

To the Board of Directors
Iowa Association of School Boards
Des Moines, Iowa

We have audited the consolidated financial statements of the Iowa Association of School Boards (the Association) for the year ended June 30, 2010, and have issued our report thereon dated January 12, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted accounting standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 10, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Iowa Association of School Boards are described in Note 1 to the financial statements. During the year ended June 30, 2010, the Association adopted the authoritative guidance issued by the Financial Accounting Standards Board on accounting for uncertainty in income taxes. Management has concluded there are no uncertain tax positions. The application of other existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were management's estimate of the interest rate swap liability (based on market rates) the pension plan liability (based upon certain actuarial assumptions pertaining to interest rates, inflation rates and employee demographics), and the deferred tax asset (based upon the expected use of the asset to offset taxable income in the future) all of which are subject to change.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, the issuance of the audit reports was delayed as a result of the requested information not being provided to us in a timely manner.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See attached schedule for the audit adjustments made. In addition, the attached schedule labeled "Consolidated Summary of Audit Differences" summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 12, 2011; however, we were unable to obtain written representations from certain members of management responsible for financial activities of the Association from July 1, 2009 through January 12, 2011. SAS No. 85 at AU 333 requires auditors to obtain certain written representations from the Association as part of an audit conducted in accordance with generally accepted auditing standards. As a result of not receiving these required representations from management, we are precluded from issuing an unqualified opinion on the financial statements; therefore, we have issued a qualified opinion on the June 30, 2010 financial statements.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. See the "Schedule of Expenditures of Federal Awards and Other Information" and the management letter dated January 12, 2011 for other audit findings or issues noted during the audit.

This information is intended solely for the use of the Board of Directors and management of Iowa Association of School Boards and is not intended to be and should not be used by anyone other than these specified parties.

Brooks Lude, P.C.

Client: **09094 - Iowa Association of School Boards**
 Engagement: **Audit 10 - IASB**
 Trial Balance: **3010-IAS - TB-IASB**
 Workpaper: **3030-IAS - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 101				
PBC - adjust wages payable				
01-5670-03-1001	Salaries-Association Admin		6,798.38	
01-5680-03-1001	Payroll Taxes		520.08	
01-5720-00-1001	401k Contributions		475.89	
01-2090-00-0100	Wages Payable			7,794.35
Total			<u>7,794.35</u>	<u>7,794.35</u>
Adjusting Journal Entries JE # 102				
To adjust receivable from ISJIT for Brick Legal bills that were inadvertently included on ISJIT bill that were actually IASB legal				
01-5550-03-1001	Prof Fees-Association Admin		5,087.50	
01-1070-00-1008	Accounts Receivable-ISJIT			5,087.50
Total			<u>5,087.50</u>	<u>5,087.50</u>
Adjusting Journal Entries JE # 103				
To adjust grants receivable for unallowable expenses.				
01-4160-02-1079	Grants - Federal-Skills Iowa Technology Grant		2,428.70	
01-1070-00-1001	Accounts Receivable-Grants			2,428.70
Total			<u>2,428.70</u>	<u>2,428.70</u>
Adjusting Journal Entries JE # 104				
To adjust wages payable for Collette Stotts.				
01-2090-00-0100	Wages Payable		1,714.92	
01-5670-03-1001	Salaries-Association Admin			1,714.92
Total			<u>1,714.92</u>	<u>1,714.92</u>
Adjusting Journal Entries JE # 105				
To adjust wages payable for Connie Maxson's severance of \$3,570.87 and Len Cockman's severance of \$14,077.45.				
01-5670-03-1001	Salaries-Association Admin		17,648.32	
01-2090-00-0100	Wages Payable			17,648.32
Total			<u>17,648.32</u>	<u>17,648.32</u>

IOWA ASSOCIATION OF SCHOOL BOARDS

CONSOLIDATED SUMMARY OF AUDIT DIFFERENCES

Year Ended June 30, 2010

	Current Year Over (Under) Statement
Effect of unadjusted audit differences - prior year	
Federal grant income	<u>\$ (10,544)</u>
Cumulative effect (after effect of prior year differences)	<u><u>\$ (10,544)</u></u>
Statement of financial position audit differences:	
Current liabilities	<u>\$ (10,544)</u>
Total liabilities	<u><u>\$ (10,544)</u></u>
Net assets:	
Beginning	<u><u>\$ 10,544</u></u>
Ending	<u><u>\$ 10,544</u></u>