

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

June 30, 2009

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Gary E. Horton CPA

902 Central Ave. E.-PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

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, 2009, 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, 2009, 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 30, 2010, 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, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis 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 five years ended June 30, 2008, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Federal Awards required by U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 30, 2010

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, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,698,357 in fiscal 2008 to \$6,035,349 in fiscal 2009, while General Fund expenditures increased from \$5,504,635 in fiscal 2008 to \$5,701,403 in fiscal 2009. The District's General Fund balance increased from \$814,570 in fiscal 2008 to \$1,162,737 in fiscal 2009.
- The increase in the General Fund balance is primarily due to the Instructional Support Levy that was passed in order to help increase our fund balance. We were also able to take advantage of sharing incentive dollars that helped us increase our fund balance as well. We have been saving these funds to help increase our fund balance and to help offset the upcoming reduction in our sharing incentive funds that will occur in the 2010-2011 fiscal year.

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.

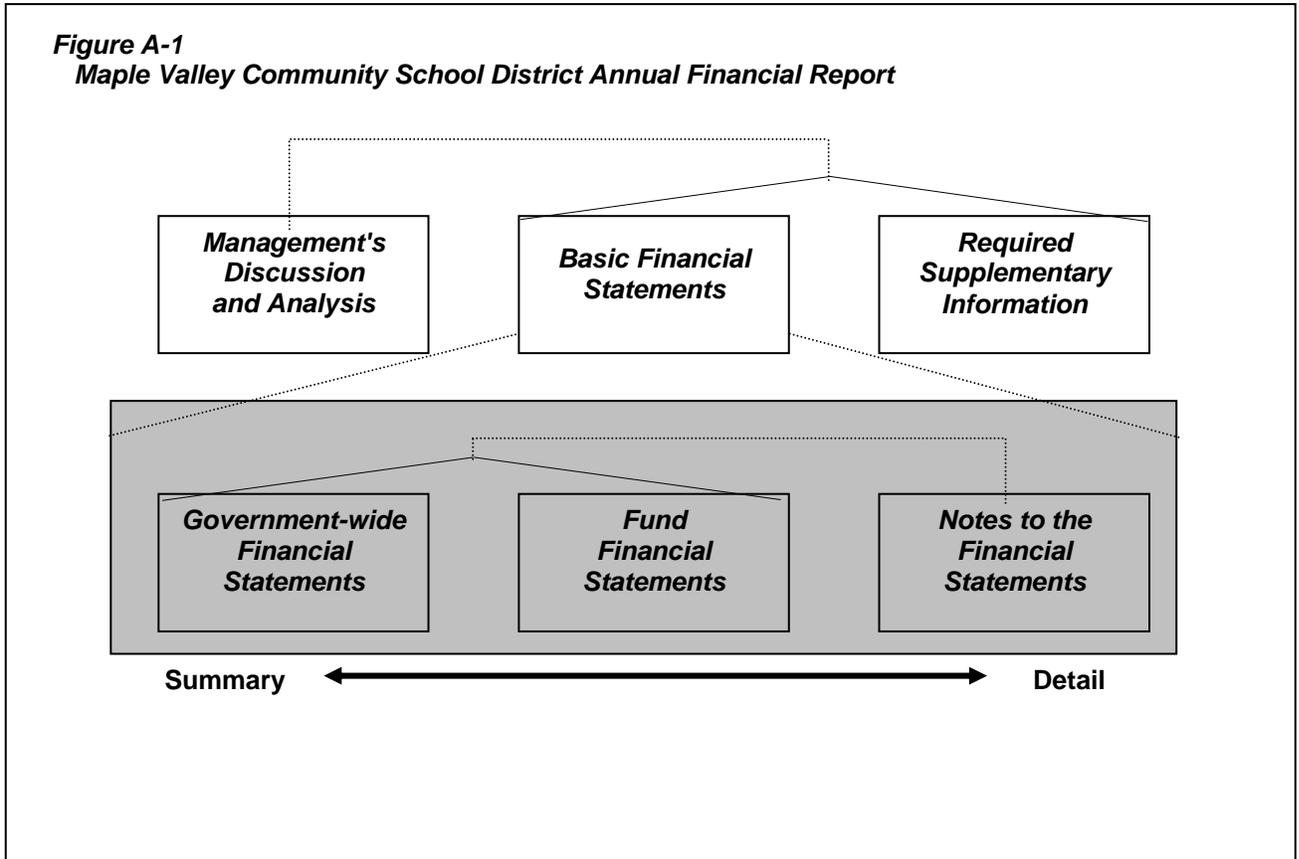


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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, 2009 compared to June 30, 2008.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2008-2009
	Governmental Activities		Business-type Activities		Total School District		
	2009	2008	2009	2008	2009	2008	
	\$	\$	\$	\$	\$	\$	
Current and other assets	5,718,592	5,902,296	48,768	11,765	5,767,360	5,914,061	-2%
Capital assets	8,133,108	8,242,002	5,461	6,447	8,138,569	8,248,449	-1%
Total assets	13,851,700	14,144,298	54,229	18,212	13,905,929	14,162,510	-2%
Long-term liabilities	3,818,484	4,264,504	-	-	3,818,484	4,264,504	-10%
Other liabilities	3,286,964	3,947,495	2,795	2,011	3,289,759	3,949,506	-17%
Total liabilities	7,105,448	8,211,999	2,795	2,011	7,108,243	8,214,010	-13%
Net Assets:							
Invested in capital assets, net of related debt	4,508,108	4,222,002	5,461	6,447	4,513,569	4,228,449	7%
Restricted	1,292,304	1,101,862	-	-	1,292,304	1,101,862	17%
Unrestricted	945,840	608,435	45,973	9,754	991,813	618,189	60%
TOTAL NET ASSETS	6,746,252	5,932,299	51,434	16,201	6,797,686	5,948,500	14%

The District's combined net assets increased by approximately 14%, or approximately \$849,186 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 \$190,442 or 17% 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 \$373,624, or 60%.

Figure A-4 shows the change in net assets for the years ended June 30, 2009 and 2008.

Figure A-4

	Change in Net Assets						Percentage Change 2008-2009
	Governmental Activities		Business-type Activities		Total School District		
	2009	2008	2009	2008	2009	2008	
	\$	\$	\$	\$	\$	\$	
Revenues							
Program Revenues:							
Charges for services	1,231,686	1,277,406	123,780	99,339	1,355,466	1,376,745	-2%
Operating grants & contributions	1,068,324	808,131	144,380	132,601	1,212,704	940,732	29%
General Revenues:							
Property taxes	2,111,820	1,971,746	-	-	2,111,820	1,971,746	7%
Income Surtax	234,738	212,758	-	-	234,738	212,758	10%
Statewide sales tax	350,146	352,069	-	-	350,146	352,069	-1%
Unrestricted state grants	2,216,154	2,212,289	-	-	2,216,154	2,212,289	<1%
Unrestricted investment earnings	37,027	142,374	42	172	37,069	142,546	-74%
Other revenue	49,701	3,495	-	-	49,701	3,495	1322%
Total Revenues	7,299,596	6,980,268	268,202	232,112	7,567,798	7,212,380	5%

Expenses:							
Instruction	4,089,371	3,956,810	-	-	4,089,371	3,956,810	3%
Support services	1,690,401	1,645,028	-	-	1,690,401	1,645,028	3%
Non-instructional programs	9,197	47,207	232,969	215,884	242,166	263,091	-8%
Other expenditures	696,674	744,555	-	-	696,674	744,555	-6%
Total expenses	6,485,643	6,393,600	232,969	215,884	6,718,612	6,609,484	2%
CHANGE IN NET ASSETS	813,953	586,668	35,233	16,228	849,186	602,896	41%
Net assets beginning of year	5,932,299	5,345,631	16,201	(27)	5,948,500	5,345,604	11%
Net assets end of year	6,746,252	5,932,299	51,434	16,201	6,797,686	5,948,500	14%

Property tax and unrestricted state grants account for 57% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$7,299,596 and expenses were \$6,485,643.

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 2009 \$	Total Cost of Services 2008 \$	Net Cost of Services 2009 \$	Net Cost of Services 2008 \$
Instruction	4,089,371	3,956,810	2,193,403	2,201,164
Support Services	1,690,401	1,645,028	1,482,330	1,516,943
Non-instructional Programs	9,197	47,207	9,197	47,207
Other Expenses	696,674	744,555	500,703	542,749
TOTAL	6,485,643	6,393,600	4,185,633	4,308,063

- The cost financed by users of the District's programs was \$1,231,686.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,068,324.
- The net cost of governmental activities was financed with \$2,696,704 in property and other taxes and \$2,216,154 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$268,202 and expenses were \$232,969. 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, 2009, the District had \$35,233 more revenues than expenses. The District raised lunch prices for Fiscal Year 2008 and again in Fiscal Year 2009 in hopes of balancing revenues and expenses better. Increases in food and freight prices along with salaries and benefits

make this a continuing challenge. We also have had a problem with collecting negative balances in our hot lunch program. We have recently developed a collection plan in hopes of clearing up these negative balances, while also increasing our revenues.

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 \$2,264,769, which was above last years' balance of \$1,797,717.

Governmental Fund Highlights

- The General Fund balance increased from \$814,570 to \$1,162,737, a 43% increase.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$226,036 in fiscal 2008 to \$312,366 in fiscal 2009.
- The Capital Projects Fund balance increased from a fiscal 2008 balance of \$405,812 to a fiscal 2009 balance of \$414,938.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$16,201 at June 30, 2008 to \$51,434 at June 30, 2009. This increase is very deceiving. Many of the Hot Lunch department's salary and benefits were paid out of the General Fund in 2009 because there were not enough funds in the School Nutrition Fund to cover them. These expenses were still incurred, they were just paid out of a different fund. Again, the district has raised hot lunch prices in the past two fiscal years in an attempt to help offset the increasing expenses. The District's goal is to be able to pay all expenses out of the School Nutrition Fund in FY2010 and end the year with a positive Fund balance

BUDGETARY HIGHLIGHTS

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.

The other level of budgetary control is the "unspent (maximum) authorized budget" and pertains only to the general fund of the District. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash". It is imperative for users of District financial information to make this important distinction. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the district.

Over the past few years, the District has been working hard to increase our unspent balance. By passing the Instructional Support Levy, and by carefully budgeting our expenses, we have been able

to increase our unspent balance annually. This will benefit our district in the hard budget years to come when our enrollment continues to drop and our sharing incentive dollars from the State run out.

Total actual expenditures were \$2,230,487 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, 2009, the District had invested \$8,138,569, 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 \$345,088.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2008-2009
	Activities		Activities		School District		
	2009	2008	2009	2008	2009	2008	
	\$	\$	\$	\$	\$	\$	
Land	10,164	10,164	-	-	10,164	10,164	0%
Buildings	7,551,329	7,738,750	-	-	7,551,329	7,738,750	-2%
Improvements	20,769	21,923	-	-	20,769	21,923	-5%
Equipment & Furniture	550,846	471,165	5,461	6,447	556,307	477,612	16%
TOTAL	8,133,108	8,242,002	5,461	6,447	8,138,569	8,248,449	-1%

Long-Term Debt

At June 30, 2009, the District had \$3,818,484 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of 10%. (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

	Total School District		Percentage Change 2008-2009
	2009	2008	
	\$	\$	
General Obligation Bonds	3,470,000	3,680,000	-6%
Sales Tax Revenue Bonds	155,000	340,000	-54%
Termination Benefits	193,484	244,504	-21%
	3,818,484	4,264,504	-10%

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. Our enrollment continues to decrease, which will mean less revenue generated in future 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 expired in 2008 and 2009, respectively, however a renewal was 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 in the future.
- The district has passed an Instructional Support Levy that went into effect for the 2008 fiscal year. The district has used this additional revenue to continue to increase our General Fund Unspent balance, in order to protect our district from the difficult budget years ahead of us.
- Legislation was passed allowing additional funding and property tax relief for Whole Grade Sharing Districts to entice them to consolidate. We are currently receiving sharing dollars for researching these opportunities. If the district passes a consolidation vote, the newly formed district will receive three more years of these sharing dollars. Our district patrons will also receive three years of property tax relief. Since the district did not pass a consolidation vote yet, we will no longer receive these sharing dollars in the 2010-2011 school year and may have to look at making future cuts to absorb the decrease in our revenues. For now, we will use our unspent balance that we have built up. We hope to continue to explore the possibility of a consolidation vote in the future.
- In Fiscal Year 2010, the State approved a 10% across the board cut for all school districts. This will decrease our State revenues in FY2010. With the timing of this cut, the Board was unable to legally reduce staff as a way to cut our expenses, therefore our fund balance will very likely decrease in FY10.

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, 501 S. 7th St., Mapleton, Iowa 51034

BASIC FINANCIAL STATEMENTS

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents:			
ISCAP	1,065,842	-	1,065,842
Other	2,420,541	32,955	2,453,496
Cash with fiscal agent	252,398	-	252,398
Receivables:			
Property tax:			
Delinquent	31,732	-	31,732
Succeeding year	1,190,695	-	1,190,695
Accounts	4,131	3,562	7,693
Accrued interest:			
ISCAP	2,535	-	2,535
Interfund balances	1,446	(1,446)	-
Due from other governments	749,272	4,178	753,450
Inventories	-	9,519	9,519
Capital assets, net of accumulated depreciation	8,133,108	5,461	8,138,569
	<u>13,851,700</u>	<u>54,229</u>	<u>13,905,929</u>
Total assets			
Liabilities			
Salaries and benefits payable	387,822	-	387,822
Due to other governments	596,793	-	596,793
Accrued interest payable	27,909	-	27,909
Deferred revenue:			
Succeeding year property tax	1,190,695	-	1,190,695
Other	11,925	2,795	14,720
ISCAP warrants payable	1,050,000	-	1,050,000
ISCAP accrued interest payable	3,690	-	3,690
ISCAP premium	18,130	-	18,130
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	220,000	-	220,000
Revenue bonds payable	155,000	-	155,000
Termination benefits	44,970	-	44,970
Portion due after one year:			
General obligation bonds payable	3,250,000	-	3,250,000
Termination benefits	148,514	-	148,514
	<u>7,105,448</u>	<u>2,795</u>	<u>7,108,243</u>
Total liabilities			

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	4,508,108	5,461	4,513,569
Restricted for:			
Categorical funding	131,609	-	131,609
Physical plant and equipment levy	507,134	-	507,134
Other special revenue purposes	66,162	-	66,162
Sales tax capital projects	162,540	-	162,540
Debt service	424,859	-	424,859
Unrestricted	<u>945,840</u>	<u>45,973</u>	<u>991,813</u>
Total net assets	<u><u>6,746,252</u></u>	<u><u>51,434</u></u>	<u><u>6,797,686</u></u>

MAPEL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	2,467,778	680,327	610,000	-
Special	762,946	161,283	28,929	-
Other	858,647	266,719	148,710	-
	<u>4,089,371</u>	<u>1,108,329</u>	<u>787,639</u>	<u>-</u>
Support services:				
Student	120,639	-	-	-
Instructional staff	167,362	36,369	68,820	-
Administration	609,420	82,082	-	-
Operation and maintenance of plant	393,985	2,500	-	-
Transportation	398,995	2,406	15,894	-
	<u>1,690,401</u>	<u>123,357</u>	<u>84,714</u>	<u>-</u>
Non-instructional programs	<u>9,197</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	56,003	-	-	-
Long-term debt interest	163,228	-	-	-
AEA flowthrough	195,971	-	195,971	-
Depreciation (unallocated)*	281,472	-	-	-
	<u>696,674</u>	<u>-</u>	<u>195,971</u>	<u>-</u>
Total governmental activities	6,485,643	1,231,686	1,068,324	-
Business type activities:				
Non-instructional programs:				
Food service operations	232,969	123,780	144,380	-
Total	<u>6,718,612</u>	<u>1,355,466</u>	<u>1,212,704</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide 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.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,177,451)	-	(1,177,451)
(572,734)	-	(572,734)
<u>(443,218)</u>	-	<u>(443,218)</u>
<u>(2,193,403)</u>	-	<u>(2,193,403)</u>
(120,639)	-	(120,639)
(62,173)	-	(62,173)
(527,338)	-	(527,338)
(391,485)	-	(391,485)
<u>(380,695)</u>	-	<u>(380,695)</u>
<u>(1,482,330)</u>	-	<u>(1,482,330)</u>
(9,197)	-	(9,197)
(56,003)	-	(56,003)
(163,228)	-	(163,228)
-	-	-
<u>(281,472)</u>	-	<u>(281,472)</u>
<u>(500,703)</u>	-	<u>(500,703)</u>
(4,185,633)	-	(4,185,633)
<u>-</u>	<u>35,191</u>	<u>35,191</u>
<u>(4,185,633)</u>	<u>35,191</u>	<u>(4,150,442)</u>
1,873,373	-	1,873,373
183,866	-	183,866
54,581	-	54,581
234,738	-	234,738
350,146	-	350,146
2,216,154	-	2,216,154
37,027	42	37,069
49,701	-	49,701
<u>4,999,586</u>	<u>42</u>	<u>4,999,628</u>
813,953	35,233	849,186
<u>5,932,299</u>	<u>16,201</u>	<u>5,948,500</u>
<u>6,746,252</u>	<u>51,434</u>	<u>6,797,686</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

Assets	General Fund \$	Nonmajor Governmental Funds \$	Total \$
Cash and pooled investments:			
ISCAP	1,065,842	-	1,065,842
Other	1,841,555	578,986	2,420,541
Cash with fiscal agent	-	252,398	252,398
Receivables:			
Property tax:			
Delinquent	26,274	5,458	31,732
Succeeding year	1,082,722	107,973	1,190,695
Accounts	-	4,131	4,131
Accrued interest - ISCAP	2,535	-	2,535
Interfund receivable	13,533	222,470	236,003
Due from other governments	503,828	245,444	749,272
Total assets	4,536,289	1,416,860	5,953,149
Liabilities and Fund Balances			
Liabilities:			
Salaries and benefits payable	387,822	-	387,822
Due to other governments	596,793	-	596,793
Interfund payable	222,470	12,087	234,557
ISCAP warrants payable	1,050,000	-	1,050,000
ISCAP accrued interest payable	3,690	-	3,690
ISCAP premium	18,130	-	18,130
Deferred revenue:			
Succeeding year property tax	1,082,722	107,973	1,190,695
Other	11,925	194,768	206,693
Total liabilities	3,373,552	314,828	3,688,380
Fund balances:			
Reserved for:			
Categorical funding	131,609	-	131,609
Debt service	-	452,768	452,768
Unreserved reported in:			
General fund	1,031,128	-	1,031,128
Special revenue funds	-	486,724	486,724
Capital projects funds	-	162,540	162,540
Total fund balances	1,162,737	1,102,032	2,264,769
Total liabilities and fund balances	4,536,289	1,416,860	5,953,149

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2009

	\$
Total fund balances of governmental funds (Exhibit C)	2,264,769
<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.	8,133,108
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	194,768
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.	(27,909)
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>(3,818,484)</u>
Net assets of governmental activities (Exhibit A)	<u><u>6,746,252</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	1,748,273	943,200	2,691,473
Tuition	677,846	-	677,846
Other	324,752	283,360	608,112
State sources	2,882,890	-	2,882,890
Federal sources	401,588	-	401,588
Total revenues	<u>6,035,349</u>	<u>1,226,560</u>	<u>7,261,909</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,457,230	55,535	2,512,765
Special	768,910	-	768,910
Other	608,836	249,811	858,647
	<u>3,834,976</u>	<u>305,346</u>	<u>4,140,322</u>
Support services:			
Student	120,180	459	120,639
Instructional staff	167,082	280	167,362
Administration	604,379	3,340	607,719
Operation and maintenance of plant	365,767	45,090	410,857
Transportation	408,398	19,634	428,032
	<u>1,665,806</u>	<u>68,803</u>	<u>1,734,609</u>
Non-instructional programs	<u>4,650</u>	<u>4,547</u>	<u>9,197</u>
Other expenditures:			
Facilities acquisition	-	184,442	184,442
Long-term debt:			
Principal	-	395,000	395,000
Interest and fiscal charges	-	167,772	167,772
AEA flowthrough	195,971	-	195,971
	<u>195,971</u>	<u>747,214</u>	<u>943,185</u>
Total expenditures	<u>5,701,403</u>	<u>1,125,910</u>	<u>6,827,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>333,946</u>	<u>100,650</u>	<u>434,596</u>
Other financing sources (uses):			
Sale of property	14,221	18,235	32,456
Operating transfers in	-	378,957	378,957
Operating transfers out	-	(378,957)	(378,957)
Total other financing sources (uses)	<u>14,221</u>	<u>18,235</u>	<u>32,456</u>
Net change in fund balances	348,167	118,885	467,052
Fund balances beginning of year	<u>814,570</u>	<u>983,147</u>	<u>1,797,717</u>
Fund balances end of year	<u>1,162,737</u>	<u>1,102,032</u>	<u>2,264,769</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, 2009

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		467,052

**Amounts reported for governmental activities in the
Statement of Activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	235,208	
Depreciation expense	<u>(344,102)</u>	(108,894)

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.

5,231

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.

395,000

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.

4,544

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>51,020</u>
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Changes in net assets of governmental activities (Exhibit B)

813,953

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund

June 30, 2009

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Cash and cash equivalents	32,955
Accounts receivable	3,562
Due from other governments	4,178
Inventories	9,519
Capital assets, net of accumulated depreciation	<u>5,461</u>
Total assets	<u>55,675</u>
Liabilities	
Interfund payable	1,446
Deferred revenue	<u>2,795</u>
Total liabilities	<u>4,241</u>
Net assets	
Invested in capital assets	5,461
Unrestricted	<u>45,973</u>
Total net assets	<u><u>51,434</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>123,780</u>
Operating expenses:	
Non-instructional programs:	
Salaries	71,172
Benefits	16,266
Purchased services	1,005
Supplies	143,540
Depreciation	986
Total operating expenses	<u>232,969</u>
Operating gain (loss)	<u>(109,189)</u>
Non-operating revenues:	
State sources	2,972
Federal sources	141,408
Interest income	42
Total non-operating revenues	<u>144,422</u>
Net income	35,233
Net assets beginning of year	<u>16,201</u>
Net assets end of year	<u><u>51,434</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	128,592
Cash payments to employees for services	(87,438)
Cash payments to suppliers for goods or services	(130,598)
Net cash used by operating activities	<u>(89,444)</u>
Cash flows from non-capital financing activities:	
Loan from (repaid to) General Fund	(5,000)
State grants received	2,972
Federal grants received	122,688
Net cash provided by non-capital financing activities	<u>120,660</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>42</u>
Net increase (decrease) in cash and cash equivalents	31,258
Cash and cash equivalents at beginning of year	<u>1,697</u>
Cash and cash equivalents at end of year	<u><u>32,955</u></u>
Reconciliation of operating gain (loss) to net cash used by operating activities:	
Operating gain (loss)	(109,189)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	20,332
Depreciation	986
Decrease (increase) in inventories	(6,385)
Decrease (increase) in accounts receivable	4,028
(Decrease) increase in deferred revenue	784
Net cash used by operating activities	<u><u>(89,444)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$20,332 of federal commodities.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

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 attributable to the acquisition, construction, or improvement of those assets.

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental 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 instructional, 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 the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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, 2009, expenditures exceeded the amount budgeted in the non-instructional programs functional area.

2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 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, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
	\$
Diversified Portfolio	68,451

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

At June 30, 2009, the District had the following investment:

	<u>Fair Value</u>
	\$
Goldman Sachs Financial Square Treasury Obligations Fund	252,398

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, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
		\$
Nonmajor Capital Projects Fund	General	74,270
General Fund	Nonmajor School Nutrition Fund	1,446
General Fund	Nonmajor Management Fund	12,087
Nonmajor Physical Plant and Equipment Levy Fund	General	148,200

4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
		\$
Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	193,957
Nonmajor Debt Service Fund	Nonmajor 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, 2009, 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>
			\$	\$	\$	\$
2008-09B	01/21/09	01/21/2010	263,333	2,436	260,000	3,419
2009-10A	06/25/09	06/23/2010	802,509	99	790,000	271
			<u>1,065,842</u>	<u>2,535</u>	<u>1,050,000</u>	<u>3,690</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 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, 2009, 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 %
2008-09B	3.0	2.11
2009-10A	2.50	.9020

6. Capital Assets

Capital assets activity for the year ended June 30, 2009 was 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	9,387,533	54,169	7,326	9,434,376
Improvements other than buildings	262,027	-	-	262,027
Furniture and equipment	1,456,601	181,039	38,226	1,599,414
Total capital assets being deprec.	11,106,161	235,208	45,552	11,295,817
Less accumulated depreciation for:				
Buildings	1,648,783	241,590	7,326	1,883,047
Improvements other than buildings	240,104	1,154	-	241,258
Furniture and equipment	985,436	101,358	38,226	1,048,568
Total accumulated depreciation	2,874,323	344,102	45,552	3,172,873
Total capital assets being depreciated, net	8,231,838	(108,894)	-	8,122,944
Governmental activities capital assets, net	8,242,002	(108,894)	-	8,133,108

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	76,150	-	-	76,150
Less accumulated depreciation	69,703	986	-	70,689
 Business type activities capital assets, net	 6,447	 (986)	 -	 5,461

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	6,033
Special	314
Support services:	
Administration	1,701
Operation and maintenance of plant	2,253
Transportation	52,329
 Unallocated depreciation	 281,472
 Total depreciation expense – governmental activities	 344,102
 Business type activities:	
Food services	986

7. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds Sales and services	3,680,000	-	210,000	3,470,000	220,000
tax revenue bonds	340,000	-	185,000	155,000	155,000
Termination benefits	244,504	-	51,020	193,484	44,970
 Total	 4,264,504	 -	 446,020	 3,818,484	 419,970

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, 2009, the District has obligations to nine participants with a total liability of \$193,484. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$51,020.

General Obligation Bonds Payable

Details of the District's June 30, 2009 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>
2010	3.60	220,000	150,015	370,015
2011	3.70	230,000	141,215	371,215
2012	3.95	235,000	132,015	367,015
2013	3.95	235,000	122,615	357,615
2014	4.05	235,000	112,980	347,980
2015-2019	4.15-4.50	1,345,000	410,050	1,755,050
2020-2022	4.75-4.80	970,000	93,300	1,063,300
		<u>3,470,000</u>	<u>1,162,190</u>	<u>4,632,190</u>

Revenue Bonds Payable

Details of the District's June 30, 2009 local option (statewide) 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>
2010	3.75	<u>155,000</u>	<u>2,907</u>	<u>157,907</u>

The District has pledged future local option (statewide) sales and services tax revenues to repay the bonds issued in June 2004. The bonds were issued for the purpose of financing a portion of the costs of school infrastructure. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District and are payable through 2010. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 45 percent of the local option (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$157,907. For the current year principal and interest totaling \$193,957 was paid on the bonds and total statewide sales and services tax revenues were \$350,146.

8. Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$177,052, \$159,691 and \$145,011 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 \$195,971 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	3,977,431	123,822	4,101,253	4,122,025	4,122,025	(20,772)
State sources	2,882,890	2,972	2,885,862	3,132,894	3,132,894	(247,032)
Federal sources	401,588	141,408	542,996	260,000	260,000	282,996
Total revenues	<u>7,261,909</u>	<u>268,202</u>	<u>7,530,111</u>	<u>7,514,919</u>	<u>7,514,919</u>	<u>15,192</u>
Expenditures/Expenses:						
Instruction	4,140,322	-	4,140,322	5,373,468	5,373,468	1,233,146
Support services	1,734,609	-	1,734,609	2,340,000	2,340,000	605,391
Non-instructional programs	9,197	232,969	242,166	42,173	42,173	(199,993)
Other expenditures	943,185	-	943,185	1,535,128	1,535,128	591,943
Total expenditures/expenses	<u>6,827,313</u>	<u>232,969</u>	<u>7,060,282</u>	<u>9,290,769</u>	<u>9,290,769</u>	<u>2,230,487</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	434,596	35,233	469,829	(1,775,850)	(1,775,850)	2,245,679
Other financing sources (uses) net	<u>32,456</u>	<u>-</u>	<u>32,456</u>	<u>-</u>	<u>-</u>	<u>32,456</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	467,052	35,233	502,285	(1,775,850)	(1,775,850)	2,278,135
Balance beginning of year	<u>1,797,717</u>	<u>16,201</u>	<u>1,813,918</u>	<u>1,775,850</u>	<u>1,775,850</u>	<u>38,068</u>
Balance end of year	<u><u>2,264,769</u></u>	<u><u>51,434</u></u>	<u><u>2,316,203</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,316,203</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

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.

During the year ended June 30, 2009, expenditures in the non-instructional programs function exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

Assets	Special Revenue Funds			Capital Projects Fund		
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Sales Tax	Debt Service	Total
	\$	\$	\$	\$	\$	\$
Cash and pooled investments	114,272	66,162	163,347	37,594	197,611	578,986
Cash with fiscal agents	-	-	-	252,398	-	252,398
Receivables:						
Property tax:						
Delinquent	1,880	-	819	-	2,759	5,458
Succeeding year	80,000	-	27,973	-	-	107,973
Accounts	4,131	-	-	-	-	4,131
Interfund receivable	-	-	148,200	74,270	-	222,470
Due from other governments	-	-	194,768	50,676	-	245,444
Total assets	200,283	66,162	535,107	414,938	200,370	1,416,860
Liabilities & Fund Balances						
Liabilities:						
Interfund payables	12,087	-	-	-	-	12,087
Deferred revenue:						
Succeeding year property tax	80,000	-	27,973	-	-	107,973
Other	-	-	194,768	-	-	194,768
Total liabilities	92,087	-	222,741	-	-	314,828
Fund balances:						
Reserved for debt service	-	-	-	252,398	200,370	452,768
Unreserved reported in:						
Special revenue funds	108,196	66,162	312,366	-	-	486,724
Capital projects funds	-	-	-	162,540	-	162,540
Total fund balances	108,196	66,162	312,366	414,938	200,370	1,102,032
Total liabilities and fund balances	200,283	66,162	535,107	414,938	200,370	1,416,860

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	Special Revenue Funds			Capital Projects Fund		
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Sales Tax	Debt Service	Total
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	125,100	-	284,088	350,146	183,866	943,200
Other	15,213	259,591	2,767	3,619	2,170	283,360
Total revenues	<u>140,313</u>	<u>259,591</u>	<u>286,855</u>	<u>353,765</u>	<u>186,036</u>	<u>1,226,560</u>
Expenditures:						
Current:						
Instruction:						
Regular	55,535	-	-	-	-	55,535
Other	-	249,811	-	-	-	249,811
Support services:						
Student	459	-	-	-	-	459
Instructional staff	280	-	-	-	-	280
Administration	3,340	-	-	-	-	3,340
Operation and maintenance of plant	45,090	-	-	-	-	45,090
Transportation	19,634	-	-	-	-	19,634
Non-instructional programs	4,547	-	-	-	-	4,547
Other expenditures:						
Facilities acquisition	-	-	33,760	150,682	-	184,442
Long-term debt:						
Principal	-	-	-	-	395,000	395,000
Interest and fiscal charges	-	-	-	-	167,772	167,772
Total expenditures	<u>128,885</u>	<u>249,811</u>	<u>33,760</u>	<u>150,682</u>	<u>562,772</u>	<u>1,125,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,428</u>	<u>9,780</u>	<u>253,095</u>	<u>203,083</u>	<u>(376,736)</u>	<u>100,650</u>
Other financing sources (uses):						
Sale of property	-	-	18,235	-	-	18,235
Operating transfers in	-	-	-	-	378,957	378,957
Operating transfers out	-	-	(185,000)	(193,957)	-	(378,957)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(166,765)</u>	<u>(193,957)</u>	<u>378,957</u>	<u>18,235</u>
Net change in fund balances	11,428	9,780	86,330	9,126	2,221	118,885
Fund balances beginning of year	<u>96,768</u>	<u>56,382</u>	<u>226,036</u>	<u>405,812</u>	<u>198,149</u>	<u>983,147</u>
Fund balances end of year	<u><u>108,196</u></u>	<u><u>66,162</u></u>	<u><u>312,366</u></u>	<u><u>414,938</u></u>	<u><u>200,370</u></u>	<u><u>1,102,032</u></u>

See accompanying independent auditor's report.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Yearbook	5,692	10,438	1,028	15,102
Spanish trip	718	12,000	7,239	5,479
FCCLA-home ec. club	365	236	181	420
Drama	1,944	1,002	292	2,654
Vocal trip	648	9,840	8,987	1,501
Vocal music	2,470	484	741	2,213
Instrumental music trip	1,697	-	326	1,371
Instrumental music	542	3,216	2,931	827
General athletics	60	6,445	6,505	-
Boys/girls basketball	-	5,127	5,127	-
Boys/girls track	625	1,574	2,199	-
Boys/girls golf	190	2,176	2,366	-
Boys football	-	7,204	7,204	-
Boys baseball	-	4,767	4,767	-
Boys wrestling	-	3,413	3,413	-
Volleyball	-	3,982	3,982	-
Girls softball	-	5,477	5,477	-
Cross country	-	731	731	-
General athletics-uniforms	5,400	165	5,565	-
State tournament account	756	2,663	1,419	2,000
Special boys basketball	-	1,310	266	1,044
Special girls basketball	119	141	-	260
Special baseball	467	6,212	6,441	238
Special softball	-	798	798	-
Special football	447	9,259	9,707	(1)
Special volleyball	2,440	6,399	5,497	3,342
Special wrestling	1,413	10,359	11,635	137
Special girls track	142	3,268	2,947	463
Special boys track	276	-	-	276
Special girls golf	498	-	-	498
Special boys golf	313	-	174	139
Special cross country	1,484	990	654	1,820
Cheerleaders	947	1,566	2,016	497
Ram wear	947	3,570	4,517	-
Dance team	470	6,544	4,655	2,359
FFA	15,513	56,242	60,449	11,306
FFA thrift account	2,673	-	1,666	1,007
Business Professionals of America	682	5,710	6,170	222
Phi Ramma Jamma	456	-	-	456
Destination imagination	1,529	8,631	8,018	2,142
Student council	598	1,215	1,308	505

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Concessions	-	34,098	32,580	1,518
Student equipment	622	-	-	622
HS special activities	504	-	-	504
Elementary special activities	896	-	114	782
Class of 2010	-	20,852	16,393	4,459
Class of 2009	1,839	1,487	3,326	-
	<u>56,382</u>	<u>259,591</u>	<u>249,811</u>	<u>66,162</u>
Totals	<u>56,382</u>	<u>259,591</u>	<u>249,811</u>	<u>66,162</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

For the Last Six Years

	Modified Accrual Basis					
	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	2,691,473	2,538,692	2,551,555	2,426,202	2,265,629	2,223,342
Tuition	677,846	705,255	741,315	971,678	560,831	567,344
Other	608,112	725,867	595,751	767,834	572,776	391,750
State sources	2,882,890	2,793,662	2,601,977	2,483,698	2,461,944	2,368,324
Federal sources	401,588	218,411	267,133	334,271	538,831	782,542
Total revenues	<u>7,261,909</u>	<u>6,981,887</u>	<u>6,757,731</u>	<u>6,983,683</u>	<u>6,400,011</u>	<u>6,333,302</u>
Expenditures:						
Instruction:						
Regular	2,512,765	2,293,093	2,371,078	2,983,855	2,210,290	2,104,666
Special	768,910	868,413	760,135	764,560	915,800	852,418
Other	858,647	849,788	748,889	767,720	725,693	557,423
Support services:						
Student	120,639	113,486	117,200	111,632	108,789	85,470
Instructional staff	167,362	137,068	139,893	167,174	204,036	172,296
Administration	607,719	616,728	582,080	533,521	517,778	476,317
Operation and maintenance	410,857	419,454	382,852	423,218	461,787	332,721
Transportation	428,032	406,710	322,818	365,630	361,016	346,075
Non-instructional programs	9,197	47,207	4,650	-	6,807	6,663
Other expenditures:						
Facilities acquisition	184,442	198,486	194,144	501,263	1,304,241	5,000,865
Long-term debt:						
Principal	395,000	385,000	370,000	325,000	165,000	160,000
Interest and other charges	167,772	182,093	195,084	208,869	202,117	191,965
AEA flowthrough	195,971	193,460	184,381	172,244	171,799	170,488
Total expenditures	<u>6,827,313</u>	<u>6,710,986</u>	<u>6,373,204</u>	<u>7,324,686</u>	<u>7,355,153</u>	<u>10,457,367</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures \$</u>
Direct			
U.S. Department of Education:			
Rural Education Achievement Program	84.358	S358A080777	49,170
Readiness and Emergency Management	84.148	Q184E080256	68,820
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
Summer Food Service Program	10.559	FY09	12,517
National School Lunch Program (non-cash)	10.555	FY09	20,332
National School Lunch Program	10.555	FY09	85,467
School Breakfast Program	10.553	FY09	23,092
			<u>141,408</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster			
Title I Grants to Local Education Agencies	84.010	FY09	115,258
ARRA - Title I Grants to Local Educational Agencies - Recovery Act	84.389	FY09	12,677
			<u>127,935</u>
Improving Teacher Quality State Grants	84.367	FY09	34,659
Grants for State Assessments and Related Activities	84.369	FY09	3,120
Safe & Drug Free Schools and Communities - State Grants	84.186	FY09	2,529
Career and Technical Education - Basic Grants to States	84.048	FY09	24,988
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY09	46,292
Area Education Agency			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	FY09	28,929
ARRA - Special Education - Grants to States - Recovery Act	84.391	FY09	15,146
			<u>44,075</u>
Total			<u><u>542,996</u></u>

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

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

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, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 30, 2010. 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 II of the accompanying Schedule of Findings and Questioned Costs 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 09-II-A, 09-II-B and 09-II-C 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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 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 Questioned Costs. 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, 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

April 30, 2010

Gary E. Horton CPA

PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of Maple Valley Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Maple Valley Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Maple Valley Community School District's management. Our responsibility is to express an opinion on Maple Valley Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Maple Valley Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Maple Valley Community School District's compliance with those requirements.

In our opinion, Maple Valley Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Maple Valley Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Maple Valley Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Maple Valley Community School District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-III-A to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-III-A to be a material weakness.

Maple Valley Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we 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, 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.

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

April 30, 2010

Maple Valley Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs are as follows:
 - Title I, Part A Cluster
 - CFDA Number 84.010 Title I Grants to Local Education Agencies
 - CFDA Number 84.389 AARA Title I Grants to Local Education Agencies-Recovery Act
 - CFDA Number 84.369 Grants for State Assessments and Related Activities
 - Child Nutrition Cluster
 - CFDA Number 10.555 National School Lunch Program
 - CFDA Number 10.553 School Breakfast Program
 - CFDA Number 10.559 Summer Food Service Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Maple Valley Community School District did not qualify as a low-risk auditee.

Maple Valley Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

Significant deficiencies:

09-II-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: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

09-II-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.

09-II-C Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The board secretary, the other co-signer or the checks has access to the stamp. This practice negates the internal control procedure established by requiring two signatures on a check.

Maple Valley Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part II: Findings Related to the Financial Statements (continued):

Recommendation: We recommend that this practice cease. The board may designate a person other than the board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

Maple Valley Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were reported.

Significant deficiencies:

CFDA Number 10.559: Summer Food Service Program
CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2009
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.389: ARRA-Title I Grants to Local Education Agencies Recovery Act
CFDA Number 84.010: Title I Grants to Local Education Agencies
Federal Award Year: 2009
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.369: Grants for State Assessments and Related Activities
Federal Award Year: 2009
U.S. Department of Education
Passed through the Iowa Department of Education

09-III-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 to obtain the maximum internal control possible under the circumstances.

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

Conclusion: Response accepted.

Maple Valley Community School District
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2009

Part IV: Other Findings Related to Statutory Reporting:

09-IV-A Certified Budget: Expenditures for the year ended June 30, 2009, exceeded the amount budgeted in the non-instructional programs function.

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

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

Conclusion: Response accepted.

09-IV-B Questionable Expenditures: No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

09-IV-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.

09-IV-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>
		\$
Tammy Flanigan, Board Member	Coaching	2,065

The transaction with the Board Member for coaching does not appear to be a conflict of interest because the amount was less than \$2,500 for the year.

09-IV-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.

09-IV-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.

09-IV-G Certified Enrollment: The number of students reported to the Iowa Department of Education on Line 1 of the Certified Enrollment Certification Form for September 2008, was overstated by one open enrolled student. Line 12 was overstated by .03 students due to an open enrolled student included in line 12a.

Recommendation: The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

District Response: We will contact these departments.

Conclusion: Response accepted.

Maple Valley Community School District
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2009

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

- 09-IV-H Deposits and Investments: 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 were noted.
- 09-IV-I Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.
- 09-IV-J Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

According to proposed administrative rules, "Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting." We noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, and then were reclassified as categorical spending at the end of the year.

Recommendation: All categorical funding expenditures should be posted to the correct expenditure accounts as the expenditures are incurred.

Response: We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts.

Conclusion: Response accepted.

- 09-IV-K Statewide Sales and Services Tax: No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

	\$	\$
Beginning balance		-
Statewide sales and services tax revenue		350,146
Expenditures/transfers out:		
School infrastructure:		
Buildings and building improvements	150,682	
Debt service for school infrastructure:		
Revenue debt	193,957	344,639
	193,957	344,639
Ending balance		5,507

Maple Valley Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

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

09-IV-L Plant and Equipment Levy Fund: We noted that the Physical Plant and Equipment Levy Fund was used to purchase equipment costing less than \$500 per item.

Recommendation: The District should be aware of the limitation on types of expenditures allowed from this fund and consider reimbursing the Physical Plant and Equipment Fund for the purchases.

District Response: We will monitor the expenditures from this fund and have General Fund make the reimbursement.

Conclusion: Response accepted.