MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Missouri Valley Community School District

Officials

Name	Title	Term Expires
	Board of Education (Before September 2008 election)	
Brenda Dooley	President	2008
Daniel Zaiser	Board Member	2009
Patricia Allmon	Board Member	2008
Michele Wilson	Board Member	2011
Pat Skelton	Board Member	2009
	Board of Education (After September 2008 election)	
Brenda Dooley	President	2011
Daniel Zaiser	Vice-President	2009
Pat Skelton	Board Member	2009
Michele Wilson	Board Member	2011
Kelley Ruffcorn	Board Member	2011
	School Officials	
Dr. Thomas J. Micek	Superintendent	2009
Robyn Wohlers	District Secretary Treasurer	2009
Rick Franck	Board Attorney/ Administrative Attorney	2009

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(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Missouri 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 Missouri Valley Community School District, Missouri Valley, Iowa, 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. 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 Missouri 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 March 16, 2010 on our consideration of Missouri 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 13 and 37 through 38 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 Missouri 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 year ended June 30, 2008 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 7, 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.

Nolte, Cornman & Johnson P.C.
NOLTE, CORNMAN & JOHNSON, P.C.

March 16, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Missouri 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 $7,395,206 in fiscal 2008 to $7,918,705 in fiscal 2009, while General Fund expenditures increased from $7,860,219 in fiscal 2008 to $8,312,805 in fiscal 2009. This resulted in a decrease in the District's General Fund balance from a deficit $114,076 in fiscal 2008 to a deficit balance of $508,176 in fiscal 2009, a 354.47% decrease from the prior year.

- The increase in General Fund revenues was attributable to increases in local, state and federal sources in fiscal 2009. The increase in expenditures was due primarily to an increase in negotiated salary and benefits.

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 Missouri 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 Missouri 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 Missouri Valley Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, schedules four through six provide information about fiduciary funds maintained by the District. These funds would include the Private Purpose Trust and the Agency Fund.

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

Figure A-1
Missouri Valley Community School District Annual Financial Report

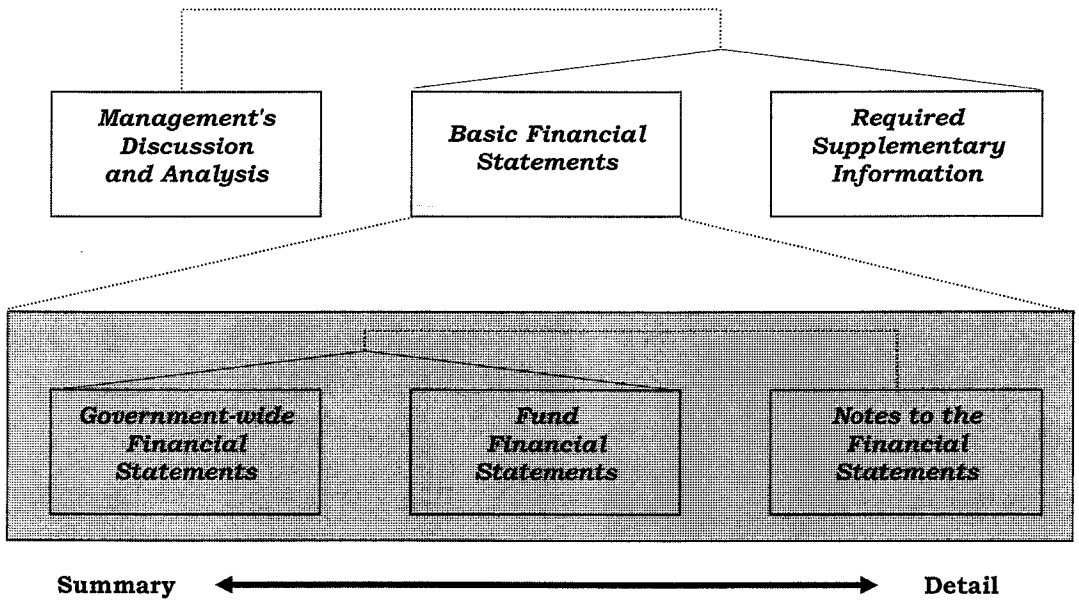

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of revenues, expenses and changes in net assets • Statement of cash flows	• 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, and 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 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 and preschool 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 three 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, Capital Projects Fund and Debt Service Fund.

   The required financial statements for the 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 two Enterprise Funds: the School Nutrition Fund and Preschool Fund.

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

- Agency Fund - These are funds for which the District administers and accounts for the District's faculty pop funds and athletic coach's funds.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	$ 7,211,117	2,855,856	74,212	43,824	7,285,329	2,899,680	151.25%
Capital assets	8,228,118	11,180,309	28,755	87,019	8,256,873	11,267,328	-26.72%
Total assets	15,439,235	14,036,165	102,967	130,843	15,542,202	14,167,008	9.71%
Long-term obligations	4,141,924	4,608,705	0	0	4,141,924	4,608,705	-10.13%
Other liabilities	5,707,004	4,406,340	3,022	3,346	5,710,026	4,409,686	29.49%
Total liabilities	9,848,928	9,015,045	3,022	3,346	9,851,950	9,018,391	9.24%
Net assets:							
Invested in capital assets, net of related debt	4,453,118	6,940,309	28,755	87,019	4,481,873	7,027,328	-36.22%
Restricted	1,626,723	1,237,469	0	0	1,626,723	1,237,469	31.46%
Unrestricted	(489,534)	(156,658)	71,190	40,478	(418,344)	(116,180)	260.08%
Total net assets	$ 5,590,307	8,021,120	99,945	127,497	5,690,252	8,148,617	-30.17%

The District's combined net assets decreased by 30.17%, or $2,458,365 from the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents 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 $389,254, or 31.46% over the prior year. The increase is due largely to the increase in the Capital Projects Fund balance.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased $302,164, or 260.08%. This decrease is partially due to the decrease in fund balance in the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to June 30, 2008.

Figure A-4
Changes of Net Assets

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Revenues and Transfers:							
Program revenues:							
Charges for services	$ 468,663	428,076	226,317	218,997	694,980	647,073	7.40%
Operating grants and contributions and restricted interest	1,218,781	1,076,308	200,784	178,234	1,419,565	1,254,542	13.15%
Capital grants and contributions and restricted interest	0	59,681	0	0	0	59,681	-100.00%
General revenues:							
Property tax	3,078,765	2,977,100	0	0	3,078,765	2,977,100	3.41%
Income surtax	308,226	243,012	0	0	308,226	243,012	26.84%
Statewide sales and services tax	555,994	529,312	0	0	555,994	529,312	5.04%
Unrestricted state grants	3,934,656	3,794,559	0	0	3,934,656	3,794,559	3.69%
Unrestricted investment earnings	42,714	95,141	260	644	42,974	95,785	-55.13%
Other	172,271	107,911	0	0	172,271	107,911	59.64%
Transfers	(2,347)	(22,258)	2,347	22,258	0	0	0.00%
Total revenues and transfers	9,777,723	9,288,842	429,708	420,133	10,207,431	9,708,975	5.13%
Program expenses:							
Governmental activities:							
Instruction	5,768,752	5,973,710	19,256	0	5,788,008	5,973,710	-3.11%
Support services	2,818,839	2,867,524	162	0	2,819,001	2,867,524	-1.69%
Non-instructional programs	0	0	437,842	422,787	437,842	422,787	3.56%
Other expenses	3,620,945	858,508	0	0	3,620,945	858,508	321.77%
Total expenses	12,208,536	9,699,742	457,260	422,787	12,665,796	10,122,529	25.12%
Changes in net assets	(2,430,813)	(410,900)	(27,552)	(2,654)	(2,458,365)	(413,554)	494.45%
Beginning net assets	8,021,120	8,432,020	127,497	130,151	8,148,617	8,562,171	-4.83%
Ending net assets	$ 5,590,307	8,021,120	99,945	127,497	5,690,252	8,148,617	-30.17%

In fiscal 2009, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 80.57% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.39% of the revenue from business type activities.

The District's total revenues were approximately $10.21 million of which $9.78 million was for governmental activities and more than $0.43 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.13% increase in revenues and a 25.12% increase in expenses. The increase in expenses related to the increase in negotiated salaries and benefits, utility costs and transportation costs.

Governmental Activities

Revenues and transfers out for governmental activities were $9,777,723 and expenses were $12,208,536.

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			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	$ 5,768,752	5,973,710	-3.43%	4,419,930	4,783,102	-7.59%
Support services	2,818,839	2,867,524	-1.70%	2,813,995	2,860,027	-1.61%
Other expenses	3,620,945	858,508	321.77%	3,287,167	492,548	567.38%
Totals	$ 12,208,536	9,699,742	25.86%	10,521,092	8,135,677	29.32%

- The cost financed by users of the District's programs was $468,663.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,218,781.
- The net cost of governmental activities was financed with $3,078,765 in property tax, $308,226 in income surtax, $555,994 in statewide sales and services tax, $3,934,656 in unrestricted state grants, $42,714 in interest income and $169,924 in other general revenues net of transfers.

Business type Activities

Revenues and transfers in of the District's business type activities were $429,708 and expenses were $457,260. The District's business type activities include the School Nutrition Fund and Preschool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and interest income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Missouri 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 combined fund balance of $1,276,157, above last year's ending fund balance of $1,255,106. The increase was due primarily to the increase in Capital Projects Fund balance.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Growth during the year in local tax, state sources and federal sources resulted in an increase in revenues. However, along with the increase in revenues, the General Fund also had an increase in expenditures. Unfortunately the increase in General Fund revenues was not enough to offset the increase in General Fund expenditures, thus causing the General Fund balance to decrease from a deficit balance of $114,067 in fiscal year 2008 to a deficit fund balance of $508,176 in fiscal year 2009. In addition, the District transferred $2,347 to support the District's Nutrition Fund.

- The Capital Projects Fund is utilized for the collection of statewide sales and services tax and subsequent payment of infrastructure needs and revenue bonds of the District. The District made one transfer to the Debt Service Fund of $121,399 to cover the costs related to the District's revenue bonds. The Capital Projects balance increased from $951,714 in fiscal year 2008 to $1,195,660 in fiscal year 2009, due in part to decreased fund expenditures as compared to fiscal year 2008.

- The Debt Service Fund balance was utilized for the payments of principal and interest on bonds. The Debt Service balance decreased from $93,426 in fiscal year 2008 to $91,752 in fiscal year 2009.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from $127,497 at June 30, 2008 to $96,998 at June 30, 2009, representing a decrease of 23.92%.

BUDGETARY HIGHLIGHTS

The District's receipts were $332,928 less than budgeted receipts, a variance of 3.17%. The most significant variance resulted from the District receiving less from state sources than originally anticipated.

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

During the year ended June 30, 2009, the District adopted one budget amendment as a reallocation of expenditures between functional areas so as not to exceed the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested $8,256,873, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 26.72% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was $3,388,267.

The original cost of the District's capital assets was $15,085,506. Governmental funds account for $14,907,607 with the remainder of $177,899 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled $473,688 at June 30, 2008, compared to $100,639 reported at June 30, 2009. The largest dollar change in capital asset activity occurred in the buildings category that witnessed a $2,681,116 decrease. The decrease is due to a large amount of accumulated depreciation which was unaccounted for in previous years.

	Figure A-6 Capital Assets, Net of Depreciation						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	$ 61,250	61,250	0	0	61,250	61,250	0.00%
Buildings	7,509,353	10,190,469	0	0	7,509,353	10,190,469	-26.31%
Land improvements	100,639	473,688	0	0	100,639	473,688	-78.75%
Machinery and equipment	556,876	454,902	28,755	87,019	585,631	541,921	8.07%
Total	$ 8,228,118	11,180,309	28,755	87,019	8,256,873	11,267,328	-26.72%

Long-Term Debt

At June 30, 2009, the District had $4,141,924 in general obligation and other long-term debt outstanding. This represents a decrease of 10.13% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had outstanding general obligation bonds payable of $2,310,000 at June 30, 2009.

The District had outstanding revenue bonds payable of $465,000 at June 30, 2009.

The District had outstanding qualified zone academy bonds payable of $1,000,000 at June 30, 2009.

The District had outstanding early retirement payable of $331,170 at June 30, 2009.

The District had outstanding compensated absences of $35,754 at June 30, 2009.

	Figure A-7 Outstanding Long-Term Obligations		
	Total District		Total Change
	June 30,		June 30,
	2009	2008	2008-09
General obligation bonds	$ 2,310,000	2,675,000	-13.64%
Revenue bonds	465,000	565,000	-17.70%
Qualified zone academy bonds	1,000,000	1,000,000	0.00%
Early retirement	331,170	337,993	-2.02%
Compensated absences	35,754	30,712	16.42%
Totals	$ 4,141,924	4,608,705	-10.13%

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:

- With the September 25, 2009 ten percent across-the-board reduction, the District will continue to implement cost-saving measures and develop a plan for the remainder of the 2009/2010 year. The Board of Education will determine what cost-saving measures we will implement and how much we can spend from our reserves.

- The state's economy is showing limited signs of economic recovery. A weaker economy adversely impacts the amount of new general fund money available to the District. Also continued budget concerns at state level will affect future projections.

- Open enrollment is a process allowed under Iowa Code that allows parents or guardians residing in an Iowa school district to enroll their children into another Iowa school district. In the fiscal year ending June 30, 2009, the Missouri Valley Community School District had sixty-six students enrolled out of the district and twenty-nine students enrolled into the district. Closing the gap between the number of open enrolled out students and open enrolled students would benefit the health of the General Fund.

- On July 1, 2007 IPERS implemented an employers' contribution increase over a 4-year period. The employers' portion of IPERS increased from 5.75% to 6.05% on July 1, 2007 and to 6.35% on July 1, 2008, and will increase to 6.65% on July 1, 2009 and finally to 6.95% on July 1, 2010. This will increase the Missouri Valley Community Schools employer benefit costs over the next four years.

- The increased costs of fuel for the District's transportation department as well as increased costs for other utilities had an adverse effect on the District's General Fund.

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 Robyn Wohlers, District Secretary/Treasurer, Missouri Valley Community School District, 109 East Michigan Street, Missouri Valley, Iowa, 51555.

BASIC FINANCIAL STATEMENTS

Exhibit A

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents:			
ISCAP	$ 1,558,132	0	1,558,132
Other	1,755,802	59,145	1,814,947
Receivables			
Property tax:			
Delinquent	60,103	0	60,103
Succeeding year	3,202,836	0	3,202,836
Income surtax	242,547	0	242,547
Accounts	1,552	2,539	4,091
Accrued ISCAP interest	4,897	0	4,897
Due from other governments	385,248	0	385,248
Inventories	0	12,528	12,528
Capital assets, net of accumulated depreciation	8,228,118	28,755	8,256,873
Total assets	15,439,235	102,967	15,542,202
Liabilities			
Accounts payable	184,098	54	184,152
Accrued interest payable	14,591	0	14,591
ISCAP warrants payable	2,224,000	0	2,224,000
ISCAP accrued interest payable	5,317	0	5,317
ISCAP unamortized premium	37,215	0	37,215
Deferred revenue:			
Succeeding year property tax	3,202,836	0	3,202,836
Other	38,947	0	38,947
Unearned revenue	0	2,968	2,968
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	380,000	0	380,000
Revenue bonds payable	100,000	0	100,000
Early retirement payable	66,540	0	66,540
Compensated absences	35,754	0	35,754
Portion due after one year:			
General obligation bonds payable	1,930,000	0	1,930,000
Revenue bonds payable	365,000	0	365,000
Early retirement payable	264,630	0	264,630
Qualified zone academy bonds	1,000,000	0	1,000,000
Total liabilities	9,848,928	3,022	9,851,950
Net Assets			
Invested in capital assets, net of related debt	4,453,118	28,755	4,481,873
Restricted for:			
Gifted and talented	21,960	0	21,960
Phase II	9,478	0	9,478
Market factor	3,770	0	3,770
Physical plant and equipment levy	134,473	0	134,473
Capital projects	1,195,660	0	1,195,660
Debt service	91,752	0	91,752
Other special revenue purposes	169,630	0	169,630
Unrestricted	(489,534)	71,190	(418,344)
Total net assets	$ 5,590,307	99,945	5,690,252

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit B

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	$ 3,642,527	187,526	830,600	(2,624,401)	0	(2,624,401)
Special	1,148,742	8,225	49,559	(1,090,958)	0	(1,090,958)
Other	977,483	272,912	0	(704,571)	0	(704,571)
	5,768,752	468,663	880,159	(4,419,930)	0	(4,419,930)
Support services:						
Student	156,473	0	0	(156,473)	0	(156,473)
Instructional staff	373,142	0	0	(373,142)	0	(373,142)
Administration	936,791	0	0	(936,791)	0	(936,791)
Operation and maintenance of plant	980,099	0	0	(980,099)	0	(980,099)
Transportation	372,334	0	4,844	(367,490)	0	(367,490)
	2,818,839	0	4,844	(2,813,995)	0	(2,813,995)
Other expenditures:						
Facilities acquisitions	0	0	0	0	0	0
Long-term debt interest	107,849	0	0	(107,849)	0	(107,849)
AEA flowthrough	333,778	0	333,778	0	0	0
Depreciation(unallocated)*	3,179,318	0	0	(3,179,318)	0	(3,179,318)
	3,620,945	0	333,778	(3,287,167)	0	(3,287,167)
Total governmental activities	12,208,536	468,663	1,218,781	(10,521,092)	0	(10,521,092)
Business Type activities:						
Instruction:						
Preschool	19,256	14,024	8,267	0	3,035	3,035
Support services:						
Administration	162	0	0	0	(162)	(162)
Non-instructional programs:						
Food service operations	437,842	212,293	192,517	0	(33,032)	(33,032)
Total business-type activities	457,260	226,317	200,784	0	(30,159)	(30,159)
Total	$ 12,665,796	694,980	1,419,565	(10,521,092)	(30,159)	(10,551,251)
General Revenues and Transfers:						
General Revenues:						
Property tax levied for:						
General purposes				$ 2,433,595	0	2,433,595
Debt service				449,778	0	449,778
Capital outlay				195,392	0	195,392
Income surtax				308,226	0	308,226
Statewide sales and services tax				555,994	0	555,994
Unrestricted state grants				3,934,656	0	3,934,656
Unrestricted investment earnings				42,714	260	42,974
Other general revenues				172,271	0	172,271
Transfers				(2,347)	2,347	0
Total general revenues and transfers				8,090,279	2,607	8,092,886
Changes in net assets				(2,430,813)	(27,552)	(2,458,365)
Net assets beginning of year				8,021,120	127,497	8,148,617
Net assets end of year				$ 5,590,307	99,945	5,690,252

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

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit C

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments:				
ISCAP	$ 1,558,132	0	0	1,558,132
Other	233,166	947,454	575,182	1,755,802
Receivables:				
Property tax:				
Delinquent	42,913	0	17,190	60,103
Succeeding year	2,319,722	0	883,114	3,202,836
Income surtax	242,547	0	0	242,547
Accounts	1,552	0	0	1,552
Accrued ISCAP interest	4,897	0	0	4,897
Due from other governments	137,042	248,206	0	385,248
Total Assets	$ 4,539,971	1,195,660	1,475,486	7,211,117
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 180,399	0	3,699	184,098
ISCAP warrants payable	2,224,000	0	0	2,224,000
ISCAP accrued interest payable	5,317	0	0	5,317
ISCAP unamortized premium	37,215	0	0	37,215
Deferred revenue:				
Succeeding year property tax	2,319,722	0	883,114	3,202,836
Income surtax	242,547	0	0	242,547
Other	38,947	0	0	38,947
Total liabilities	5,048,147	0	886,813	5,934,960
Fund balances:				
Reserved for:				
Debt service	0	0	91,752	91,752
Gifted and talented	21,960	0	0	21,960
Phase II	9,478	0	0	9,478
Market factor	3,770	0	0	3,770
Unreserved	(543,384)	1,195,660	496,921	1,149,197
Total fund balances	(508,176)	1,195,660	588,673	1,276,157
Total liabilities and fund balances	$ 4,539,971	1,195,660	1,475,486	7,211,117

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit D

MISSOURI 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 (page 16)	$ 1,276,157
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,228,118
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	242,547
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.	(14,591)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, qualified zone academy bonds payable, early retirement payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(4,141,924)
Net assets of governmental activities (page 14)	$ 5,590,307

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit E

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Nonmajor Special Revenue Funds	Total
REVENUES:				
Local sources:				
Local tax	$ 2,487,073	555,994	868,537	3,911,604
Tuition	169,642	0	0	169,642
Other	111,224	9,736	393,046	514,006
State sources	4,857,300	0	592	4,857,892
Federal sources	292,615	0	2,930	295,545
Total revenues	7,917,854	565,730	1,265,105	9,748,689
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,511,238	0	155,424	3,666,662
Special	1,148,742	0	0	1,148,742
Other	754,164	0	215,809	969,973
	5,414,144	0	371,233	5,785,377
Support services:				
Student	155,837	0	0	155,837
Instructional staff	315,230	0	0	315,230
Administration	1,021,369	750	800	1,022,919
Operation and maintenance of plant	751,299	113,910	121,011	986,220
Transportation	318,801	0	28,094	346,895
	2,562,536	114,660	149,905	2,827,101
Other expenditures:				
Facilities acquisitions	0	85,725	118,296	204,021
Long-term debt:				
Principal	0	0	465,000	465,000
Interest and fiscal charges	0	0	110,014	110,014
AEA flowthrough	333,778	0	0	333,778
	333,778	85,725	693,310	1,112,813
Total expenditures	8,310,458	200,385	1,214,448	9,725,291
Excess(deficiency) of revenues over(under) expenditures	(392,604)	365,345	50,657	23,398
Other financing sources(uses):				
Transfers in	851	0	121,399	122,250
Transfers out	(2,347)	(121,399)	(851)	(124,597)
Total other financing sources(uses)	(1,496)	(121,399)	120,548	(2,347)
Net change in fund balances	(394,100)	243,946	171,205	21,051
Fund balance beginning of year	(114,076)	951,714	417,468	1,255,106
Fund balance end of year	$ (508,176)	1,195,660	588,673	1,276,157

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit F

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2009

Net change in fund balances - total governmental funds (page 18)		$ 21,051
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 reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of capital assets in the year are as follows:		
Capital outlays	$ 207,568	
Depreciation expense	(3,330,003)	
Gain on disposal of capital assets	170,244	(2,952,191)
Income surtax receivable is not available to finance expenditures of the current year period in the governmental funds.		31,381
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liablilities in the Statement of Net Assets.		465,000
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.		2,165
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:		
Early retirement	$ 6,823	
Compensated absences	(5,042)	1,781
Changes in net assets of governmental activities (page 15)		$ (2,430,813)

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit G

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Enterprise Funds		
	School Nutrition	Preschool	Total
Assets			
Cash and pooled investments	$ 58,622	523	59,145
Accounts receivable	61	2,478	2,539
Inventories	12,528	0	12,528
Capital assets, net of accumulated depreciation	28,755	0	28,755
Total assets	99,966	3,001	102,967
Liabilities			
Accounts payable	0	54	54
Unearned revenue	2,968	0	2,968
Total liabilities	2,968	54	3,022
Net Assets			
Invested in capital assets	28,755	0	28,755
Unrestricted	68,243	2,947	71,190
Total net assets	$ 96,998	2,947	99,945

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit H

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	School Nutrition	Preschool	Total
OPERATING REVENUE:			
Local sources:			
Charges for services	$ 211,769	0	211,769
Miscellaneous	524	14,024	14,548
TOTAL OPERATING REVENUES	212,293	14,024	226,317
OPERATING EXPENSES:			
Instruction:			
Other:			
Salaries	0	10,097	10,097
Benefits	0	4,843	4,843
Services	0	103	103
Supplies	0	4,213	4,213
Total instruction	0	19,256	19,256
Support services:			
Administration:			
Services	72	0	72
Other	0	90	90
Total support services	72	90	162
Non-instructional programs:			
Food service operations:			
Salaries	128,007	0	128,007
Benefits	30,842	0	30,842
Services	7,881	0	7,881
Supplies	210,430	0	210,430
Other	2,418	0	2,418
Depreciation	58,264	0	58,264
Total non-instructional programs	437,842	0	437,842
TOTAL OPERATING EXPENSES	437,914	19,346	457,260
OPERATING LOSS	(225,621)	(5,322)	(230,943)
NON-OPERATING REVENUES:			
State sources	4,690	8,267	12,957
Federal sources	187,827	0	187,827
Interest income	258	2	260
TOTAL NON-OPERATING REVENUES	192,775	8,269	201,044
Change in net assets before other financing sources	(32,846)	2,947	(29,899)
OTHER FINANCING SOURCES:			
Transfer in	2,347	0	2,347
Change in net assets	(30,499)	2,947	(27,552)
Net assets beginning of year	127,497	0	127,497
Net assets end of year	$ 96,998	2,947	99,945

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit I

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	School Nutrition	Preschool	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	$ 212,482	0	212,482
Cash received from miscellanous operating activities	524	11,546	12,070
Cash payments to employees for services	(158,849)	(14,940)	(173,789)
Cash payments to suppliers for goods or services	(199,383)	(4,352)	(203,735)
Net cash used in operating activities	(145,226)	(7,746)	(152,972)
Cash flows from non-capital financing activities:			
Transfer in from General Fund	2,347	0	2,347
State grants received	4,690	8,267	12,957
Federal grants received	164,931	0	164,931
Net cash provided by non-capital financing activities	171,968	8,267	180,235
Cash flows from investing activities:			
Interest on investments	258	2	260
Net increase in cash and cash equivalents	27,000	523	27,523
Cash and cash equivalents at beginning of year	31,622	0	31,622
Cash and cash equivalents at end of year	$ 58,622	523	59,145
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$ (225,621)	(5,322)	(230,943)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	22,896	0	22,896
Depreciation	58,264	0	58,264
Increase in inventories	(1,392)	0	(1,392)
(Increase)Decrease in accounts receivable	1,091	(2,478)	(1,387)
Increase(Decrease) in accounts payable	(86)	54	(32)
Decrease in unearned revenue	(378)	0	(378)
Net cash used in operating activities	$ (145,226)	(7,746)	(152,972)

During the year ended June 30, 2009, the District received Federal commodities valued at $22,896.

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit J

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Cash and pooled investments	$ 97,744	9,204
Liabilities		
Due to other groups	0	9,204
Net Assets		
Unreserved	$ 26,744	0
Reserved for scholarships	71,000	0
Total net assets	$ 97,744	0

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit K

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2009

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest	$ 168
Contributions	10,650
Miscellaneous	284
Total additions	11,102
Deductions:	
Scholarships awarded	12,869
Change in net assets	(1,767)
Net assets beginning of year	99,511
Net assets end of year	$ 97,744

SEE NOTES TO FINANCIAL STATEMENTS.

(1) Summary of Significant Accounting Policies

The Missouri Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Missouri Valley, Iowa, and the predominately agricultural territory in Harrison and Shelby 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, Missouri 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 Missouri Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in jointly governed organizations that provide services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Harrison County and Pottawattamie County Assessors' Conference Boards.

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 support.

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Preschool Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are 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 that 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 become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Interfund Receivables and Payables - During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2009 balances of interfund accounts receivable or payable have been recorded.

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, machinery 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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	$ 500
Buildings	500
Land improvements	500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Machinery and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is 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 receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended

June 30, 2009, the District adopted one budget amendment as a reallocation of expenditures between functional areas so as not to exceed the certified budget.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2009 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool 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:

	Amortized Cost
Diversified Portfolio	$ 874,334

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

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investor's Service.

(3) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	$ 121,399
Nutrition	General	2,347
General	Student Activity	851
Total		$ 124,597

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Capital Projects Fund transferred to the Debt Service Fund to pay revenue bonds and debt relief.

General Fund transferred to the Nutrition Fund to pay Payschool software fees.

Student Activity transferred the above amount to the General Fund as reimbursement for resale items.

(4) 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. is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09B	1/21/2009	1/21/2010	$ 859	4,704	691,000	5,204
2009-10A	6/25/2009	6/23/2010	1,557,273	193	1,533,000	113
Total			$ 1,558,132	4,897	2,224,000	5,317

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	$ 0	850,000	850,000	0
2008-09B	0	1,099,000	400,000	699,000
Total	$ 0	1,949,000	1,250,000	699,000

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
2008-09A	3.500%	3.469%
2008-09B	3.000%	2.110%
2009-10A	0.542%	0.902%

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 61,250	0	0	61,250
Total capital assets not being depreciated	61,250	0	0	61,250
Capital assets being depreciated:				
Buildings	11,675,815	88,524	0	11,764,339
Land improvements	710,312	36,629	0	746,941
Machinery and equipment	2,259,610	82,415	6,948	2,335,077
Total capital assets being depreciated	14,645,737	207,568	6,948	14,846,357
Less accumulated depreciation for:				
Buildings	1,485,346	2,769,640	0	4,254,986
Land improvements	236,624	409,678	0	646,302
Machinery and equipment	1,804,708	150,685	177,192	1,778,201
Total accumulated depreciation	3,526,678	3,330,003	177,192	6,679,489
Total capital assets being depreciated, net	11,119,059	(3,122,435)	(170,244)	8,166,868
Governmental activities capital assets, net	$ 11,180,309	(3,122,435)	(170,244)	8,228,118
Business type activities:				
Machinery and equipment	$ 177,899	0	0	177,899
Less accumulated depreciation	90,880	58,264	0	149,144
Business type activities capital assets, net	$ 87,019	(58,264)	0	28,755

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 24,947
Other	7,510
Support services:	
Student	636
Instructional staff	65,482
Administration	8,497
Operation of plant and maintenance	4,398
Transportation	39,215
	150,685
Unallocated depreciation	3,179,318
Total governmental activities depreciation expense	$ 3,330,003
Business Type activities:	
Food services	$ 58,264

(6) 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	$ 2,675,000	0	365,000	2,310,000	380,000
Revenue Bonds	565,000	0	100,000	465,000	100,000
Qualified Zone Academy Bonds	1,000,000	0	0	1,000,000	0
Early Retirement	337,993	47,706	54,529	331,170	66,540
Compensated Absences	30,712	35,754	30,712	35,754	35,754
Total	$ 4,608,705	83,460	550,241	4,141,924	582,294

General Obligation Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond issue dated May 1, 2003			
	Interest Rates	Principal	Interest	Total
2010	3.300 %	$ 380,000	78,065	458,065
2011	3.350	390,000	65,525	455,525
2012	3.350	400,000	52,460	452,460
2013	3.350	415,000	39,060	454,060
2014	3.350	435,000	25,158	460,158
2015	3.500	290,000	10,150	300,150
Total		$ 2,310,000	270,418	2,580,418

Revenue Bonds Payable

Details of the District's June 30, 2009 revenue bond indebtedness are as follows:

Year Ending June 30,	Bond issue dated December 1, 2005			
	Interest Rates	Principal	Interest	Total
2010	4.078 %	$ 100,000	16,921	116,921
2011	4.078	105,000	12,742	117,742
2012	4.078	110,000	8,359	118,359
2013	4.078	95,000	4,180	99,180
2014	4.078	55,000	1,121	56,121
Total		$ 465,000	43,323	508,323

The District has pledged future statewide sales and services tax revenues to repay the $565,000 bonds issued December 1, 2005. The bonds were issued for the purpose of defraying a portion of the cost of capital improvements in the District. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable

through 2014. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 18 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the notes is $508,323. For the current year $121,399 in principal and interest was paid on the bonds and total statewide sales and services tax revenues were $555,994.

The resolution providing for the issuance of the statewide sales and services tax revenue bonds includes the following provisions:

a) $75,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking Account. The balance of the proceeds shall be deposited to the Project Account.

b) All proceeds from the statewide sales and services tax shall be placed in a Revenue Account.

c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Qualified Zone Academy Bonds

During the year ended June 30, 2006, the District issued zero interest Qualified Zone Academy Bonds (QZAB). Money is set aside within the Capital Projects fund by making annual deposits into a Bankers Trust escrow account that will be used to pay the indebtedness due December 1, 2014, of $1,000,000.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Approved retirees may remain a part of the District's group health and major medical insurance coverage and have their individual insurance policy payments in an amount set by the Board paid by the District until age sixty-five. The amount to be paid for new retiree's insurance coverage shall not exceed $3,400 per year per retiree. Early retirement benefits paid during the year ended June 30, 2009 totaled $54,529.

(7) 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 was $312,749, $249,880 and $235,881, respectively, equal to the required contributions for the year.

(8) Other Postemployment Benefits

GASB Statement No.45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB Statement No.45.

(9) Risk Management

Missouri 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.

(11) 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 $333,778 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.

(12) Deficit Fund Balance/Net Assets

The General Fund had a deficit unreserved undesignated fund balance of $543,384. The District also had a deficit unrestricted net assets balance in the governmental activities of $489,534.

REQUIRED SUPPLEMENTARY INFORMATION

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues:						
Local sources	$ 4,595,252	226,577	4,821,829	4,914,819	4,914,819	(92,990)
State sources	4,857,892	12,957	4,870,849	5,174,434	5,174,434	(303,585)
Federal sources	295,545	187,827	483,372	419,725	419,725	63,647
Total revenues	9,748,689	427,361	10,176,050	10,508,978	10,508,978	(332,928)
Expenditures/Expenses:						
Instruction	5,785,377	19,256	5,804,633	6,229,919	6,229,919	425,286
Support services	2,827,101	162	2,827,263	2,672,857	3,022,857	195,594
Non-instructional programs	0	437,842	437,842	590,216	540,216	102,374
Other expenditures	1,112,813	0	1,112,813	2,543,494	2,243,494	1,130,681
Total expenditures/expenses	9,725,291	457,260	10,182,551	12,036,486	12,036,486	1,853,935
Excess(deficiency) of revenues over(under) expenditures/expenses	23,398	(29,899)	(6,501)	(1,527,508)	(1,527,508)	1,521,007
Other financing sources(uses), net	(2,347)	2,347	0	17,725	17,725	(17,725)
Excess(Deficiency) of revenues and other financing sources(uses) under expenditures/expenses and other financing sources(uses)	21,051	(27,552)	(6,501)	(1,509,783)	(1,509,783)	1,503,282
Balance beginning of year	1,255,106	127,497	1,382,603	1,831,790	1,831,790	(449,187)
Balance end of year	$ 1,276,157	99,945	1,376,102	322,007	322,007	1,054,095

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MISSOURI 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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

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

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

During the year ended June 30, 2009, the District adopted one budget amendment as a reallocation of expenditures between functional areas so as not to exceed the certified budget.

OTHER SUPPLEMENTARY INFORMATION

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Nonmajor Special Revenue Funds					Total Other Nonmajor Governmental Funds
	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total	Debt Service	
Assets						
Cash and pooled investments	$ 169,630	189,076	133,858	492,564	82,618	575,182
Receivables:						
Property tax:						
Current year delinquent	0	4,275	3,781	8,056	9,134	17,190
Succeeding year	0	220,000	205,049	425,049	458,065	883,114
Total assets	$ 169,630	413,351	342,688	925,669	549,817	1,475,486
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 0	533	3,166	3,699	0	3,699
Deferred revenue:						
Succeeding year property tax	0	220,000	205,049	425,049	458,065	883,114
Total liabilities	0	220,533	208,215	428,748	458,065	886,813
Fund balances:						
Reserved for:						
Debt service	0	0	0	0	91,752	91,752
Unreserved	169,630	192,818	134,473	496,921	0	496,921
Total fund balances	169,630	192,818	134,473	496,921	91,752	588,673
Total liabilities and fund balances	$ 169,630	413,351	342,688	925,669	549,817	1,475,486

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009

	Nonmajor Special Revenue Funds					Total
	Student Activity	Management Levy	Physical Plant and Equipment Levy	Total	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	$ 0	223,367	195,392	418,759	449,778	868,537
Other	305,218	85,850	513	391,581	1,465	393,046
State sources	0	173	111	284	308	592
Federal sources	0	588	1,152	1,740	1,190	2,930
Total revenues	305,218	309,978	197,168	812,364	452,741	1,265,105
EXPENDITURES:						
Current:						
Instruction:						
Regular	0	155,424	0	155,424	0	155,424
Other	215,809	0	0	215,809	0	215,809
Support services:						
Administration	0	0	0	0	800	800
Operation and maintenance of plant	0	97,588	23,423	121,011	0	121,011
Transportation	0	13,094	15,000	28,094	0	28,094
Other expenditures:						
Facilities acquisitions	0	0	118,296	118,296	0	118,296
Long-term debt:						
Principal	0	0	0	0	465,000	465,000
Interest and fiscal charges	0	0	0	0	110,014	110,014
Total expenditures	215,809	266,106	156,719	638,634	575,814	1,214,448
Excess(deficiency) of revenues over(under) expenditures	89,409	43,872	40,449	173,730	(123,073)	50,657
Other financing sources(uses):						
Transfers in	0	0	0	0	121,399	121,399
Transfers out	(851)	0	0	(851)	0	(851)
Total other financing sources(uses)	(851)	0	0	(851)	121,399	120,548
Net change in fund balance	88,558	43,872	40,449	172,879	(1,674)	171,205
Fund balance beginning of year	81,072	148,946	94,024	324,042	93,426	417,468
Fund balance end of year	$ 169,630	192,818	134,473	496,921	91,752	588,673

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 3

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi-tures	Intra-Fund Transfers	Balance End of Year
HS Thespians	$ 2,219	2,236	2,379	0	2,076
HS Vocal Music	2,264	5,412	2,547	0	5,129
MS Vocal Music	2,855	11,373	8,311	0	5,917
Elementary Vocal Music	176	0	130	0	46
HS Swing Choir	121	0	0	0	121
HS Band	139	999	1,029	0	109
MS Band	0	93	0	0	93
6th Grade Band	80	0	0	0	80
Boys Cross Country	353	381	504	0	230
Girls Cross Country	422	257	295	0	384
Coed Golf	117	1,482	1,945	400	54
Drill Team	1,462	4,491	4,575	105	1,483
HS Boys Basketball	4,928	5,172	3,519	(450)	6,131
HS Football	2,208	23,412	14,946	0	10,674
HS Baseball	7	3,371	2,898	0	480
A&B Cub Baseball	738	0	0	0	738
HS Boys Track	0	1,171	1,671	500	0
MS G/B Track	76	334	334	0	76
HS Wrestling	0	3,635	4,406	771	0
HS Girls Basketball	2,330	6,304	5,506	0	3,128
MS Girls Basketball	1	0	0	0	1
HS Volleyball	1,604	3,826	3,106	0	2,324
MS Volleyball	4	276	274	0	6
HS Softball	12	4,158	3,709	0	461
MS Softball	11	0	0	0	11
Athletics	1,105	34,869	32,420	(3,467)	87
MS Athletics	762	1,456	3,192	1,078	104
Elementary Activity	3,210	1,760	3,252	111	1,829
MS Student Activity	888	463	827	288	812
HS Activity	1,092	958	683	98	1,465
Arrowhead Diner Account	239	98	93	0	244
MS Student Council	572	5,384	4,828	(178)	950
HS Student Council	2,115	2,242	1,456	0	2,901
Elementary Jump Rope for Heart	82	0	82	0	0
MS Jump Rope for Heart	2	198	198	0	2
Annual	724	5,482	5,422	4,171	4,955
HS Resale	474	205	679	0	0
MS Resale	271	0	271	0	0
Elementary Outdoor Ed	144	0	144	0	0
5th Grade	380	0	172	0	208
Elementary Library Maint.	77	0	340	263	0
MS Leadership	1,215	0	0	0	1,215
MS Personal Development	1,643	0	1,643	0	0
Kuhlmann Technology	1,314	0	76	0	1,238
Student Technology	810	250	354	0	706
Technology Projector	120	0	0	0	120
Alumni	111	0	0	0	111
Friends of Rachel	518	163	388	0	293
Dream Program	91	0	28	0	63

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi-tures	Balance Change	Balance End of Year
National Honor Society	214	1,035	973	0	276
HS Media Maintenance	810	24	571	(263)	0
Post Prom	94	0	0	0	94
MoValley Home Page	1,727	15	0	0	1,742
Business Ed.	358	567	271	0	654
Art	240	161	90	0	311
Future Homemakers	624	2,689	2,440	0	873
Health Occupations	910	18,814	17,395	0	2,329
Key Club	1,187	2,629	2,989	0	827
MVHS Pep Club	497	130	121	0	506
Science Club	331	30	68	0	293
Spanish Club	1,701	103	156	0	1,648
Math Club	850	2,286	2,403	0	733
Class of 2008	376	0	0	(376)	0
Class of 2009	2,121	0	0	(2,121)	0
Class of 2010	882	22,988	21,704	0	2,166
Class of 2011	1,130	0	3	0	1,127
Class of 2012	0	0	28	376	348
Class of 2013	0	2,040	4,005	2,121	156
Social Studies Investments	4,321	22,095	0	0	26,416
Social Studies Students	0	59,581	10,251	0	49,330
Special Needs	400	2,818	1,508	0	1,710
Activity Fund Investments	6,619	4,942	1,969	(7,674)	1,918
Boys Basketball	829	3,491	3,817	450	953
Football	999	8,233	8,023	618	1,827
Baseball	3,213	5,924	7,597	550	2,090
Boys Track/Cross Country	939	3,544	3,563	1,300	2,220
Girls Basketball	1,287	3,160	2,519	1,000	2,928
Volleyball	5,731	1,770	1,242	0	6,259
Softball	2,170	820	1,710	800	2,080
MS Cheerleaders	22	148	168	0	2
HS Cheerleaders	404	3,270	2,444	(471)	759
Total	$ 81,072	305,218	216,660	0	169,630

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 4

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2009

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	$ 10,396	67,240	68,432	9,204
LIABILITIES				
Due to other groups	$ 10,396	67,240	68,432	9,204

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 5

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
JUNE 30, 2009

	Private Purpose Trust - Scholarship Fund									
	Vocal Scholarship	Longview Scholarship	Key Club Scholarship	Rand Scholarship	Walsh Scholarship	Jensen Scholarship	McIntosh Scholarship	Thomas Scholarship	Brookhouser Scholarship	Total
ASSETS										
Cash and pooled investments	$ 326	298	525	38,729	42,474	1,098	2,269	6,793	5,232	97,744
Total assets	326	298	525	38,729	42,474	1,098	2,269	6,793	5,232	97,744
LIABILITIES	0	0	0	0	0	0	0	0	0	0
NET ASSETS										
Unreserved	326	298	525	5,729	4,474	1,098	2,269	6,793	5,232	26,744
Reserved for scholarships	0	0	0	33,000	38,000	0	0	0	0	71,000
Total net assets	$ 326	298	525	38,729	42,474	1,098	2,269	6,793	5,232	97,744

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 6

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
YEAR ENDED JUNE 30, 2009

	Vocal Scholarship	Longview Scholarship	Key Club Scholarship	Rand Scholarship	Walsh Scholarship	Jensen Scholarship	McIntosh Scholarship	Thomas Scholarship	Brookhouser Scholarship	Total
ADDITIONS:										
Local sources:										
Interest	$ 3	4	5	0	0	10	24	73	49	168
Contributions	100	0	500	3,000	0	1,050	1,000	0	5,000	10,650
Miscellaneous	0	0	0	284	0	0	0	0	0	284
	103	4	505	3,284	0	1,060	1,024	73	5,049	11,102
DEDUCTIONS:										
Scholarships awarded	100	0	500	5,169	0	1,000	1,000	0	5,100	12,869
Changes in net assets	3	4	5	(1,885)	0	60	24	73	(51)	(1,767)
Net assets beginning of year	323	294	520	40,614	42,474	1,038	2,245	6,720	5,283	99,511
Net assets end of year	$ 326	298	525	38,729	42,474	1,098	2,269	6,793	5,232	97,744

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 7

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS

	Modified Accrual Basis Years ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	$ 3,911,604	3,590,504	3,563,857	3,293,136	2,567,624	2,749,983
Tuition	169,642	180,746	187,568	170,217	173,745	169,566
Other	514,006	521,478	626,661	679,339	1,261,196	591,121
State sources	4,857,892	4,573,434	4,337,603	4,219,487	4,125,824	4,118,335
Federal sources	295,545	286,018	210,874	280,238	285,265	257,648
Total	$ 9,748,689	9,152,180	8,926,563	8,642,417	8,413,654	7,886,653
Expenditures:						
Current:						
Instruction:						
Regular	$ 3,666,662	3,451,845	3,066,054	2,919,893	3,114,027	3,058,496
Special	1,148,742	1,146,073	1,085,851	1,063,065	1,197,697	1,227,444
Other	969,973	886,236	1,048,621	1,098,824	785,507	759,754
Support services:						
Student	155,837	190,204	182,325	132,436	134,866	161,213
Instructional staff	315,230	271,626	271,163	337,026	168,072	187,007
Administration	1,022,919	985,912	906,653	870,944	814,554	794,842
Operation and maintenance of plant	986,220	903,724	791,257	822,026	742,073	773,151
Transportation	346,895	436,857	328,577	349,093	332,589	264,756
Other expenditures:						
Facilities acquisitions	204,021	274,905	1,717,443	847,757	101,128	0
Long-term debt:						
Principal	465,000	450,000	440,000	3,470,000	260,000	245,000
Interest and other charges	110,014	124,375	136,397	354,517	309,698	323,736
AEA flow-through	333,778	301,546	290,839	275,773	274,053	278,766
Total	$ 9,725,291	9,423,303	10,265,180	12,541,354	8,234,264	8,074,165

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

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

To the Board of Education of the
Missouri 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 Missouri 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 March 16, 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 Missouri 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 Missouri Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Missouri 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.

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 Missouri 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 Missouri Valley Community School District's financial statements that is more than inconsequential will not be prevented or detected by Missouri Valley Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Findings Related to the Basic Financial Statements 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 Missouri 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. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

Compliance and Other Matters

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

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

Missouri Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Missouri 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 Missouri Valley Community School District and other parties to whom Missouri 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 Missouri 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.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

March 16, 2010

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Agency Fund - During our audit we noted the District utilizes an Agency Fund. According to Chapter 9 of the LEA Administrative Manual, "Agency funds are used to account for assets received and held as an agent for individuals, private organizations, or other governments. Agency Funds could include money collected for another government, a grant consortium when the District serves as fiscal agent for the other districts but has no managerial responsibilities, and funds for a teacher or a parent-teacher organization which has its own Federal Identification Number. The District acts as a custodian of the assets and not an owner. Agency Funds may be created when an organization which is related to the operation of the District places certain assets into the custody of the District. The District renders a service, as custodian, for the organization providing the assets. Agency funds typically involve only the receipt, temporary investment and remittance of assets to their rightful owners. Moneys owned by the District would not be accounted for in the Agency Fund".

The District appears to be improperly accounting for District funds as agency accounts.

Recommendation - Management should review each account identified in the agency fund and determine the most appropriate place to record the transactions. As stated above, the agency fund is created by the District to act as an 'agent' for non District accounts. The District may not arbitrarily choose which funds are placed into an agency account; based on convenience, amount, or sponsor preference. Monies accounted for in the Agency Fund should be the property of an entity that has its own federal identification number and would be considered a legally separate entity. If the accounts that are currently in the Agency Fund are truly District funds, the transactions should be recorded in the most appropriate fund where standard District policies and procedures should be followed.

It would appear that each of the accounts recorded in the Agency Fund are in fact District funds, which should be subject to the same level of accounting as any other transactions currently recorded in the District's records. The District needs to evaluate each account currently maintained in the Agency Fund and determine that account's validity as an Agency account.

As an example, currently the Coach's fund has revenue recorded from sales of advertising for District calendars, and the expenses include personal clothing purchases for staff. The revenue from selling advertisements should be recorded in the General Fund and used to offset the expenses of the calendar, unless it is a fundraiser for a specific Student Activity club, in which case it would be recorded in that account. The current expenses for staff clothing is not appropriate, because it does not meet public purpose as identified by Attorney General Opinion dated April 25, 1979. If the District decides to provide clothing for staff, the amount should be approved by the board and would be added to the individual's W-2 for payroll purposes.

As another example, each building maintains a faculty account within the Agency Fund. The revenues recorded in these accounts are derived from vending sales from District pop machines. Expenses from these accounts include beverages and meals for staff meetings. Clearly the profit from the sales of District's pop machines is the District's profit and should be recorded as revenue in the District's General Fund. The expenditures for staff meetings may not be appropriate and should be identified as to the public purpose served when approving and paying these types of bills.

As previously mentioned the District should review each Agency Fund account individually and then make necessary transfers to the funds that are most appropriate. The District should also review Chapter 9 of the LEA Administrative Manual to identify the most appropriate placement for these account transactions. The District should refrain from utilizing the Agency Fund for accounts that are not true agent relationships.

Response - Each Agency Fund account was scrutinized and some were moved to Activity Fund, some were moved to Operating Fund, and some were closed out and totally eliminated. A separate federal identification number was obtained for the faculty fund accounts to qualify as a true Agency Fund.

Shirts purchased for Preschool staff with Board approval were added to each individual's W-2 for 2009.

Conclusion - Response accepted.

I-B-09 Expense Reimbursement - We noted during our audit that it appears the District often times reimburses expenses rather than paying them directly to a vendor. Also, some of the reimbursements were paid using copies of the invoices for supporting documentation instead of the original and online purchases were reimbursed with only summary order forms that did not show if the order was actually made or paid.

Recommendation - Internal controls could be strengthened by paying vendors directly. Doing so allows the District to maintain vendor records as well as avoid sales tax. The District should pay vendors directly whenever possible and require detailed original invoices when reimbursements are unavoidable.

Response - The District will do as you have indicated. In addition, administrators have been counseled that direct payment is preferred over reimbursements, and an additional VISA credit card was obtained for High School/ Middle School purchases when a purchase order is refused by a vendor or the purchase is made online. The necessity for supporting documentation has been conveyed to staff.

Conclusion - Response accepted.

I-C-09 Field Trips - We noted that the District had a group of students who went on a field trip to Washington D.C. Students who went on the trip each paid for the trip by a series of payments. The parents who accompanied the students also paid for their trip. The staff that went on the trip did not pay for the cost of the trip. The trip was taken during normal school time and staff was paid for the time during the trip as well as paying for substitutes in their absence.

Recommendation - The Department of Education's Declatory ruling related to field trips should be reviewed to determine if it is appropriate to count the students absent from school for the days on the trip.

The District should review the appropriateness of individual employees benefiting from going on the trip at no cost. Currently, only staff at the High School appears eligible to

participate. However, it is not clear how individuals are selected for inclusion. The Board should review the criteria and the benefit derived. Non-certified staff that go on this trip are paid standard wage plus overtime in compliance with Wage and Hour requirements of Department of Labor. It is unclear if the District identifies the parents as chaperones. The circumstances of allowing High School staff to go without payment raises the paying participant's cost of the trip. If the parents are chaperones as well as District personnel, it appears inconsistent in requirement of payment for the trip.

We also noted that $88,519 in payments for the trip were written to an employee of the travel agency rather than to the company itself. Although the District did issue a tax form 1099Misc to the individual, the District should write the check directly to the Travel agency.

The District should review the Washington DC trip planning and attendance. The District should review the benefit derived by individual employees participating in the trip as well as the inconsistency of the costs for the adults going on the trip. The District should make payments to the company providing goods and/or services and refrain from writing checks to individual employees of said company.

Response - The District will do as you have indicated. Future Washington D.C., and other field trips will be evaluated on the points as noted.

Conclusion - Response accepted.

I-D-09 Supporting Documentation - We noted that Adventureland tickets were purchased, but no invoice or other form of supporting documentation was maintained in the District records.

Recommendation - The District should always retain invoices with all paid bills to be used as supporting documentation for verification and reconciliation purposes.

Response - The District will do as you have indicated.

Conclusion - Response accepted.

MISSOURI VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

II-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed budgeted amounts.

II-B-09 Questionable Disbursements - We noted during out audit that the District gave gift cards to individual students, teachers, sponsors and parents purchased from the Student Activity Fund as incentive prizes for good behavior, being top sellers in fund raisers and appreciation. Gift certificates as incentive prizes do not appear to meet the guidelines for public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - These instances have been reviewed, and the District will do as you have indicated.

Conclusion - Response accepted.

II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Daniel Zaiser, Board Member Wife does embroidery work on uniforms	Purchased service	$424
Carol Rodewald, Food Service Director Own's Carol's Catering	Purchased service	$1,744
Ed Spencer, Bus Driver Owns Ed's Towing	Purchased service	$350
Jim Hornbeck, Coach Owner CJ Futures, Inc.	Purchased service	$15,935
Joyce Lehman, Substitute Husband owns Lehman's Printing	Purchased service	$9,299

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

In accordance with the Attorney General's opinion dated July 2, 1990, the above transaction with the employees of the District do not appear to represent a conflict of interest.

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-09 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students reported on line one was understated by 0.1 students.

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

Response - The Superintendent contacted the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion - Response accepted.

II-H-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

II-K-09 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.3 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		$ 0
Statewide sales and services tax revenue		555,994
Expenditures/transfers out:		
School infrastructure:		
Buildings	$ 86,475	
Other improvements	113,910	
Debt service for school infrastructure:		
Revenue debt	121,399	321,784
Ending Balance		$ 234,210

II-L-09 Financial Condition - At June 30, 2009, the General Fund had a deficit unreserved undesignated fund balance of $543,384. The District also had a deficit unrestricted net assets balance in the governmental activities of $489,534.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits accounts.

Response - The District is working diligently to eliminate deficit accounts and will continue striving to reduce costs and increase revenue, even in difficult economic circumstances.

Conclusion - Response accepted.

II-M-09 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - The School Board granted the authority for the Superintendent of Schools to sign all contracts as the designee of the Board President. The District will strive to comply with the regulations stated.

Conclusion - Response acknowledged. Chapter 291.1 of the Code of Iowa specifically includes in the duties of the Board President that they shall "sign all contracts made by the Board."