-	1,420,412
Improvements other than buildings	215,250	8,322	-	223,572
Furniture and equipment	546,182	24,428	-	570,610
Total accumulated depreciation	2,066,906	147,688	-	2,214,594
Total capital assets being depreciated, net	3,052,426	424,008	-	3,476,434
Governmental activities capital assets, net	3,229,201	1,111,100	558,591	3,781,710

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	90,190	1,800	-	91,990
Less accumulated depreciation	<u>86,546</u>	<u>1,524</u>	<u>-</u>	<u>88,070</u>
Business type activities capital assets, net	<u>3,644</u>	<u>276</u>	<u>-</u>	<u>3,920</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	799
Other	929
Support services:	
Administration	2,239
Operation and maintenance of plant services	1,711
Transportation	<u>18,750</u>
	<u>24,428</u>
Unallocated depreciation	<u>123,260</u>
Total depreciation expense – governmental activities	<u>147,688</u>
Business type activities:	
Food services	<u>1,524</u>

7. 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:					
Capital leases	48,029	-	23,604	24,425	24,425
Termination benefits	54,236	-	26,985	27,251	16,350
Compensated absences	4,092	-	1,448	2,644	1,000
Net OPEB liability	-	17,056	-	17,056	-
Total	<u>106,357</u>	<u>17,056</u>	<u>52,037</u>	<u>71,376</u>	<u>41,775</u>

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Business type activities:					
Net OPEB liability	-	502	-	502	-

Termination Benefits

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

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

At June 30, 2010, the District has an obligation to two participants with a total liability of \$27,251. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$26,985.

Capital Leases

The District has leased a bus under a capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2010.

	<u>Year Ending June 30,</u>	<u>Amount</u>
	2011	\$ <u>25,272</u>
Minimum lease payments		25,272
Less amount representing interest		<u>847</u>
Present value of minimum lease payments		<u><u>24,425</u></u>

8. Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$111,511, \$109,803, and \$106,043 respectively, equal to the required contributions for each year.

9. Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions during the year ended June 30, 2010.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 59 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the 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	21,610
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>21,610</u>
Contributions made	<u>4,052</u>
Increase in net OPEB obligation	17,558
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>17,558</u>

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

For the year ended June 30, 2010, the District contributed \$4,052 to the medical plan. Plan members eligible for benefits contributed \$22,317, or 85% 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:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
	\$		\$
June 30, 2010	21,610	19%	17,558

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$153,811, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$153,811. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,250,000, and the ratio of the UAAL to covered payroll was 12.3%. 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 the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, 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.

The UAAL is being amortized over 30 years.

10. Risk Management

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

11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$116,914 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.

12. Lease Commitment

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

Year Ended June 30	Lease Payment
2011	\$ 3,975

13. Construction Commitment

The District has entered into contracts totaling \$962,500 for remodeling. As of June 30, 2010 costs of \$269,000 had been incurred against the contracts. The balances remaining at June 30, 2010 will be paid as work on the project progresses.

14. Subsequent Events

The District issued \$1,730,000 of revenue bonds in July 2010.

15. Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
	\$
Returning dropout and dropout prevention program	109,156
Teacher salary supplement	36,611
Home school assistance program	6,091
Educator quality, professional development	18,870
Core curriculum	2,669
Market factor	177
	<u>173,574</u>

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2010

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	3,519,367	91,719	3,611,086	3,765,618	3,765,618	(154,532)
State sources	370,859	1,414	372,273	749,102	749,102	(376,829)
Federal sources	213,601	61,380	274,981	139,401	139,401	135,580
Total revenues	<u>4,103,827</u>	<u>154,513</u>	<u>4,258,340</u>	<u>4,654,121</u>	<u>4,654,121</u>	<u>(395,781)</u>
Expenditures/Expenses:						
Instruction	2,345,807	-	2,345,807	2,910,000	2,910,000	564,193
Support services	958,560	-	958,560	1,510,000	1,510,000	551,440
Non-instructional programs	-	148,538	148,538	170,000	170,000	21,462
Other expenditures	850,826	-	850,826	1,219,105	1,219,105	368,279
Total expenditures/expenses	<u>4,155,193</u>	<u>148,538</u>	<u>4,303,731</u>	<u>5,809,105</u>	<u>5,809,105</u>	<u>1,505,374</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(51,366)	5,975	(45,391)	(1,154,984)	(1,154,984)	1,109,593
Balance beginning of year	<u>1,358,559</u>	<u>22,998</u>	<u>1,381,557</u>	<u>1,355,769</u>	<u>1,355,769</u>	<u>25,788</u>
Balance end of year	<u>1,307,193</u>	<u>28,973</u>	<u>1,336,166</u>	<u>200,785</u>	<u>200,785</u>	<u>1,135,381</u>

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

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

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

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
July 1, 2009	-	153,811	153,811	0.0%	1,250,000	12.3%

See Note 9 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

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2010

Assets	Special Revenue Funds			Total
	Management Levy	Student Activity Fund	Debt Service	
	\$	\$	\$	\$
Cash and pooled investments	19,964	120,881	40,075	180,920
Receivables:				
Property tax:				
Delinquent	2,662	-	-	2,662
Succeeding year	130,000	-	-	130,000
Total assets	152,626	120,881	40,075	313,582
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	-	2,538	-	2,538
Deferred revenue:				
Succeeding year property tax	130,000	-	-	130,000
Total liabilities	130,000	2,538	-	132,538
Fund balances:				
Reserved for debt service	-	-	40,075	40,075
Unreserved fund balance reported in:				
Special Revenue Funds	22,626	118,343	-	140,969
Total fund balances	22,626	118,343	40,075	181,044
Total liabilities and fund balances	152,626	120,881	40,075	313,582

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	Special Revenue Funds			Total
	Management Levy	Student Activity Fund	Debt Service	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	82,204	-	-	82,204
Other	4,555	121,412	239	126,206
Total revenues	<u>86,759</u>	<u>121,412</u>	<u>239</u>	<u>208,410</u>
Expenditures:				
Current:				
Instruction:				
Regular	36,698	-	-	36,698
Other	-	112,549	-	112,549
Support services:				
Student	272	-	-	272
Instructional staff	15,395	-	-	15,395
Administration	44,362	-	-	44,362
Operation and maintenance of plant	18,333	-	-	18,333
Transportation	5,600	-	-	5,600
Other expenditures:				
Long-term debt:				
Principal	-	-	23,604	23,604
Interest and fiscal charges	-	-	1,668	1,668
Total expenditures	<u>120,660</u>	<u>112,549</u>	<u>25,272</u>	<u>258,481</u>
Excess (deficiency) of revenues over (under) expenditures	(33,901)	8,863	(25,033)	(50,071)
Other financing sources (uses):				
Operating transfers in	-	-	25,272	25,272
Net change in fund balances	(33,901)	8,863	239	(24,799)
Fund balances beginning of year	56,527	109,480	39,836	205,843
Fund balances end of year	<u>22,626</u>	<u>118,343</u>	<u>40,075</u>	<u>181,044</u>

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$
Annual	585	8,982	9,207	360
Art club	659	97	-	756
Athletic fund	26,752	35,223	32,953	29,022
Athletic resale	4,421	13,839	13,938	4,322
Band	28,998	12,375	11,379	29,994
Band resale	(707)	346	274	(635)
Band/vocal trip	7,866	19,432	10,674	16,624
Vocal club	202	-	28	174
Candy sales	5,656	-	2,156	3,500
Coaches supper	2,729	-	228	2,501
Class of 2010	4,273	1,263	5,536	-
Class of 2011	191	6,410	2,081	4,520
FFA	3,523	15,467	15,278	3,712
Honor society	699	611	204	1,106
JEL	200	-	-	200
Pep club	1,375	-	-	1,375
Science club	1,563	-	63	1,500
SES	610	-	611	(1)
Spanish club	746	-	246	500
Speech club	183	-	183	-
Stage fund-drama	2,469	5,123	3,210	4,382
Student senate	1,251	1,494	1,566	1,179
Technology club	588	-	588	-
Interest	15,040	750	-	15,790
Beginning accruals	(392)	-	(392)	-
Ending accruals	-	-	2,538	(2,538)
	<u>109,480</u>	<u>121,412</u>	<u>112,549</u>	<u>118,343</u>
Total	<u>109,480</u>	<u>121,412</u>	<u>112,549</u>	<u>118,343</u>

VENTURA COMMUNITY SCHOOL DISTRICT

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

For the Last Seven Years

	Modified Accrual Basis						
	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$
Revenues:							
Local sources:							
Local tax	2,671,947	2,339,343	2,239,752	2,187,126	2,094,066	2,084,703	2,206,522
Tuition	652,640	710,173	748,582	810,612	722,845	744,315	728,356
Other	194,780	241,211	308,364	260,905	261,508	267,276	262,933
State sources	370,859	780,975	670,342	654,877	713,414	698,106	572,729
Federal sources	213,601	79,759	80,457	89,973	88,005	95,069	82,396
Total revenues	4,103,827	4,151,461	4,047,497	4,003,493	3,879,838	3,889,469	3,852,936
Expenditures:							
Instruction:							
Regular	1,595,255	1,614,422	1,562,665	1,677,299	1,577,185	1,542,978	1,505,131
Special	291,447	304,207	361,276	350,967	301,801	254,582	222,517
Other	459,105	439,156	474,052	429,490	482,411	406,623	376,163
Support services:							
Student	34,547	50,042	49,001	45,432	44,352	45,230	46,734
Instructional staff	80,570	101,760	78,865	59,804	24,381	82,618	121,566
Administration	473,454	509,237	493,230	499,098	461,210	461,432	409,982
Operation and maintenance	240,829	263,506	273,251	300,482	276,412	269,977	243,204
Transportation	129,160	131,773	226,892	121,725	120,064	185,059	102,768
Non-instructional programs	-	-	-	-	-	9,758	8,988
Other expenditures:							
Facilities acquisition	708,640	192,722	100,940	13,004	126,951	553,532	142,524
Long-term debt:							
Principal	23,604	149,350	125,000	384,396	418,635	431,888	300,711
Interest and other charges	1,668	5,922	10,000	20,991	32,797	41,285	58,204
AEA flowthrough	116,914	98,677	92,606	91,035	83,496	80,935	77,919
Total expenditures	4,155,193	3,860,774	3,847,778	3,993,723	3,949,695	4,365,897	3,616,411

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

To the Board of Education of
Ventura Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ventura Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 26, 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 Ventura Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ventura Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ventura Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 Responses, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses as items 10-I-A and 10-I-B to be material weaknesses.

Compliance and Other Matters

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

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Ventura Community School District and other parties to whom Ventura Community School District may report, and is not intended to be and should not be used by anyone other than these specified parties.

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

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

January 26, 2011

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2010

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

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

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

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

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2010

Part II: Other Findings Related to Statutory Reporting:

- 10-II-A Certified Budget: Expenditures for the year ended June 30, 2010, did not exceed the certified budgeted amounts.
- 10-II-B Questionable Expenditures: We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 10-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 10-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.
- 10-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 10-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 10-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.
- 10-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.
- 10-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 10-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.
- 10-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 10-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the use of the statewide sales, services and use 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, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2010

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

	\$	\$
Beginning balance		712,512
Statewide sales, services and use tax revenue		309,070
Interest revenue		2,824
Expenditures/transfers out:		
School infrastructure:		
Buildings and building improvements	679,997	
Reimbursement to PPEL Fund for prior year construction costs	109,845	789,842
Ending balance		234,534

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Physical plant and equipment levy	\$ 1.49399	\$ 309,070

10-II-M Old outstanding checks: We noted that the District's bank reconciliations included approximately \$1,100 of old outstanding checks. Iowa Code Section 566 specifies that holders of unclaimed property, which includes outstanding checks, must file a report with and send the unclaimed property to the Treasurer of Iowa.

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

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

Conclusion: Response accepted.

10-II-N Physical Plant and Equipment Levy Fund (PPEL): The Physical Plant and Equipment Levy Fund may be used to purchase equipment with a unit cost exceeding \$500 and may be used for building and ground repairs and construction. We noted that expenditures from this fund included approximately \$331 for equipment repairs and \$13,188 for computer maintenance and administration that are not allowable from the PPEL Fund. An adjustment was made to reclassify these items as general fund expenditures at year-end.

Recommendation: The District should be aware of the limitation on types of expenditures allowed from this fund.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2010

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

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

Conclusion: Response accepted.