

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

June 30, 2011

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley Community School District, Mapleton, Iowa, as of and for the year ended June 30, 2011, 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 Maple Valley Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2012, on our consideration of Maple Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 37 through 39 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maple Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Federal Awards required by U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

April 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Maple Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,660,850 in fiscal 2010 to \$6,346,012 in fiscal 2011, while General Fund expenditures increased from \$5,665,634 in fiscal 2010 to \$5,842,304 in fiscal 2011. The District's General Fund balance increased from \$1,159,303 in fiscal 2010 to \$1,664,485 in fiscal 2011.
- The main increase in revenues was in the other sources category. This would include our payments from the insurance company for the damage done during the tornado that hit the town in April of 2011. The largest increase in expenses was found in the instructional category.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Maple Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Maple Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Maple Valley Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor funds.

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

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District’s net assets and how they have changed. Net assets – the difference between the District’s assets and liabilities – are one way to measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net assets are an indicator of whether financial position is improving or deteriorating. To

assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

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

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

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

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2010-2011
	Governmental Activities		Business-type Activities		Total School District		
	2011	2010	2011	2010	2011	2010	
	\$	\$	\$	\$	\$	\$	
Current and other assets	7,239,327	6,172,240	27,432	47,636	7,266,759	6,219,876	17%
Capital assets	8,134,720	8,084,081	16,338	19,501	8,151,058	8,103,582	1%
Total assets	15,374,047	14,256,321	43,770	67,137	15,417,817	14,323,458	8%
Long-term liabilities	3,329,804	3,486,695	5,384	2,383	3,335,188	3,489,078	-4%
Other liabilities	3,539,361	3,664,766	4,217	3,706	3,543,578	3,668,472	-3%
Total liabilities	6,869,165	7,151,461	9,601	6,089	6,878,766	7,157,550	-4%
Net Assets:							
Invested in capital assets, net of related debt	5,114,720	4,834,081	16,338	19,501	5,131,058	4,853,582	6%
Restricted	2,151,668	1,415,603	-	-	2,151,668	1,415,603	52%
Unrestricted	1,238,494	855,176	17,831	41,547	1,256,325	896,723	40%
TOTAL NET ASSETS	8,504,882	7,104,860	34,169	61,048	8,539,051	7,165,908	19%

The District's combined net assets increased by approximately 19%, or approximately \$1,373,143 over the prior year.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$736,065 or 52% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$359,602, or 40%.

Figure A-4 shows the change in net assets for the years ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4

	Change in Net Assets						Percentage Change 2010-2011
	Governmental Activities		Business-type Activities		Total School District		
	2011	2010	2011	2010	2011	2010	
	\$	\$	\$	\$	\$	\$	
Revenues							
Program Revenues:							
Charges for services	1,272,364	1,225,814	97,900	114,374	1,370,264	1,340,188	2%
Operating grants & contributions	1,195,054	933,901	161,698	157,990	1,356,752	1,091,891	24%
General Revenues:							
Property taxes	2,393,893	2,229,974	-	-	2,393,893	2,229,974	7%
Income Surtax	273,474	315,624	-	-	273,474	315,624	-13%
Statewide sales tax	361,981	345,004	-	-	361,981	345,004	5%
Unrestricted state grants	2,084,145	1,876,766	-	-	2,084,145	1,876,766	11%
Unrestricted investment earnings	5,773	15,638	28	52	5,801	15,690	-63%
Other revenue	850,808	11,690	-	-	850,808	11,690	7,178%
Total Revenues	8,437,492	6,954,411	259,626	272,416	8,697,118	7,226,827	20%

Expenses:							
Instruction	4,405,514	4,223,365	-	-	4,405,514	4,223,365	4%
Support services	1,690,556	1,687,068	-	-	1,690,556	1,687,068	<-1%
Non-instructional programs	8,810	4,650	286,505	262,802	295,315	267,452	10%
Other expenditures	702,592	680,720	-	-	702,592	680,720	3%
Total expenses	6,807,472	6,595,803	286,505	262,802	7,093,977	6,858,605	3%
CHANGE IN NET ASSETS	1,630,020	358,608	(26,879)	9,614	1,603,141	368,222	335%
Net assets beginning of year, as restated	6,874,862	6,746,252	61,048	51,434	6,935,910	6,797,686	2%
Net assets end of year	8,504,882	7,104,860	34,169	61,048	8,539,051	7,165,908	19%

Property tax and unrestricted state grants account for 51% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$8,437,492 and expenses were \$6,807,472.

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 2011 \$	Total Cost of Services 2010 \$	Net Cost of Services 2011 \$	Net Cost of Services 2010 \$
Instruction	4,405,514	4,223,365	2,164,472	2,289,401
Support Services	1,690,556	1,687,068	1,678,277	1,674,885
Non-instructional Programs	8,810	4,650	8,810	4,650
Other Expenses	702,592	680,720	488,495	467,152
TOTAL	6,807,472	6,595,803	4,340,054	4,436,088

- The cost financed by users of the District's programs was \$1,272,364.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,195,054.
- The net cost of governmental activities was financed with \$3,029,348 in property and other taxes and \$2,084,145 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$259,626 and expenses were \$286,505. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The District has been addressing our shortage in the School Nutrition Fund for several years. After raising lunch prices several times over the past few years, and implementing a new system for collecting our past due lunch accounts, our district was able to close FY10 in the positive after paying

all hot lunch expenses. This year we were not able to break even, but we were able to use the fund balance we accumulated last year to make up the difference. We hope to continue to make sure this Fund serves its purpose as a “break even” business type activity. We will continue to monitor this fund and either raise or decrease lunch prices accordingly.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,463,499, which was above last year's balance of \$2,279,171.

Governmental Fund Highlights

- The General Fund balance increased from \$1,159,303 to \$1,664,485, a 45% increase.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
 - The Physical Plant and Equipment Levy account balance increased from \$422,944 at June 30, 2010 to \$772,403 at June 30, 2011.
 - The Statewide Sales Tax account balance increased from \$348,918 at June 30, 2010 to \$668,524 at June 30, 2011.
 - Both of these fund balances will be used to go towards planned improvements and purchases over the next few years.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$61,048 at June 30, 2010 to \$34,169 at June 30, 2011. The District met its goal to be able to pay all expenses out of the School Nutrition Fund in FY2010 and end the year with a positive Fund balance. We were able to meet this goal by raising hot lunch prices several times over the past few years in an attempt to help offset the increasing expenses. The district also implemented a new collection process for past due accounts and was able to collect a significant amount of those. In FY11, our expenses were higher than our revenues but we were able to use the fund balance that we accumulated in FY10 to cover that deficit. As stated earlier, we want this fund to be a break even account so will continue to monitor it.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. The budget is certified with the County Auditor and Department of Management each year. Iowa school districts

may not certify a general fund budget in excess of its spending authority. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures.

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

Total actual expenditures were \$2,803,566 less than budgeted, due primarily to the District’s budget for the General Fund. It is the District’s practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District’s certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$8,151,058, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 1% from last year. More detailed information about the District’s capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$357,071.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2010-2011
	Activities		Activities		School District		
	2011	2010	2011	2010	2011	2010	
	\$	\$	\$	\$	\$	\$	
Land	10,164	10,164	-	-	10,164	10,164	0%
Construction in Progress	538,138	-	-	-	538,138	-	100%
Buildings	7,038,966	7,522,909	-	-	7,038,966	7,522,909	-6%
Improvements	63,461	19,615	-	-	63,461	19,615	224%
Equipment & Furniture	483,991	531,393	16,338	19,501	500,329	550,894	-9%
TOTAL	8,134,720	8,084,081	16,338	19,501	8,151,058	8,103,582	1%

Long-Term Debt

At June 30, 2011, the District had \$3,335,188 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of 4%. (See Figure A-7) Additional information about the District’s long-term debt is presented in Note 6 to the financial statements.

**Figure A-7
Outstanding Long-Term Obligations**

	Total School District		Percentage Change
	2011	2010	2010-2011
	\$	\$	
Governmental activities:			
General Obligation Bonds	3,020,000	3,250,000	-7%
Termination Benefits	110,574	148,514	-26%
Net OPEB liability	199,230	88,181	126%
	3,329,804	3,486,695	-4%
Business type activities:			
Net OPEB liability	5,384	2,383	126%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Legislation was passed allowing additional funding and property tax relief for Whole Grade Sharing Districts to entice them to consolidate. We have been receiving sharing dollars for researching these opportunities in the past few years. We did not receive any of these incentives in the FY11 fiscal year however, the district recently passed a consolidation vote, so the newly formed district will receive three more years of these sharing dollars. Our district patrons will also receive three years of property tax relief. Our consolidation will become effective on July 1, 2012, which is when these incentives will begin.
- Even after the consolidation, the "old" Maple Valley District patrons will be responsible for paying the bond debt therefore the newly reorganized district will have two separate tax rates until the Maple Valley bond is paid in full in the year 2022.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shona Klingensmith, District Secretary/Treasurer and Business Manager, Maple Valley Community School District, 501 S. 7th St., Mapleton, Iowa 51034

BASIC FINANCIAL STATEMENTS

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	3,681,631	29,174	3,710,805
Receivables:			
Property tax:			
Delinquent	31,073	-	31,073
Succeeding year	2,438,606	-	2,438,606
Accounts	253,223	729	253,952
Internal balances	7,932	(7,932)	-
Due from other governments	826,862	-	826,862
Inventories	-	5,461	5,461
Capital assets, net of accumulated depreciation	8,134,720	16,338	8,151,058
	<u>15,374,047</u>	<u>43,770</u>	<u>15,417,817</u>
Liabilities			
Accounts payable	17,918	-	17,918
Salaries and benefits payable	407,106	-	407,106
Due to other governments	623,317	-	623,317
Accrued interest payable	22,003	-	22,003
Deferred revenue:			
Succeeding year property tax	2,438,606	-	2,438,606
Other	30,411	4,217	34,628
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	235,000	-	235,000
Termination benefits	35,887	-	35,887
Portion due after one year:			
General obligation bonds payable	2,785,000	-	2,785,000
Termination benefits	74,687	-	74,687
Net OPEB liability	199,230	5,384	204,614
	<u>6,869,165</u>	<u>9,601</u>	<u>6,878,766</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	5,114,720	16,338	5,131,058
Restricted for:			
Categorical funding	274,786	-	274,786
Physical plant and equipment levy	979,179	-	979,179
Student activities	50,984	-	50,984
School infrastructure	668,524	-	668,524
Debt service	178,195	-	178,195
Unrestricted	<u>1,238,494</u>	<u>17,831</u>	<u>1,256,325</u>
Total net assets	<u><u>8,504,882</u></u>	<u><u>34,169</u></u>	<u><u>8,539,051</u></u>

MAPEL VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating	Capital Grants,
			Grants, Contributions and Restricted Interest	Contributions and Restricted Interest
\$	\$	\$	\$	
Governmental activities:				
Instruction:				
Regular	2,419,590	762,087	720,753	-
Special	980,506	223,944	64,973	-
Other	1,005,418	282,878	186,407	-
	<u>4,405,514</u>	<u>1,268,909</u>	<u>972,133</u>	<u>-</u>
Support services:				
Student	112,609	-	-	-
Instructional staff	190,226	-	-	-
Administration	609,135	-	-	-
Operation and maintenance of plant	397,925	2,500	-	-
Transportation	380,661	955	8,824	-
	<u>1,690,556</u>	<u>3,455</u>	<u>8,824</u>	<u>-</u>
Non-instructional programs	8,810	-	-	-
Other expenditures:				
Facilities acquisition	61,773	-	-	-
Long-term debt interest	140,132	-	-	-
AEA flowthrough	214,097	-	214,097	-
Depreciation (unallocated)*	286,590	-	-	-
	<u>702,592</u>	<u>-</u>	<u>214,097</u>	<u>-</u>
Total governmental activities	6,807,472	1,272,364	1,195,054	-
Business type activities:				
Non-instructional programs:				
Food service operations	286,505	97,900	161,698	-
Total	<u>7,093,977</u>	<u>1,370,264</u>	<u>1,356,752</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(936,750)	-	(936,750)
(691,589)	-	(691,589)
(536,133)	-	(536,133)
<u>(2,164,472)</u>	<u>-</u>	<u>(2,164,472)</u>
(112,609)	-	(112,609)
(190,226)	-	(190,226)
(609,135)	-	(609,135)
(395,425)	-	(395,425)
(370,882)	-	(370,882)
<u>(1,678,277)</u>	<u>-</u>	<u>(1,678,277)</u>
(8,810)	-	(8,810)
(61,773)	-	(61,773)
(140,132)	-	(140,132)
-	-	-
(286,590)	-	(286,590)
<u>(488,495)</u>	<u>-</u>	<u>(488,495)</u>
(4,340,054)	-	(4,340,054)
-	(26,907)	(26,907)
<u>(4,340,054)</u>	<u>(26,907)</u>	<u>(4,366,961)</u>
2,138,757	-	2,138,757
186,767	-	186,767
68,369	-	68,369
273,474	-	273,474
361,981	-	361,981
2,084,145	-	2,084,145
5,773	28	5,801
850,808	-	850,808
<u>5,970,074</u>	<u>28</u>	<u>5,970,102</u>
1,630,020	(26,879)	1,603,141
<u>6,874,862</u>	<u>61,048</u>	<u>6,935,910</u>
<u><u>8,504,882</u></u>	<u><u>34,169</u></u>	<u><u>8,539,051</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2011

Assets	<u>General</u> \$	<u>Capital Projects</u>	<u>Nonmajor Governmental</u> \$	<u>Total</u> \$
Cash and pooled investments	2,245,709	1,067,749	368,173	3,681,631
Receivables:				
Property tax:				
Delinquent	26,208	886	3,979	31,073
Succeeding year	2,074,749	56,341	307,516	2,438,606
Accounts	2,812	250,411	-	253,223
Interfund receivable	20,019	8,672	-	28,691
Due from other governments	506,877	319,985	-	826,862
	<u>4,876,374</u>	<u>1,704,044</u>	<u>679,668</u>	<u>7,260,086</u>
Total assets				
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	15,940	-	1,978	17,918
Salaries and benefits payable	407,106	-	-	407,106
Due to other governments	623,317	-	-	623,317
Interfund payable	8,672	-	12,087	20,759
Deferred revenue:				
Succeeding year property tax	2,074,749	56,341	307,516	2,438,606
Income surtax	51,694	206,776	-	258,470
Other	30,411	-	-	30,411
Total liabilities	<u>3,211,889</u>	<u>263,117</u>	<u>321,581</u>	<u>3,796,587</u>
Fund balances:				
Restricted for:				
Categorical funding	274,786	-	-	274,786
Debt service	-	-	200,198	200,198
Management levy	-	-	106,905	106,905
Student activities	-	-	50,984	50,984
School infrastructure	-	668,524	-	668,524
Physical plant and equipment	-	772,403	-	772,403
Unassigned	1,389,699	-	-	1,389,699
Total fund balances	<u>1,664,485</u>	<u>1,440,927</u>	<u>358,087</u>	<u>3,463,499</u>
Total liabilities and fund balances	<u>4,876,374</u>	<u>1,704,044</u>	<u>679,668</u>	<u>7,260,086</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2011

	\$
Total fund balances of governmental funds (Exhibit C)	3,463,499
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,134,720
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	258,470
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.	(22,003)
Long-term liabilities, including bonds payable, termination benefits, and other postemployment benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(3,329,804)</u>
Net assets of governmental activities (Exhibit A)	<u><u>8,504,882</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	2,067,110	648,676	306,931	3,022,717
Tuition	719,935	-	-	719,935
Other	279,768	966	277,468	558,202
State sources	2,634,662	-	-	2,634,662
Federal sources	644,537	-	-	644,537
Total revenues	<u>6,346,012</u>	<u>649,642</u>	<u>584,399</u>	<u>7,580,053</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,332,314	-	57,610	2,389,924
Special	965,499	-	-	965,499
Other	721,821	-	274,893	996,714
	<u>4,019,634</u>	<u>-</u>	<u>332,503</u>	<u>4,352,137</u>
Support services:				
Student	102,762	-	294	103,056
Instructional staff	186,721	-	204	186,925
Administration	586,045	-	6,382	592,427
Operation and maintenance of plant	387,370	-	31,384	418,754
Transportation	341,025	-	12,726	353,751
	<u>1,603,923</u>	<u>-</u>	<u>50,990</u>	<u>1,654,913</u>
Non-instructional programs	<u>4,650</u>	<u>-</u>	<u>4,160</u>	<u>8,810</u>
Other expenditures:				
Facilities acquisition	-	644,911	-	644,911
Long-term debt:				
Principal	-	-	230,000	230,000
Interest and fiscal charges	-	-	141,665	141,665
AEA flowthrough	214,097	-	-	214,097
	<u>214,097</u>	<u>644,911</u>	<u>371,665</u>	<u>1,230,673</u>
Total expenditures	<u>5,842,304</u>	<u>644,911</u>	<u>759,318</u>	<u>7,246,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>503,708</u>	<u>4,731</u>	<u>(174,919)</u>	<u>333,520</u>
Other financing sources (uses):				
Compensation for loss of fixed assets	-	849,334	-	849,334
Sale of equipment	1,474	-	-	1,474
Operating transfers in	-	-	185,000	185,000
Operating transfers out	-	(185,000)	-	(185,000)
Total other financing sources (uses)	<u>1,474</u>	<u>664,334</u>	<u>185,000</u>	<u>850,808</u>
Net change in fund balances	<u>505,182</u>	<u>669,065</u>	<u>10,081</u>	<u>1,184,328</u>
Fund balances beginning of year, as restated	<u>1,159,303</u>	<u>771,862</u>	<u>348,006</u>	<u>2,279,171</u>
Fund balances end of year	<u><u>1,664,485</u></u>	<u><u>1,440,927</u></u>	<u><u>358,087</u></u>	<u><u>3,463,499</u></u>

See notes to financial statements.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities

Year ended June 30, 2011

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		1,184,328
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	634,545	
Depreciation expense	<u>(353,908)</u>	280,637
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		6,631
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		230,000
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.		1,533
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	37,940	
Other postemployment benefits	<u>(111,049)</u>	<u>(73,109)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>1,630,020</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund

June 30, 2011

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Cash and cash equivalents	29,174
Accounts receivable	729
Inventories	5,461
Capital assets, net of accumulated depreciation	<u>16,338</u>
Total assets	<u>51,702</u>
Liabilities	
Interfund payable	7,932
Deferred revenue	4,217
Net OPEB liability	<u>5,384</u>
Total liabilities	<u>17,533</u>
Net assets	
Invested in capital assets	16,338
Unrestricted	<u>17,831</u>
Total net assets	<u><u>34,169</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>97,900</u>
Operating expenses:	
Non-instructional programs:	
Salaries	99,575
Benefits	29,244
Purchased services	6,290
Supplies	148,233
Depreciation	3,163
Total operating expenses	<u>286,505</u>
Operating income (loss)	<u>(188,605)</u>
Non-operating revenues:	
State sources	2,378
Federal sources	159,320
Interest income	28
Total non-operating revenues	<u>161,726</u>
Net income (loss)	(26,879)
Net assets beginning of year	<u>61,048</u>
Net assets end of year	<u><u>34,169</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2011

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	106,672
Cash payments to employees for services	(121,242)
Cash payments to suppliers for goods or services	(140,637)
Net cash used by operating activities	<u>(155,207)</u>
Cash flows from non-capital financing activities:	
State grants received	2,378
Federal grants received	146,513
Net cash provided by non-capital financing activities	<u>148,891</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>28</u>
Net increase (decrease) in cash and cash equivalents	(6,288)
Cash and cash equivalents at beginning of year	<u>35,462</u>
Cash and cash equivalents at end of year	<u><u>29,174</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(188,605)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	12,807
Depreciation	3,163
Decrease (increase) in inventories	1,079
Decrease (increase) in accounts receivable	8,261
(Decrease) increase in accounts payable	4,576
(Decrease) increase in deferred revenue	511
(Decrease) increase in other postemployment benefits	3,001
Net cash used by operating activities	<u><u>(155,207)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$12,807 of federal commodities.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Maple Valley Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Maple Valley Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned, and then unassigned fund balances.

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-20 years
Intangibles	2-10 years
Furniture and equipment	3-15 years

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not

collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as property tax receivable and other receivables not collected within sixty days after year end.

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

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

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

Fund Equity – In the governmental fund financial statements fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other classifications.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust, which are valued at an amortized cost of \$549,817 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

3. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
		\$
General Fund	Nonmajor School Nutrition Fund	7,932
General Fund	Nonmajor Management Fund	12,087
Capital Projects Fund	General Fund	8,672

4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer To	Transfer From	Amount
		\$
Nonmajor Debt Service Fund	Capital Projects Fund	185,000

These transfers reflect funds used for debt service payments.

5. Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning of Year Restated	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	-	538,138	-	538,138
Land	10,164	-	-	10,164
Total assets not being depreciated	<u>10,164</u>	<u>538,138</u>	<u>-</u>	<u>548,302</u>
Capital assets being depreciated:				
Buildings	9,654,400	-	-	9,654,400
Improvements other than buildings	262,027	45,000	-	307,027
Furniture and equipment	1,643,582	51,407	58,472	1,636,517
Total capital assets being deprec.	<u>11,560,009</u>	<u>96,407</u>	<u>58,472</u>	<u>11,597,944</u>
Less accumulated depreciation for:				
Buildings	2,361,489	253,945	-	2,615,434
Improvements other than buildings	242,412	1,154	-	243,566
Furniture and equipment	1,112,189	98,809	58,472	1,152,526
Total accumulated depreciation	<u>3,716,090</u>	<u>353,908</u>	<u>58,472</u>	<u>4,011,526</u>
Total capital assets being depreciated, net	<u>7,843,919</u>	<u>(257,501)</u>	<u>-</u>	<u>7,586,418</u>
Governmental activities capital assets, net	<u>7,854,083</u>	<u>280,637</u>	<u>-</u>	<u>8,134,720</u>

Governmental Activities Capital Assets beginning balances have been increased by \$299,998 to correct depreciated net balances.

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	93,680	-	-	93,680
Less accumulated depreciation	74,179	3,163	-	77,342
 Business type activities capital assets, net	 19,501	 (3,163)	 -	 16,338

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	4,579
Support services:	
Student support	9,553
Administration	1,701
Operation and maintenance of plant	4,575
Transportation	46,910
	<u>67,318</u>
Unallocated depreciation	286,590
Total depreciation expense – governmental activities	<u><u>353,908</u></u>
 Business type activities:	
Food services	<u><u>3,163</u></u>

6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	3,250,000	-	230,000	3,020,000	235,000
Termination benefits	148,514	-	37,940	110,574	35,887
Net OPEB liability	88,181	111,049	-	199,230	-
Total	<u>3,486,695</u>	<u>111,049</u>	<u>267,940</u>	<u>3,329,804</u>	<u>270,887</u>
 Business type activities:					
Net OPEB liability	<u>2,383</u>	<u>3,001</u>	<u>-</u>	<u>5,384</u>	<u>-</u>

Termination Benefits

The District offered a voluntary early retirement plan to its employees in prior years. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences.

At June 30, 2011, the District has obligations to six participants with a total liability of \$110,574. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$37,940.

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 2001			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2012	3.95	235,000	132,015	367,015
2013	3.95	235,000	122,615	357,615
2014	4.05	235,000	112,980	347,980
2015	4.10	245,000	103,580	348,580
2016	4.20	255,000	93,535	348,535
2017-2021	4.30-4.70	1,475,000	289,915	1,764,915
2022	4.80	340,000	16,320	356,320
		<u>3,020,000</u>	<u>870,960</u>	<u>3,890,960</u>

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 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$190,641, \$184,051 and \$177,052 respectively, equal to the required contributions for each year.

8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 37 active and 8 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Principal. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	170,928
Interest on net OPEB obligation	2,264
Adjustment to annual required contribution	<u>(11,670)</u>
Annual OPEB cost	161,522
Contributions made	<u>47,472</u>
Increase in net OPEB obligation	114,050
Net OPEB obligation beginning of year	<u>90,564</u>
Net OPEB obligation end of year	<u>204,614</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$47,472 to the medical plan. Plan members eligible for benefits contributed \$8,083 or 15% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
	\$	%	\$
2010	144,682	37%	90,564
2011	161,522	29%	204,614

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1,494,502, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,494,502. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,270,000, and the ratio of the UAAL to covered payroll was 118%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to

reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000.

The UAAL is being amortized over 30 years.

9. Risk Management

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

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$214,097 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
	\$
Statewide voluntary 4yr old preschool program	215,116
Returning dropout and dropout prevention program	32,453
Nonpublic textbook services	1,180
Core curriculum	19,991
Educator quality, professional development	<u>6,046</u>
	<u>274,786</u>

12. Lease Commitment

The District entered into a contract to lease copy machines. The payments the District will make over the next three years are as follows:

<u>Year Ended June 30</u>	<u>Lease Payment</u>
	\$
2012	13,608
2013	13,608
2014	10,206

\$13,608 of lease payments were made during fiscal year 2011.

13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund type Definitions, was implemented during the year ended 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 348,918	\$ 422,944
Change in fund type classification per implementation of GASB Statement No. 54	<u>422,944</u>	<u>(422,944)</u>
Balances July 1, 2010, as restated	<u><u>771,862</u></u>	<u><u>-</u></u>

14. Construction Commitment

As of June 30, 2011 the District had entered into construction contracts totaling \$210,430 of which \$122,630 was unearned.

15. District Merger

The District has voted to merge with the Anthon-Oto Community School District as of July 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2011

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	4,300,854	97,928	4,398,782	4,570,239	4,570,239	(171,457)
State sources	2,634,662	2,378	2,637,040	2,930,551	2,930,551	(293,511)
Federal sources	644,537	159,320	803,857	531,000	531,000	272,857
Total revenues	<u>7,580,053</u>	<u>259,626</u>	<u>7,839,679</u>	<u>8,031,790</u>	<u>8,031,790</u>	<u>(192,111)</u>
Expenditures/Expenses:						
Instruction	4,352,137	-	4,352,137	5,773,642	5,773,642	1,421,505
Support services	1,654,913	-	1,654,913	2,262,000	2,262,000	607,087
Non-instructional programs	8,810	286,505	295,315	302,535	302,535	7,220
Other expenditures	1,230,673	-	1,230,673	1,998,427	1,998,427	767,754
Total expenditures/expenses	<u>7,246,533</u>	<u>286,505</u>	<u>7,533,038</u>	<u>10,336,604</u>	<u>10,336,604</u>	<u>2,803,566</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	333,520	(26,879)	306,641	(2,304,814)	(2,304,814)	2,611,455
Other financing sources (uses) net	<u>850,808</u>	<u>-</u>	<u>850,808</u>	<u>-</u>	<u>-</u>	<u>850,808</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	1,184,328	(26,879)	1,157,449	(2,304,814)	(2,304,814)	3,462,263
Balance beginning of year	<u>2,279,171</u>	<u>61,048</u>	<u>2,340,219</u>	<u>2,304,814</u>	<u>2,304,814</u>	<u>35,405</u>
Balance end of year	<u><u>3,463,499</u></u>	<u><u>34,169</u></u>	<u><u>3,497,668</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,497,668</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2011

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

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

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

During the year ended June 30, 2011 expenditures did not exceed the amounts budgeted.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	1,181,784	1,181,784	0.0%	1,740,000	67.9%
2011	July 1, 2009	-	1,494,502	1,494,502	0.0%	1,270,000	117.7%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

Assets	Special Revenue Funds			Total
	Management Levy	Student Activity	Debt Service	
	\$	\$	\$	\$
Cash and pooled investments	119,410	50,984	197,779	368,173
Receivables:				
Property tax:				
Delinquent	1,560	-	2,419	3,979
Succeeding year	120,000	-	187,516	307,516
Total assets	240,970	50,984	387,714	679,668
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	1,978	-	-	1,978
Interfund payables	12,087	-	-	12,087
Deferred revenue:				
Succeeding year property tax	120,000	-	187,516	307,516
Total liabilities	134,065	-	187,516	321,581
Fund balances:				
Restricted for:				
Debt service	-	-	200,198	200,198
Management levy	106,905	-	-	106,905
Student activities	-	50,984	-	50,984
Total fund balances	106,905	50,984	200,198	358,087
Total liabilities and fund balances	240,970	50,984	387,714	679,668

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2011

	Special Revenue Funds			Total
	Management	Student	Debt	
	Levy	Activity	Service	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	120,164	-	186,767	306,931
Other	101	277,090	277	277,468
Total revenues	<u>120,265</u>	<u>277,090</u>	<u>187,044</u>	<u>584,399</u>
Expenditures:				
Current:				
Instruction:				
Regular	57,610	-	-	57,610
Other	-	274,893	-	274,893
Support services:				
Student	294	-	-	294
Instructional staff	204	-	-	204
Administration	6,382	-	-	6,382
Operation and maintenance of plant	31,384	-	-	31,384
Transportation	12,726	-	-	12,726
Non-instructional programs	4,160	-	-	4,160
Other expenditures:				
Long-term debt:				
Principal	-	-	230,000	230,000
Interest and fiscal charges	-	-	141,665	141,665
Total expenditures	<u>112,760</u>	<u>274,893</u>	<u>371,665</u>	<u>759,318</u>
Excess (deficiency) of revenues over (under) expenditures	7,505	2,197	(184,621)	(174,919)
Other financing sources (uses):				
Operating transfers in	-	-	185,000	185,000
Net change in fund balances	7,505	2,197	379	10,081
Fund balances beginning of year, as restated	<u>99,400</u>	<u>48,787</u>	<u>199,819</u>	<u>348,006</u>
Fund balances end of year	<u><u>106,905</u></u>	<u><u>50,984</u></u>	<u><u>200,198</u></u>	<u><u>358,087</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets	\$	\$	\$
Cash and pooled investments	555,315	512,434	1,067,749
Receivables:			
Property tax:			
Delinquent	-	886	886
Succeeding year	-	56,341	56,341
Accounts	-	250,411	250,411
Interfund receivable	-	8,672	8,672
Due from other governments	113,209	206,776	319,985
Total assets	668,524	1,035,520	1,704,044
Liabilities & Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	-	56,341	56,341
Income surtax	-	206,776	206,776
Total liabilities	-	263,117	263,117
Fund balances:			
Restricted for:			
School infrastructure	668,524	-	668,524
Physical plant and equipment	-	772,403	772,403
Total fund balances	668,524	772,403	1,440,927
Total liabilities and fund balances	668,524	1,035,520	1,704,044

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax \$	Physical Plant and Equipment Levy \$	Total \$
Revenues:			
Local sources:			
Local tax	361,981	286,695	648,676
Other	427	539	966
Total revenues	<u>362,408</u>	<u>287,234</u>	<u>649,642</u>
Expenditures:			
Other expenditures:			
Facilities acquisition	<u>42,802</u>	<u>602,109</u>	<u>644,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>319,606</u>	<u>(314,875)</u>	<u>4,731</u>
Other financing sources (uses):			
Compensation for loss of fixed assets	-	849,334	849,334
Operating transfers out	-	(185,000)	(185,000)
Total other financing sources (uses)	<u>-</u>	<u>664,334</u>	<u>664,334</u>
Net change in fund balance	319,606	349,459	669,065
Fund balances beginning of year, as restated	<u>348,918</u>	<u>422,944</u>	<u>771,862</u>
Fund balance end of year	<u><u>668,524</u></u>	<u><u>772,403</u></u>	<u><u>1,440,927</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Yearbook	4,888	9,201	4,129	-	9,960
Spanish trip	948	7,539	4,170	-	4,317
FCCLA-home ec. club	562	1,060	1,202	-	420
Drama	2,766	1,258	516	-	3,508
Vocal trip	6,317	29,745	34,597	-	1,465
Vocal music	2,865	1,467	2,181	-	2,151
Instrumental music trip	1,621	18	1,540	-	99
Instrumental music	1,289	1,340	1,444	-	1,185
General athletics	-	26,873	14,946	(11,927)	-
Boys/girls basketball	(159)	6,405	5,162	(1,084)	-
Boys/girls track	-	1,467	4,433	2,966	-
Boys/girls golf	(1)	164	2,961	2,798	-
Boys football	-	7,629	7,368	(261)	-
Boys baseball	-	4,869	7,463	2,594	-
Boys wrestling	-	1,695	5,499	3,804	-
Volleyball	-	4,458	4,869	411	-
Girls softball	-	972	5,090	4,118	-
Cross country	-	84	837	753	-
General athletics-uniforms	4,503	-	7,008	5,890	3,385
State tournament account	1,000	166	2,773	1,607	-
Special boys basketball	1,449	-	673	310	1,086
Special girls basketball	208	815	857	(159)	7
Special baseball	(1,648)	4,606	4,117	1,159	-
Special softball	(1,164)	3,831	2,667	-	-
Special football	877	9,472	7,867	-	2,482
Special volleyball	3,127	2,006	2,031	-	3,102
Special wrestling	-	14,041	14,661	620	-
Special girls track	1,536	3,557	4,025	-	1,068
Special boys track	276	-	-	-	276
Special girls golf	325	698	1,350	327	-
Special boys golf	(48)	826	306	-	472
Special cross country	1,958	80	273	-	1,765
Cheerleaders	385	256	147	-	494
Ram wear	12	3,711	2,789	-	934
Dance team	1,738	2,836	1,857	-	2,717
FFA	6,684	49,672	51,032	-	5,324
FFA thrift account	1,240	2,083	2,602	-	721
Business Professionals of America	(64)	7,313	7,048	-	201
Destination imagination	1,925	4,906	4,848	-	1,983
Student council	495	698	998	-	195
Concessions	235	42,286	30,446	(12,075)	-

See accompanying independent auditor's report.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2011

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Student equipment	622	-	-	(241)	381
Interest	-	85	-	(85)	-
HS special activities	504	-	-	-	504
Elementary special activities	782	-	-	-	782
Class of 2012	-	10,700	10,598	(102)	-
Class of 2011	734	6,202	3,386	(3,550)	-
Class of 2010	-	-	2,127	2,127	-
	<u>48,787</u>	<u>277,090</u>	<u>274,893</u>	<u>-</u>	<u>50,984</u>
Totals	<u>48,787</u>	<u>277,090</u>	<u>274,893</u>	<u>-</u>	<u>50,984</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

For the Last Eight Years

	Modified Accrual Basis							
	2011	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:								
Local sources:								
Local tax	3,022,717	2,833,531	2,691,473	2,538,692	2,551,555	2,426,202	2,265,629	2,223,342
Tuition	719,935	683,204	677,846	705,255	741,315	971,678	560,831	567,344
Other	558,202	568,886	608,112	725,867	595,751	767,834	572,776	391,750
State sources	2,634,662	2,425,742	2,882,890	2,793,662	2,601,977	2,483,698	2,461,944	2,368,324
Federal sources	644,537	384,627	401,588	218,411	267,133	334,271	538,831	782,542
Total revenues	<u>7,580,053</u>	<u>6,895,990</u>	<u>7,261,909</u>	<u>6,981,887</u>	<u>6,757,731</u>	<u>6,983,683</u>	<u>6,400,011</u>	<u>6,333,302</u>
Expenditures:								
Instruction:								
Regular	2,389,924	2,344,036	2,512,765	2,293,093	2,371,078	2,983,855	2,210,290	2,104,666
Special	965,499	822,905	768,910	868,413	760,135	764,560	915,800	852,418
Other	996,714	1,028,309	858,647	849,788	748,889	767,720	725,693	557,423
Support services:								
Student	103,056	108,056	120,639	113,486	117,200	111,632	108,789	85,470
Instructional staff	186,925	158,893	167,362	137,068	139,893	167,174	204,036	172,296
Administration	592,427	600,341	607,719	616,728	582,080	533,521	517,778	476,317
Operation and maintenance	418,754	413,464	410,857	419,454	382,852	423,218	461,787	332,721
Transportation	353,751	388,889	428,032	406,710	322,818	365,630	361,016	346,075
Non-instructional programs	8,810	4,650	9,197	47,207	4,650	-	6,807	6,663
Other expenditures:								
Facilities acquisition	644,911	271,804	184,442	198,486	194,144	501,263	1,304,241	5,000,865
Long-term debt:								
Principal	230,000	375,000	395,000	385,000	370,000	325,000	165,000	160,000
Interest and other charges	141,665	153,321	167,772	182,093	195,084	208,869	202,117	191,965
AEA flowthrough	214,097	213,270	195,971	193,460	184,381	172,244	171,799	170,488
Total expenditures	<u>7,246,533</u>	<u>6,882,938</u>	<u>6,827,313</u>	<u>6,710,986</u>	<u>6,373,204</u>	<u>7,324,686</u>	<u>7,355,153</u>	<u>10,457,367</u>

See accompanying independent auditor's report.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures \$</u>
Direct			
U.S. Department of Education: Rural Education	84.358		21,310
Subtotal Direct			<u>21,310</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Education: School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY11	29,770
National School Lunch Program (non-cash)	10.555	FY11	12,807
National School Lunch Program	10.555	FY11	104,703
Summer Food Service Program for Children	10.559	FY11	12,040
			<u>159,320</u>
U.S. Department of Education: Iowa Department of Education: Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY11	102,204
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY11	50,886
			<u>153,090</u>
Career and Technical Education - Basic Grants to States	84.048	FY11	24,134
Title IIA Improving Teacher Quality State Grants	84.367	FY11	71,488
Grants for State Assessments and Related Activities	84.369	FY11	2,672
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY11	174,150
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	FY11	25,232
			<u>199,382</u>
Education Jobs Fund	84.410	FY11	107,488
Northwest Area Education Agency: Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	FY11	26,981
ARRA - Special Education Grants to States, Recovery Act	84.391	FY11	37,992
			<u>64,973</u>
Subtotal Indirect			<u>782,547</u>
Total			<u><u>803,857</u></u>

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 30, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Maple Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maple Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Maple Valley Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 11-II-A, 11-II-B and 11-II-C to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

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

April 30, 2012

Gary E. Horton CPA

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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct
and Material Effect on Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

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

Compliance

We have audited Maple Valley Community School District's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Maple Valley Community School District's major federal programs for the year ended June 30, 2011. Maple Valley Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Maple Valley Community School District's management. Our responsibility is to express an opinion on Maple Valley Community School District's compliance based on our audit.

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

In our opinion, Maple Valley Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Maple Valley Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Maple Valley Community School District's internal control over compliance with requirements that could have a direct

and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Maple Valley Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as item 11-III-A to be a material weakness.

Maple Valley Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Maple Valley Community School District's responses and, accordingly, we express no opinion on the responses.

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

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

April 30, 2012

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - State Fiscal Stabilization Fund Cluster:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
 - CFDA Number 84.397 - ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act
 - Special Education Cluster (IDEA):
 - CFDA Number 84.027 – Special Education Grants to States
 - CFDA Number 84.391 – ARRA – Special Education Grants to States, Recovery Act
 - CFDA Number 84.367 Title IIA Improving Teacher Quality State Grants
 - CFDA Number 84.410 Education Jobs Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Maple Valley Community School District did not qualify as a low-risk auditee.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies:

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

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

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

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

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

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were reported.

Internal Control Deficiencies:

- State Fiscal Stabilization Fund Cluster:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
 - CFDA Number 84.397 - ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act
- Special Education Cluster (IDEA):
 - CFDA Number 84.027 Special Education Grants to States
 - CFDA Number 84.391 ARRA - Special Education Grants to States Recovery Act
- CFDA Number 84.367 Title IIA Improving Teacher Quality State Grants
- CFDA Number 84.410 Education Jobs Fund

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

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

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

Conclusion: Response accepted.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

11-IV-A Certified Budget: Expenditures for the year ended June 30, 2011 did not exceed the amounts budgeted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u> \$
Tammy Flanigan, Board Member	Coaching	2,339

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

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

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

11-IV-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.

11-IV-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.

11-IV-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

11-IV-J Certified Annual Report: The Certified Annual Report was not certified to the Iowa Department of Education by September 15, 2011. We noted no significant deficiencies in the amounts reported.

Recommendation: In the future, the District should ensure the Certified Annual Report is timely certified to the Iowa Department of Education.

District Response: We will do so in the future.

Conclusion: Response accepted.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

11-IV-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$	\$
		348,918
Revenues/transfers in:		
Statewide sales, services and use tax revenue	361,981	
Interest	427	
	<u> </u>	362,408
Expenditures/transfers out:		
School infrastructure construction		<u>42,802</u>
Ending balance		<u>668,524</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.