

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2007

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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, 2007, 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, 2007, 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 April 14, 2008, 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, 2006, (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

April 14, 2008

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, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$5,655,290 in fiscal 2006 to \$5,515,807 in fiscal 2007, while General Fund expenditures decreased from \$5,869,700 in fiscal 2006 to \$5,212,996 in fiscal 2007. The District's General Fund balance increased from \$317,537 in fiscal 2006 to \$620,348 in fiscal 2007.
- The decreases 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 in 2006. In Fiscal Year 2007, only one year of those revenues and expenses was reported, causing both revenues and expenses to decrease significantly. Next year our district will be able to make a more accurate comparison in these areas.
- Last year the Maple Valley School developed a corrective action plan to increase the General Fund balance. With the help of this plan, our District was able to increase the General Fund balance by \$317,537. This is an incredible 95% increase.

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

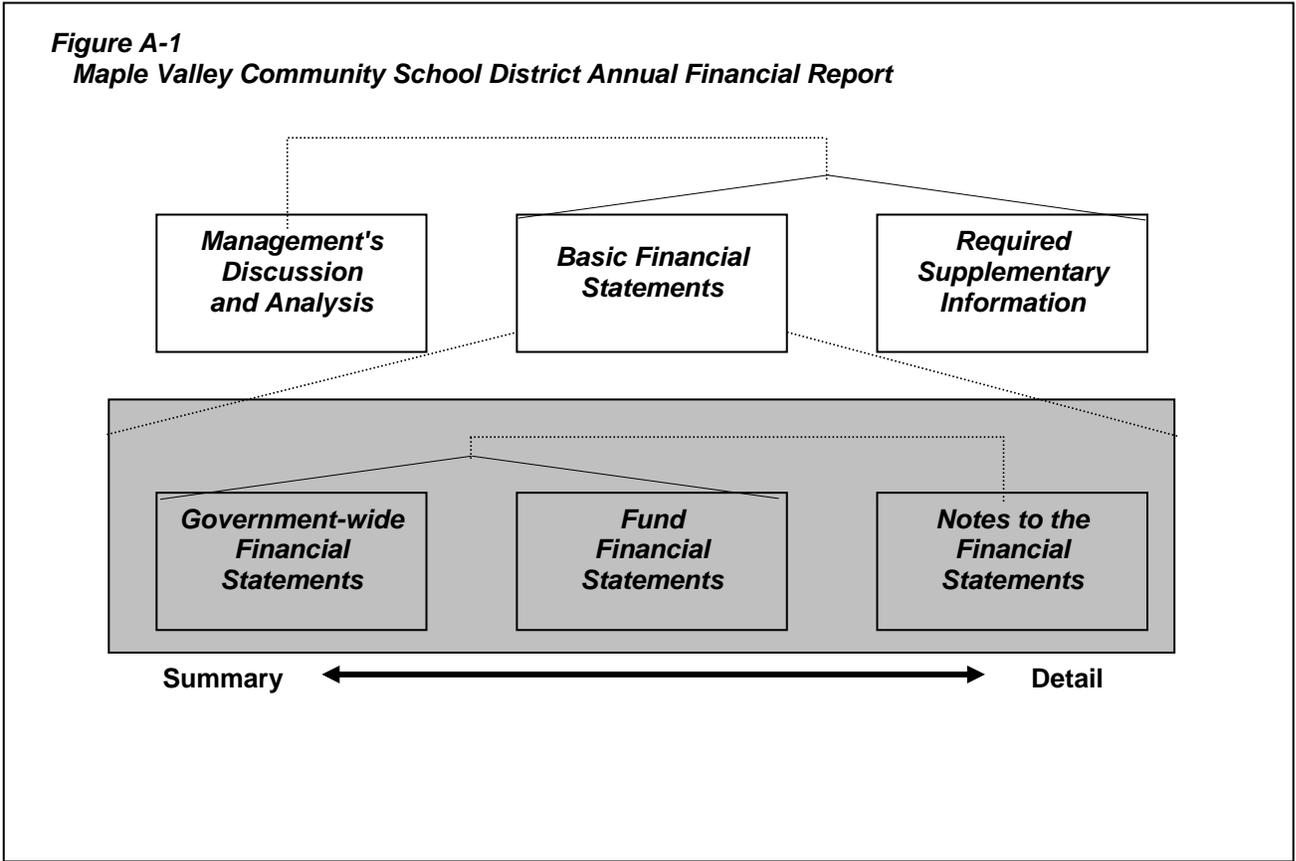


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	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, 2007 compared to June 30, 2006.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2007-2006
	Governmental Activities		Business-type Activities		Total School District		
	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
Current and other assets	6,396,442	5,237,510	(5,640)	15,475	6,390,802	5,252,985	22%
Capital assets	8,368,209	8,616,404	7,638	4,647	8,375,847	8,621,051	-3%
Total assets	14,764,651	13,853,914	1,998	20,122	14,766,649	13,874,036	7%
Long-term liabilities	4,703,988	4,907,437	-	-	4,703,988	4,907,437	-4%
Other liabilities	4,715,032	3,959,078	2,025	26,234	4,717,057	3,985,312	18%
Total liabilities	9,419,020	8,866,515	2,025	26,234	9,421,045	8,892,749	6%
Net Assets:							
Invested in capital assets, net of related debt	3,963,209	3,841,404	7,638	4,647	3,970,847	3,846,051	3%
Restricted	966,621	886,568	-	-	966,621	886,568	9%
Unrestricted	415,801	259,427	(7,665)	(10,759)	408,136	248,668	64%
TOTAL NET ASSETS	5,345,631	4,987,399	(27)	(6,112)	5,345,604	4,981,287	7%

The District's combined net assets increased by nearly 7%, or approximately \$364,317 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 increased approximately \$80,053 or 9% 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 – increased approximately \$159,468, or 64%.

Figure A-4 shows the change in net assets for the years ended June 30, 2007 and 2006.

Figure A-4

	Change in Net Assets						Percentage Change 2007-2006
	Governmental Activities		Business-type Activities		Total School District		
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	
Revenues							
Program Revenues:							
Charges for services	1,207,010	1,487,551	93,552	94,056	1,300,562	1,581,607	-18%
Operating grants & contributions	703,345	706,921	106,750	94,382	810,095	801,303	1%
Capital grants & contributions and restricted interest	25,000	13,575	-	-	25,000	13,575	84%
General Revenues:							
Property taxes	1,999,727	1,847,452	-	-	1,999,727	1,847,452	8%
Income Surtax	206,399	218,078	-	-	206,399	218,078	-5%
Local option sales tax	360,172	371,717	-	-	360,172	371,717	-3%
Unrestricted state grants	2,164,096	2,111,042	-	-	2,164,096	2,111,042	3%
Unrestricted investment earnings	95,498	58,585	142	128	95,640	58,713	63%
Other revenue	11,227	180,257	845	-	12,072	180,257	-93%
Total Revenues	6,772,474	6,995,178	201,289	188,566	6,973,763	7,183,744	-3%
Expenses:							
Instruction	3,882,023	4,483,610	-	-	3,882,023	4,483,610	-14%
Support services	1,748,826	1,566,558	-	-	1,748,826	1,566,558	12%
Non-instructional programs	4,650	-	195,204	214,292	199,854	214,292	-7%
Other expenditures	778,743	1,024,668	-	-	778,743	1,024,668	-24%
Total expenses	6,414,242	7,074,836	195,204	214,292	6,609,446	7,289,128	-9%
Change in net assets before Transfers	358,232	(79,658)	6,085	(25,726)	364,317	(105,384)	446%
Transfers	-	-	-	-	-	-	0%
CHANGE IN NET ASSETS	358,232	(79,658)	6,085	(25,726)	364,317	(105,384)	446%
Net assets beginning of year	4,987,399	5,067,057	(6,112)	19,614	4,981,287	5,086,671	-2%
Net assets end of year	5,345,631	4,987,399	(27)	(6,112)	5,345,604	4,981,287	7%

Property tax and unrestricted state grants account for 60% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 85% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$6,772,474 and expenses were \$6,414,242.

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 2007	Total Cost of Services 2006	Net Cost of Services 2007	Net Cost of Services 2006
	\$	\$	\$	\$
Instruction	3,882,023	4,483,610	2,262,089	2,593,530
Support Services	1,748,826	1,566,558	1,666,117	1,434,410
Non-instructional Programs	4,650	-	4,650	-
Other Expenses	778,743	1,024,668	546,031	838,849
TOTAL	6,414,242	7,074,836	4,478,887	4,866,789

- The cost financed by users of the District's programs was \$1,207,010.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$728,345.
- The net cost of governmental activities was financed with \$2,566,298 in property and other taxes and \$2,164,096 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$201,289 and expenses were \$195,204. 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, 2007, the District had \$6,085 more revenues than expenses.

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 \$1,526,316, which was above last year's balance of \$1,141,789.

Governmental Fund Highlights

- The General Fund balance increased from \$317,537 to \$620,348.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$97,609 in fiscal 2006 to \$149,844 in fiscal 2007.
- The Capital Projects Fund balance increased from a fiscal 2006 balance of \$407,815 to a fiscal 2007 balance of \$424,581.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$(6,112) at June 30, 2006 to \$(27) at June 30, 2007. The District has raised hot lunch prices effective for the 2007-2008 Fiscal Year in hopes of increasing this Fund Balance.

BUDGETARY HIGHLIGHTS

The District's receipts were \$259,676 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 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had invested \$8,375,848, 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 3% 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 \$329,563.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2006-2007
	2007	2006	2007	2006	2007	2006	
	\$	\$	\$	\$	\$	\$	
Land	10,164	10,164	-	-	10,164	10,164	0%
Buildings	7,949,751	8,112,820	-	-	7,949,751	8,112,820	-2%
Improvements	22,499	-	-	-	22,499	-	100%
Equipment & Furniture	385,795	493,420	7,639	4,647	373,434	498,067	-25%
TOTAL	8,368,209	8,616,404	7,639	4,647	8,375,848	8,621,051	-3%

Long-Term Debt

At June 30, 2007, the District had \$4,703,988 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of 4%. (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>2007</u>	<u>2006</u>	<u>Change</u>
			<u>2006-2007</u>
	\$	\$	
General Obligation Bonds	3,880,000	4,070,000	-5%
Local Option Sales and Services			
Tax Revenue Bonds	525,000	705,000	-26%
Early Retirement	298,988	132,437	126%
	<u>4,703,988</u>	<u>4,907,437</u>	<u>-4%</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 and 2007 enrollments decreased, which will mean less revenue generated for the 2007-2008 and 2008-2009 Fiscal Years. Enrollments are predicted to continue to decrease over the next several years as smaller Kindergarten classes replace larger graduating classes. As the budget guarantee is phased out this will mean less revenues every year for our district.
- Woodbury County and Monona County one-cent sales tax will expire in 2008 and 2009, respectively, however a renewal has already been passed in both counties. Our district changed the ballot language to allow use of one-cent sales tax revenues to fund vehicle purchases. This will help our district by allowing some relief for General Fund Expenditures.
- Due to the sources of revenues continuing to decrease, the district has passed an Instructional Support Levy that will go into effect for the 2008 fiscal year. We hope to use this additional revenue to continue to increase our General Fund Unspent balance.
- Legislation was passed allowing additional funding and property tax relief for Whole Grade Sharing Districts to entice them to consolidate. Our District will continue to research these opportunities.

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, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents:			
ISCAP	1,615,865	-	1,615,865
Other	1,719,694	15,774	1,735,468
Cash with fiscal agent	290,712	-	290,712
Receivables:			
Property tax:			
Delinquent	26,863	-	26,863
Succeeding year	1,961,644	-	1,961,644
Accounts	3,500	4,526	8,026
Interfund receivable (payable)	31,446	(31,446)	-
Accrued interest:			
ISCAP	13,701	-	13,701
Due from other governments	733,017	-	733,017
Inventories	-	5,506	5,506
Capital assets, net of accumulated depreciation	8,368,209	7,638	8,375,847
	<u>14,764,651</u>	<u>1,998</u>	<u>14,766,649</u>
Liabilities			
Salaries and benefits payable	417,445	-	417,445
Due to other governments	659,874	-	659,874
Accrued interest payable	36,562	-	36,562
Deferred revenue:			
Succeeding year property tax	1,961,644	-	1,961,644
Other	-	2,025	2,025
ISCAP warrants payable	1,619,000	-	1,619,000
ISCAP accrued interest payable	10,990	-	10,990
ISCAP premium	9,517	-	9,517
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	200,000	-	200,000
Revenue bonds payable	185,000	-	185,000
Termination benefits	51,168	-	51,168
Portion due after one year:			
General obligation bonds payable	3,680,000	-	3,680,000
Revenue bonds payable	340,000	-	340,000
Termination benefits	247,820	-	247,820
	<u>9,419,020</u>	<u>2,025</u>	<u>9,421,045</u>

See notes to financial statements.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net assets			
Invested in capital assets, net of related debt	3,963,209	7,638	3,970,847
Restricted for:			
Physical plant and equipment levy	341,500	-	341,500
Other special revenue purposes	44,727	-	44,727
Local option sales tax capital projects	133,869	-	133,869
Debt service	446,525	-	446,525
Unrestricted	415,801	(7,665)	408,136
Total net assets	<u>5,345,631</u>	<u>(27)</u>	<u>5,345,604</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Grants, Contributions and Restricted Interest
	\$	\$	\$
Governmental activities:			
Instruction:			
Regular	2,372,999	700,772	255,386
Special	760,135	242,418	29,642
Other	748,889	256,413	135,303
	<u>3,882,023</u>	<u>1,199,603</u>	<u>420,331</u>
Support services:			
Student	117,200	-	-
Instructional staff	139,893	-	50,395
Administration	751,736	-	-
Operation and maintenance of plant	385,105	2,250	-
Transportation	354,892	5,157	24,907
	<u>1,748,826</u>	<u>7,407</u>	<u>75,302</u>
Non-instructional programs	<u>4,650</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Facilities acquisition	132,574	-	25,000
Long-term debt interest	191,376	-	23,331
AEA flowthrough	184,381	-	184,381
Depreciation (unallocated)*	270,412	-	-
	<u>778,743</u>	<u>-</u>	<u>25,000</u>
Total governmental activities	6,414,242	1,207,010	703,345
Business type activities:			
Non-instructional programs:			
Food service operations	195,204	93,552	106,750
Total	<u>6,609,446</u>	<u>1,300,562</u>	<u>810,095</u>
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, 2007

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,416,841)	-	(1,416,841)
(488,075)	-	(488,075)
(357,173)	-	(357,173)
<u>(2,262,089)</u>	<u>-</u>	<u>(2,262,089)</u>
(117,200)	-	(117,200)
(89,498)	-	(89,498)
(751,736)	-	(751,736)
(382,855)	-	(382,855)
(324,828)	-	(324,828)
<u>(1,666,117)</u>	<u>-</u>	<u>(1,666,117)</u>
(4,650)	-	(4,650)
(107,574)	-	(107,574)
(168,045)	-	(168,045)
-	-	-
<u>(270,412)</u>	<u>-</u>	<u>(270,412)</u>
<u>(546,031)</u>	<u>-</u>	<u>(546,031)</u>
(4,478,887)	-	(4,478,887)
-	5,098	5,098
<u>(4,478,887)</u>	<u>5,098</u>	<u>(4,473,789)</u>
1,764,955	-	1,764,955
179,323	-	179,323
55,449	-	55,449
206,399	-	206,399
360,172	-	360,172
2,164,096	-	2,164,096
95,498	142	95,640
11,227	845	12,072
<u>4,837,119</u>	<u>987</u>	<u>4,838,106</u>
358,232	6,085	364,317
<u>4,987,399</u>	<u>(6,112)</u>	<u>4,981,287</u>
<u>5,345,631</u>	<u>(27)</u>	<u>5,345,604</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2007

Assets	General Fund \$	Nonmajor Governmental Funds \$	Total \$
Cash and pooled investments:			
ISCAP	1,615,865	-	1,615,865
Other	1,196,763	522,931	1,719,694
Cash with fiscal agent	-	290,712	290,712
Receivables:			
Property tax:			
Delinquent	21,764	5,099	26,863
Succeeding year	1,606,734	354,910	1,961,644
Accounts	3,500	-	3,500
Accrued interest - ISCAP	13,701	-	13,701
Interfund receivable	25,446	30,000	55,446
Due from other governments	460,135	272,882	733,017
Total assets	4,943,908	1,476,534	6,420,442
Liabilities and Fund Balances			
Liabilities:			
Salaries and benefits payable	417,445	-	417,445
Due to other governments	659,874	-	659,874
Interfund payable	-	24,000	24,000
ISCAP warrants payable	1,619,000	-	1,619,000
ISCAP accrued interest payable	10,990	-	10,990
ISCAP premium	9,517	-	9,517
Deferred revenue:			
Succeeding year property tax	1,606,734	354,910	1,961,644
Other	-	191,656	191,656
Total liabilities	4,323,560	570,566	4,894,126
Fund balances:			
Reserved for:			
Debt service	-	483,087	483,087
Unreserved reported in:			
General fund	620,348	-	620,348
Special revenue funds	-	289,012	289,012
Capital projects funds	-	133,869	133,869
Total fund balances	620,348	905,968	1,526,316
Total liabilities and fund balances	4,943,908	1,476,534	6,420,442

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2007

	\$
Total fund balances of governmental funds (Exhibit C)	1,526,316
<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.	8,368,209
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	191,656
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.	(36,562)
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>(4,703,988)</u>
Net assets of governmental activities (Exhibit A)	<u><u>5,345,631</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	1,614,739	936,816	2,551,555
Tuition	741,315	-	741,315
Other	315,643	280,108	595,751
State sources	2,601,977	-	2,601,977
Federal sources	242,133	25,000	267,133
Total revenues	<u>5,515,807</u>	<u>1,241,924</u>	<u>6,757,731</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,309,120	61,958	2,371,078
Special	760,135	-	760,135
Other	480,438	268,451	748,889
	<u>3,549,693</u>	<u>330,409</u>	<u>3,880,102</u>
Support services:			
Student	117,200	-	117,200
Instructional staff	139,893	-	139,893
Administration	572,336	9,744	582,080
Operation and maintenance of plant	339,160	43,692	382,852
Transportation	305,683	17,135	322,818
	<u>1,474,272</u>	<u>70,571</u>	<u>1,544,843</u>
Non-instructional programs	4,650	-	4,650
Other expenditures			
Facilities acquisition	-	194,144	194,144
Long-term debt:			
Principal	-	370,000	370,000
Interest and fiscal charges	-	195,084	195,084
AEA flowthrough	184,381	-	184,381
	<u>184,381</u>	<u>759,228</u>	<u>943,609</u>
Total expenditures	<u>5,212,996</u>	<u>1,160,208</u>	<u>6,373,204</u>
Excess (deficiency) of revenues over (under) expenditure	<u>302,811</u>	<u>81,716</u>	<u>384,527</u>
Other financing sources (uses):			
Operating transfers in	-	386,144	386,144
Operating transfers out	-	(386,144)	(386,144)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	302,811	81,716	384,527
Fund balances beginning of year	317,537	824,252	1,141,789
Fund balances end of year	<u>620,348</u>	<u>905,968</u>	<u>1,526,316</u>

See notes to financial statements.

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, 2007

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		384,527
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:		
Expenditures for capital assets	79,970	
Depreciation expense	<u>(328,165)</u>	(248,195)
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.		14,743
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.		370,000
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.		3,708
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits		<u>(166,551)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>358,232</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund

June 30, 2007

	Nonmajor School Nutrition
	<u> </u>
	\$
Assets	
Cash and cash equivalents	15,774
Accounts receivable	4,526
Inventories	5,506
Capital assets, net of accumulated depreciation	<u>7,638</u>
Total assets	<u>33,444</u>
Liabilities	
Interfund payable	31,446
Deferred revenue	<u>2,025</u>
Total liabilities	<u>33,471</u>
Net assets	
Invested in capital assets, net of related debt	7,638
Unrestricted	<u>(7,665)</u>
Total net assets	<u><u>(27)</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>93,552</u>
Operating expenses:	
Non-instructional programs:	
Salaries	35,822
Benefits	15,806
Purchased services	3,646
Supplies	138,532
Depreciation	1,398
Total operating expenses	<u>195,204</u>
Operating gain (loss)	<u>(101,652)</u>
Non-operating revenues:	
State sources	2,689
Federal sources	104,061
Interest income	142
Gain/loss on disposal of equipment	845
Total non-operating revenues	<u>107,737</u>
Change in net assets	6,085
Net assets beginning of year	<u>(6,112)</u>
Net assets end of year	<u><u>(27)</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2007

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	91,076
Cash payments to employees for services	(76,143)
Cash payments to suppliers for goods or services	(128,885)
Net cash used by operating activities	<u>(113,952)</u>
Cash flows from non-capital financing activities:	
Loan from General Fund	30,000
State grants received	2,689
Federal grants received	90,472
Net cash provided by non-capital financing activities	<u>123,161</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(3,545)</u>
Cash flows from investing activities:	
Interest on investments	<u>143</u>
Net increase (decrease) in cash and cash equivalents	5,807
Cash and cash equivalents at beginning of year	<u>9,967</u>
Cash and cash equivalents at end of year	<u><u>15,774</u></u>
Reconciliation of operating gain (loss) to net cash used by operating activities:	
Operating gain (loss)	(101,652)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	13,589
Depreciation	1,398
Decrease (increase) in inventories	(296)
Decrease (increase) in accounts receivable	(2,782)
(Decrease) increase in salaries and benefits payable	(24,514)
(Decrease) increase in deferred revenue	305
Net cash used in operating activities	<u><u>(113,952)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received \$13,589 of federal commodities.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

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

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

Fund Financial Statements – Separate financial statements are provided for governmental 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 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 financial statements:

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006, through June 30, 2007, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

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 not available for appropriation or 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 are imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures did not exceed the amount budgeted.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2007 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, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ 18,637

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

At June 30, 2007, the District had the following investment:

	<u>Fair Value</u>
	\$
Goldman Sachs Financial Square Treasury Obligations Fund	290,712

Credit risk: The investments 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, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
		\$
Activity Fund	Enterprise-School Nutrition Fund	30,000
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, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
		\$
Debt Service Fund	Capital Projects Fund	201,144
Debt Service Fund	Physical Plant and Equipment Levy Fund	185,000

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, 2007, is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
			\$	\$	\$	\$
2006-07B	01/26/07	01/25/08	593,483	13,395	595,000	10,738
2007-08A	06/27/07	06/27/08	1,022,382	306	1,024,000	252
			<u>1,615,865</u>	<u>13,701</u>	<u>1,619,000</u>	<u>10,990</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, 2007, 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
	%	%
2006-07B	4.250	5.315
2007-08A	4.50	5.455

6. Capital Assets

Capital assets activity for the year ended June 30, 2007 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	9,286,232	73,350	-	9,359,582
Improvements other than buildings	238,951	23,076	-	262,027
Furniture and equipment	1,376,380	47,166	63,622	1,359,924
Total capital assets being deprec.	<u>10,901,563</u>	<u>143,592</u>	<u>63,622</u>	<u>10,981,533</u>
Less accumulated depreciation for:				
Buildings	1,173,412	236,419	-	1,409,831
Improvements other than buildings	238,951	577	-	239,528
Furniture and equipment	882,960	91,169	-	974,129
Total accumulated depreciation	<u>2,295,323</u>	<u>328,165</u>	<u>-</u>	<u>2,623,488</u>
Total capital assets being depreciated, net	<u>8,606,240</u>	<u>(184,573)</u>	<u>63,622</u>	<u>8,358,045</u>
Governmental activities capital assets, net	<u>8,616,404</u>	<u>(184,573)</u>	<u>63,622</u>	<u>8,368,209</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	69,316	3,545	(3,289)	76,150
Less accumulated depreciation	64,669	1,398	(2,444)	68,511
Business type activities capital assets, net	4,647	2,147	(845)	7,639

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	1,921
Support Services:	
Administration	3,105
Operation and maintenance of plant services	2,253
Transportation	50,474
	57,753
Unallocated depreciation	270,412
Total depreciation expense – governmental activities	328,165
Business type activities:	
Food services	1,398

7. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	4,070,000	-	190,000	3,880,000	200,000
Local option sales and services tax revenue bonds	705,000	-	180,000	525,000	185,000
Termination benefits	132,437	208,785	42,234	298,988	51,168
Total	4,907,437	208,785	412,234	4,703,988	436,168

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, 2007, the District has obligations to twelve participants with a total liability of \$298,988. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$42,234.

General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of December ,2001</u>			
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2008	4.0	200,000	166,415	366,415
2009	4.0	210,000	158,115	368,115
2010	4.0	220,000	150,015	370,015
2011	4.0	230,000	141,215	371,215
2012	4.0	235,000	136,015	371,015
2013-2017	4.0-4.30	1,240,000	515,535	1,755,535
2018-2022	4.40-4.80	1,545,000	223,410	1,768,410
		<u>3,880,000</u>	<u>1,490,720</u>	<u>5,370,720</u>

Revenue Bonds Payable

Details of the District's June 30, 2007 local option sales and services tax revenue bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Revenue Bond Issue June 2004</u>			
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
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>525,000</u>	<u>26,741</u>	<u>551,741</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, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$145,011, \$141,608 and \$140,911 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 \$184,381 for the year ended June 30, 2007 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, 2007 the District had a \$27 deficit balance in the 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, 2007

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	3,888,621	93,694	3,982,315	3,749,262	3,749,262	233,053
State sources	2,601,977	2,689	2,604,666	2,584,237	2,584,237	20,429
Federal sources	267,133	104,061	371,194	365,000	365,000	6,194
Total revenues	<u>6,757,731</u>	<u>200,444</u>	<u>6,958,175</u>	<u>6,698,499</u>	<u>6,698,499</u>	<u>259,676</u>
Expenditures:						
Instruction	3,880,102	-	3,880,102	5,031,741	5,031,741	1,151,639
Support services	1,544,843	-	1,544,843	1,744,380	1,744,380	199,537
Non-instructional programs	4,650	195,204	199,854	724,152	724,152	524,298
Other expenditures	943,609	-	943,609	1,166,439	1,166,439	222,830
Total expenditures	<u>6,373,204</u>	<u>195,204</u>	<u>6,568,408</u>	<u>8,666,712</u>	<u>8,666,712</u>	<u>2,098,304</u>
Excess (deficiency) of revenues over (under) expenditures	384,527	5,240	389,767	(1,968,213)	(1,968,213)	2,357,980
Other financing sources (uses) net	<u>-</u>	<u>845</u>	<u>845</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>5,845</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	384,527	6,085	390,612	(1,973,213)	(1,973,213)	2,363,825
Balance beginning of year	<u>1,141,789</u>	<u>(6,112)</u>	<u>1,135,677</u>	<u>1,973,213</u>	<u>1,973,213</u>	<u>(837,536)</u>
Balance end of year	<u><u>1,526,316</u></u>	<u><u>(27)</u></u>	<u><u>1,526,289</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,526,289</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2007

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

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

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

OTHER SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2007

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	116,416	14,727	149,174	52,643	189,971	522,931
Cash with fiscal agents	-	-	-	290,712	-	290,712
Receivables:						
Property tax:						
Delinquent	2,025	-	670	-	2,404	5,099
Succeeding year	125,000	-	48,194	-	181,716	354,910
Interfund receivable	-	30,000	-	-	-	30,000
Due from other governments	-	-	191,656	81,226	-	272,882
Total assets	243,441	44,727	389,694	424,581	374,091	1,476,534
Liabilities & Fund Balances						
Liabilities:						
Interfund payables	24,000	-	-	-	-	24,000
Deferred revenue:						
Succeeding year property tax	125,000	-	48,194	-	181,716	354,910
Other	-	-	191,656	-	-	191,656
Total liabilities	<u>149,000</u>	<u>-</u>	<u>239,850</u>	<u>-</u>	<u>181,716</u>	<u>570,566</u>
Fund balances:						
Reserved for debt service	-	-	-	290,712	192,375	483,087
Unreserved reported in:						
Special revenue funds	94,441	44,727	149,844	-	-	289,012
Capital projects funds	-	-	-	133,869	-	133,869
Total fund balances	<u>94,441</u>	<u>44,727</u>	<u>149,844</u>	<u>424,581</u>	<u>192,375</u>	<u>905,968</u>
Total liabilities and fund balances	243,441	44,727	389,694	424,581	374,091	1,476,534

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2007

	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		
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	150,216	-	247,105	360,172	179,323	936,816
Other	2,427	249,226	5,124	11,888	11,443	280,108
Federal sources	-	-	25,000	-	-	25,000
Total revenues	<u>152,643</u>	<u>249,226</u>	<u>277,229</u>	<u>372,060</u>	<u>190,766</u>	<u>1,241,924</u>
Expenditures:						
Current:						
Instruction:						
Regular	61,958	-	-	-	-	61,958
Other	-	268,451	-	-	-	268,451
Support services:						
Administration	9,744	-	-	-	-	9,744
Operation and maintenance of plant	43,692	-	-	-	-	43,692
Transportation	17,135	-	-	-	-	17,135
Other expenditures:						
Facilities acquisition	-	-	39,994	154,150	-	194,144
Long-term debt:						
Principal	-	-	-	-	370,000	370,000
Interest and fiscal charges	-	-	-	-	195,084	195,084
Total expenditures	<u>132,529</u>	<u>268,451</u>	<u>39,994</u>	<u>154,150</u>	<u>565,084</u>	<u>1,160,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,114</u>	<u>(19,225)</u>	<u>237,235</u>	<u>217,910</u>	<u>(374,318)</u>	<u>81,716</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	-	386,144	386,144
Operating transfers out	-	-	(185,000)	(201,144)	-	(386,144)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(185,000)</u>	<u>(201,144)</u>	<u>386,144</u>	<u>-</u>
Net change in fund balances	20,114	(19,225)	52,235	16,766	11,826	81,716
Fund balances beginning of year	<u>74,327</u>	<u>63,952</u>	<u>97,609</u>	<u>407,815</u>	<u>180,549</u>	<u>824,252</u>
Fund balances end of year	<u><u>94,441</u></u>	<u><u>44,727</u></u>	<u><u>149,844</u></u>	<u><u>424,581</u></u>	<u><u>192,375</u></u>	<u><u>905,968</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Yearbook	12,489	14,264	13,070	-	13,683
Spanish trip	748	8,861	4,797	-	4,812
FCCLA-home ec. club	210	432	169	-	473
Drama	946	839	907	-	878
Vocal music	6,518	1,147	2,141	-	5,524
Instrumental music trip	3,422	15,922	16,112	-	3,232
Instrumental music	788	1,398	1,535	-	651
General athletics	4,818	5,263	5,895	(2,511)	1,675
Boys/girls basketball	-	6,776	5,966	(810)	-
Boys/girls track	-	1,073	2,490	1,417	-
Boys/girls golf	-	91	1,876	1,785	-
Boys football	(1,177)	4,866	3,781	92	-
Boys baseball	-	2,756	4,434	1,678	-
Boys wrestling	-	2,122	3,481	1,359	-
Volleyball	-	3,533	2,850	(683)	-
Girls softball	-	597	6,266	5,669	-
Cross country	-	-	638	638	-
General athletics-uniforms	1,000	-	4,826	3,826	-
State tournament account	2,128	48	1,671	497	1,002
Special boys basketball	399	773	3,170	1	(1,997)
Special girls basketball	-	1,606	950	-	656
Special baseball	768	11,744	15,165	2,653	-
Special softball	3,301	645	6,222	-	(2,276)
Special football	3,607	7,514	9,273	-	1,848
Special volleyball	2,296	1,654	3,450	-	500
Special wrestling	60	4,337	3,472	-	925
Special girls track	1,679	1,778	2,371	(607)	479
Special boys track	-	214	545	607	276
Special girls golf	612	576	335	(306)	547
Special boys golf	-	1,175	1,613	306	(132)
Special cross country	1,056	-	89	-	967
Cheerleaders	1,359	2,679	2,906	-	1,132
Ram wear	2,478	6,344	5,860	(2,653)	309
Dance team	1,864	3,291	4,818	-	337
FFA	406	58,902	59,260	-	48
FFA thrift account	1,348	-	1,047	-	301
Business Professionals of America	(1,383)	11,259	8,013	-	1,863
Phi Ramma Jamma	-	2,979	2,523	-	456
Destination imagination	1,235	1,315	850	-	1,700

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Student council	-	2,329	1,617	-	712
Concessions	7,954	37,977	32,904	(12,173)	854
Student equipment	622	-	-	-	622
Interest	303	478	-	(781)	-
Elementary special activities	1,689	165	428	-	1,426
Class of 2007	360	4,950	4,720	-	590
Class of 2009	45	-	-	-	45
Class of 2008	-	14,554	13,945	-	609
Beginning accruals	(22)	-	-	22	-
Ending accruals	26	-	-	(26)	-
	<u>63,952</u>	<u>249,226</u>	<u>268,451</u>	<u>-</u>	<u>44,727</u>
Totals					

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			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	2,551,555	2,426,202	2,265,629	2,223,342
Tuition	741,315	971,678	560,831	567,344
Other	595,751	767,834	572,776	391,750
State sources	2,601,977	2,483,698	2,461,944	2,368,324
Federal sources	267,133	334,271	538,831	782,542
Total revenues	<u>6,757,731</u>	<u>6,983,683</u>	<u>6,400,011</u>	<u>6,333,302</u>
Expenditures:				
Instruction:				
Regular	2,371,078	2,983,855	2,210,290	2,104,666
Special	760,135	764,560	915,800	852,418
Other	748,889	767,720	725,693	557,423
Support services:				
Student	117,200	111,632	108,789	85,470
Instructional staff	139,893	167,174	204,036	172,296
Administration	582,080	533,521	517,778	476,317
Operation and maintenance of plant	382,852	423,218	461,787	332,721
Transportation	322,818	365,630	361,016	346,075
Non-instructional programs	4,650	-	6,807	6,663
Other expenditures:				
Facilities acquisition	194,144	501,263	1,304,241	5,000,865
Long-term debt:				
Principal	370,000	325,000	165,000	160,000
Interest and other charges	195,084	208,869	202,117	191,965
AEA flowthrough	184,381	172,244	171,799	170,488
Total expenditures	<u>6,373,204</u>	<u>7,324,686</u>	<u>7,355,153</u>	<u>10,457,367</u>

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

To the Board of Education of
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, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 14, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Maple Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Maple Valley Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Maple Valley Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Maple Valley Community School District's financial statements that is more than inconsequential will not be prevented or detected by Maple Valley Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Maple Valley Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 07-0I-A and 07-0I-B are material weaknesses.

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 and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Maple Valley Community School District and other parties to whom Maple Valley Community School District may report. 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

April 14, 2008

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year Ended June 30, 2007

Part I: Findings Related to the Financial Statements:

Significant deficiencies:

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

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

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

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year Ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting:

07-II-A Certified Budget: Expenditures for the year ended June 30, 2007, did not exceed the amounts budgeted.

07-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.

07-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.

07-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	Supplies	251

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

07-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.

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

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

07-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.

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

07-II-J Deficit Balances: The District has a deficit fund balance in the Nutrition Fund of \$27 and the Activity Fund has a few accounts with deficit balances at June 30, 2007.

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.