VAN METER COMMUNITY SCHOOL DISTRICT

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

June 30, 2011

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VAN METER COMMUNITY SCHOOL DISTRICT

Officials

Name	Title	Term Expires
Liz Thompson	President	2013
Maureen Fisher	Vice President	2011
Brian Gordan	Board Member	2013
Lance Lauterbach	Board Member	2013
John Seefeld	Board Member	2011

School Officials

John Carver	Superintendent
Shonna Trudo	District Secretary/Treasurer

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Independent Auditor's Report

To the Board of Education of
Van Meter 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 Meter Community School District, Van Meter, Iowa, as of and for the year ended June 30, 2011, 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.

Except as discussed in the following paragraph, 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.

The financial statements of Van Meter Educational Foundation have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the Van Meter Community School District's basic financial statements. The Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because we were not engaged to audit the Foundation's financial statements and because we did not apply any auditing procedures to the Foundation's financial statements, we do not express an opinion on the discretely presented component unit.

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 Meter Community School District as of June 30, 2011, 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 reports dated January 9, 2012 on our consideration of Van Meter Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract 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 14 and 42 through 44 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 Van Meter 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 two years ended June 30, 2010 (which are not presented herein). We did not issue an opinion on the discretely presented component unit and we issued unqualified opinions on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information. The financial statements for the five years ended June 30, 2008, (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, 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 9, 2012

Van Meter Community School District
Management Discussion and Analysis
For the Year Ending June 30, 2011

Van Meter 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 ending June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- The District's general fund unassigned balance increased from $344,929 in 2010 to $935,416 in 2011. This increased the solvency ratio between years from 6.27% to 15.79%. General fund expenses decreased by nearly 2% for the second year in a row. Cost savings continue to be recognized in personnel costs in this fund due to tenured staff taking advantage of the Board approved early retirement program and cuts in discretionary spending. Also, much of the technology and transportation equipment has been purchased through the Physical Plant and Equipment Levy (PPEL), which reduces general fund expenditures as well.

- The District also issued $925,000 of Capital Loan Notes for an all-weather track construction project in May of 2011. Reserve funds from the Dallas and Madison County School Infrastructure Tax and PPEL funds will also be used. This construction project began in June 2011 and should be completed in late fall of the same year.

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

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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor funds.

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

Figure A-1
GASB 34 Van Meter Community School District Annual Financial Report

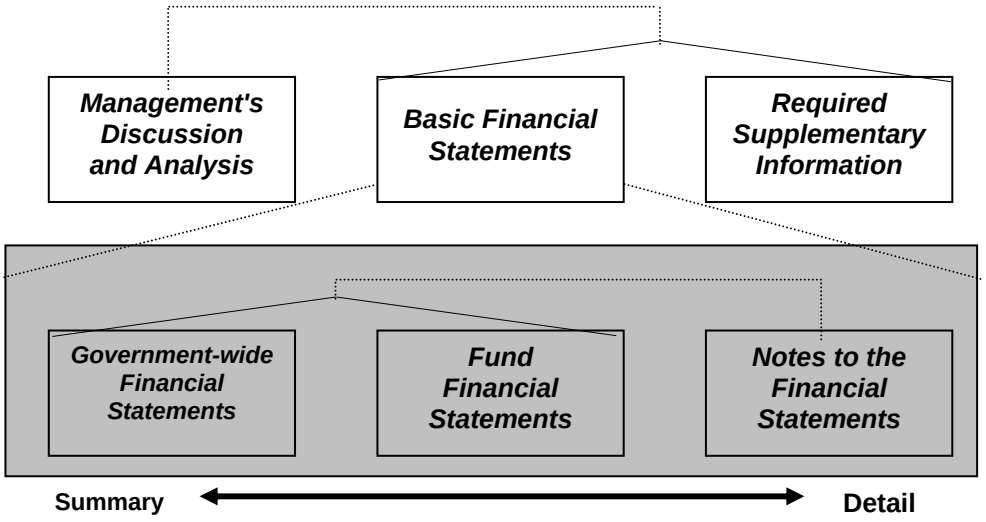

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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: such as food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• 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, 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 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 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 and Agency Funds.

    - Private-Purpose Trust Fund – The District does not currently have any of these funds.
    - Agency Funds – These are funds through which the District administers and accounts for certain monies behalf of other entities.

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 only fiduciary fund for the District is the twenty-five percent of Dallas County SILO proceeds that the City of Van Meter is entitled to. As agreed upon in a 28E Agreement, the District receives a monthly payment from Dallas County for SILO, and then the District passes along 25% to the City of Van Meter. This agreement with the City of Van Meter is set to expire in December 2013.

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

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

Government-Wide Financial Analysis

Condensed Statement of Net Assets – Figure A-3 below provides a comparison of the District's net assets for the year ending June 30, 2011 as compared to the prior year (2010).

Summary of Net Assets
June 30, 2011

Figure A-3

	Governmental Activities		Business-Type Activities		Totals		%
	2010	2011	2010	2011	2010	2011	
Current and Other Assets	4,643,709	6,608,394	11,564	6,218	4,655,273	6,614,612	42%
Capital Assets	8,139,712	8,492,579	11,524	9,167	8,151,236	8,501,746	4%
Total Assets	**12,483,421**	**15,100,973**	**23,088**	**15,385**	**12,806,509**	**15,116,358**	18%
Current Liabilities	3,594,555	4,409,350	10,131	13,265	3,604,686	4,422,615	23%
Long Term Liabilities	3,993,264	4,584,479	37	37	3,993,301	4,584,516	15%
Total Liabilities	**7,587,819**	**8,993,829**	**10,168**	**13,302**	**7,597,987**	**9,007,131**	19%
Net Assets							
Invested in Capital Assets, (net of related debt)	4,406,010	4,593,237	11,524	9,167	4,417,534	4,602,404	4%
Restricted for:							
Categorical Funding	51,533	73,380	-	-	51,533	73,380	42%
PPEL	72,296	27,037	-	-	72,296	27,037	-63%
Other Special Revenue	58,049	51,165	-	-	58,049	51,165	-12%
Capital Projects	260,352	505,383	-	-	260,352	505,383	94%
Debt Service	1,532	3,860	-	-	1,532	3,860	152%
Unrestricted	345,830	853,082	1,396	(7,084)	347,226	845,998	144%
Total Net Assets	**5,195,602**	**6,107,144**	**12,920**	**2,083**	**5,208,522**	**6,109,227**	17%

Overall, the District's total net assets increased between years by 17%. One reason for this increase is due to the District issuing Capital Loan Notes for a new all-weather track and upgrades to the football field construction project for $925,000. These proceeds were received by the District in June 2011, but most of the expenses for this project came subsequent to June 30th, resulting in a large increase in cash on hand (current assets) in governmental activities.

The District's total liabilities increased over a million dollars, in large part due to the new issuance of Capital Loan Notes mentioned previously as well as the District deferring just over $100,000 in federal funding (Educational Jobs funds) received in 2010 that will be used in 2011.

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 total restricted net assets nearly doubled in the Capital Projects category due to the District saving most cash received from the Statewide Sales, Services and Use Tax from Dallas and Madison Counties in anticipation of the upcoming track construction project beginning in the summer of 2011.

Despite the increase to overall total net assets, net assets within the business-type activities (school nutrition fund) decreased. This overall decrease is due to decreased cash and receivables on hand at year end.

Changes in Net Assets

Figure A-4 below is a comparison in the changes to the District's net assets between 2010 and 2011.

Change in District's Net Assets **Figure A-4**
June 30, 2011

	Governmental Activities		Business-Type Activities		Totals		%
	2010	2011	2010	2011	2010	2011	
Revenues							
Program Revenues							
Charges for Services	709,057	796,290	177,758	174,029	886,815	970,319	9%
Operating Grants and Cont. & Restricted Interest	1,145,850	817,803	61,866	61,707	1,207,716	879,510	-27%
Capital Grants and Contributions & Restricted Interest	-	348	-	-	-	348	
General Revenues							
Property Taxes	2,648,081	2,975,362	-	-	2,648,081	2,975,362	12%
Local Option Sales and Service Tax	284,315	395,033	-	-	284,315	395,033	39%
Income Surtax	244,269	202,312	-	-	244,269	202,312	-17%
State Grants (non-restricted)	1,789,433	2,125,900	-	-	1,789,433	2,125,900	19%
Other	22,343	16,126	27	25	22,370	16,151	-28%
Total Revenues	**6,843,348**	**7,329,174**	**239,651**	**235,761**	**7,082,999**	**7,564,935**	7%
Expenses							
Instruction Related	3,797,729	3,617,013	-	-	3,797,729	3,617,013	-5%
Student and Instructional Services	500,094	426,724	-	-	500,094	426,724	-15%
Administration Services	724,895	868,688	-	-	724,895	868,688	20%
Plant Operation	451,757	528,973	-	-	451,757	528,973	17%
Transportation Services	277,013	303,738	-	-	277,013	303,738	10%
Other	757,196	672,496	235,088	246,598	992,284	919,094	-7%
Total Expenses	**6,508,684**	**6,417,632**	**235,088**	**246,598**	**6,743,772**	**6,664,230**	-1%
Change in Net Assets Before Trsfs	**334,664**	**911,542**	**4,563**	**(10,837)**	**339,227**	**900,705**	166%
Transfers	(2,785)	-	2,785	-	-	-	
CHANGE IN NET ASSETS	331,879	911,542	7,348	(10,837)	339,227	900,705	166%
Net Assets Beginning of the Year	4,863,723	5,195,602	5,572	12,920	4,869,295	5,208,522	7%
Net Assets End of the Year	**5,195,602**	**6,107,144**	**12,920**	**2,083**	**5,208,522**	**6,109,227**	17%

As shown above, total revenues increased by 7% between 2010 and 2011. Two of the largest components of the District's revenue sources are property taxes and state aid. Property taxes increased over $300,000 due to the District's property valuations increasing by nearly 5% and the Board of Directors increasing property taxes by $1.00/1000 of District valuation. State grants also increased by more than

$300,000. This is due to state funding allocations being primarily based on student enrollment and the District experienced a small increase in budget enrollment in 2011. The District did experience a 27% decrease in operating grants in large part due to most of the federal stimulus dollars ending in 2011.

Expenses also remained consistent, decreasing overall by 1%. Cost savings were realized when a few higher tenured staff took advantage of the District's early retirement program, decreasing the District's overall instructional related expenses.

In Business-Type Activities (School Nutrition Fund), revenues remained consistent from 2010 however expenses in this category actually increased just over $11,000. Cost saving measures will continue to be monitored and implemented where possible.

Governmental Activities

Figure A-5 below presents the cost of six major District activities: instruction, support services, administration services, plant operations, transportation, and other. The table also shows each activity's *net cost*, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Net Cost of District's Governmental Activities **Figure A-5**
June 30, 2011

	2010			2011		
	Expenses	**Revenues**	**Net**	**Expenses**	**Revenues**	**Net**
Instruction Related	3,797,729	1,498,416	2,299,313	3,617,013	1,369,190	2,247,823
Student and Instructional Services	500,094	-	500,094	426,724	-	426,724
Administration Services	724,895	-	724,895	868,688	-	868,688
Plant Operation	451,757	6,000	445,757	528,973	6,044	522,929
Transportation Services	277,013	8,555	268,458	303,738	10,269	293,469
Non-Instructional Services (HL)	307	-	307	-	-	-
Other	756,889	341,936	414,953	672,496	228,938	443,558
Total Expenses	**6,508,684**	**1,854,907**	**4,653,777**	**6,417,632**	**1,614,441**	**4,803,191**

- $796,290 of the above mentioned cost for 2011 was financed by the users of the District's programs. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling $817,803.
- The majority of the District's net costs of $4,665,493, however, were financed by District taxpayers and the taxpayers of our state. This tax burden remained consistent from 2010.

Business-Type Activities

Revenues of the District's business-type activities (food and nutrition services) were comprised of charges for services, federal and state reimbursements, and investment income.

- Business-type activity expenses exceeded revenues in 2011 by $10,837. Revenues received for school meal lunches decreased by nearly $3,000, while expenses increased slightly over $10,000 from 2010. Increased expenses are primarily due to an increase in salaries/benefits and food costs.

- Charges for services represent $174,029, or 74% of total revenue while federal and state reimbursement was 61,707 or 26% of total revenue in 2011. These percentages remained consistent from 2010.

INDIVIDUAL FUND ANALYSIS

As previously noted, Van Meter 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 $1,996,966. This is an increase of just over $1.1 million dollars.

One reason for the large increase between years in fund balance for the governmental funds is the general fund's revenues exceeded expenses by over $600,000 due to the increase in state funding due to a slight increase in 2011's certified enrollment. Also, the District received cost savings of over $100,000 due to the early retirement of four tenured teachers after the 2010 school year.

Another reason for the increase in overall fund balance in governmental funds is due to the issuance of capital loan notes for the track construction project mentioned earlier, as well as the District saving School Infrastructure dollars from both Dallas and Madison Counties in anticipation of the upcoming project. Most of the expenses incurred for the project would be during the early part of the 2012 fiscal year.

Governmental Fund Highlights:

- The **General Fund** ending balance increased from $396,462 in 2010 to $1,032,733 in 2011. Consequently, the District's solvency ratio increased from 6.27% in 2010 to 15.79% in 2011. With the anticipated loss of federal stimulus dollars, the District implemented cost saving measures to keep discretionary spending down. The Board's decision to continue an early retirement program has also helped the District to save on personnel related costs. Due to thoughtful spending, the District's overall general fund expenses actually decreased by nearly $95,000, or 2%, between years.

- The District's property valuation also continues to grow. In 2011 the valuations increased again by nearly 5%. This, along with the Board's decision to slightly increase taxes helped generate an additional $200,000 in property taxes. The District also had an increase to state funding, due to a small increase in students between years.

- The **Capital Projects Fund** had a significant increase in fund balance, increasing from $260,352 in 2010 to $863,775 in 2011. As mentioned previously, this is due to the District issuing Capital Loan Notes for a track construction project during the summer and early fall of 2011. The majority of Dallas and Madison County School Infrastructure proceeds were also being saved at the end of 2011 in anticipation of this upcoming construction project, resulting in a higher fund balance in the Capital Projects Fund.

Proprietary Fund Highlights

- As noted previously, the **Nutrition Fund's** expenses exceeded revenues by $10,837.

- Money collected from student lunches did not keep up with the additional expenses for increased salary/benefits and food costs. The District will continue to work with personnel to implement additional cost saving initiatives and improve food selections that will increase sales.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing for all funds, except blended component units, internal service funds, and agency funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District did amend the certified budget in the 'Other Category' by $1,000,000 in order to allow for the anticipated track construction project expenses. The District was within the certified budget in all areas for 2011.

A line-item budget is also prepared by Management to monitor expenses and revenues on a monthly basis. District spending decisions are based on the amounts budgeted in attempt to have a positive ending balance each year. The District once again was materially within budgeted amounts planned for 2011.

Capital Assets

At June 30, 2011, the District had invested a total of $8,501,746, net of accumulated depreciation, in a broad range of capital assets including buildings, athletic facilities, computers, audio-visual equipment, school nutrition equipment, and transportation equipment. As shown in Figure A-6, capital assets remained consistent between years, increasing by 4%. Construction in Progress was reported in 2011 due to the track construction project beginning in June 2011.

Capital Assets (net of depreciation) **Figure A-6**

	Governmental Activities		Business-Type Activities		Totals		% Change
	2010	2011	2010	2011	2010	2011	
Land	801,592	801,592	-	-	801,592	801,592	0%
Construction in Progress	-	587,776	-	-	-	587,776	100%
Buildings and Improvements	6,290,229	6,155,503	-	-	6,290,229	6,155,503	-2%
Equipment	1,047,891	947,708	11,524	9167	1,059,415	956,875	-10%
Totals	**8,139,712**	**8,492,579**	**11,524**	**9167**	**8,151,236**	**8,501,746**	4%

Long-Term Debt

At year end, the district had $4,584,516 in general obligation debt and other long-term debt outstanding. Most of the long term debt categories remained consistent between 2010 and 2011. As stated earlier, the District issued $925,000 Capital Loan Notes in 2011 for the track construction project, which added to long-term debt.

The District continued to pay the annual principal and interest payments on the Capital Lease and General Obligation Bonds which decreased these liabilities.

Van Meter School does not currently have a bond rating assigned. All of the District's debt issuances were issued as 'non-rated'. This was the industry standard prior to 2008. In the future, any sizeable debt issuance of over $1,000,000, the District would most likely request a rating.

The constitution of the State of Iowa limits the amount of debt school districts can issue to 5% of the assessed value of all taxable property within the district. The District's outstanding bonded and note indebtedness is significantly below its constitutional debt limit of approximately $8.5 million.

Outstanding Long-Term Debt
as of June 30, 2011

Figure A-7

Total School District

	2010	2011	% Change
General Obligation Bonds	3,155,000	2,895,000	-8.24%
Capital Loan Notes	-	925,000	100.00%
Termination Benefits	255,517	350,156	37.04%
Capital Lease	578,702	410,697	-29.03%
Net OPEB liability	1,000	1,000	0.00%
Compensated Absences	3,082	2,663	-13.60%
Total	3,993,301	4,584,516	14.81%

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 impact its financial health in the future:

- *Enrollment:* The enrollment count taken in October 2010, used for budget enrollment for fiscal year 2012, decreased by six students. The district also continues to see an increase in open enrollment in to the district, which is not reflected on the certified enrollment amount. Funding for students open enrolled in to the district is received from the students' resident district. Overall, future enrollment trends are expected to increase due to new housing developments in the District and the innovative teaching and learning taking place at Van Meter School, which has attracted new families. It will be important for the District to manage the fluctuating student enrollment and be prepared for occasional lower than expected state aid.

- *Economic Development:* The overall economic development of Dallas and Madison counties will directly impact the District. Both counties have passed the one cent School Infrastructure Local Option sales tax (SILO). Retail sales and commercial growth in the area will largely impact the District's SILO funds as well as the District's taxable valuations.

- *Early Retirement*: The Board of Education is currently considering adopting another early retirement policy to replace the early retirement policy for certified staff that expired last year. Depending on the number of staff who take the early retirement option, the District could see a substantial cost savings within the General Fund, but will have to ensure the Management Fund is healthy enough to cover this impending cost by levying additional dollars in this fund.

- *Economy*: The national economy, the State of Iowa's budget, and future legislative decisions will impact schools significantly. The District will have to manage the local property taxes and levy for any future shortfalls in state funding. Fortunately, the District's patrons have always been supportive of maintaining high level schools for their children.

Contacting the District's Financial Management

The 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 John Carver, Superintendent or Shonna Trudo, Business Manager, at Van Meter Community School District, PO Box 257, Van Meter, Iowa, 50261 or call (515) 996-9960.

BASIC FINANCIAL STATEMENTS

VAN METER COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total	Component Unit - Van Meter Educational Foundation
	$	$	$	$
Assets				
Cash and cash equivalents	3,125,406	3,089	3,128,495	114,302
Receivables:				
Property tax:				
Delinquent	15,390	-	15,390	-
Succeeding year	3,101,741	-	3,101,741	-
Accounts	6,590	-	6,590	-
Due from other governments	359,267	-	359,267	-
Inventories	-	3,129	3,129	-
Capital assets, net of accumulated depreciation	8,492,579	9,167	8,501,746	-
Total assets	15,100,973	15,385	15,116,358	114,302
Liabilities				
Accounts payable	685,534	1,646	687,180	-
Salaries and benefits payable	483,066	2,811	485,877	-
Accrued interest payable	24,007	-	24,007	-
Deferred revenue:				
Succeeding year property tax	3,101,741	-	3,101,741	-
Other	115,002	8,808	123,810	-
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	270,000	-	270,000	-
Notes payable	125,000		125,000	
Capital leases	232,837	-	232,837	-
Termination benefits	175,192	-	175,192	-
Compensated absences	2,663	-	2,663	-
Portion due after one year:				
General obligation bonds payable	2,625,000	-	2,625,000	-
Notes payable	800,000	-	800,000	-
Capital leases	177,860	-	177,860	-
Termination benefits	174,964	-	174,964	-
Net OPEB liability	963	37	1,000	-
Total liabilities	8,993,829	13,302	9,007,131	-

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total	Component Unit - Van Meter Educational Foundation
	$	$	$	$
Net assets				
Invested in capital assets, net of related debt	4,593,237	9,167	4,602,404	-
Restricted for:				
Scholarships	-	-	-	35,698
Categorical funding	73,380	-	73,380	-
Physical plant and equipment levy	27,037	-	27,037	-
Student activities	51,165	-	51,165	-
School infrastructure	505,383	-	505,383	-
Debt service	3,860	-	3,860	-
Unrestricted	853,082	(7,084)	845,998	78,604
Total net assets	6,107,144	2,083	6,109,227	114,302

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	$	$	$	$
Governmental activities:				
Instruction:				
Regular	2,514,722	581,655	502,220	-
Special	548,112	41,625	44,602	-
Other	554,179	166,966	32,122	-
	3,617,013	790,246	578,944	-
Support services:				
Student	104,673	-	-	-
Instructional staff	322,051	-	-	-
Administration	868,688	-	-	-
Operation and maintenance of plant	528,973	6,044	-	-
Transportation	303,738	-	10,269	-
	2,128,123	6,044	10,269	-
Other expenditures:				
Facilities acquisition	93,313	-	-	348
Long-term debt interest	136,210	-	293	-
AEA flowthrough	228,297	-	228,297	-
Depreciation (unallocated)*	214,676	-	-	-
	672,496	-	228,590	348
Total governmental activities	6,417,632	796,290	817,803	348
Business type activities:				
Non-instructional programs:				
Food service operations	246,598	174,029	61,707	-
Total business type activities	6,664,230	970,319	879,510	348
Component Unit:				
Van Meter Educational Foundation	14,701	-	15,277	-
Total component unit	6,678,931	970,319	894,787	348
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use 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.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business Type Activities	Total	Component Unit
$	$	$	$
(1,430,847)	-	(1,430,847)	-
(461,885)	-	(461,885)	-
(355,091)	-	(355,091)	-
(2,247,823)	-	(2,247,823)	-
(104,673)	-	(104,673)	-
(322,051)	-	(322,051)	-
(868,688)	-	(868,688)	-
(522,929)	-	(522,929)	-
(293,469)	-	(293,469)	-
(2,111,810)	-	(2,111,810)	-
(92,965)	-	(92,965)	-
(135,917)	-	(135,917)	-
-	-	-	-
(214,676)	-	(214,676)	-
(443,558)	-	(443,558)	-
(4,803,191)	-	(4,803,191)	-
-	(10,862)	(10,862)	-
(4,803,191)	(10,862)	(4,814,053)	-
-	-	-	576
(4,803,191)	(10,862)	(4,814,053)	576
2,311,718	-	2,311,718	-
385,790	-	385,790	-
277,854	-	277,854	-
202,312	-	202,312	-
395,033	-	395,033	-
2,125,900	-	2,125,900	-
3,577	25	3,602	2,732
12,549	-	12,549	-
5,714,733	25	5,714,758	2,732
911,542	(10,837)	900,705	3,308
5,195,602	12,920	5,208,522	110,994
6,107,144	2,083	6,109,227	114,302

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

	General	Capital Projects	Nonmajor Governmental	Total
	$	$	$	$
Assets				
Cash and pooled investments	1,655,974	1,371,894	97,538	3,125,406
Receivables:				
Property tax:				
Delinquent	10,969	1,452	2,969	15,390
Succeeding year	2,249,979	291,105	560,657	3,101,741
Accounts	692	-	5,898	6,590
Due from other governments	286,441	72,793	33	359,267
Total assets	4,204,055	1,737,244	667,095	6,608,394
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	97,190	582,364	5,980	685,534
Salaries and benefits payable	483,066	-	-	483,066
Deferred revenue:				
Succeeding year property tax	2,249,979	291,105	560,657	3,101,741
Income surtax	226,085	-	-	226,085
Other	115,002	-	-	115,002
Total liabilities	3,171,322	873,469	566,637	4,611,428
Fund balances:				
Restricted for:				
Categorical funding	73,380	-	-	73,380
Debt service	-	-	27,867	27,867
Management levy purposes	-	-	21,426	21,426
Student activities	-	-	51,165	51,165
School infrastructure	-	836,738	-	836,738
Physical plant and equipment	-	27,037	-	27,037
Assigned	23,937	-	-	23,937
Unassigned	935,416	-	-	935,416
Total fund balances	1,032,733	863,775	100,458	1,996,966
Total liabilities and fund balances	4,204,055	1,737,244	667,095	6,608,394

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2011

	$
Total fund balances of governmental funds (Exhibit C)	1,996,966
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 the governmental funds.	8,492,579
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	226,085
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.	(24,007)
Long-term liabilities, including bonds payable, capital leases, 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.	(4,584,479)
Net assets of governmental activities (Exhibit A)	6,107,144

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	General	Capital Projects	Nonmajor Governmental	Total
	$	$	$	$
Revenues:				
Local sources:				
Local tax	2,344,837	672,887	570,659	3,588,383
Tuition	545,009	-	-	545,009
Other	89,262	6,188	172,598	268,048
Intermediate sources	2,000	-	-	2,000
State sources	2,743,003	90	185	2,743,278
Federal sources	198,132	-	-	198,132
Total revenues	5,922,243	679,165	743,442	7,344,850
Expenditures:				
Current:				
Instruction:				
Regular	2,339,491	96,895	111,161	2,547,547
Special	547,495	-	-	547,495
Other	385,659	-	164,138	549,797
	3,272,645	96,895	275,299	3,644,839
Support services:				
Student	92,946	-	11,727	104,673
Instructional staff	312,608	-	9,443	322,051
Administration	703,203	12,282	15,924	731,409
Operation and maintenance of plant	469,830	9,539	42,201	521,570
Transportation	206,443	12,748	7,000	226,191
	1,785,030	34,569	86,295	1,905,894
Other expenditures:				
Facilities acquisition	-	761,039	-	761,039
Long-term debt:				
Principal	-	-	489,874	489,874
Interest and fiscal charges	-	6,475	131,112	137,587
AEA flowthrough	228,297	-	-	228,297
	228,297	767,514	620,986	1,616,797
Total expenditures	5,285,972	898,978	982,580	7,167,530
Excess (deficiency) of revenues over (under) expenditures	636,271	(219,813)	(239,138)	177,320

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	General	Capital Projects	Nonmajor Governmental	Total
	$	$	$	$
Other financing sources (uses):				
Proceeds from long-term loans	-	925,000	-	925,000
Proceeds from capital leases	-	61,869	-	61,869
Operating transfers in	-	-	235,929	235,929
Operating transfers out	-	(235,929)	-	(235,929)
Total other financing sources (uses)	-	750,940	235,929	986,869
Net change in fund balances	636,271	531,127	(3,209)	1,164,189
Fund balances beginning of year, as restated	396,462	332,648	103,667	832,777
Fund balances end of year	1,032,733	863,775	100,458	1,996,966

See notes to financial statements.

VAN METER 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, 2011

	$	$
Net change in fund balances - total governmental funds (Exhibit E)		1,164,189
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the year as follows:		
Expenditures for capital assets	808,203	
Depreciation expense	(455,336)	352,867
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.		(15,676)
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.		489,874
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.		1,377
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	(94,639)	
Compensated absences	419	(94,220)
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.		(986,869)
Changes in net assets of governmental activities (Exhibit B)		911,542

See notes to financial statements.

Exhibit G

VAN METER COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund

June 30, 2011

	Nonmajor School Nutrition
	$
Assets	
Cash and cash equivalents	3,089
Inventories	3,129
Capital assets, net of accumulated depreciation	9,167
Total assets	15,385
Liabilities	
Accounts payable	1,646
Salaries and benefits payable	2,811
Deferred revenue	8,808
Net OPEB liability	37
Total liabilities	13,302
Net assets	
Invested in capital assets	9,167
Unrestricted	(7,084)
Total net assets	2,083

See notes to financial statements

VAN METER COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Nonmajor School Nutrition
	$
Operating revenue:	
Local sources:	
Charges for service	174,029
Operating expenses:	
Non-instructional programs:	
Salaries	67,743
Benefits	26,837
Supplies	149,407
Depreciation	2,357
Other	254
Total operating expenses	246,598
Operating income (loss)	(72,569)
Non-operating revenues:	
State sources	2,067
Federal sources	59,640
Interest income	25
Total non-operating revenues	61,732
Change in net assets	(10,837)
Net assets beginning of year	12,920
Net assets end of year	2,083

See notes to financial statements.

VAN METER COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2011

	Nonmajor School Nutrition
	$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	180,229
Cash payments to employees for services	(94,831)
Cash payments to suppliers for goods or services	(144,158)
Net cash used by operating activities	(58,760)
Cash flows from non-capital financing activities:	
State grants received	2,067
Federal grants received	52,909
Net cash provided by non-capital financing activities	54,976
Cash flows from capital and related financing activities	-
Cash flows from investing activities:	
Interest on investments	25
Net increase (decrease) in cash and cash equivalents	(3,759)
Cash and cash equivalents at beginning of year	6,848
Cash and cash equivalents at end of year	3,089
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(72,569)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	6,731
Depreciation	2,357
Decrease (increase) in inventories	116
Decrease (increase) in accounts receivable	1,471
(Decrease) increase in accounts payable	(1,344)
(Decrease) increase in salaries and benefits payable	(251)
(Decrease) increase in deferred revenue	4,729
Net cash used by operating activities	(58,760)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received $6,731 of federal commodities.

See notes to financial statements.

Exhibit J

VAN METER COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2011

	Agency
	$
Assets	
Due from other governments	16,738
Liabilities	
Due to other governments	16,738
Net Assets	-

See notes to financial statements.

1. Summary of Significant Accounting Policies

Van Meter 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 Van Meter, Iowa and the predominately agricultural territory in a portion of Dallas and Madison 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 Meter 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 Meter Educational Foundation has been included due to the nature and significance of its relationship with the Van Meter Community School District.

The Van Meter Educational Foundation was organized to support and enhance the educational activities and programs of the Van Meter Community School District, including the making of scholarships and grants to qualifying high school graduates of the Van Meter Community School District. As explained the audit report, the Foundation has not been audited.

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 that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

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 expenditures, including instructional, support and other costs.

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

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 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise 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 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 Equity

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, 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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010, through June 30, 2011, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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.

Asset Class	Amount
	$
Land	2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	40 years
Improvements other than buildings	20-40 years
Intangibles	3-20 years
Furniture 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 represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue 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 vacation hours for subsequent use or for payment upon termination, death or 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, 2011. 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 fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board Secretary intends to use for specific purposes.

Unassigned – All amounts not included in other classifications.

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. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 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.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of $1,259,554 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. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer To	Transfer From	Amount
		$
Nonmajor Debt Service	Capital Projects	235,929

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

4. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. N.A. is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants is 1.20% plus the one month LIBOR rate, adjusted daily. The interest rate on the Series 2010-11B warrants is a variable rate, calculated daily based upon the LIBOR rate plus 120 basis points. A summary of the District's ISCAP activity for the year ended June 30, 2011, is as follows:

Series	Warrant Date	Final Warrant Maturity Date	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
			$	$	$	$
2010-11A	6/30/10	6/23/11	-	200,000	200,000	-
2010-11-B	1/26/11	1/25/12	-	-	-	-
			-	200,000	200,000	-

During the year ended June 30, 2011, the District paid $143 of interest on the ISCAP warrants.

5. Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	$	$	$	$
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	-	587,776	-	587,776
Land	801,592	-	-	801,592
Total capital assets not being depr.	801,592	587,776	-	1,389,368
Capital assets being depreciated:				
Buildings	8,886,339	79,950	-	8,966,289
Furniture and equipment	1,772,592	140,477	-	1,913,069
Total capital assets being deprec.	10,658,931	220,427	-	10,879,358
Less accumulated depreciation for:				
Buildings	2,596,110	214,676	-	2,810,786
Furniture and equipment	724,701	240,660	-	965,361
Total accumulated depreciation	3,320,811	455,336	-	3,776,147
Total capital assets being depreciated, net	7,338,120	(234,909)	-	7,103,211
Governmental activities capital assets, net	8,139,712	352,867	-	8,492,579
Business type activities:				
Furniture and equipment	87,784	-	-	87,784
Less accumulated depreciation	76,260	2,357	-	78,617
Business type activities capital assets, net	11,524	(2,357)	-	9,167

Depreciation expense was charged to the following functions:

	Amount
	$
Governmental activities:	
Instruction:	
Regular	137,963
Special	617
Other	4,382
Support services:	
Operation and maintenance of plant services	7,403
Transportation	90,295
	240,660
Unallocated depreciation	214,676
Total depreciation expense – governmental activities	455,336
Business type activities:	
Food services	2,357

6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	$	$	$	$	$
Governmental activities:					
General obligation bonds	3,155,000	-	260,000	2,895,000	270,000
Capital loan notes	-	925,000	-	925,000	125,000
Capital leases	578,702	61,869	229,874	410,697	232,837
Compensated absences	3,082	-	419	2,663	2,663
Termination benefits	255,517	173,350	78,711	350,156	175,192
Net OPEB liability	963	-	-	963	-
Total	3,993,264	1,160,219	569,004	4,584,479	805,692
Business type activities:					
Net OPEB liability	37	-	-	37	-

Termination Benefits

The District offered a voluntary early retirement plan to its certified and classified employees for the years 2008 to 2011. Eligible employees must be at least age fifty-five and employees must have completed ten years of service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The 2011 early retirement benefit for each eligible employee is equal to 40% of the contract year's IPERS wages and $30 per day for unused sick leave. Payments will be made twice a year over three years. The District also has early retirement liabilities based on prior year plans. Details of these plans are available upon request of the District's administrative office.

At June 30, 2011, the District has termination obligations to eleven participants with a total liability of $350,156. Actual early retirement expenditures for the year ended June 30, 2011 totaled $78,711. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

	Bond Issue of November 1, 2005			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	$	$	$
2012	4.00	270,000	114,658	384,658
2013	4.00	285,000	103,857	388,857
2014	4.00	295,000	92,458	387,458
2015	4.00	310,000	80,657	390,657
2016	4.00	320,000	68,258	388,258
2017-2020	4.00	1,415,000	143,697	1,558,697
		2,895,000	603,585	3,498,585

Capital Loan Notes

The District issued $925,000 of capital loan notes during the year ended June 30, 2011. These notes and the interest will be paid from the Capital Projects, Physical Plant and Equipment Levy. Details of the capital loan notes are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
	%	$	$	$
2012	0.65	125,000	15,465	140465
2013	0.95	130,000	14,653	144,653
2014	1.30	130,000	13,417	143,417
2015	1.65	130,000	11,728	141,728
2016	2.05	135,000	9,582	144,582
2017	2.30	135,000	6,815	141,815
2018	2.65	140,000	3,710	143,710
		925,000	75,370	1,000,370

During the year ended June 30, 2011 the District made no principal or interest payments under the note agreement.

Capital Leases

The District has leased buses and computers under capital leases. The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2011.

	Year Ending June 30,	Amount
		$
	2012	235,925
	2013	162,392
	2014	15,467
Minimum Lease Payments		413,784
Less Amount Representing Interest		3,087
Present Value of Minimum Lease Payments		410,697

7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that 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 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contributions requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were $225,328, $224,033, $206,403 respectively, equal to the required contributions for each year.

8. Other Postemployment Benefits (OPEB)

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 77 active and 4 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 United Health. 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, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	$
Annual required contribution	52,000
Interest on net OPEB obligation	45
Adjustment to annual required contribution	(257)
Annual OPEB cost	51,788
Contributions made	51,788
Increase in net OPEB obligation	-
Net OPEB obligation beginning of year	1,000
Net OPEB obligation end of year	1,000

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, 2011.

For the year ended June 30, 2011, the District contributed $51,788 to the medical plan. Plan members eligible for benefits contributed $ 29,000, or 36% 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, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
	$		$
June 30, 2010	52,000	98%	1,000
June 30, 2011	51,788	100%	1,000

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was $385,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $385,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $1,770,000, and the ratio of the UAAL to covered payroll was 21.8%. As of June 30, 2011, 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 alternative measurement method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .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.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

9. Risk Management

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

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $228,297 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

Program	Amount
	$
Donations	7,600
Univ. of Iowa science writing project	2,000
Market factor	4,013
Teacher salary supplement	43,892
Core curriculum	7,334
Educator quality, professional development	2,667
Limited English proficiency	1,269
Mentoring	4,605
	73,380

12. Lease Commitment

The District entered into a four year contract to lease copy machines during fiscal year 2010. The payments the District will make over the next three years are as follows:

Year Ended June 30	Lease Payment
	$
2012	5,880
2013	5,880
2014	2,940

$5,880 of lease payments were made during fiscal year 2011.

13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund type Definitions, was implemented during the year ended 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
	$	$
Balances June 30, 2010, as previously reported	260,352	72,296
Change in fund type classification per implementation of GASB Statement No. 54	72,296	(72,296)
Balances July 1, 2010, as restated	332,648	-

14. Construction Commitment

The District has entered into contracts totaling $733,253 for an all weather track and bleachers. As of June 30, 2011 costs of $492,537 had been incurred against the contracts. The balances remaining at June 30, 2011 will be paid as work on the project progresses.

REQUIRED SUPPLEMENTARY INFORMATION

VAN METER 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, 2011

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	$	$	$	$	$	$
Revenues:						
Local sources	4,401,440	174,054	4,575,494	4,807,367	4,807,367	(231,873)
Intermediate sources	2,000	-	2,000	1,500	1,500	500
State sources	2,743,278	2,067	2,745,345	3,052,461	3,052,461	(307,116)
Federal sources	198,132	59,640	257,772	164,000	164,000	93,772
Total revenues	7,344,850	235,761	7,580,611	8,025,328	8,025,328	(444,717)
Expenditures/Expenses:						
Instruction	3,644,839	-	3,644,839	4,894,230	4,894,230	1,249,391
Support services	1,905,894	-	1,905,894	2,888,197	2,888,197	982,303
Non-instructional programs	-	246,598	246,598	327,672	327,672	81,074
Other expenditures	1,616,797	-	1,616,797	1,430,791	2,430,791	813,994
Total expenditures/expenses	7,167,530	246,598	7,414,128	9,540,890	10,540,890	3,126,762
Excess (deficiency) of reveneus over (under) expenditures/expenses	177,320	(10,837)	166,483	(1,515,562)	(2,515,562)	2,682,045
Other financing sources (uses) net	986,869	-	986,869	569,538	569,538	417,331
Excess (deficiency) of reveneus and other financing sources (uses) over (under) expenditures/expenses	1,164,189	(10,837)	1,153,352	(946,024)	(1,946,024)	3,099,376
Balance beginning of year	832,777	12,920	845,697	1,210,861	1,210,861	(365,164)
Balance end of year	1,996,966	2,083	1,999,049	264,837	(735,163)	2,734,212

See accompanying independent auditor's report

VAN METER COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2011

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 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 or fund type. 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 functional level, not by the 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. During the year, the District adopted one budget amendment increasing budgeted expenditures by $1,000,000.

VAN METER COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

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)
		$	$	$	%	$	%
2010	July 1, 2009	-	385,000	385,000	0.0%	1,700,000	22.6%
2011	July 1, 2009	-	385,000	385,000	0.0%	1,770,000	21.8%

See Note 8 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 METER COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

	Special Revenue Funds			
Assets	Management Levy	Student Activity Fund	Debt Service	Total
	$	$	$	$
Cash and pooled investments	19,987	51,722	25,829	97,538
Receivables:				
Property tax:				
Delinquent	953	-	2,016	2,969
Succeeding year	175,000	-	385,657	560,657
Accounts	475	5,423	-	5,898
Due from other governments	11	-	22	33
Total assets	196,426	57,145	413,524	667,095
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	-	5,980	-	5,980
Deferred revenue:				
Succeeding year property tax	175,000	-	385,657	560,657
Total liabilities	175,000	5,980	385,657	566,637
Fund balances:				
Restricted for:				
Debt service	-	-	27,867	27,867
Management levy purposes	21,426	-	-	21,426
Student activities	-	51,165	-	51,165
Total fund balances	21,426	51,165	27,867	100,458
Total liabilities and fund balances	196,426	57,145	413,524	667,095

VAN METER COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Special Revenue Funds			
	Management Levy	Student Activity Fund	Debt Service	Total
	$	$	$	$
Revenues:				
Local sources:				
Local tax	184,869	-	385,790	570,659
Other	15,051	157,254	293	172,598
State sources	60	-	125	185
Total revenues	199,980	157,254	386,208	743,442
Expenditures:				
Current:				
Instruction:				
Regular instruction	111,161	-	-	111,161
Other instruction	-	164,138	-	164,138
Support services:				
Student services	11,727	-	-	11,727
Instructional staff services	9,443	-	-	9,443
Administration services	15,724	-	200	15,924
Operation and maintenance of plant	42,201	-	-	42,201
Transportation services	7,000	-	-	7,000
Other expenditures:				
Long-term debt:				
Principal	-	-	489,874	489,874
Interest and fiscal charges	-	-	131,112	131,112
Total expenditures	197,256	164,138	621,186	982,580
Excess (deficiency) of revenues over (under) expenditures	2,724	(6,884)	(234,978)	(239,138)
Other financing sources (uses):				
Operating transfers in	-	-	235,929	235,929
Net change in fund balances	2,724	(6,884)	951	(3,209)
Fund balances beginning of year, as restated	18,702	58,049	26,916	103,667
Fund balances end of year	21,426	51,165	27,867	100,458

See accompanying independent auditor's report.

VAN METER COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2011

	Capital Projects			
Assets	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	$	$	$	$
Cash and pooled investments	832,940	512,556	26,398	1,371,894
Receivables:				
Property tax:				
Delinquent	-	-	1,452	1,452
Succeeding year	-	-	291,105	291,105
Due from other governments	-	72,777	16	72,793
Total assets	832,940	585,333	318,971	1,737,244
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	501,585	79,950	829	582,364
Deferred revenue:				
Succeeding year property tax	-	-	291,105	291,105
Total liabilities	501,585	79,950	291,934	873,469
Fund balances:				
Restricted for:				
School infrastructure	331,355	505,383	-	836,738
Physical plant and equipment	-	-	27,037	27,037
Total fund balances	331,355	505,383	27,037	863,775
Total liabilities and fund balances	832,940	585,333	318,971	1,737,244

VAN METER COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2011

	Capital Projects			
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	$	$	$	$
Revenues:				
Local sources:				
Local tax	-	395,033	277,854	672,887
Other	348	1,282	4,558	6,188
State sources	-	-	90	90
Total revenues	348	396,315	282,502	679,165
Expenditures:				
Current:				
Instruction:				
Regular instruction	-	-	96,895	96,895
Support services:				
Administration services	12,282	-	-	12,282
Operation and maintenance of plant	-	-	9,539	9,539
Transportation services	-	-	12,748	12,748
Other expenditures:				
Facilities acquisition	575,494	151,284	34,261	761,039
Long-term debt fiscal charges	-	-	6,475	6,475
Total expenditures	587,776	151,284	159,918	898,978
Excess (deficiency) of revenues over (under) expenditures	(587,428)	245,031	122,584	(219,813)
Other financing sources (uses):				
Proceeds from long-term loans	-	-	925,000	925,000
Proceeds from capital leases	-	-	61,869	61,869
Intrafund transfers	918,783	-	(918,783)	-
Operating transfers out	-	-	(235,929)	(235,929)
Total other financing sources (uses)	918,783	-	(167,843)	750,940
Net change in fund balance	331,355	245,031	(45,259)	531,127
Fund balances beginning of year, as restated	-	260,352	72,296	332,648
Fund balance end of year	331,355	505,383	27,037	863,775

See accompanying independent auditor's report.

VAN METER COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	$	$	$	$	$
Art to remember	1,077	2,532	1,483	-	2,126
Athletics	7,026	51,492	56,151	-	2,367
Baseball	1,459	6,273	6,611	-	1,121
Basketball-boys	3,833	8,357	10,185	-	2,005
Basketball-girls	520	3,837	4,357	-	-
Book tournament	-	413	313	-	100
Cap and gown	311	1,400	1,282	-	429
Class of 2005	-	20	-	-	20
Class of 2010	171	-	-	-	171
Class of 2011	250	-	-	-	250
Class of 2012	6,916	2,474	5,270	-	4,120
Class of 2013	2,778	-	1,001	-	1,777
Class of 2014	2,927	36	100	-	2,863
Class of 2015	230	916	96	-	1,050
Class of 2016	-	687	82	-	605
Class of 2017	-	662	82	-	580
Coffee shop	-	1,495	448	-	1,047
Dance squad	215	-	-	(142)	73
District football	-	304	228	-	76
District music	387	-	-	-	387
Drama	3,865	1,036	1,329	-	3,572
Elementary music-resale	65	394	459	-	-
Elementary science club	1,220	333	-	-	1,553
Elementary yearbook	-	115	-	-	115
Engineering fair	500	-	-	-	500
FCCLA	75	6,952	6,375	-	652
Football	4,858	26,479	24,951	-	6,386
Golf	2,976	2,500	4,682	-	794
Heart association	198	-	-	-	198
Huss memorial	260	-	-	-	260
Interest-checking	-	544	544	-	-
Junior achievement	162	-	-	-	162
Junior high baseball	922	-	922	-	-
Junior High boys basketball	142	-	-	-	142
Junior high softball	66	135	192	-	9
Kids in culture	195	736	825	-	106
National honor society	-	579	486	-	93
Pep club	2,201	4,245	6,588	142	-
Pottery	635	-	-	-	635
Puppy dog olympics	-	115	115	-	-

VAN METER COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	$	$	$	$	$
Reading incentive	344	-	-	-	344
Reading night	202	-	-	-	202
Shes the first	-	314	-	-	314
Softball	2,385	1,577	3,365	-	597
Spanish club	425	-	-	-	425
Steele memorial	475	-	-	-	475
Stewart memorial	4	-	-	-	4
Student council	2,129	4,599	3,354	-	3,374
Student lead drama	1,490	-	-	-	1,490
Technology club	-	2,245	2,245	-	-
Third grade quilt club	1	-	-	-	1
Track-boys	1,337	-	1,337	-	-
Track-girls	457	1,636	1,513	-	580
Track-JH girls	2	-	-	-	2
Volleyball	-	4,079	3,436	-	643
Wallace summer program	57	-	-	-	57
Wrestling	871	9,278	8,481	-	1,668
Yearbook	1,430	8,465	5,250	-	4,645
Total	58,049	157,254	164,138	-	51,165

VAN METER COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund

Year ended June 30, 2011

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	$	$	$	$
Assets				
Due form other governments	12,230	117,289	112,781	16,738
Liabilities				
Due to other governments	12,230	117,289	112,781	16,738

VAN METER COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Fund Types

For the Last Eight Years

	Modified Accrual Basis							
	2011	2010	2009	2008	2007	2006	2005	2004
	$	$	$	$	$	$	$	$
Revenues:								
Local sources:								
Local tax	3,588,383	3,158,528	3,029,929	2,858,623	2,649,929	2,503,077	2,387,738	2,206,697
Tuition	545,009	460,649	390,142	432,871	472,837	391,969	300,265	296,314
Other	268,048	425,051	432,155	431,597	366,389	282,494	221,687	205,726
Intermediate sources	2,000	-	-	-	-	-	-	-
State sources	2,743,278	2,389,027	2,854,673	2,490,741	2,410,182	2,219,868	1,941,464	1,927,381
Federal sources	198,132	391,956	164,380	116,994	110,300	129,429	201,293	222,650
Total revenues	7,344,850	6,825,211	6,871,279	6,330,826	6,009,637	5,526,837	5,052,447	4,858,768
Expenditures:								
Instruction	3,644,839	3,704,413	4,368,960	3,373,847	2,997,996	2,858,668	2,670,722	2,516,794
Support services:								
Student services	104,673	157,023	150,000	142,830	154,566	135,302	130,739	119,489
Instructional staff services	322,051	343,009	232,771	227,309	218,482	233,523	279,129	232,053
Administration services	731,409	724,426	712,564	726,008	662,177	646,254	531,237	489,930
Operation and maintenance	521,570	447,452	499,358	415,721	372,945	486,722	370,932	304,050
Transportation services	226,191	412,192	292,917	353,430	177,820	143,044	185,319	108,451
Non-instructional programs	-	3,092	3,751	-	-	-	-	-
Other expenditures:								
Facilities acquisition	761,039	158,894	889,151	342,004	31,641	827,646	301,395	248,412
Long-term debt:								
Principal	489,874	3,604,500	255,746	330,967	280,000	270,000	255,000	250,000
Interest and other charges	137,587	306,040	322,159	331,056	342,008	292,308	239,631	249,397
AEA flowthrough	228,297	220,114	202,486	177,738	169,033	152,401	137,762	140,786
Total expenditures	7,167,530	10,081,155	7,929,863	6,420,910	5,406,668	6,045,868	5,101,866	4,659,362

See accompanying independent auditor's report.

BURTON E. TRACY & CO., P.C.
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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
Van Meter 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 Meter Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 9, 2012. We did not issue and opinion on the Van Meter Educational Foundation, which is included as a discretely presented component unit, because we were not engaged to and did not audit the Foundation. 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 Meter 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 Van Meter Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Meter 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 11-I-A and 11-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Meter 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, 2011 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 Meter 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 Van Meter 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 Meter Community School District and other parties to whom Van Meter 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 Van Meter 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 9, 2012

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Internal Control Deficiencies:

11-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 controlling access to the board president's signature stamp, recording and processing cash receipts, payroll processing, 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 that 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 activities to obtain the maximum internal control possible under the circumstances.

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

Conclusion: Response accepted.

11-I-B Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The board secretary, the other co-signer of the checks, has access to the stamp. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: We recommend that this practice cease. The board may designate a person other than the board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

Part II: Other Findings Related to Statutory Reporting:

11-II-A Certified Budget: Expenditures for the year ended June 30, 2011 did not exceed the certified budget amounts.

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

11-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.

11-II-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount $
John Seefeld, board member, insurance agent	Property and liability insurance	63,069

The transaction with John Seefeld does not appear to be a conflict of interest because he has no ownership interest in the insurance agency and does not receive a commission from the policy.

11-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.

11-II-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.

11-II-G Certified Enrollment: The number of resident students reported to the Iowa Department of Education at October 2010, was overstated by two students. The students had moved during the previous school year, but had not been removed from the computer records.

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

District Response: We have contacted these departments.

Conclusion: Response accepted.

11-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.

11-II-I Deposits and Investments: 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 were noted.

11-II-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.

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

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

11-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. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR.

	$	$
Beginning balance		260,352
Revenues/transfers in:		
Statewide sales, services and use tax revenue	395,033	
Interest	1,282	396,315
Expenditures/transfers out:		
School infrastructure construction		151,284
Ending balance		505,383

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423e or 423F of the Code of Iowa.

11-II-M Public Hearing: The Code of Iowa requires that schools hold a public hearing for all capital improvements with a cost exceeding $100,000. We noted that the Board advertised that it was going to hold a public hearing for a capital improvement, but the meeting minutes did not indicate that the public hearing was held.

Recommendation: The District should hold public hearings for all capital projects with cost in excess of $100,000 and the public hearing should be part of the meeting minutes.

District Response: We will do this in the future.

Conclusion: Response accepted.