

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2006

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Independent Auditor's Report

To the Board of Education of
Maple Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley Community School District, Mapleton, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley Community School District at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2006, on our consideration of Maple Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 36 through 37 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maple Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

September 20, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Maple Valley 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, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,019,153 in fiscal 2005 to \$5,655,290 in fiscal 2006, while General Fund expenditures increased from \$4,772,592 in fiscal 2005 to \$5,869,700 in fiscal 2006. The District's General Fund balance decreased from \$531,497 in fiscal 2005 to \$317,537 in fiscal 2006.
- The increases in General Fund revenues and expenses are mostly due to the mandatory conversion to GAAP in 2006. This conversion required us to recognize two years worth of our Whole Grade Sharing settlement with our partner district Anthon-Oto. The additional increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures. The reason for the significant decrease in our fund balance is again due to the mandatory conversion to GAAP, requiring us to recognize two years worth of whole grade sharing settlements. The difference in this settlement results in more expenses than revenues for Maple Valley. This year we had two years of that net difference which hurt our fund balance significantly. The Maple Valley School has developed a corrective action plan to increase this balance in the future.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Maple Valley 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 Maple Valley 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 Maple Valley Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • 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 assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has 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, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

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

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

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

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 assets at June 30, 2005 compared to June 30, 2006.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2005-2006
	Governmental Activities		Business-type Activities		Total School District		
	2005	2006	2005	2006	2005	2006	
	\$	\$	\$	\$	\$	\$	
Current and other assets	4,619,279	5,237,510	15,895	15,475	4,635,174	5,252,985	13%
Capital assets	8,727,016	8,616,404	5,011	4,647	8,732,027	8,621,051	-1%
Total assets	13,346,295	13,853,914	20,906	20,122	13,367,201	13,874,036	4%
Long-term liabilities	5,264,962	4,907,437	-	-	5,264,962	4,907,437	-7%
Other liabilities	3,014,276	3,959,078	1,292	26,234	3,015,568	3,985,312	32%
Total liabilities	8,279,238	8,866,515	1,292	26,234	8,280,530	8,892,749	7%
Net Assets:							
Invested in capital assets, net of related debt	3,627,016	3,841,404	5,011	4,647	3,632,027	3,846,051	6%
Restricted	1,090,131	886,568	-	-	1,090,131	886,568	-19%
Unrestricted	349,910	259,427	14,603	(10,759)	364,513	248,668	32%
TOTAL NET ASSETS	5,067,057	4,987,399	19,614	(6,112)	5,086,671	4,981,287	-2%

The District's combined net assets decreased by nearly 2%, or approximately \$105,384 over the prior year.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$203,563 or 19% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$115,845, or 32%.

Figure A-4 shows the change in net assets for the years ended June 30, 2005 and 2006.

Figure A-4

	Change in Net Assets						Percentage Change 2005-2006
	Governmental Activities		Business-type Activities		Total School District		
	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	
Revenues							
Program Revenues:							
Charges for services	1,058,211	1,487,551	87,934	94,056	1,146,145	1,581,607	38%
Operating grants & contributions	634,839	706,921	87,207	94,382	722,046	801,303	11%
Capital grants & contributions and restricted interest	270,137	13,575	-	-	270,137	13,575	-95%
General Revenues:							
Property taxes	1,791,257	1,847,452	-	-	1,791,257	1,847,452	3%
Income Surtax	168,454	218,078	-	-	168,454	218,078	29%
Local option sales tax	270,662	371,717	-	-	270,662	371,717	37%
Unrestricted state grants	2,116,676	2,111,042	-	-	2,116,676	2,111,042	0%
Unrestricted investment earnings	50,160	58,585	52	128	50,212	58,713	17%
Other revenue	7,746	180,257	-	-	7,746	180,257	2227%
Total Revenues	6,368,142	6,995,178	175,193	188,566	6,543,335	7,183,744	10%
Expenses:							
Instruction	3,441,546	4,483,610	-	-	3,441,546	4,483,610	30%
Support services	1,541,710	1,566,558	-	-	1,541,710	1,566,558	2%
Non-instructional programs	6,807	-	167,220	214,292	174,027	214,292	23%
Other expenditures	622,075	1,024,668	-	-	622,075	1,024,668	65%
Total expenses	5,612,138	7,074,836	167,220	214,292	5,779,358	7,289,128	26%
Change in net assets before Transfers	756,004	(79,658)	7,973	(25,726)	763,977	(105,384)	-114%
Transfers	-	-	-	-	-	-	0%
CHANGE IN NET ASSETS	756,004	(79,658)	7,973	(25,726)	763,977	(105,384)	-114%
Net assets beginning of year	4,311,053	5,067,057	11,641	19,614	4,322,694	5,086,671	18%
Net assets end of year	5,067,057	4,987,399	19,614	(6,112)	5,086,671	4,981,287	-2%

Property tax and unrestricted state grants account for 55% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 83% of the total 2xpenses.

As you review this report, keep in mind that the mandatory conversion to GAAP in 2006 made it necessary to recognize two years worth of Whole Grade Sharing settlement revenues and expenses, along with 14 months of salary. This makes an accurate comparison of 2005 and 2006 impossible, because the district used different accounting methods in each year.

Governmental Activities

Revenues for governmental activities were \$6,995,178 and expenses were \$7,074,836.

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

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services 2005	Total Cost of Services 2006	Net Cost of Services 2005	Net Cost of Services 2006
	\$	\$	\$	\$
Instruction	3,441,546	4,483,610	1,953,944	2,593,530
Support Services	1,541,710	1,566,558	1,528,938	1,434,410
Non-instructional Programs	6,807	-	6,807	-
Other Expenses	622,075	1,024,668	159,262	838,849
TOTAL	5,612,138	7,074,836	3,648,951	4,866,789

- The cost financed by users of the District's programs was \$1,487,557.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$720,496.
- The net cost of governmental activities was financed with \$2,437,247 in property and other taxes and \$2,111,042 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$188,566 and expenses were \$214,292. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2006, the District had \$25,726 more expenses than revenues. The District may need to look at raising hot lunch prices in the near future.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,141,789, which was below last years' balance of \$1,482,342.

Governmental Fund Highlights

- The General Fund balance decreased from \$531,497 to \$317,537.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from \$500,815 in fiscal 2005 to \$97,609 in fiscal 2006.
- The Capital Projects Fund balance decreased from a fiscal 2005 balance of \$432,662 to a fiscal 2006 balance of \$407,815.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$19,614 at June 30, 2005 to \$(6,112) at June 30, 2006. The District may need to look at raising hot lunch prices to help offset the increasing expenses.

BUDGETARY HIGHLIGHTS

The District's receipts were \$1,097,700 more than budgeted receipts. The most significant variance resulted from the District receiving more in local funds than originally anticipated.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. The budget is certified with the County Auditor and Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority. The district certifies its budget on a cash basis, but year-end financial reports are converted to an accrual basis. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. During the year ended June 30, 2006, expenditures in the instruction function exceeded the amount budgeted and the District exceeded its General Fund unspent authorized budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, the District had invested \$8.6 million, 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 represents a net decrease of 1% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$324,957.

The original cost of the District's capital assets was \$11 million. Governmental funds account for \$10.9 million, with the remainder of \$.1 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2005-2006
	2005	2006	2005	2006	2005	2006	
	\$	\$	\$	\$	\$	\$	
Land	10,164	10,164	-	-	10,164	10,164	0%
Buildings	8,325,000	8,112,820	-	-	8,325,000	8,112,820	-3%
Equipment & Furniture	391,852	493,420	5,011	4,647	396,863	498,067	25%
TOTAL	8,727,016	8,616,404	5,011	4,647	8,732,027	8,621,051	-1%

Long-Term Debt

At June 30, 2006, the District had \$4,907,437 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of 7%. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	<u>Total School District</u>		<u>Percentage</u>
	<u>2005</u>	<u>2006</u>	<u>Change</u>
			<u>2005-2006</u>
	\$	\$	
General Obligation Bonds	4,250,000	4,070,000	-4%
Local Option Sales and Services			
Tax Revenue Bonds	850,000	705,000	-17%
Early Retirement	164,962	132,437	-20%
	<u>5,264,962</u>	<u>4,907,437</u>	<u>-7%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- School financing is highly dependent upon student enrollment. The District's September 2006 enrollment decreased. This drop in enrollment will decrease the District's funding for fiscal year 2008.
- Enrollments are predicted to continue to decrease over the next several years as smaller Kindergarten classes replace larger graduating classes.
- The district has facilities that are modern and in good shape. Although there are always projects that need to be done, the revenues to support facility maintenance and improvement should be sufficient to take care of immediate needs for the next few years.
- Woodbury County one-cent sales tax will expire in 2008, however a renewal was passed in the Fall of 2005. Our district changed the ballot language to allow use of one-cent sales tax revenues to fund vehicle purchases.
- The impact of legislative issues and declining student enrollment will have an impact on the economic factors of the district's future.
- Due to the sources of revenues continuing to decrease, the district plans to pass an Instructional Support Levy that will go into effect for the 2008 fiscal year.

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 Shona Klingensmith, District Secretary/Treasurer and Business Manager, Maple Valley Community School District, Mapleton, Iowa 51034

BASIC FINANCIAL STATEMENTS

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2006

	Governmental Activities \$	Business Type Activities \$	Total \$
Assets			
Cash and cash equivalents:			
ISCAP	917,723	-	917,723
Other	1,355,475	9,967	1,365,442
Cash with fiscal agent	279,824	-	279,824
Receivables:			
Property tax:			
Delinquent	27,575	-	27,575
Succeeding year	1,980,406	-	1,980,406
Accounts	1,268	1,744	3,012
Interfund receivable (payable)	1,446	(1,446)	-
Accrued interest:			
ISCAP	285	-	285
Due from other governments	673,508	-	673,508
Inventories	-	5,210	5,210
Capital assets, net of accumulated depreciation	8,616,404	4,647	8,621,051
Total assets	13,853,914	20,122	13,874,036
Liabilities			
Salaries and benefits payable	428,965	24,514	453,479
Due to other governments	577,773	-	577,773
Accrued interest payable	40,270	-	40,270
Deferred revenue:			
Succeeding year property tax	1,980,406	-	1,980,406
Other	5,443	1,720	7,163
ISCAP warrants payable	919,000	-	919,000
ISCAP accrued interest payable	227	-	227
ISCAP premium	6,994	-	6,994
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	190,000	-	190,000
Revenue bonds payable	180,000	-	180,000
Termination benefits	32,193	-	32,193
Portion due after one year:			
General obligation bonds payable	3,880,000	-	3,880,000
Revenue bonds payable	525,000	-	525,000
Termination benefits	100,244	-	100,244
Total liabilities	8,866,515	26,234	8,892,749

See notes to financial statements.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2006

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	3,841,404	4,647	3,846,051
Restricted for:			
Physical plant and equipment levy	274,522	-	274,522
Other special revenue purposes	63,952	-	63,952
Local option sales tax capital projects	127,991	-	127,991
Debt service	420,103	-	420,103
Unrestricted	259,427	(10,759)	248,668
Total net assets	<u>4,987,399</u>	<u>(6,112)</u>	<u>4,981,287</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular instruction	2,951,330	965,171	174,811	-
Special instruction	764,560	169,752	197,153	-
Other instruction	767,720	345,482	37,711	-
	<u>4,483,610</u>	<u>1,480,405</u>	<u>409,675</u>	<u>-</u>
Support services:				
Student services	111,632	2,560	585	-
Instructional staff services	167,174	-	117,611	-
Administration services	513,465	-	-	-
Operation and maintenance of plant services	418,775	2,500	-	-
Transportation services	355,512	2,086	6,806	-
	<u>1,566,558</u>	<u>7,146</u>	<u>125,002</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	380,914	-	-	13,575
Long-term debt interest	205,932	-	-	-
AEA flowthrough	172,244	-	172,244	-
Depreciation (unallocated)*	265,578	-	-	-
	<u>1,024,668</u>	<u>-</u>	<u>172,244</u>	<u>13,575</u>
Total governmental activities	7,074,836	1,487,551	706,921	13,575
Business type activities:				
Non-instructional programs:				
Food service operations	214,292	94,056	94,382	-
Total	7,289,128	1,581,607	801,303	13,575
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year

Net assets end of year

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

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2006

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,811,348)	-	(1,811,348)
(397,655)	-	(397,655)
<u>(384,527)</u>	-	<u>(384,527)</u>
<u>(2,593,530)</u>	-	<u>(2,593,530)</u>
(108,487)	-	(108,487)
(49,563)	-	(49,563)
(513,465)	-	(513,465)
(416,275)	-	(416,275)
<u>(346,620)</u>	-	<u>(346,620)</u>
<u>(1,434,410)</u>	-	<u>(1,434,410)</u>
(367,339)	-	(367,339)
(205,932)	-	(205,932)
-	-	-
<u>(265,578)</u>	-	<u>(265,578)</u>
<u>(838,849)</u>	-	<u>(838,849)</u>
(4,866,789)	-	(4,866,789)
-	<u>(25,854)</u>	<u>(25,854)</u>
<u>(4,866,789)</u>	<u>(25,854)</u>	<u>(4,892,643)</u>
1,596,581	-	1,596,581
198,811	-	198,811
52,060	-	52,060
218,078	-	218,078
371,717	-	371,717
2,111,042	-	2,111,042
58,585	128	58,713
<u>180,257</u>	-	<u>180,257</u>
<u>4,787,131</u>	<u>128</u>	<u>4,787,259</u>
(79,658)	(25,726)	(105,384)
<u>5,067,057</u>	<u>19,614</u>	<u>5,086,671</u>
<u>4,987,399</u>	<u>(6,112)</u>	<u>4,981,287</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2006

Assets	General Fund \$	Nonmajor Governmental Funds \$	Total \$
Cash and pooled investments:			
ISCAP	917,723	-	917,723
Other	874,815	480,660	1,355,475
Cash with fiscal agent	-	279,824	279,824
Receivables:			
Property tax:			
Delinquent	21,943	5,632	27,575
Succeeding year	1,603,851	376,555	1,980,406
Accounts	1,268	-	1,268
Accrued interest - ISCAP	285	-	285
Interfund receivable	25,446	85,580	111,026
Due from other governments	414,459	259,049	673,508
Total assets	3,859,790	1,487,300	5,347,090
Liabilities and Fund Balances			
Liabilities:			
Salaries and benefits payable	428,965	-	428,965
Due to other governments	577,773	-	577,773
Interfund payable	-	109,580	109,580
ISCAP warrants payable	919,000	-	919,000
ISCAP accrued interest payable	227	-	227
ISCAP premium	6,994	-	6,994
Deferred revenue:			
Succeeding year property tax	1,603,851	376,555	1,980,406
Other	5,443	176,913	182,356
Total liabilities	3,542,253	663,048	4,205,301
Fund balances:			
Reserved for:			
Debt service	-	460,373	460,373
Unreserved reported in:			
General fund	317,537	-	317,537
Special revenue funds	-	235,888	235,888
Capital projects funds	-	127,991	127,991
Total fund balances	317,537	824,252	1,141,789
Total liabilities and fund balances	3,859,790	1,487,300	5,347,090

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2006

	\$
Total fund balances of governmental funds (Exhibit C)	1,141,789
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,616,404
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	176,913
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.	(40,270)
Long-term liabilities, including bonds payable and termination benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(4,907,437)</u>
Net assets of governmental activities (Exhibit A)	<u><u>4,987,399</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2006

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	1,470,164	956,038	2,426,202
Tuition	971,678	-	971,678
Other	395,479	372,355	767,834
State sources	2,483,698	-	2,483,698
Federal sources	334,271	-	334,271
Total revenues	<u>5,655,290</u>	<u>1,328,393</u>	<u>6,983,683</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	2,954,730	29,125	2,983,855
Special instruction	764,560	-	764,560
Other instruction	468,070	299,650	767,720
	<u>4,187,360</u>	<u>328,775</u>	<u>4,516,135</u>
Support services:			
Student services	111,632	-	111,632
Instructional staff services	167,174	-	167,174
Administration services	528,939	4,582	533,521
Operation and maintenance of plant services	340,724	82,494	423,218
Transportation services	361,627	4,003	365,630
	<u>1,510,096</u>	<u>91,079</u>	<u>1,601,175</u>
Other expenditures:			
Facilities acquisition	-	501,263	501,263
Long-term debt:			
Principal	-	325,000	325,000
Interest and fiscal charges	-	208,869	208,869
AEA flowthrough	172,244	-	172,244
	<u>172,244</u>	<u>1,035,132</u>	<u>1,207,376</u>
Total expenditures	<u>5,869,700</u>	<u>1,454,986</u>	<u>7,324,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(214,410)</u>	<u>(126,593)</u>	<u>(341,003)</u>
Other financing sources (uses):			
Sales of materials and equipment	450	-	450
Operating transfers in	-	500,445	500,445
Operating transfers out	-	(500,445)	(500,445)
Total other financing sources (uses)	<u>450</u>	<u>-</u>	<u>450</u>
Net change in fund balances	(213,960)	(126,593)	(340,553)
Fund balances beginning of year	531,497	950,845	1,482,342
Fund balances end of year	<u><u>317,537</u></u>	<u><u>824,252</u></u>	<u><u>1,141,789</u></u>

MAPLE VALLEY 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, 2006

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		(340,553)
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
<p>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 Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded Capital outlay expenditures in the year as follows:</p>		
Expenditures for capital assets	213,981	
Depreciation expense	<u>(324,593)</u>	(110,612)
<p>Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities.</p>		
		11,045
<p>Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
		325,000
<p>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.</p>		
		2,937
<p>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:</p>		
Early retirement		<u>32,525</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>(79,658)</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund

June 30, 2006

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Cash and cash equivalents	9,967
Accounts receivable	1,744
Inventories	5,210
Capital assets, net of accumulated depreciation	<u>4,647</u>
Total assets	<u>21,568</u>
Liabilities	
Interfund payable	1,446
Salaries and benefits payable	24,514
Deferred revenue	<u>1,720</u>
Total liabilities	<u>27,680</u>
Net assets	
Invested in capital assets, net of related debt	4,647
Unrestricted	<u>(10,759)</u>
Total net assets	<u><u>(6,112)</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2006

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for service	<u>94,056</u>
Operating expenses:	
Non-instructional programs:	
Salaries	79,453
Benefits	12,205
Purchased services	3,158
Supplies	119,112
Depreciation	364
	<u>214,292</u>
Operating gain (loss)	<u>(120,236)</u>
Non-operating revenue:	
State sources	2,528
Federal sources	91,854
Interest income	128
Total non-operating revenue	<u>94,510</u>
Change in net assets	(25,726)
Net assets beginning of year	<u>19,614</u>
Net assets end of year	<u><u>(6,112)</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2006

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	93,401
Cash payments to employees for services	(65,699)
Cash payments to suppliers for goods or services	(111,392)
Net cash used by operating activities	<u>(83,690)</u>
Cash flows from non-capital financing activities:	
State grants received	2,528
Federal grants received	78,894
Net cash provided by non-capital financing activities	<u>81,422</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>128</u>
Net increase (decrease) in cash and cash equivalents	(2,140)
Cash and cash equivalents at beginning of year	<u>12,107</u>
Cash and cash equivalents at end of year	<u><u>9,967</u></u>
Reconciliation of operating gain (loss) to net cash used by operating activities:	
Operating gain (loss)	(120,236)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	12,960
Depreciation	364
Decrease (increase) in inventories	(2,083)
Decrease (increase) in accounts receivable	(1,083)
(Decrease) increase in salaries and benefits payable	24,514
{Decrease} increase in due to other fund for salary reimbursement	1,446
(Decrease) increase in deferred revenue	428
Net cash used in operating activities	<u><u>(83,690)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2006, the District received \$12,960 of federal commodities.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2006

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Maple Valley 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 Maple Valley Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental fund:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005, through June 30, 2006, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2005.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-20 years
Furniture and equipment	3-15 years

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, expenditures exceeded the amount budgeted in the instruction function and the District exceeded its General Fund spending authority.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2006 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, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ 17,739

The investment is valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

At June 30, 2006, the District had the following investments:

	<u>Fair Value</u>
	\$
Goldman Sachs Financial Square Treasury Obligations Fund	279,824

Credit risk: The investment in Goldman Sachs Financial Square Treasury Obligations Fund and the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

3. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Property Plant and Equipment Levy Fund	Debt Service	85,580
General Fund	Enterprise-School Nutrition Fund	1,446
General Fund	Management Fund	24,000

4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
		\$
Debt Service Fund	Capital Projects Fund	170,445
Debt Service Fund	Physical Plant and Equipment Levy Fund	330,000

These transfers reflect funds used for debt service payments.

5. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. N.A. is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2006, is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
			\$	\$	\$	\$
2006-07A	6/28/06	6/28/07	<u>917,723</u>	<u>285</u>	<u>919,000</u>	<u>227</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant

proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2006, is as follows:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	-	-	-

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants %	Interest Rates on Investments %
2006-07A	4.50	5.6760

6. Capital Assets

Capital assets activity for the year ended June 30, 2006 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	10,164	-	-	10,164
Capital assets being depreciated:				
Buildings	9,262,827	23,405	-	9,286,232
Improvements other than buildings	238,951	-	-	238,951
Furniture and equipment	1,227,340	190,576	41,536	1,376,380
Total capital assets being deprec.	<u>10,729,118</u>	<u>213,981</u>	<u>41,536</u>	<u>10,901,563</u>
Less accumulated depreciation for:				
Buildings	937,827	235,585		1,173,412
Improvements other than buildings	238,951	-		238,951
Furniture and equipment	835,488	89,008	41,536	882,960
Total accumulated depreciation	<u>2,012,266</u>	<u>324,593</u>	<u>41,536</u>	<u>2,295,323</u>
Total capital assets being depreciated, net	<u>8,716,852</u>	<u>(110,612)</u>	<u>-</u>	<u>8,606,240</u>
Governmental activities capital assets, net	<u>8,727,016</u>	<u>(110,612)</u>	<u>-</u>	<u>8,616,404</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	69,316	-	-	69,316
Less accumulated depreciation	64,305	364	-	64,669
 Business type activities capital assets, net	 5,011	 (364)	 -	 4,647

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	3,394
Support Services:	
Operation and maintenance of plant services	2,037
Transportation	53,584
	59,015
Unallocated depreciation	265,578
 Total depreciation expense – governmental activities	 324,593
 Business type activities:	
Food services	364

7. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2006, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	4,250,000	-	180,000	4,070,000	190,000
Local option sales and services tax revenue bonds	850,000	-	145,000	705,000	180,000
Termination benefits	164,962	-	32,525	132,437	32,193
 Total	 5,264,962	 -	 357,525	 4,907,437	 402,193

Termination Benefits

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

At June 30, 2006, the District has obligations to eight participants with a total liability of \$132,437. Actual early retirement expenditures for the year ended June 30, 2006 totaled \$32,525.

General Obligation Bonds Payable

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December ,2001			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2007	3.75	190,000	173,540	363,540
2008	4.0	200,000	166,415	366,415
2009	4.0	210,000	158,415	368,415
2010	4.0	220,000	150,015	370,015
2011	4.0	230,000	141,215	371,215
2012-2016	4.0-4.20	1,205,000	564,725	1,769,725
2017-2021	4.30-4.70	1,475,000	289,915	1,764,915
2022	4.80	340,000	16,320	356,320
		<u>4,070,000</u>	<u>1,660,560</u>	<u>5,730,560</u>

Revenue Bonds Payable

Details of the District's June 30, 2006 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Revenue Bond Issue June 2004			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2007	2.80	180,000	20,172	200,172
2008	3.00	185,000	14,877	199,877
2009	3.40	185,000	8,957	193,957
2010	3.75	155,000	2,907	157,907
		<u>705,000</u>	<u>46,913</u>	<u>751,913</u>

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitation of the District.

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 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2006, 2005 and 2004. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$141,608, \$140,911 and \$139,208 respectively, equal to the required contributions for each year.

9. Risk Management

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

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$172,244 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Deficit Fund Balances

At June 30, 2006 the District had a \$6,112 deficit balance in the Enterprise-School Nutrition Fund.

REQUIRED SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2006

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	4,165,714	94,184	4,259,898	3,208,842	3,208,842	1,051,056
State sources	2,483,698	2,528	2,486,226	2,505,707	2,505,707	(19,481)
Federal sources	334,271	91,854	426,125	360,000	360,000	66,125
Total revenues	<u>6,983,683</u>	<u>188,566</u>	<u>7,172,249</u>	<u>6,074,549</u>	<u>6,074,549</u>	<u>1,097,700</u>
Expenditures:						
Instruction	4,516,135	-	4,516,135	4,256,398	4,256,398	(259,737)
Support services	1,601,175	-	1,601,175	1,820,000	1,820,000	218,825
Non-instructional programs	-	214,292	214,292	230,685	230,685	16,393
Other expenditures	1,207,376	-	1,207,376	1,767,806	1,767,806	560,430
Total Expenditures	<u>7,324,686</u>	<u>214,292</u>	<u>7,538,978</u>	<u>8,074,889</u>	<u>8,074,889</u>	<u>535,911</u>
Excess (deficiency) of revenues over (under) expenditures	(341,003)	(25,726)	(366,729)	(2,000,340)	(2,000,340)	1,633,611
Other financing sources (uses) net	<u>450</u>	<u>-</u>	<u>450</u>	<u>167,500</u>	<u>167,500</u>	<u>(167,050)</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	(340,553)	(25,726)	(366,279)	(1,832,840)	(1,832,840)	1,466,561
Balance beginning of year	<u>1,482,342</u>	<u>19,614</u>	<u>1,501,956</u>	<u>1,832,840</u>	<u>1,832,840</u>	<u>(330,884)</u>
Balance end of year	<u><u>1,141,789</u></u>	<u><u>(6,112)</u></u>	<u><u>1,135,677</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,135,677</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2006

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional 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 did not amend the budget.

During the year ended June 30, 2006, expenditures in the instruction function exceeded the amount budgeted and the District exceeded its General Fund unspent authorized budget.

OTHER SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2006

Assets	Special Revenue Funds			Capital Projects Fund	Debt Service	Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Local Option Sales and Services Tax		
	\$	\$	\$	\$		
Cash and pooled investments	96,428	63,952	11,254	45,855	263,171	480,660
Cash with fiscal agents	-	-	-	279,824	-	279,824
Receivables:						
Property tax:						
Delinquent	1,899	-	775	-	2,958	5,632
Succeeding year	150,000	-	47,715	-	178,840	376,555
Interfund receivable	-	-	85,580	-	-	85,580
Due from other governments	-	-	176,913	82,136	-	259,049
Total assets	248,327	63,952	322,237	407,815	444,969	1,487,300
Liabilities & Fund Balances						
Liabilities:						
Interfund payables	24,000	-	-	-	85,580	109,580
Deferred revenue:						
Succeeding year property tax	150,000	-	47,715	-	178,840	376,555
Other	-	-	176,913	-	-	176,913
Total liabilities	174,000	-	224,628	-	264,420	663,048
Fund balances:						
Reserved for debt service	-	-	-	279,824	180,549	460,373
Unreserved reported in:						
Special revenue funds	74,327	63,952	97,609	-	-	235,888
Capital projects funds	-	-	-	127,991	-	127,991
Total fund balances	74,327	63,952	97,609	407,815	180,549	824,252
Total liabilities and fund balances	248,327	63,952	322,237	407,815	444,969	1,487,300

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2006

	Special Revenue Funds			Capital Projects Funds	Debt Service	Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Local Option Sales and Services Tax		
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	126,417	-	259,093	371,717	198,811	956,038
Other	2,245	342,591	11,764	13,575	2,180	372,355
Total revenues	<u>128,662</u>	<u>342,591</u>	<u>270,857</u>	<u>385,292</u>	<u>200,991</u>	<u>1,328,393</u>
Expenditures:						
Current:						
Instruction:						
Regular instruction	29,125	-	-	-	-	29,125
Other instruction	-	299,650	-	-	-	299,650
Support services:						
Administration services	4,582	-	-	-	-	4,582
Operation and maintenance of plant services	-	-	-	82,494	-	82,494
Transportation services	4,003	-	-	-	-	4,003
Other expenditures:						
Facilities acquisition	-	-	344,063	157,200	-	501,263
Long-term debt:						
Principal	-	-	-	-	325,000	325,000
Interest and fiscal charges	-	-	-	-	208,869	208,869
Total expenditures	<u>37,710</u>	<u>299,650</u>	<u>344,063</u>	<u>239,694</u>	<u>533,869</u>	<u>1,454,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,952</u>	<u>42,941</u>	<u>(73,206)</u>	<u>145,598</u>	<u>(332,878)</u>	<u>(126,593)</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	-	500,445	500,445
Operating transfers out	-	-	(330,000)	(170,445)	-	(500,445)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(330,000)</u>	<u>(170,445)</u>	<u>500,445</u>	<u>-</u>
Net change in fund balances	90,952	42,941	(403,206)	(24,847)	167,567	(126,593)
Fund balances beginning of year	<u>(16,625)</u>	<u>21,011</u>	<u>500,815</u>	<u>432,662</u>	<u>12,982</u>	<u>950,845</u>
Fund balances end of year	<u><u>74,327</u></u>	<u><u>63,952</u></u>	<u><u>97,609</u></u>	<u><u>407,815</u></u>	<u><u>180,549</u></u>	<u><u>824,252</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2006

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Yearbook	9,180	14,888	11,579	-	12,489
Spanish trip	1,041	10,799	11,092	-	748
FCCLA-home ec. club	1,194	925	1,909	-	210
Drama	1,091	586	730	(1)	946
Vocal trip	(222)	-	2,060	2,282	-
Vocal music	2,608	4,239	329	-	6,518
Instrumental music trip	2,097	11,134	7,526	(2,283)	3,422
Instrumental music	451	1,105	768	-	788
General athletics	(32,291)	55,966	14,007	(4,850)	4,818
Softball scoreboard acct.	12,885	-	-	(12,885)	-
Boys/girls basketball	920	15,058	12,387	(3,591)	-
Boys/girls track	-	3,056	2,366	(690)	-
Boys/girls golf	-	906	3,948	3,042	-
Boys football	-	8,210	8,798	(589)	(1,177)
Boys baseball	650	4,378	11,065	6,037	-
Boys wrestling	455	5,759	6,889	675	-
Volleyball	838	3,300	3,054	(1,084)	-
Girls softball	-	2,815	2,874	59	-
Cross country	-	742	662	(80)	-
General athletics-uniforms	(2,893)	4,074	181	-	1,000
State tournament account	3,348	277	1,496	(1)	2,128
Special boys basketball	(634)	400	146	779	399
Special girls basketball	(2,535)	3,065	530	-	-
Special baseball	(1,180)	1,960	12	-	768
Special softball	1,047	8,771	6,516	(1)	3,301
Special football	8,849	9,325	14,567	-	3,607
Special volleyball	3,482	933	2,119	-	2,296
Special wrestling	(849)	4,578	3,669	-	60
Special girls track	1,503	2,642	2,466	-	1,679
Special golf	179	550	117	-	612
Special cross country	741	400	85	-	1,056
Cheerleaders	2,475	1,200	2,316	-	1,359
Ram wear	3,138	3,009	3,769	100	2,478
Dance team	1,611	4,356	4,103	-	1,864
FFA	(12,305)	58,763	46,052	-	406
FFA thrift account	1,171	1,553	1,376	-	1,348
Business Professionals of America	1,874	12,342	15,599	-	(1,383)
Phi Ramma Jamma	-	1,536	2,035	499	-
National Honor Society	-	1,000	1,406	406	-

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2006

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Destination imagination	2,164	1,966	2,895	-	1,235
Student council	(789)	2,557	2,425	657	-
Concessions	3,864	49,344	45,252	(2)	7,954
Student equipment	622	-	-	-	622
Interest	303	-	-	-	303
Students pop	2,185	2,662	3,641	(1,206)	-
HS special activities	-	1,849	1,270	(579)	-
Elementary special activities	452	2,982	1,745	-	1,689
Class of 2006	2,004	2,621	4,616	(9)	-
Class of 2007	284	13,950	13,873	(1)	360
Class of 2009	25	60	40	-	45
Beginning accruals	(22)	-	-	-	(22)
Ending accruals	-	-	13,290	13,316	26
Totals	<u>21,011</u>	<u>342,591</u>	<u>299,650</u>	<u>-</u>	<u>63,952</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

For the Last Four Years

	Modified Accrual Basis			
	2006	2005	2004	2003
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	2,426,202	2,265,629	2,223,342	2,019,842
Tuition	971,678	560,831	567,344	550,460
Other	767,834	572,776	391,750	480,510
State sources	2,483,698	2,461,944	2,368,324	3,388,379
Federal sources	334,271	538,831	782,542	327,908
Total revenues	<u>6,983,683</u>	<u>6,400,011</u>	<u>6,333,302</u>	<u>6,767,099</u>
Expenditures:				
Instruction:				
Regular instruction	2,983,855	2,210,290	2,104,666	2,071,861
Special instruction	764,560	915,800	852,418	793,232
Other instruction	767,720	725,693	557,423	530,182
Support services:				
Student services	111,632	108,789	85,470	81,847
Instructional staff services	167,174	204,036	172,296	159,267
Administration services	533,521	517,778	476,317	466,343
Operation and maintenance of plant services	423,218	461,787	332,721	298,437
Transportation services	365,630	361,016	346,075	364,434
Non-instructional programs	-	6,807	6,663	7,500
Other expenditures:				
Facilities acquisition	501,263	1,304,241	5,000,865	2,078,050
Long-term debt:				
Principal	325,000	165,000	160,000	-
Interest and other charges	208,869	202,117	191,965	-
AEA flowthrough	172,244	171,799	170,488	182,623
Total expenditures	<u>7,324,686</u>	<u>7,355,153</u>	<u>10,457,367</u>	<u>7,033,776</u>

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
Maple Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley Community School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 20, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Maple Valley Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item 06-I-A is a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Maple Valley Community School District and other parties to whom Maple Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

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

September 20, 2006

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year Ended June 30, 2006

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Reportable Conditions:

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

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

District Response: The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion: Response accepted.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year Ended June 30, 2006

Part II: Other Findings Related to Statutory Reporting:

06-II-A Certified Budget: Expenditures for the year ended June 30, 2006, exceeded the amount budgeted in the instruction function area. In addition the District exceeded its spending authority in the General Fund.

Recommendation: The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget. The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the unspent authorized budget issue.

District Response: We will amend our budget before expenditures exceed the budget in the future. We will contact the Iowa Department of Education and the School Budget Review Committee.

Conclusion: Response accepted.

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

06-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Ed Maier, Board Member, owner of Maier Pharmacy	General supplies	287

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

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

06-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.

06-II-G Certified Enrollment: We noted no variances in the basic enrollment data certified to the Department of Education.

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

06-II-I Certified Annual Report: The audit field work was conducted prior to the time the Certified Annual Report was certified to the Iowa Department of Education.

06-II-J Deficit Balances: The District has a deficit fund balance in the Enterprise School Nutrition Fund of \$6,112 and the Student Activity Fund has a few accounts with deficit balances at June 30, 2006.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year Ended June 30, 2006

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

Recommendation: The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

District Response: We are working on ways to eliminate these deficits.

Conclusion: Response accepted.

06-II-K Reclassification of Student Activity Fund Accounts: The Student Activity Fund is to be used to account for the District's extracurricular student activity program. We noted accounts in the Student Activity Fund that may belong more appropriately in other funds.

Recommendation: We recommend these accounts be reviewed and transferred to the proper fund.

District Response: We will review the accounts and make any necessary adjustments.

Conclusion: Response accepted.