

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

JUNE 30, 2013

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Van Buren Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Kara McEntee	President	2015
Stan Whitten	Vice President	2015
Shiela Parsons	Board Member	2013
Kirt Horn	Board Member	2015
Jean McIntosh	Board Member	2013
Terry Jester	Board Member	2013
Bob Steingraber	Board Member	2013
<u>School Officials</u>		
Lisa Beams	Superintendent	2013
Robyn Nolting	Board Secretary	2013
Janet Phelps	Board Treasurer	2013
Ahlers & Cooney, P.C.	Attorney	2013

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report

To the Board of Education of the Van Buren Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Van Buren Community School District, Keosauqua, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Van Buren Community School District at June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren Community School District's basic financial statements. We previously audited, in accordance with standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2014, on our consideration of the Van Buren Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Van Buren Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Buren Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$7,940,080 in fiscal 2012 to \$7,439,049 in fiscal 2013, and General Fund expenditures decreased from \$7,449,134 in fiscal 2012 to \$7,295,574 in fiscal 2013. The District's General Fund balance increased from \$1,652,195 in fiscal 2012 to \$1,795,670 in fiscal 2013.
- The decrease in General Fund revenues was attributable to a decrease in state and federal sources in fiscal 2013. The decrease in expenditures was due primarily to a decrease in instructional expenditures in fiscal 2013.

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 Position and a Statement of Activities. These provide information about the activities of Van Buren Community School District as a whole and present an overall view of the District's finances.

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

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

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

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

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

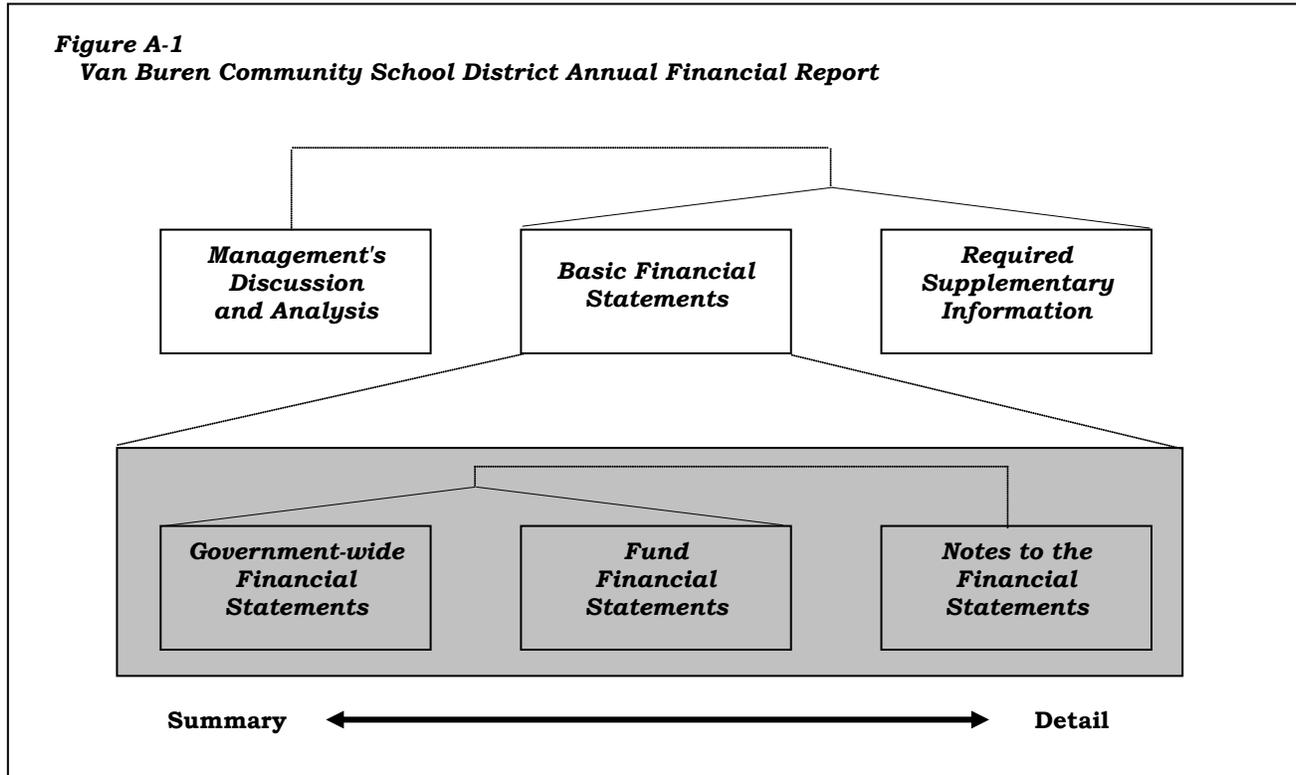


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

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 Position 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 position and how they have changed. Net position - the difference between the District’s assets and liabilities – are one way to measure the District’s financial health or position. Over time, increases or decreases in the District’s net position is 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 two kinds of funds:

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

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 7,734,524	7,845,327	108,662	104,253	7,843,186	7,949,580	-1.34%
Capital assets	6,481,257	6,560,113	18,693	21,680	6,499,950	6,581,793	-1.24%
Total assets	14,215,781	14,405,440	127,355	125,933	14,343,136	14,531,373	-1.30%
Long-term liabilities	656,500	980,697	-	-	656,500	980,697	-33.06%
Other liabilities	3,537,132	3,726,005	27,402	23,712	3,564,534	3,749,717	-4.94%
Total liabilities	4,193,632	4,706,702	27,402	23,712	4,221,034	4,730,414	-10.77%
Net position:							
Invested in capital assets, net of related debt	5,960,117	5,753,882	18,693	21,680	5,978,810	5,775,562	3.52%
Restricted	2,638,986	2,548,482	-	-	2,638,986	2,548,482	3.55%
Unrestricted	1,423,046	1,396,374	81,260	80,541	1,504,306	1,476,915	1.85%
Total net position	\$ 10,022,149	9,698,738	99,953	102,221	10,122,102	9,800,959	3.28%

The District's combined net position increased by 3.28%, or \$321,143, from the prior year. The largest portion of the District's net position 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 position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$90,504, or 3.55%, over the prior year. The increase was primarily a result of the improvement in the Capital Projects: Statewide Sales, Services and Use Tax Fund balance.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$27,391, or 1.85%. This increase is due primarily to the increase in the General Fund unassigned fund balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4 Changes of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for service	\$ 452,536	606,655	128,404	151,987	580,940	758,642	-23.42%
Operating grants, contributions and restricted interest	1,018,433	1,126,977	186,816	186,955	1,205,249	1,313,932	-8.27%
Capital grants, contributions and restricted interest	-	13,920	-	11,551	-	25,471	-100.00%
General revenues:							
Property tax	3,017,166	2,853,975	-	-	3,017,166	2,853,975	5.72%
Income surtax	277,650	274,967	-	-	277,650	274,967	0.98%
Statewide sales, services and use tax	557,753	492,405	-	-	557,753	492,405	13.27%
Unrestricted state grants	3,004,455	3,427,285	-	-	3,004,455	3,427,285	-12.34%
Nonspecific program federal grants	-	2,259	-	-	-	2,259	-100.00%
Unrestricted investment earnings	24,466	28,745	240	380	24,706	29,125	-15.17%
Other	82,359	123,657	3,047	747	85,406	124,404	-31.35%
Total revenues	8,434,818	8,950,845	318,507	351,620	8,753,325	9,302,465	-5.90%
Program expenses:							
Governmental activities:							
Instruction	5,182,134	5,651,605	-	-	5,182,134	5,651,605	-8.31%
Support services	2,497,834	2,949,165	-	-	2,497,834	2,949,165	-15.30%
Non-instructional programs	101	1,403	320,775	318,328	320,876	319,731	0.36%
Other expenses	431,338	446,455	-	-	431,338	446,455	-3.39%
Total expenses	8,111,407	9,048,628	320,775	318,328	8,432,182	9,366,956	-9.98%
Changes in net position	323,411	(97,783)	(2,268)	33,292	321,143	(64,491)	-597.97%
Net position beginning of year	9,698,738	9,796,521	102,221	68,929	9,800,959	9,865,450	-0.65%
Net position end of year	\$ 10,022,149	9,698,738	99,953	102,221	10,122,102	9,800,959	3.28%

In fiscal 2013, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 81.29 % of the revenue from governmental activities while charges for service and operating grants and contributions account for 98.97% of the revenue from business type activities.

The District's total revenues were approximately \$8.75 million of which approximately \$8.43 million was for governmental activities and approximately \$0.32 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.90% decrease in revenues and a 9.98% decrease in expenses. The decrease in revenues is due primarily to the decrease in state and federal sources from the prior year. The decrease in expenses is related to the decrease of expenditures in the instruction and support services functional areas.

Governmental Activities

Revenues for governmental activities were \$8,434,818 and expenses were \$8,111,407 for the year ended June 30, 2013.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2013.

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 5,182,134	5,651,605	-8.31%	4,118,274	4,372,590	-5.82%
Support services	2,497,834	2,949,165	-15.30%	2,351,655	2,747,425	-14.41%
Non-instructional programs	101	1,403	-92.80%	101	452	-77.65%
Other expenses	431,338	446,455	-3.39%	170,408	180,609	-5.65%
Totals	<u>\$ 8,111,407</u>	<u>9,048,628</u>	<u>-10.36%</u>	<u>6,640,438</u>	<u>7,301,076</u>	<u>-9.05%</u>

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$452,536.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,018,433.
- The net cost of governmental activities was financed with \$3,017,166 in property tax, \$277,650 in income surtax \$557,753 in statewide sales, services and use tax, \$3,004,455 in unrestricted state grants, \$24,466 in interest income and \$82,359 in other general revenue.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2013 were \$318,507, representing a 9.42% decrease from the prior year, while expenses totaled \$320,775, a 0.77% increase from the prior year. 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 interest income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,926,092, above last year's ending fund balance of a \$3,841,823. The increase was due primarily to the increase in the General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. State and federal revenue sources decreased during the fiscal year. The District's General Fund balance increased from \$1,652,195 at June 30, 2012 to \$1,795,670 at June 30, 2013. The primary reason for this increase is an increase in local tax revenues received during the year.
- The Capital Projects Fund balance increased from \$1,371,469 at June 30, 2012 to \$1,552,807 at June 30, 2013. The Capital Projects: Statewide Sales, Services and Use Tax Fund balance increased from \$1,316,162 at June 30, 2012 to \$1,420,162 at June 30, 2013. The Capital Projects: Physical Plant and Equipment Levy Fund balance increased from \$54,671 at June 30, 2012 to \$132,645 at June 30, 2013. These increases in Fund balances are primarily due to an increase in local tax revenue sources received during the year.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$102,221 at June 30, 2012 to \$99,953 at June 30, 2013, representing a decrease of 2.22%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Van Buren Community School District amended its budget one time to reclassify expenditures from the other expenditures functional area to the non-instructional programs functional area.

The District's revenues were \$41,440 less than budgeted revenue, a variance of 0.47%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$6,499,950, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.24% from last year. More detailed information about the District's capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$317,324.

The original cost of the District's capital assets was \$10,481,985. Governmental funds account for \$10,370,280 with the remainder of \$111,705 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2012, compared to \$107,901 reported at June 30, 2013. This increase is due to the District beginning construction on the roof project for the junior and senior high school buildings.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 19,165	19,165	-	-	19,165	19,165	0.00%
Construction in progress	107,901	-	-	-	107,901	-	100.00%
Buildings	5,887,120	6,045,298	-	-	5,887,120	6,045,298	-2.62%
Land improvements	57,890	62,529	-	-	57,890	62,529	-7.42%
Machinery and equipment	409,181	433,121	18,693	21,680	427,874	454,801	-5.92%
Total	\$ 6,481,257	6,560,113	18,693	21,680	6,499,950	6,581,793	-1.24%

Long-Term Debt

At June 30, 2013, the District had \$656,500 in total long-term debt outstanding. This represents a decrease of 33.06% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had outstanding qualified zone academy bonds payable of \$500,000 at June 30, 2013.

The District had a computer lease payable of \$21,140 at June 30, 2013.

The District had other post employment benefits payable of \$135,360 at June 30, 2013.

Figure A-7
Outstanding Long-Term Obligations

	Total		Total
	District		Change
	June 30,		June 30,
	2013	2012	2012-13
General obligation bonds	\$ -	265,000	-100.00%
Qualified zone academy bonds	500,000	500,000	0.00%
Computer lease	21,140	41,231	-48.73%
Termination benefits	-	55,872	-100.00%
Net OPEB liability	135,360	118,594	14.14%
Total	\$ 656,500	980,697	-33.06%

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District receives a large amount of federal and state monies through grants. The grants have to be approved and their continuation depends on federal and state funding.
- The District continues to experience reductions in enrollment each year and as a result the funds available to the District that are based on enrollment have decline each year. This continues to be a concern for the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,090,346	94,786	4,185,132
Receivables			
Property tax:			
Delinquent	66,048	-	66,048
Succeeding year	2,739,801	-	2,739,801
Income surtax	272,260	-	272,260
Accounts	10,662	-	10,662
Due from other governments	555,407	6,517	561,924
Inventories	-	7,359	7,359
Capital assets, net of accumulated depreciation	6,481,257	18,693	6,499,950
Total assets	14,215,781	127,355	14,343,136
Liabilities			
Accounts payable	200,352	-	200,352
Salaries and benefits payable	596,019	22,958	618,977
Accrued interest payable	960	-	960
Deferred revenue:			
Succeeding year property tax	2,739,801	-	2,739,801
Unearned revenue	-	4,444	4,444
Long-term liabilities:			
Portion due within one year:			
Computer lease	21,140	-	21,140
Portion due after one year:			
Qualified zone academy bonds	500,000	-	500,000
Net OPEB liability	135,360	-	135,360
Total liabilities	4,193,632	27,402	4,221,034
Net Position			
Invested in capital assets, net of related debt	5,960,117	18,693	5,978,810
Restricted for:			
Categorical funding	507,957	-	507,957
Debt service	378,369	-	378,369
Management levy purposes	91,094	-	91,094
Student activities	108,759	-	108,759
School infrastructure	1,420,162	-	1,420,162
Physical plant and equipment levy	132,645	-	132,645
Unrestricted	1,423,046	81,260	1,504,306
Total net position	\$ 10,022,149	99,953	10,122,102

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 3,409,519	246,660	247,953	(2,914,906)	-	(2,914,906)
Special	923,151	21,732	77,442	(823,977)	-	(823,977)
Other	849,464	184,144	285,929	(379,391)	-	(379,391)
	<u>5,182,134</u>	<u>452,536</u>	<u>611,324</u>	<u>(4,118,274)</u>	<u>-</u>	<u>(4,118,274)</u>
Support services:						
Student	120,382	-	3,000	(117,382)	-	(117,382)
Instructional staff	176,073	-	-	(176,073)	-	(176,073)
Administration	974,218	-	143,179	(831,039)	-	(831,039)
Operation and maintenance of plant	538,250	-	-	(538,250)	-	(538,250)
Transportation	688,911	-	-	(688,911)	-	(688,911)
	<u>2,497,834</u>	<u>-</u>	<u>146,179</u>	<u>(2,351,655)</u>	<u>-</u>	<u>(2,351,655)</u>
Non-instructional programs:						
Community service operations	101	-	-	(101)	-	(101)
Long-term debt interest	7,591	-	-	(7,591)	-	(7,591)
Other expenses:						
AEA flowthrough	260,930	-	260,930	-	-	-
Depreciation(unallocated)*	162,817	-	-	(162,817)	-	(162,817)
	<u>423,747</u>	<u>-</u>	<u>260,930</u>	<u>(162,817)</u>	<u>-</u>	<u>(162,817)</u>
Total governmental activities	<u>8,111,407</u>	<u>452,536</u>	<u>1,018,433</u>	<u>(6,640,438)</u>	<u>-</u>	<u>(6,640,438)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	320,775	128,404	186,816	-	(5,555)	(5,555)
Total	<u>\$ 8,432,182</u>	<u>580,940</u>	<u>1,205,249</u>	<u>(6,640,438)</u>	<u>(5,555)</u>	<u>(6,645,993)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,880,953	-	2,880,953
Capital outlay				136,213	-	136,213
Income surtax				277,650	-	277,650
Statewide sales, services and use tax				557,753	-	557,753
Unrestricted state grants				3,004,455	-	3,004,455
Unrestricted investment earnings				24,466	240	24,706
Other general revenues				82,359	3,047	85,406
Total general revenues				<u>6,963,849</u>	<u>3,287</u>	<u>6,967,136</u>
Change in net position				323,411	(2,268)	321,143
Net position beginning of year				9,698,738	102,221	9,800,959
Net position end of year				<u>\$ 10,022,149</u>	<u>99,953</u>	<u>10,122,102</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 2,200,112	1,314,583	575,651	4,090,346
Receivables:				
Property tax:				
Delinquent	60,903	2,940	2,205	66,048
Succeeding year	2,343,213	211,588	185,000	2,739,801
Income surtax	272,260	-	-	272,260
Accounts	10,662	-	-	10,662
Due from other funds	-	9,501	-	9,501
Due from other governments	329,624	225,783	-	555,407
Total assets	\$ 5,216,774	1,764,395	762,856	7,744,025
Liabilities and Fund Balances				
Liabilities:				
Due to other funds	\$ 9,501	-	-	9,501
Accounts payable	200,111	-	241	200,352
Salaries and benefits payable	596,019	-	-	596,019
Deferred revenue:				
Succeeding year property tax	2,343,213	211,588	185,000	2,739,801
Income surtax	272,260	-	-	272,260
Total liabilities	3,421,104	211,588	185,241	3,817,933
Fund balances:				
Restricted for:				
Categorical funding	507,957	-	-	507,957
Debt service	-	-	379,329	379,329
Management levy purposes	-	-	91,094	91,094
Student activities	-	-	108,759	108,759
School infrastructure	-	1,420,162	-	1,420,162
Physical plant and equipment levy	-	132,645	-	132,645
Unassigned:				
General	1,287,713	-	-	1,287,713
Student activities	-	-	(1,567)	(1,567)
Total fund balances	1,795,670	1,552,807	577,615	3,926,092
Total liabilities and fund balances	\$ 5,216,774	1,764,395	762,856	7,744,025

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances of governmental funds(page 20)	\$	3,926,092
<i>Amounts reported for governmental activities in the Statement of Net Position is different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		6,481,257
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		272,260
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.		(960)
Long-term liabilities, including qualified zone academy bonds payable, computer lease payable and other post-employment benefits payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(656,500)</u>
Net position of governmental activities(page 18)	\$	<u><u>10,022,149</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,067,157	693,966	100,503	3,861,626
Tuition	257,742	-	-	257,742
Other	108,478	6,267	207,312	322,057
State sources	3,360,087	-	-	3,360,087
Federal sources	642,363	-	-	642,363
Total revenues	<u>7,435,827</u>	<u>700,233</u>	<u>307,815</u>	<u>8,443,875</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,311,634	121,605	-	3,433,239
Special	923,151	-	-	923,151
Other	656,750	-	192,714	849,464
	<u>4,891,535</u>	<u>121,605</u>	<u>192,714</u>	<u>5,205,854</u>
Support services:				
Student	120,119	-	-	120,119
Instructional staff	175,800	-	-	175,800
Administration	836,986	62,314	74,485	973,785
Operation and maintenance of plant	462,705	24,248	24,212	511,165
Transportation	547,398	107,404	11,428	666,230
	<u>2,143,008</u>	<u>193,966</u>	<u>110,125</u>	<u>2,447,099</u>
Non-instructional programs:				
Community service operations	101	-	-	101
Capital outlay	-	153,304	-	153,304
Long-term debt:				
Principal	-	-	285,091	285,091
Interest and fiscal charges	-	-	10,449	10,449
	<u>-</u>	<u>-</u>	<u>295,540</u>	<u>295,540</u>
Other expenditures:				
AEA flowthrough	260,930	-	-	260,930
Total expenditures	<u>7,295,574</u>	<u>468,875</u>	<u>598,379</u>	<u>8,362,828</u>
Excess(Deficiency) of revenues over(under)expenditures	140,253	231,358	(290,564)	81,047
Other financing sources(uses):				
Transfer in	-	-	50,020	50,020
Transfer out	-	(50,020)	-	(50,020)
Sale of equipment	3,222	-	-	3,222
Total other financing sources(uses)	<u>3,222</u>	<u>(50,020)</u>	<u>50,020</u>	<u>3,222</u>
Change in fund balances	143,475	181,338	(240,544)	84,269
Fund balances beginning of year	<u>1,652,195</u>	<u>1,371,469</u>	<u>818,159</u>	<u>3,841,823</u>
Fund balances end of year	<u>\$ 1,795,670</u>	<u>1,552,807</u>	<u>577,615</u>	<u>3,926,092</u>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Change in fund balances - total governmental funds(page 22) \$ 84,269

*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. The amounts of capital outlays, depreciation expense and loss on disposal in the year are as follows:

Capital outlays	\$ 237,053	
Depreciation expense	(314,337)	
Loss on disposal of capital assets	<u>(1,572)</u>	(78,856)

Repayment of long-term liabilities in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 285,091

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (9,057)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,858

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	55,872	
Other postemployment benefits	<u>(16,766)</u>	<u>39,106</u>

Change in net position of governmental activities(page 19) \$ 323,411

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	School Nutrition
Assets	
Cash and cash equivalents	\$ 94,786
Due from other governments	6,517
Inventories	7,359
Capital assets, net of accumulated depreciation	18,693
Total assets	127,355
Liabilities	
Salaries and benefits payable	22,958
Unearned revenue	4,444
Total liabilities	27,402
Net Position	
Invested in capital assets	18,693
Unrestricted	81,260
Total net position	\$ 99,953

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ 128,404
Miscellaneous	<u>3,047</u>
Total operating revenues	<u>131,451</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	123,425
Benefits	19,858
Services	4,462
Supplies	170,043
Depreciation	<u>2,987</u>
Total operating expenses	<u>320,775</u>
Operating loss	<u>(189,324)</u>
Non-operating revenues	
State sources	3,010
Federal sources	183,806
Interest income	<u>240</u>
Total non-operating revenues	<u>187,056</u>
Change in net position	(2,268)
Net position beginning of year	<u>102,221</u>
Net position end of year	<u>\$ 99,953</u>

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 129,373
Cash received from miscellaneous operating activities	3,047
Cash payments to employees for services	(140,483)
Cash payments to suppliers for goods or services	(156,306)
Net cash used in operating activities	(164,369)
Cash flows from non-capital financing activities:	
State grants received	3,010
Federal grants received	170,595
Net cash provided by non-capital financing activities	173,605
Cash flows from investing activities:	
Interest on investments	240
Net increase in cash and cash equivalents	9,476
Cash and cash equivalents at beginning of year	85,310
Cash and cash equivalents at end of year	\$ 94,786
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (189,324)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	16,911
Depreciation	2,987
Decrease in inventories	1,288
Decrease in accounts receivable	79
Increase in salaries and benefits	2,800
Increase in unearned revenue	890
Net cash used in operating activities	\$ (164,369)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2013, the District received \$16,911 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as net assets) and the Statement of Activities report information on all of the activities of the District, with omission of the fiduciary funds. 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

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

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has 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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The 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 also reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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 Balances

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

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

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

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

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due from Other Governments - Due from other governments represents the 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 governmental commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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

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

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

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

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal 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 Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

Fund Balances - 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 preceding classifications.

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

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

The District’s deposits in banks at June 30, 2013 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, 2013, the District had investments in the Iowa Schools Joint investment Trust and Direct Government Obligations portfolio which are valued at an amortized cost of \$53,391 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor’s Financial Services.

Note 3. Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects: Statewide	General	
Sales, Services and Use Tax		\$ 9,501

The General Fund is repaying the Capital Projects: Statewide Sales, Services and Use Tax Fund for technology expenditures paid from the incorrect fund.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 20,806
Debt Service	Capital Projects: Physical Plant and Equipment Levy	29,214
Total		\$ 50,020

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest expense on the District's computer lease indebtedness.

The transfer from the Capital Projects: Physical, Plant and Equipment Levy Fund to the Debt Service Fund was needed for the annual payment on the District's Qualified Zone Academy Bond indebtedness.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,165	-	-	19,165
Construction in progress	-	107,901	-	107,901
Total capital assets not being depreciated	19,165	107,901	-	127,066
Capital assets being depreciated:				
Buildings	8,193,874	-	-	8,193,874
Land improvements	92,790	-	-	92,790
Machinery and equipment	1,892,266	129,152	64,868	1,956,550
Total capital assets being depreciated	10,178,930	129,152	64,868	10,243,214
Less accumulated depreciation for:				
Buildings	2,148,576	158,178	-	2,306,754
Land improvements	30,261	4,639	-	34,900
Machinery and equipment	1,459,145	151,520	63,296	1,547,369
Total accumulated depreciation	3,637,982	314,337	63,296	3,889,023
Total capital assets being depreciated, net	6,540,948	(185,185)	1,572	6,354,191
Governmental activities capital assets, net	\$ 6,560,113	(77,284)	1,572	6,481,257
Business type activities:				
Machinery and equipment	\$ 111,705	-	-	111,705
Less accumulated depreciation	90,025	2,987	-	93,012
Business type activities capital assets, net	\$ 21,680	(2,987)	-	18,693

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular instruction \$ 4,483

Support services:

Operation and maintenance of plant 7,802

Transportation 139,235

151,520

Unallocated depreciation 162,817

Total governmental activities depreciation expense \$ 314,337

Business type activities:

Food service operations \$ 2,987

Note 6. Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 265,000	-	265,000	-	-
Qualified zone academy bonds	500,000	-	-	500,000	-
Computer lease	41,231	-	20,091	21,140	21,140
Termination benefits	55,872	-	55,872	-	-
Net OPEB liability	118,594	16,766	-	135,360	-
Total	\$ 980,697	16,766	340,963	656,500	21,140

Qualified Zone Academy Bonds Payable

During the year ended June 2002, the District issued zero interest Qualified Zone Academy Bonds (QZAB). Annual transfers of \$29,214 will be made from the Capital Projects: Physical Plant and Equipment Levy Fund to a debt sinking fund to pay the indebtedness due January 31, 2016, of \$500,000.

Computer Lease Payable

During the year ended June 30, 2012, the District entered into a capital lease for the purchase of computer equipment which is payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund. A detail of the District's capital lease indebtedness at June 30, 2013 is as follows:

Year Ending June 30,	Computer lease dated August 11, 2011			
	Interest Rates	Principal	Interest	Total
2014	5.22%	\$ 21,140	1,160	22,300

Note 7. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer, health benefit plan which provides medical, prescription drug, and dental benefits for employees, retirees and their spouses. There are 133 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug and dental coverage are provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug and dental 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, 2013, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 54,000
Interest on net OPEB obligation	5,337
Adjustment to annual required contribution	(4,571)
Annual OPEB cost	<u>54,766</u>
Contributions made	<u>(38,000)</u>
Increase in net OPEB obligation	16,766
Net OPEB obligation beginning of year	<u>118,594</u>
Net OPEB obligation end of year	<u><u>\$ 135,360</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$38,000 to the medical plan. Plan members eligible for benefits contributed \$57,000, or 60.00% of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 is summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 54,658	43.91%	\$ 92,000
2012	54,594	51.29%	118,594
2013	54,766	69.39%	135,360

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$467,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$467,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,354,976 and the ratio of the UAAL to covered payroll was 13.92%. As of June 30, 2013, 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, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the ultimate 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 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 5.78% of their annual salary and the District is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$368,527, \$349,534 and \$329,187 respectively, equal to the required contributions for each year.

Note 9. Risk Management

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$260,930 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Property Lease

The District currently has a lease agreement with Barker Farm Supply to rent a facility used for a bus barn. Payments are \$1,000 per month until either the District or the landlord terminates the contract.

Note 12. Categorical Funding

The District's restricted balance for categorical funding at June 30, 2013 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Home School Assistance Program	\$ 143,622
At-Risk Programs	7,891
Gifted and Talented Programs	89,750
Returning Dropouts and Dropout Prevention Programs	114,937
Four-year-old Preschool State Aid	106,845
Teacher Salary Supplement	386
Professional Development for Model Core Curriculum	13,482
Teacher Development Academies	2,118
Professional Development	28,926
Total	<u>\$ 507,957</u>

Note 13. Deficit Unassigned Fund Balance

The District had a deficit unassigned fund balance of \$1,567 in the Student Activity Fund at June 30, 2013.

Note 14. Construction Commitment

The District has entered into various contracts totaling \$117,780 for a roof project on the junior/senior high school building. As of June 30, 2013, costs of \$107,901 had been incurred against the contracts. The balance of \$9,879 remaining at June 30, 2013 will be paid as work on the projects progresses.

Required Supplementary Information

VAN BUREN COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total			Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual	Actual			
Revenues:						
Local sources	\$ 4,441,425	131,691	4,573,116	4,236,884	4,236,884	336,232
State sources	3,360,087	3,010	3,363,097	3,586,938	3,586,938	(223,841)
Federal sources	642,363	183,806	826,169	980,000	980,000	(153,831)
Total revenues	8,443,875	318,507	8,762,382	8,803,822	8,803,822	(41,440)
Expenditures/expenses:						
Instruction	5,205,854	-	5,205,854	5,310,000	5,310,000	104,146
Support services	2,447,099	-	2,447,099	2,957,000	2,957,000	509,901
Non-instructional programs	101	320,775	320,876	220,000	370,000	49,124
Other expenditures	709,774	-	709,774	964,118	814,118	104,344
Total expenditures/expenses	8,362,828	320,775	8,683,603	9,451,118	9,451,118	767,515
Excess(Deficiency) of revenues over(under) expenditures	81,047	(2,268)	78,779	(647,296)	(647,296)	(726,075)
Other financing sources, net	3,222	-	3,222	-	-	(3,222)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	84,269	(2,268)	82,001	(647,296)	(647,296)	(729,297)
Balances beginning of year	3,841,823	102,221	3,944,044	3,410,526	3,410,526	533,518
Balances end of year	\$ 3,926,092	99,953	4,026,045	2,763,230	2,763,230	1,262,815

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards 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 Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment as a reclassification of expenditures. There was no increase in total budgeted expenditures.

VAN BUREN 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)
2009	July 1, 2008	-	\$ 532,000	532,000	0.0%	\$ 3,304,996	16.10%
2010	July 1, 2008	-	532,000	532,000	0.0%	5,022,230	10.59%
2011	July 1, 2010	-	467,000	467,000	0.0%	2,805,464	16.65%
2012	July 1, 2010	-	467,000	467,000	0.0%	2,976,682	15.69%
2013	July 1, 2010	-	467,000	467,000	0.0%	3,354,976	13.92%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Supplementary Information

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue				
	Management Levy	Student Activity	Total	Debt Service	Total
Assets					
Cash and pooled investments	\$ 88,889	107,433	196,322	379,329	575,651
Receivables:					
Property tax:					
Delinquent	2,205	-	2,205	-	2,205
Succeeding year	185,000	-	185,000	-	185,000
Total assets	\$ 276,094	107,433	383,527	379,329	762,856
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	241	241	-	241
Deferred revenue:					
Succeeding year property tax	185,000	-	185,000	-	185,000
Total liabilities	185,000	241	185,241	-	185,241
Fund balances:					
Restricted for:					
Debt service	-	-	-	379,329	379,329
Management levy purposes	91,094	-	91,094	-	91,094
Student activities	-	108,759	108,759	-	108,759
Unassigned	-	(1,567)	(1,567)	-	(1,567)
Total fund balances	91,094	107,192	198,286	379,329	577,615
Total liabilities and fund balances	\$ 276,094	107,433	383,527	379,329	762,856

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2013

	Special Revenue				
	Manage- ment Levy	Student Activity	Total	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ 100,503	-	100,503	-	100,503
Other	10,742	184,648	195,390	11,922	207,312
Total revenues	111,245	184,648	295,893	11,922	307,815
Expenditures:					
Current:					
Instruction:					
Other	-	192,714	192,714	-	192,714
Support services:					
Administration	73,735	-	73,735	750	74,485
Operation and maintenance of plant	24,212	-	24,212	-	24,212
Transportation	11,428	-	11,428	-	11,428
Long-term debt:					
Principal	-	-	-	285,091	285,091
Interest and fiscal charges	-	-	-	10,449	10,449
Total expenditures	109,375	192,714	302,089	296,290	598,379
Excess(Deficiency) of revenues over(under) expenditures	1,870	(8,066)	(6,196)	(284,368)	(290,564)
Other financing sources:					
Transfer in	-	-	-	50,020	50,020
Change in fund balances	1,870	(8,066)	(6,196)	(234,348)	(240,544)
Fund balances beginning of year	89,224	115,258	204,482	613,677	818,159
Fund balances end of year	\$ 91,094	107,192	198,286	379,329	577,615

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 1,184,878	129,705	1,314,583
Receivables:			
Property tax:			
Delinquent	-	2,940	2,940
Succeeding year	-	211,588	211,588
Due from other funds	9,501	-	9,501
Due from other governments	225,783	-	225,783
Total assets	\$ 1,420,162	344,233	1,764,395
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	211,588	211,588
Fund balances:			
Restricted for:			
School infrastructure	1,420,162	-	1,420,162
Physical plant and equipment levy	-	132,645	132,645
Total fund balances	1,420,162	132,645	1,552,807
Total liabilities and fund balances	\$ 1,420,162	344,233	1,764,395

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 557,753	136,213	693,966
Other	5,801	466	6,267
Total revenues	<u>563,554</u>	<u>136,679</u>	<u>700,233</u>
Expenditures:			
Current:			
Instruction:			
Regular	121,605	-	121,605
Support services:			
Administration	62,314	-	62,314
Operation and maintenance of plant	24,248	-	24,248
Transportation	107,404	-	107,404
Capital outlay	123,813	29,491	153,304
Total expenditures	<u>439,384</u>	<u>29,491</u>	<u>468,875</u>
Excess of revenues over expenditures	124,170	107,188	231,358
Other financing uses:			
Transfer out	(20,806)	(29,214)	(50,020)
Change in fund balances	103,364	77,974	181,338
Fund balances beginning of year	<u>1,316,798</u>	<u>54,671</u>	<u>1,371,469</u>
Fund balances end of year	<u>\$ 1,420,162</u>	<u>132,645</u>	<u>1,552,807</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2013

Account	Balance End of Year	Revenues	Expendi- tures	Intra- fund transfers	Balance End of Year
Athletics:					
General Athletics	\$ 24,926	41,588	33,702	(592)	32,220
Clubs and Organizations:					
Yearbook	9,827	5,256	7,500	-	7,583
Concession Enterprises	1,260	30,376	22,754	(1,000)	7,882
Drama	1,223	2,421	2,992	-	652
FCCLA	676	-	-	-	676
Football	2,220	3,765	3,383	-	2,602
Weightlifting	-	417	96	(100)	221
FFA	4,984	9,802	12,665	-	2,121
Art Club	2,228	917	55	-	3,090
Boys Track Fundraising	1,633	1,192	2,371	-	454
National Honor Society	38	845	436	-	447
Golf Fundraiser	12	65	65	-	12
Softball	1,577	3,510	4,083	-	1,004
Baseball Fundraising	231	1,221	467	-	985
Spanish Club	1,748	139	833	-	1,054
Student Council	155	1,156	1,265	-	46
Girls Track Fundraising	267	3,084	3,110	-	241
JEL	145	1,533	108	-	1,570
Rachel's Challenge	493	-	-	-	493
Young Inventors	688	2,349	2,939	-	98
Wrestling Fundraising	1,075	1,586	1,411	1,075	2,325
Volleyball Fundraising	25	2,278	1,599	300	1,004
Wrestling Cheerleaders	318	661	1,045	1,264	1,198
Boys Basketball Fundraising	1,513	5,413	5,154	-	1,772
Girls Basketball Fundraising	3,000	2,297	2,337	-	2,960
Football Cheerleaders	1,216	804	2,005	(1,582)	(1,567)
Basketball Cheerleaders	-	789	372	318	735
Total Clubs and Organizations	36,552	81,876	79,045	275	39,658
Classes:					
Class of 2011	97	-	-	-	97
Class of 2012	858	-	-	-	858
Class of 2013	2,096	595	1,454	-	1,237
Class of 2014	3,753	1,624	2,125	-	3,252
Class of 2015	2,808	1,050	9	-	3,849
Class of 2016	1,006	1,156	60	-	2,102
Class of 2017	525	6,350	5,606	-	1,269
Class of 2018	-	1,274	220	-	1,054
Total Classes	11,143	12,049	9,474	-	13,718

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 5

<u>Account</u>	<u>Balance End of Year</u>	<u>Revenues</u>	<u>Expendi- tures</u>	<u>Intra- fund transfers</u>	<u>Balance End of Year</u>
Elementary PTO	14,362	2,770	6,703	317	10,746
After Prom	2,461	7,448	7,239	-	2,670
Boosters	9,993	512	8,935	-	1,570
Band	-	2,672	1,812	-	860
Chorus	15,428	34,266	45,247	-	4,447
Chorus/Band Fundraiser	393	1,467	557	-	1,303
Total Miscellaneous	<u>42,637</u>	<u>49,135</u>	<u>70,493</u>	<u>317</u>	<u>21,596</u>
Grand Total	<u>\$ 115,258</u>	<u>184,648</u>	<u>192,714</u>	<u>-</u>	<u>107,192</u>

VAN BUREN COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2013

	Debt Service		
	Schoolhouse	QZAB	Total
Assets			
Cash and pooled investments	\$ 9	379,320	379,329
Liabilities and Fund Balances			
Liabilities:	\$ -	-	-
Fund balances:			
Restricted for:			
Debt service	9	379,320	379,329
Total fund balances	9	379,320	379,329
Total liabilities and fund balances	\$ 9	379,320	379,329

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2013

	Debt Service		
	Schoolhouse	QZAB	Total
Revenues:			
Local sources:			
Other	\$ 1,353	10,569	11,922
Expenditures:			
Current:			
Support services:			
Administration	750	-	750
Long-term debt:			
Principal	285,091	-	285,091
Interest and fiscal charges	10,449	-	10,449
Total expenditures	296,290	-	296,290
Excess(Deficiency)of revenues over(under)expenditures	(294,937)	10,569	(284,368)
Other financing sources:			
Transfer in	20,806	29,214	50,020
Change in fund balances	(274,131)	39,783	(234,348)
Fund balances beginning of year	274,140	339,537	613,677
Fund balances end of year	\$ 9	379,320	379,329

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 3,861,626	3,618,752	3,517,906	3,278,663	3,197,618	3,126,418	3,179,100	3,250,277	2,895,547	2,166,962
Tuition	257,742	327,821	267,002	345,672	252,777	222,799	166,372	211,770	176,192	377,975
Other	322,057	456,968	476,482	257,557	374,009	434,974	407,840	474,432	330,392	461,103
State sources	3,360,087	3,760,786	3,971,390	3,461,520	4,061,582	4,305,337	3,928,194	3,943,463	3,691,297	2,844,864
Federal sources	642,363	783,923	1,028,174	1,319,502	1,032,806	1,534,805	1,881,611	1,785,221	1,013,094	2,111,044
Total	\$ 8,443,875	8,948,250	9,260,954	8,662,914	8,918,792	9,624,333	9,563,117	9,665,163	8,106,522	7,961,948
Expenditures:										
Current:										
Instruction:										
Regular	\$ 3,433,239	3,207,182	3,053,198	3,098,414	3,210,087	3,340,406	2,858,666	2,809,494	3,056,021	2,801,709
Special	923,151	1,129,701	851,299	1,136,552	1,158,329	1,056,026	973,391	988,857	1,175,624	864,029
Other	849,464	976,780	949,941	1,061,867	966,280	982,738	1,047,846	1,059,783	716,290	654,208
Support services:										
Student	120,119	100,926	136,032	174,482	259,278	421,877	418,812	253,214	134,840	133,101
Instructional staff	175,800	194,287	180,080	244,470	325,575	327,129	560,370	333,161	142,072	196,702
Administration	973,785	980,617	1,108,630	1,048,959	1,125,560	1,150,891	1,175,818	1,126,076	733,788	547,497
Operation and maintenance of plant	511,165	546,368	571,724	607,111	702,860	693,692	618,791	635,398	501,670	432,509
Transportation	666,230	590,558	815,724	822,615	722,389	612,371	700,995	686,920	545,555	376,597
Other	-	-	-	-	-	-	-	-	146,418	88,045
Non-instructional programs	101	1,403	599	12,742	1,442	5,320	647	1,907	28,950	162,221
Capital outlay	153,304	120,871	149,025	226,459	119,669	101,364	407,382	584,711	312,463	1,659,150
Long-term debt:										
Principal	285,091	255,000	250,000	240,000	235,000	215,000	210,000	195,000	190,000	180,000
Interest and fiscal charges	10,449	16,618	23,687	29,973	37,969	58,967	71,435	79,935	88,998	98,259
Other expenditures:										
AEA flow-through	260,930	265,846	297,726	290,048	262,789	257,558	245,305	242,151	231,945	185,559
Total	\$ 8,362,828	8,386,157	8,387,665	8,993,692	9,127,227	9,223,339	9,289,458	8,996,607	8,004,634	8,379,586

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Direct:			
U.S. Department of Health and Human Services:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	FY13	\$ 23,997
Drug-Free Communities Support Program	93.276	FY13	119,182
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY13	35,930
National School Lunch Program	10.555	FY13	140,919 *
Summer Food Service Program for Children	10.559	FY13	6,517
			<u>183,366</u>
Team Nutrition Grants	10.574	FY13	440
U.S. Department of Education:			
Iowa Department of Education:			
Title I Schools in Need of Assistance	84.010	FY13	18,480
Title I Grants to Local Educational Agencies	84.010	5976-G	158,493
Title I Grants to Local Educational Agencies	84.010	5976-GC	2,736
			<u>179,709</u>
Career and Technical Education - Basic Grants to States	84.048	FY13	16,191
Twenty-First Century Community Learning Centers	84.287	FY12	7,372
Twenty-First Century Community Learning Centers	84.287	FY13	138,273
			<u>145,645</u>
Rural Education Achievement Program	83.358	FY11	1,461
Rural Education Achievement Program	84.358	FY12	14,927
Rural Education Achievement Program	84.358	FY13	12,449
			<u>28,837</u>
Improving Teacher Quality State Grants	84.367	FY13	46,801
Grants for State Assessments and Related Activities	84.369	FY13	3,991
Area Education Agency:			
Special Education - Grants to States	84.027	FY13	35,127
Total			<u>\$ 783,286</u>

* -Includes \$16,911 in non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

To the Board of Education of the
Van Buren Community School District:

We have audited 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, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Van Buren Community School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Van Buren Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Van Buren Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a 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 significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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 on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-13 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters

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that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Van Buren Community School District's Responses to Findings

Van Buren Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Van Buren Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2014
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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(a professional corporation)
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Telephone (641) 792-1910

Independent Auditor's Report on Compliance
for Each Major Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

To the Board of Education of
Van Buren Community School District

Report on Compliance for Each Major Federal Program

We have audited Van Buren Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Van Buren Community School District's major federal programs for the year ended June 30, 2013. Van Buren Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Van Buren Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Van Buren Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each federal program. However, our audit does not provide a legal determination on Van Buren Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Van Buren Community School District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Van Buren Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Van Buren Community School District's internal control over compliance with requirements with the type of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of Van Buren Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-13 to be a material weakness.

Van Buren Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Allamakee Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2014
Newton, Iowa

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Program:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
 - Individual Programs:
 - CFDA Number 84.287 - Twenty-First Century Community Learning Centers
 - CFDA Number 93.276 - Drug Free Communities Support Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Van Buren Community School District did not qualify as a low-risk auditee.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

II-A-13 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - handling, recording and reconciling cash.
- 2) Receipts - recording, journalizing, posting and reconciling.
- 3) Disbursements - purchase order processing, check preparation, mailing and recording.
- 4) Transfers - preparing and approving.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Computer systems - performing all general accounting functions and controlling all data input and output.
- 7) School lunch program - purchase order processing, check preparation, and recording and reconciling.

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

Response - We will continue to review our procedures and make adjustments as necessary.

Conclusion - Response accepted.

OTHER MATTERS:

II-B-13 Commodity Pricing - We noted during our audit of the Enterprise, School Nutrition Fund that the District did not price out the commodity inventory using the correct values at the end of the year.

Recommendation - The District should review procedures in place for calculation of commodity inventory prices. The State of Iowa provides a price guide listing of values to be used in the calculation. The District needs to use the correct price values in calculating the inventory value at year end.

Response - We will use the correct inventory values when pricing out inventory.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
CFDA Number 10,559: Summer Food Service Program for Children
Federal Award Year: 2013
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.287: Twenty First Century Community Learning Centers
Federal Award Year: 2012 and 2013
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 93.276: Drug Free Communities Support Program
Federal Award Year: 2013
U.S. Department of Health and Human Services

III-A-13 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - handling, recording and reconciling cash.
- 2) Receipts - recording, journalizing, posting and reconciling.
- 3) Disbursements - purchase order processing, check preparation, mailing and recording.
- 4) Transfers - preparing and approving.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Computer systems - performing all general accounting functions and controlling all data input and output.
- 7) School lunch program - purchase order processing, check preparation, and recording and reconciling.

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

Response - We will continue to review our procedures and make adjustments where necessary.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget - District disbursements for the year ended June 30, 2013 did not exceed the amounts budgeted.

IV-B-13 Questionable Disbursements - 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.

IV-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

However, we noted during our audit that charges made to the District credit card for travel expenses did not have detailed receipts attached for supporting documentation. According to District Board policy 802.2, employees that charge expenses to the District credit card must attach a detailed receipt to the claim form otherwise the expense becomes the employees' expense.

Recommendation - The District should review Board Policy 802.2 with employees to ensure that receipts for all credit card expenses are attached for supporting documentation. The District should invoice employees that do not have documentation for purchases made on the District's credit card.

Response - We will ensure that supporting documentation is obtained to support all credit card expenses.

Conclusion - Response accepted.

IV-D-13 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Marnie Starnes, Teacher Husband owner of Fesler Automotive	Purchased services	\$7,672

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouse of the District employee do not appear to represent a conflict of interest.

IV-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-13 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Iowa Department of Education. However, the District did not meet the October 15th deadline for certifying enrollment, as required by Iowa Code 257.6 (7b).

Recommendation - The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this matter and ensure that enrollment is certified on time to be in compliance with Iowa Code 257.6 (7b).

Response - The District will comply with the October 15th reporting deadline.

Conclusion - Response accepted.

- IV-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-13 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policies were noted.
- IV-J-13 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely and we noted not significant deficiencies in the amounts reported.
- IV-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-13 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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	1,316,798
Revenues/transfers in:			
Sales tax revenues	\$	557,753	
Other local revenues		5,801	563,554
			<u>1,880,352</u>
Expenditures/transfers out:			
School infrastructure construction	\$	123,813	
Equipment		253,258	
Other		62,313	
Transfers to other funds:			
Debt service fund		20,806	460,190
			<u>460,190</u>
Ending balance		\$	<u>1,420,162</u>

For the year ended June 30, 2013 the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Physical plant and equipment levy	\$ 1.00000	\$ 211,588

IV-M-13 Financial Condition - The District had a deficit account in the Special Revenue, Student Activity Fund totaling \$1,567 at June 30, 2013.

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

Response - The District will continue to monitor this account and investigate ways to bring back to a positive balance.

Conclusion - Response accepted.

IV-N-13 Officiating Contracts - We noted during our audit that the Board President was not signing Activity Fund officiating contracts. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District needs to have the Board president sign all contracts the District enters into to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - The District will ensure that the Board president signs all contracts entered into by the District.

Conclusion - Response accepted.

IV-O-13 Student Activity Fund - During our audit concerns arose about the propriety of certain receipts, expenditures and accounts within the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more appropriately included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules (298A.9). More specific examples of findings are listed below.

Box Tops Donations: Donations given to the District should be expended according to donor request. According to information contained on the website for Box Tops, the donation can be used for items such as books, computers or playground equipment. Currently, the District records Box Top donations in the Student Activity Fund.

Recommendation - Since the items listed for purchase with Box Top donations appear more instructional in nature, the most logical place to record these donations would be the General Fund.

Response - The District will review all donations and expenditures and record them in the appropriate funds.

Conclusion - Response accepted.

Questionable Accounts: We noted during our audit that the Student Activity Fund has two graduated class accounts, 2011 and 2012, with balances still on the District's books as of June 30, 2013.

Recommendation - At year end, class officers of the graduating class should decide what happens with unused class funds. The remaining moneys in the graduating class account should be reclassified to the proper fund according to the class' wishes. If unused funds are to remain in the student activity fund, the remaining funds should be redistributed amongst other activity fund accounts or used for startup funds for the next incoming class. Since the District is unable to determine what the wishes were for previous classes, the remaining moneys in the class accounts account should be reallocated amongst the other student activity fund accounts based on recommendations made by the Activities Director and approved by the District's Board of Directors.

Response - The District will review these accounts and reallocate the remaining balances within the activity fund with approval from the Board of Directors.

Conclusion - Response accepted.

IV-P-13 Payroll Authorization - We noted during our audit, the District does not have written authorization to mail substitute teachers' payroll checks. Chapter 91A.3 of the Code of Iowa requires that an employer have a written request from an employee before wages can be sent to an employee by mail.

Recommendation - The District should obtain written authorization from each employee who desires to receive a payroll check by mail.

Response - The District will obtain written authorization from each employee who desires to receive a payroll check by mail.

Conclusion - Response accepted.