

VENTURA 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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Independent Auditor's Report

To the Board of Education of
Ventura Community School District:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ventura Community School District at June 30, 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 report dated March 6, 2012, on our consideration of Ventura Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 40 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ventura Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, 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

March 6, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ventura Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ending June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,376,719 in fiscal 2010 to \$3,693,255 in fiscal 2011, and the General Fund expenditures increased from \$3,175,290 in fiscal 2010 to \$3,356,771 in fiscal 2011. The District's General Fund balance increased from \$657,445 in fiscal 2010 to \$997,929 in fiscal 2011, an increase of 52%.
- The increase in General Fund revenues was attributable to open enrollment tuition, increase in property taxes and State revenues. The increase in expenditures was due primarily to salaries and benefits.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of funding Progress for the Retiree Health Plan.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

Figure A-3
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change June 30, 2010-2011
	June 30,		June 30,		June 30,		
	2010	2011	2010	2011	2010	2011	
Current and other assets	\$4,363.0	\$5,970.8	\$27.4	\$19.0	\$4,390.4	\$5,989.8	36.4%
Capital Assets	\$3,781.7	\$4,536.5	\$3.9	\$3.5	\$3,785.6	\$4,540.0	19.9%
Total Assets	\$8,144.7	\$10,507.3	\$31.3	\$22.5	\$8,176.0	\$10,529.8	28.8%
Long-term Liabilities	\$71.4	\$1,778.4	\$0.5	\$1.0	\$71.9	\$1,779.4	2374.8%
Other Liabilities	\$2,874.3	\$2,844.1	\$1.8	\$1.7	\$2,876.1	\$2,845.8	-1.1%
Total Liabilities	\$2,945.7	\$4,622.5	\$2.3	\$2.7	\$2,948.0	\$4,625.2	56.9%
Net Assets:							
Invested in capital assets net of related debt	\$3,757.3	\$3,413.2	\$3.9	\$3.5	\$3,761.2	\$3,416.7	-9.2%
Restricted	\$870.5	\$1,498.0	\$0.0	\$0.0	\$870.5	\$1,498.0	72.1%
Unrestricted	\$571.3	\$973.7	\$25.1	\$16.3	\$596.4	\$990.0	66.0%
TOTAL NET ASSETS	\$5,199.1	\$5,884.9	\$29.0	\$19.8	\$5,228.1	\$5,904.7	12.0%

The District's combined net assets increased by 12% or approximately \$676,481 over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$627,000 or 72% over the prior year. The increase was caused by two items, 1) amounts restricted for the repayment of revenue bonds increased 239,000 and 2) amounts from the physical plant and equipment property tax levy that are restricted for capital improvement and equipment increased \$202,000.

Unrestricted net assets – the part of the net assets that can be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$393,625 or 66%. This increase was the result of the cash reserve property tax levy.

Figure A-4 shows the changes in net assets for the years ending June 30, 2010 and 2011.

Figure A-4

	Change in Net Assets						Percentage Change 2010-2011
	Governmental Activities		Business-type Activities		Total School District		
	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	
Revenues							
Program Revenues:							
Charges for services	796,956	975,324	91,719	89,443	888,675	1,064,767	20%
Operating grants & contributions	548,387	567,488	62,794	67,416	611,181	634,904	4%
Capital grants & contributions	0	13,920	0	0	0	13,920	0%
General Revenues:							
Property taxes	2,192,508	2,309,418	0	0	2,192,508	2,309,418	5%
Income Surtax	182,691	154,671	0	0	182,691	154,671	-15%
Local option sales tax	309,070	313,601	0	0	309,070	313,601	1%
Unrestricted state grants	53,861	162,917	0	0	53,861	162,917	202%
Unrestricted investment earnings	22,350	12,358	0	0	22,350	12,358	-45%
Other revenue	10,326	10,149	0	0	10,326	10,149	-2%
Total Revenues	4,116,149	4,519,846	154,513	156,859	4,270,662	4,676,705	10%
Expenses:							
Instruction	2,332,144	2,434,941	0	0	2,332,144	2,434,941	4%
Support services	979,524	1,024,725	0	0	979,524	1,024,725	5%
Non-instructional programs	0	0	148,538	166,062	148,538	166,062	12%
Other expenditures	254,482	374,496	0	0	254,482	374,496	47%
Total expenses	3,566,150	3,834,162	148,538	166,062	3,714,688	4,000,224	8%
CHANGE IN NET ASSETS	549,999	685,684	5,975	-9,203	555,974	676,481	22%
Net assets beginning of year	4,649,151	5,199,150	22,998	28,973	4,672,149	5,228,123	12%
Net assets end of year	5,199,150	5,884,834	28,973	19,770	5,228,123	5,904,604	13%

Property tax and unrestricted state grants account for 53% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 87% of the total expenses.

Governmental Activities

Revenues from governmental activities were \$4,519,846 and expenses were \$3,834,162.

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

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2010	2011	2010	2011
	\$	\$	\$	\$
Instruction	2,332,144	2,434,941	1,105,559	1,012,532
Support Services	979,524	975,324	978,009	1,024,110
Non-instructional Programs	0	0	0	0
Other Expenses	254,482	374,496	137,239	240,788
TOTAL	<u>3,566,150</u>	<u>3,784,761</u>	<u>2,220,807</u>	<u>2,277,430</u>

- The cost financed by users of the District's programs was \$975,324.
- Federal and State governments subsidized certain programs with grants and contributions totaling \$567,488.
- The net cost of governmental activities was financed with \$2,777,690 in property and other taxes and \$162,917 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$158,859 and expenses were \$166,062. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ending June 30, 2011, meal prices remained the same as 2010 prices, however expenditures increased due to increase in wages/benefits along with increases in food costs.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,909,557, an increase of \$1,602,364 from last year's ending fund balance of \$1,307,193 or a 55% increase.

Governmental Fund Highlights

- The General Fund balance increased from \$657,445 to \$997,929 due in part to a reduction in staff and instruction.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting.
 - The Physical Plant and Equipment Levy (PEEL) account balance increased from \$234,140 in fiscal 2010 to \$440,830 in fiscal 2011. The balance in this fund will be used for future capital projects and equipment purchases.
 - The Sales Tax account balance increased from \$234,564 in 2010 to \$1,153,074 in 2011. The District issued \$1,730,000 of revenue bonds for building renovations during fiscal year 2011. Most of the bond proceeds will be spent in fiscal year 2012.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$28,973 in fiscal 2010 to \$19,770 in fiscal 2011, representing a decrease of 32%. Lunch prices remained the same as last year.

BUDGETARY HIGHLIGHTS

The District's receipts were \$2,194 less than budgeted receipts. The most significant variance resulted in a decrease from both state and federal funding.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$4,539,939, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A) This represents a net increase of 20% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statement. Depreciation expense for the year was \$201,040.

Phase I and Phase II of construction projects at the high school were completed during fiscal year 2010 and Phase III was completed during fiscal year 2011. At June 30, 2011 the District has incurred approximately \$197,000 for Phase IV of the project and has committed to spending another \$322,000 to complete Phase IV.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage
	Activities		Activities		School District		Change
	2010	2011	2010	2011	2010	2011	2010-2011
	\$	\$	\$	\$	\$	\$	
Land	27,350	27,350	0	0	27,350	27,350	0%
Construction in progress	277,926	197,073	0	0	277,926	197,073	86%
Buildings	3,233,620	4,071,860	0	0	3,233,620	4,071,860	26%
Improvements	132,211	123,889	0	0	132,211	123,889	-6%
Equipment & Furniture	110,603	116,296	3,920	3,471	114,523	119,767	5%
TOTAL	3,781,710	4,536,468	3,920	3,471	3,785,630	4,539,939	20%

Long-Term Debt

At June 30, 2011 the District had \$1,779,388 in revenue and other long-term debt outstanding. This represents an increase of \$1,707,506 from last year. (See Figure A-7) Additional information about the District’s long-term debt is presented in Note 7 to the financial statements.

In July, 2010 the District issued \$1,730,000 of sales tax revenue bonds that will be used for building renovations.

The July, 2010 bonds carry a bond rating of A assigned by national rating agency. 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 12 million.

**Figure A-7
Outstanding Long-Term Obligations**

	Total School District		Percentage
	2010	2011	Change
	\$	\$	2011
Revenue bonds	0	1,730,000	0%
Capital Leases	24,429	0	-100%
Early Retirement	27,251	11,035	-60%
Compensated Absences	2,644	3,999	51%
Net OPEB liability	17,558	34,354	96%
	71,882	1,779,388	2375%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Open Enrollment has declined from October 2010 to October 2011. This will mean reduced revenues in the future. These declines are received in the fiscal year they happen, unlike declines or increases in resident student enrollment which are reflected in the year following the fiscal year they occur.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	3,285,700	14,475	3,300,175
Receivables:			
Property tax:			
Delinquent	23,689	-	23,689
Succeeding year	2,309,940	-	2,309,940
Accounts	7,003	92	7,095
Accrued interest:			
Due from other governments	314,418	-	314,418
Inventories	-	4,419	4,419
Unamortized bond issue costs	30,072	-	30,072
Capital assets, net of accumulated depreciation	4,536,468	3,471	4,539,939
Total assets	10,507,290	22,457	10,529,747
Liabilities			
Accounts payable	253,652	-	253,652
Salaries and benefits payable	251,967	-	251,967
Accrued interest payable	28,491	-	28,491
Deferred revenue:			
Succeeding year property tax	2,309,940	-	2,309,940
Other	-	1,705	1,705
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	120,000	-	120,000
Termination benefits	8,276	-	8,276
Compensated absences	1,000	-	1,000
Portion due after one year:			
Revenue bonds payable	1,610,000	-	1,610,000
Termination benefits	2,759	-	2,759
Compensated absences	2,999	-	2,999
Net OPEB liability	33,372	982	34,354
Total liabilities	4,622,456	2,687	4,625,143

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	3,413,207	3,471	3,416,678
Restricted for:			
Categorical funding	167,019	-	167,019
Management levy	64,656	-	64,656
Physical plant and equipment levy	506,354	-	506,354
Student activities	93,542	-	93,542
School infrastructure	387,424	-	387,424
Debt service	278,911	-	278,911
Unrestricted	973,721	16,299	990,020
Total net assets	<u>5,884,834</u>	<u>19,770</u>	<u>5,904,604</u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,663,882	648,554	384,318	-
Special	313,447	220,763	34,574	-
Other	457,612	106,007	28,193	-
	<u>2,434,941</u>	<u>975,324</u>	<u>447,085</u>	<u>-</u>
Support services:				
Student	41,557	-	-	-
Instructional staff	92,036	-	-	-
Administration	443,274	-	-	-
Operation and maintenance of plant	271,695	-	-	-
Transportation	176,163	-	615	-
	<u>1,024,725</u>	<u>-</u>	<u>615</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	25,818	-	-	13,920
Long-term debt interest	58,534	-	3,071	-
AEA flowthrough	116,717	-	116,717	-
Depreciation (unallocated)*	173,427	-	-	-
	<u>374,496</u>	<u>-</u>	<u>119,788</u>	<u>13,920</u>
Total governmental activities	3,834,162	975,324	567,488	13,920
Business type activities:				
Non-instructional programs:				
Food service operations	166,062	89,443	67,416	-
Total	4,000,224	1,064,767	634,904	13,920
General Revenues:				
Property taxes levied for:				
General purposes				
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.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(631,010)	-	(631,010)
(58,110)	-	(58,110)
(323,412)	-	(323,412)
<u>(1,012,532)</u>	<u>-</u>	<u>(1,012,532)</u>
(41,557)	-	(41,557)
(92,036)	-	(92,036)
(443,274)	-	(443,274)
(271,695)	-	(271,695)
(175,548)	-	(175,548)
<u>(1,024,110)</u>	<u>-</u>	<u>(1,024,110)</u>
(11,898)	-	(11,898)
(55,463)	-	(55,463)
-	-	-
(173,427)	-	(173,427)
<u>(240,788)</u>	<u>-</u>	<u>(240,788)</u>
(2,277,430)	-	(2,277,430)
<u>-</u>	<u>(9,203)</u>	<u>(9,203)</u>
<u>(2,277,430)</u>	<u>(9,203)</u>	<u>(2,286,633)</u>
2,155,447	-	2,155,447
153,971	-	153,971
154,671	-	154,671
313,601	-	313,601
162,917	-	162,917
12,358	-	12,358
10,149	-	10,149
<u>2,963,114</u>	<u>-</u>	<u>2,963,114</u>
685,684	(9,203)	676,481
<u>5,199,150</u>	<u>28,973</u>	<u>5,228,123</u>
<u>5,884,834</u>	<u>19,770</u>	<u>5,904,604</u>

VENTURA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Assets				
Cash and pooled investments	1,317,596	1,648,073	316,992	3,282,661
Receivables:				
Property tax:				
Delinquent	20,795	1,580	1,314	23,689
Succeeding year	2,052,012	157,928	100,000	2,309,940
Accounts	7,003	-	-	7,003
Interfund receivable	2,100	45,453	-	47,553
Due from other governments	191,496	122,922	-	314,418
Total assets	3,591,002	1,975,956	418,306	5,985,264
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	93,531	158,600	582	252,713
Salaries and benefits payable	251,967	-	-	251,967
Interfund payable	45,453	-	-	45,453
Deferred revenue:				
Succeeding year property tax	2,052,012	157,928	100,000	2,309,940
Income surtax	104,837	65,524	-	170,361
Other	45,273	-	-	45,273
Total liabilities	2,593,073	382,052	100,582	3,075,707
Fund balances:				
Restricted for:				
Categorical funding	167,019	-	-	167,019
Debt service	-	158,911	148,491	307,402
Management levy	-	-	75,691	75,691
Student activities	-	-	93,542	93,542
School infrastructure	-	994,163	-	994,163
Physical plant and equipment	-	440,830	-	440,830
Unassigned	830,910	-	-	830,910
Total fund balances	997,929	1,593,904	317,724	2,909,557
Total liabilities and fund balances	3,591,002	1,975,956	418,306	5,985,264

VENTURA 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)	2,909,557
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,536,468
Bond issue costs are expensed when incurred for governmental fund reporting, but are capitalized and expensed over the life of the bonds for government wide reporting.	30,072
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	215,634
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.	(28,491)
Long-term liabilities, including bonds payable, compensated absences, termination benefits, and other postemployment benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(1,778,406)</u>
Net assets of governmental activities (Exhibit A)	<u><u>5,884,834</u></u>

VENTURA 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	2,129,496	531,410	128,091	2,788,997
Tuition	826,035	-	-	826,035
Other	75,474	16,106	113,018	204,598
State sources	477,492	-	-	477,492
Federal sources	184,758	-	-	184,758
Total revenues	<u>3,693,255</u>	<u>547,516</u>	<u>241,109</u>	<u>4,481,880</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,636,984	-	31,843	1,668,827
Special	312,487	-	-	312,487
Other	345,377	-	108,907	454,284
	<u>2,294,848</u>	<u>-</u>	<u>140,750</u>	<u>2,435,598</u>
Support services:				
Student	40,810	-	267	41,077
Instructional staff	76,103	-	15,383	91,486
Administration	436,107	-	1,337	437,444
Operation and maintenance of plant	246,276	21,700	18,562	286,538
Transportation	145,910	-	11,023	156,933
	<u>945,206</u>	<u>21,700</u>	<u>46,572</u>	<u>1,013,478</u>
Other expenditures:				
Facilities acquisition	-	961,467	-	961,467
Long-term debt:				
Principal	-	-	24,425	24,425
Interest and fiscal charges	-	31,743	30,088	61,831
AEA flowthrough	116,717	-	-	116,717
	<u>116,717</u>	<u>993,210</u>	<u>54,513</u>	<u>1,164,440</u>
Total expenditures	<u>3,356,771</u>	<u>1,014,910</u>	<u>241,835</u>	<u>4,613,516</u>
Excess (deficiency) of revenues over (under) expenditures	<u>336,484</u>	<u>(467,394)</u>	<u>(726)</u>	<u>(131,636)</u>
Other financing sources (uses):				
Bonds issued	-	1,730,000	-	1,730,000
Sales of equipment	4,000	-	-	4,000
Operating transfers in	-	62,527	199,933	262,460
Operating transfers out	-	(199,933)	(62,527)	(262,460)
Total other financing sources (uses)	<u>4,000</u>	<u>1,592,594</u>	<u>137,406</u>	<u>1,734,000</u>
Net change in fund balances	340,484	1,125,200	136,680	1,602,364
Fund balances beginning of year, as restated	<u>657,445</u>	<u>468,704</u>	<u>181,044</u>	<u>1,307,193</u>
Fund balances end of year	<u>997,929</u>	<u>1,593,904</u>	<u>317,724</u>	<u>2,909,557</u>

See notes to financial statements.

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		1,602,364
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	955,349	
Depreciation expense	<u>(200,591)</u>	754,758
Income surtaxes and other receivables 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.		
		33,966
Bond issue costs are expensed when incurred for governmental fund reporting, but are capitalized and expensed over the life of the bonds for government wide reporting.		
		30,072
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.		
		24,425
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.		
		(28,446)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	16,216	
Compensated absences	(1,355)	
Other postemployment benefits	<u>(16,316)</u>	(1,455)
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.		
		<u>(1,730,000)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>685,684</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2011

	Enterprise Fund <u>Nonmajor School Nutrition</u> \$	Governmental Activities - Internal Service <u> </u> \$
Assets		
Cash and cash equivalents	14,475	3,039
Accounts receivable	92	-
Inventories	4,419	-
Capital assets, net of accumulated depreciation	<u>3,471</u>	<u>-</u>
Total assets	<u>22,457</u>	<u>3,039</u>
Liabilities		
Accounts payable	-	939
Interfund payable	-	2,100
Deferred revenue	1,705	-
Net OPEB liability	<u>982</u>	<u>-</u>
Total liabilities	<u>2,687</u>	<u>3,039</u>
Net assets		
Invested in capital assets	3,471	-
Unrestricted	<u>16,299</u>	<u>-</u>
Total net assets	<u>19,770</u>	<u>-</u>

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Enterprise Fund <u>Nonmajor School Nutrition</u> \$	Governmental Activities - Internal Service <u> </u> \$
Operating revenues:		
Local sources:		
Charges for service	<u>89,443</u>	<u>10,012</u>
Operating expenses:		
Non-instructional programs:		
Salaries	73,719	-
Benefits	10,670	10,012
Purchased services	3,566	-
Supplies	77,658	-
Depreciation	449	-
Total operating expenses	<u>166,062</u>	<u>10,012</u>
Operating income (loss)	<u>(76,619)</u>	<u>-</u>
Non-operating revenues:		
State sources	1,373	-
Federal sources	66,043	-
Total non-operating revenues	<u>67,416</u>	<u>-</u>
Income (decrease) in net assets	(9,203)	-
Net assets beginning of year	<u>28,973</u>	<u>-</u>
Net assets end of year	<u><u>19,770</u></u>	<u><u>-</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2011

	Enterprise Fund	Governmental Activities - Internal Service
	Nonmajor School Nutrition	Internal Service
	\$	\$
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	89,238	-
Cash received from services provided to other funds	-	10,012
Cash payments to employees for services	(83,909)	(9,860)
Cash payments to suppliers for goods or services	(67,086)	-
Net cash (used) provided by operating activities	<u>(61,757)</u>	<u>152</u>
Cash flows from non-capital financing activities:		
State grants received	1,373	-
Federal grants received	52,510	-
Net cash provided by non-capital financing activities	<u>53,883</u>	<u>-</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(7,874)	152
Cash and cash equivalents at beginning of year	<u>22,349</u>	<u>2,887</u>
Cash and cash equivalents at end of year	<u><u>14,475</u></u>	<u><u>3,039</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	(76,619)	-
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Commodities used	13,788	-
Depreciation	449	-
Decrease (increase) in inventories	350	-
Decrease (increase) in accounts receivable	(92)	-
(Decrease) increase in accounts payable	-	152
(Decrease) increase in deferred revenue	(113)	-
(Decrease) increase in other postemployment benefits	480	-
Net cash (used) provided by operating activities	<u>(61,757)</u>	<u>152</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$13,788 of federal commodities.

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2011

	Private Purpose Trust Foundation
	<u>\$</u>
Assets	
Cash and investments	69,677
Liabilities	
	<u>-</u>
Net Assets	
Reserved for scholarships	31,190
Unreserved	<u>38,487</u>
Total net assets	<u><u>69,677</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2011

	Private Purpose Trust Foundation
	<u>\$</u>
Additions:	
Local sources:	
Gifts and contributions	1,380
Investment income	9,144
Total additions	<u>10,524</u>
Deductions:	
Support services:	
Scholarships awarded	<u>1,700</u>
Change in net assets	8,824
Net assets beginning of year	<u>60,853</u>
Net assets end of year	<u><u>69,677</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as 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 not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities 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's Internal Service Fund is also reported as a proprietary fund. The Internal Service Fund is used to account for the District's employee flexible benefit plan.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 are imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011 expenditures exceeded the amount budgeted in the non-instructional programs function.

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 the following investments:

	<u>Fair Value</u>
	\$
Goldman Sachs Financial Square Government Fund	307,452

Credit risk: The investment in the Goldman Sachs Financial Square Government Fund was rated Aaa by Moody's Investors Service.

3. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
		\$
General Fund	Internal Service Fund	2,100
Capital Projects	General Fund	45,453

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

4. Interfund Transfers

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

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
		\$
Nonmajor Debt Service Fund	Capital Projects	199,933
Capital Projects	Nonmajor Student Activity	22,452
Capital Projects	Nonmajor Debt Service Fund	40,075

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

5. Iowa School Cash Anticipation Program (ISCAP)

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

The District pledges its state foundation aid payments and General Fund receipts as security for 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 was 1.20% plus the one month LIBOR rate, adjusted daily. 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	-	-	-	-

During the year ended June 30, 2011, the District paid no interest on the ISCAP warrants.

6. 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:				
Land	27,350	-	-	27,350
Construction in progress	277,926	922,492	1,003,345	197,073
Total assets not being depreciated	305,276	922,492	1,003,345	224,423
Capital assets being depreciated:				
Buildings	4,654,032	1,003,345	-	5,657,377
Improvements other than buildings	355,783	-	-	355,783
Furniture and equipment	681,213	32,857	15,461	698,609
Total capital assets being deprec.	5,691,028	1,036,202	15,461	6,711,769
Less accumulated depreciation for:				
Buildings	1,420,412	165,105	-	1,585,517
Improvements other than buildings	223,572	8,322	-	231,894
Furniture and equipment	570,610	27,164	15,461	582,313
Total accumulated depreciation	2,214,594	200,591	15,461	2,399,724
Total capital assets being depreciated, net	3,476,434	835,611	-	4,312,045
Governmental activities capital assets, net	3,781,710	1,758,103	1,003,345	4,536,468

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	91,990	-	-	91,990
Less accumulated depreciation	<u>88,070</u>	<u>449</u>	-	<u>88,519</u>
Business type activities capital assets, net	<u>3,920</u>	<u>(449)</u>	-	<u>3,471</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	799
Other	929
Support services:	
Instructional support	550
Administration	2,239
Operation and maintenance of plant services	3,897
Transportation	<u>18,750</u>
	27,164
Unallocated depreciation	<u>173,427</u>
Total depreciation expense – governmental activities	<u>200,591</u>
Business type activities:	
Food services	<u>449</u>

7. 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:					
Revenue bonds	-	1,730,000	-	1,730,000	120,000
Capital leases	24,425	-	24,425	-	-
Termination benefits	27,251	-	16,216	11,035	8,276
Compensated absences	2,644	1,355	-	3,999	1,000
Net OPEB liability	<u>17,056</u>	<u>16,316</u>	-	<u>33,372</u>	-
Total	<u>71,376</u>	<u>1,747,671</u>	<u>40,641</u>	<u>1,778,406</u>	<u>129,276</u>
Business type activities:					
Net OPEB liability	<u>502</u>	<u>480</u>	-	<u>982</u>	-

Termination Benefits

The District offered a voluntary early retirement plan to its employees in a prior year. Eligible employees must have completed at least five years of service to the District and must be eligible for

IPERS benefits and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

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

At June 30, 2011, the District has an obligation to one participant with a total liability of \$11,035. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$16,216.

Revenue Bonds

Details of the District's June 30, 2011 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July, 2010			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2012	1.40	120,000	56,143	176,143
2013	1.60	120,000	54,342	174,342
2014	1.90	125,000	52,195	177,195
2015	2.25	70,000	50,220	120,220
2016	2.50	65,000	48,620	113,620
2017-2021	2.75-3.60	355,000	212,869	567,869
2022-2026	3.85-4.15	440,000	139,771	579,771
2027-2030	4.20-4.40	435,000	39,099	474,099
		<u>1,730,000</u>	<u>653,259</u>	<u>2,383,259</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,730,000 bonds issued in July 2010. The bonds were issued for the purpose of financing school renovations. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 56% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$2,383,259. For the current year, no principal and \$24,491 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$313,601.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds include the following provisions:

- \$158,911 of the proceeds from the bonds issue have been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects Fund.
- Proceeds from the statewide sales, services and use tax shall be placed in a revenue account. Monies in the revenue account shall be transferred from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund, after the required transfer to the sinking account, may be used for any lawful purpose. The sinking fund is part of the Debt Service Fund.

8. Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$119,964, \$111,511, and \$109,803 respectively, equal to the required contributions for each year.

9. 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 59 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	23,411
Interest on net OPEB obligation	439
Adjustment to annual required contribution	<u>(2,097)</u>
Annual OPEB cost	21,753
Contributions made	<u>4,957</u>
Increase in net OPEB obligation	16,796
Net OPEB obligation beginning of year	<u>17,558</u>
Net OPEB obligation end of year	<u><u>34,354</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$4,957 to the medical plan. Plan members eligible for benefits contributed nothing.

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:

<u>Year Ended</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u> %	<u>Net OPEB Obligation</u> \$
June 30, 2010	21,610	19%	17,558
June 30, 2011	21,753	23%	34,354

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 \$147,453, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$147,453. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,210,000, and the ratio of the UAAL to covered payroll was 12.2%. 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 frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

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

The UAAL is being amortized over 30 years.

10. Risk Management

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

11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$116,717 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.

12. Lease Commitment

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

Year Ended June 30	Lease Payment
	\$
2012	13,200
2013	13,200
2014	13,200
2015	13,200

13. Construction Commitment

The District has entered into contracts totaling \$621,518 for remodeling. As of June 30, 2011 costs of \$197,073 had been incurred against the contracts. The balances remaining at June 30, 2011 will be paid as work on the project progresses.

14. Categorical Funding

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

Program	Amount
	\$
Returning dropout and dropout prevention program	134,558
Gifted and talented	400
Home school assistance program	5,040
Educator quality, professional development	18,870
Core curriculum	7,973
Market factor	178
	<u>167,019</u>

15. 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:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 234,564	\$ 234,140
Change in fund type classification per implementation of GASB Statement No. 54	<u>234,140</u>	<u>(234,140)</u>
Balances July 1, 2010, as restated	<u>468,704</u>	<u>-</u>

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2011

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	3,819,630	89,443	3,909,073	3,860,013	3,860,013	49,060
State sources	477,492	1,373	478,865	645,920	645,920	(167,055)
Federal sources	184,758	66,043	250,801	135,000	135,000	115,801
Total revenues	<u>4,481,880</u>	<u>156,859</u>	<u>4,638,739</u>	<u>4,640,933</u>	<u>4,640,933</u>	<u>(2,194)</u>
Expenditures/Expenses:						
Instruction	2,435,598	-	2,435,598	2,688,000	2,688,000	252,402
Support services	1,013,478	-	1,013,478	1,783,600	1,783,600	770,122
Non-instructional programs	-	166,062	166,062	150,000	150,000	(16,062)
Other expenditures	1,164,440	-	1,164,440	1,578,134	1,578,134	413,694
Total expenditures/expenses	<u>4,613,516</u>	<u>166,062</u>	<u>4,779,578</u>	<u>6,199,734</u>	<u>6,199,734</u>	<u>1,420,156</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(131,636)	(9,203)	(140,839)	(1,558,801)	(1,558,801)	1,417,962
Other financing sources (uses) net	<u>1,734,000</u>	<u>-</u>	<u>1,734,000</u>	<u>-</u>	<u>-</u>	<u>1,734,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	1,602,364	(9,203)	1,593,161	(1,558,801)	(1,558,801)	3,151,962
Balance beginning of year	<u>1,307,193</u>	<u>28,973</u>	<u>1,336,166</u>	<u>2,733,572</u>	<u>2,733,572</u>	<u>(1,397,406)</u>
Balance end of year	<u><u>2,909,557</u></u>	<u><u>19,770</u></u>	<u><u>2,929,327</u></u>	<u><u>1,174,771</u></u>	<u><u>1,174,771</u></u>	<u><u>1,754,556</u></u>

VENTURA 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 a GAAP basis.

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

During the year ended June 30, 2011, expenditures in the non-instructional programs function exceeded the amount budgeted.

VENTURA 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	-	153,811	153,811	0.0%	1,250,000	12.3%
2011	July 1, 2009	-	147,453	147,453	0.0%	1,210,000	12.2%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

Assets	Special Revenue Funds			
	Management Levy	Student Activity Fund	Debt Service	Total
	\$	\$	\$	\$
Cash and pooled investments	74,377	94,124	148,491	316,992
Receivables:				
Property tax:				
Delinquent	1,314	-	-	1,314
Succeeding year	100,000	-	-	100,000
Total assets	175,691	94,124	148,491	418,306
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	-	582	-	582
Deferred revenue:				
Succeeding year property tax	100,000	-	-	100,000
Total liabilities	100,000	582	-	100,582
Fund balances:				
Restricted for:				
Debt service	-	-	148,491	148,491
Management levy purposes	75,691	-	-	75,691
Student activities	-	93,542	-	93,542
Total fund balances	75,691	93,542	148,491	317,724
Total liabilities and fund balances	175,691	94,124	148,491	418,306

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Special Revenue Funds			Total
	Management	Student	Debt Service	
	Levy	Activity Fund		
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	128,091	-	-	128,091
Other	3,389	106,558	3,071	113,018
Total revenues	<u>131,480</u>	<u>106,558</u>	<u>3,071</u>	<u>241,109</u>
Expenditures:				
Current:				
Instruction:				
Regular	31,843	-	-	31,843
Other	-	108,907	-	108,907
Support services:				
Student	267	-	-	267
Instructional staff	15,383	-	-	15,383
Administration	1,337	-	-	1,337
Operation and maintenance of plant	18,562	-	-	18,562
Transportation	11,023	-	-	11,023
Other expenditures:				
Long-term debt:				
Principal	-	-	24,425	24,425
Interest and fiscal charges	-	-	30,088	30,088
Total expenditures	<u>78,415</u>	<u>108,907</u>	<u>54,513</u>	<u>241,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,065</u>	<u>(2,349)</u>	<u>(51,442)</u>	<u>(726)</u>
Other financing sources (uses):				
Operating transfers in	-	-	199,933	199,933
Operating transfers out	-	(22,452)	(40,075)	(62,527)
Total other financing sources (uses)	<u>-</u>	<u>(22,452)</u>	<u>159,858</u>	<u>137,406</u>
Net change in fund balances	53,065	(24,801)	108,416	136,680
Fund balances beginning of year	<u>22,626</u>	<u>118,343</u>	<u>40,075</u>	<u>181,044</u>
Fund balances end of year	<u><u>75,691</u></u>	<u><u>93,542</u></u>	<u><u>148,491</u></u>	<u><u>317,724</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets	\$	\$	\$
Cash and pooled investments	1,254,276	393,797	1,648,073
Receivables:			
Property tax:			
Delinquent	-	1,580	1,580
Succeeding year	-	157,928	157,928
Interfund receivable	-	45,453	45,453
Due from other governments	57,398	65,524	122,922
Total assets	1,311,674	664,282	1,975,956
Liabilities & Fund Balances			
Liabilities:			
Accounts payable	158,600	-	158,600
Deferred revenue:			
Succeeding year property tax	-	157,928	157,928
Income surtax	-	65,524	65,524
Total liabilities	158,600	223,452	382,052
Fund balances:			
Restricted for:			
Debt service	158,911	-	158,911
School infrastructure	994,163	-	994,163
Physical plant and equipment	-	440,830	440,830
Total fund balances	1,153,074	440,830	1,593,904
Total liabilities and fund balances	1,311,674	664,282	1,975,956

VENTURA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	313,601	217,809	531,410
Other	13,920	2,186	16,106
Total revenues	<u>327,521</u>	<u>219,995</u>	<u>547,516</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	-	21,700	21,700
Other expenditures:			
Facilities acquisition	932,607	28,860	961,467
Long-term debt fiscal charges	31,743	-	31,743
Total expenditures	<u>964,350</u>	<u>50,560</u>	<u>1,014,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(636,829)</u>	<u>169,435</u>	<u>(467,394)</u>
Other financing sources (uses):			
Bonds issued	1,730,000	-	1,730,000
Operating transfers in	-	62,527	62,527
Operating transfers out	(174,661)	(25,272)	(199,933)
Total other financing sources (uses)	<u>1,555,339</u>	<u>37,255</u>	<u>1,592,594</u>
Net change in fund balance	918,510	206,690	1,125,200
Fund balances beginning of year, as restated	<u>234,564</u>	<u>234,140</u>	<u>468,704</u>
Fund balance end of year	<u><u>1,153,074</u></u>	<u><u>440,830</u></u>	<u><u>1,593,904</u></u>

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

Account	Balance	Revenues	Expenditures	Transfers to other Funds	Balance End
	Beginning of Year				of Year
	\$	\$	\$	\$	\$
Annual	360	8,070	5,927	-	2,503
Art club	756	108	78	-	786
Athletic fund	29,022	38,291	39,472	(8,400)	19,441
Athletic resale	4,322	20,044	21,288	-	3,078
Band	29,994	9,925	18,356	(500)	21,063
Band resale	(635)	751	506	-	(390)
Band/vocal trip	16,624	9,471	7,575	-	18,520
Vocal club	174	399	28	-	545
Candy sales	3,500	-	-	(1,500)	2,000
Coaches supper	2,501	-	-	(1,000)	1,501
Class of 2011	4,520	-	4,520	-	-
Class of 2012	-	5,654	1,803	-	3,851
FFA	3,712	5,972	2,187	-	7,497
Honor society	1,106	524	983	-	647
JEL	200	-	17	-	183
Pep club	1,375	3,007	3,882	(500)	-
Science club	1,500	-	-	-	1,500
SES	(1)	1	-	-	-
Spanish club	500	-	-	(500)	-
Stage fund-drama	4,382	3,519	3,010	-	4,891
Student senate	1,179	271	1,231	-	219
Interest	15,790	551	-	(10,052)	6,289
Beginning accruals	(2,538)	-	(2,538)	-	-
Ending accruals	-	-	582	-	(582)
Total	118,343	106,558	108,907	(22,452)	93,542

VENTURA COMMUNITY SCHOOL DISTRICT

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

For the Last Eight Years

	Modified Accrual Basis							
	2011	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:								
Local sources:								
Local tax	2,788,997	2,671,947	2,339,343	2,239,752	2,187,126	2,094,066	2,084,703	2,206,522
Tuition	826,035	652,640	710,173	748,582	810,612	722,845	744,315	728,356
Other	204,598	194,780	241,211	308,364	260,905	261,508	267,276	262,933
State sources	477,492	370,859	780,975	670,342	654,877	713,414	698,106	572,729
Federal sources	184,758	213,601	79,759	80,457	89,973	88,005	95,069	82,396
Total revenues	<u>4,481,880</u>	<u>4,103,827</u>	<u>4,151,461</u>	<u>4,047,497</u>	<u>4,003,493</u>	<u>3,879,838</u>	<u>3,889,469</u>	<u>3,852,936</u>
Expenditures:								
Instruction:								
Regular	1,668,827	1,595,255	1,614,422	1,562,665	1,677,299	1,577,185	1,542,978	1,505,131
Special	312,487	291,447	304,207	361,276	350,967	301,801	254,582	222,517
Other	454,284	459,105	439,156	474,052	429,490	482,411	406,623	376,163
Support services:								
Student	41,077	34,547	50,042	49,001	45,432	44,352	45,230	46,734
Instructional staff	91,486	80,570	101,760	78,865	59,804	24,381	82,618	121,566
Administration	437,444	473,454	509,237	493,230	499,098	461,210	461,432	409,982
Operation and maintenance	286,538	240,829	263,506	273,251	300,482	276,412	269,977	243,204
Transportation	156,933	129,160	131,773	226,892	121,725	120,064	185,059	102,768
Non-instructional programs	-	-	-	-	-	-	9,758	8,988
Other expenditures:								
Facilities acquisition	961,467	708,640	192,722	100,940	13,004	126,951	553,532	142,524
Long-term debt:								
Principal	24,425	23,604	149,350	125,000	384,396	418,635	431,888	300,711
Interest and other charges	61,831	1,668	5,922	10,000	20,991	32,797	41,285	58,204
AEA flowthrough	116,717	116,914	98,677	92,606	91,035	83,496	80,935	77,919
Total expenditures	<u>4,613,516</u>	<u>4,155,193</u>	<u>3,860,774</u>	<u>3,847,778</u>	<u>3,993,723</u>	<u>3,949,695</u>	<u>4,365,897</u>	<u>3,616,411</u>

See accompanying independent auditor's report.

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

To the Board of Education of
Ventura Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ventura Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 6, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ventura Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ventura Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ventura Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses as items 11-I-A and 11-I-B to be material weaknesses.

Compliance and Other Matters

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

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

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

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

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

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

March 6, 2012

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2011

Part I: Findings Related to the Financial Statements:

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 recording and processing cash receipts, preparing checks and bank reconciliations, processing payroll, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

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

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2011

Part II: Other Findings Related to Statutory Reporting:

11-II-A Certified Budget: Expenditures for the year ended June 30, 2011, exceeded the certified budget amount in the non-instructional programs function.

Recommendation: The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

District Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

11-II-B Questionable Expenditures: No expenditures we believe 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:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Carol Prescott, board member,	Plants for landscaping	83

The transaction does not appear to represent a conflict of interest since the dollar amount was less than \$2,500.

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: We noted no transactions requiring Board approval that had not been approved by the Board.

11-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.

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

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

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

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2011

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		234,564
Revenues/transfers in:		
Statewide sales, services and use tax revenue	313,601	
Other local revenues	13,920	
Sale of long-term debt	1,730,000	2,057,521
Expenditures/transfers out:		
School infrastructure construction	924,928	
Equipment	3,113	
Other – bond issue costs	36,309	
Transfers to debt service fund	174,661	1,139,011
Ending balance		1,153,074

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 Old outstanding checks: We noted that the District's bank reconciliations included approximately \$430 of old outstanding checks. Iowa Code Section 566 specifies that holders of unclaimed property, which includes outstanding checks, must file a report with and send the unclaimed property to the Treasurer of Iowa.

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

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

Conclusion: Response accepted.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2011

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

11-II-N Interfund loans: On October 22, 2009 the Iowa Department of Education issued a Declaratory Order covering interfund loans. The Order states that all loans between funds must be approved by the board of directors, interest must be paid on the interfund loan and the loan must be repaid before the October 1, after each year-end.

We noted that the General Fund owes the Physical Plant and Equipment Levy account \$45,453. This amount is the result of current year and prior year financial statement corrections. The Internal Service Fund also owes the General Fund \$2,100.

Recommendation: The District should follow the October 22, 2009 Declaratory Order with respect to the interfund loans.

District Response: We will follow the Declaratory Order for loans between funds.

Conclusion: Response accepted.