

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2012

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Boyer Valley Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2011 Election)

Ken Dunham	President	2013
Steve Puck	Vice President	2011
Pat Putnam	Board Member	2011
Paul Klein	Board Member	2011
Randy Mitchell	Board Member	2013
Julie Wood	Board Member	2011
Mark McAllister	Board Member	2013

(After September 2011 Election)

Ken Dunham	President	2013
Steve Puck	Vice President	2015
Pat Putnam	Board Member	2015
Paul Klein	Board Member	2015
Randy Mitchell	Board Member	2013
Mark McAllister	Board Member	2013
Kelly Garrett	Board Member	2015

School Officials

Thomas Vint	Superintendent	2012
Sharon Lee	District Secretary/Treasurer and Business Manager	2012
Rick Frank	Attorney	2012
Rick Engel	Attorney	2012

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Boyer 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 the Boyer Valley Community School District, Dunlap, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 the Boyer Valley Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2013 on our consideration of the Boyer Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7

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through 16 and 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the U.S. generally accepted auditing standards, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boyer 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 eight years ended June 30, 2011 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Supplementary information included in Schedules 1 through 9, is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

January 24, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Boyer 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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,832,964 in fiscal 2011 to \$4,909,700 in fiscal 2012, while General Fund expenditures decreased from \$4,812,882 in fiscal 2011 to \$4,796,438 in fiscal 2012. This resulted in an increase in the District's General Fund balance from \$373,503 in fiscal 2011 to a balance of \$486,765 in fiscal 2012, a 30.32% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in state sources. The decrease in expenditures was primarily due to a decrease in support services expenditures.

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

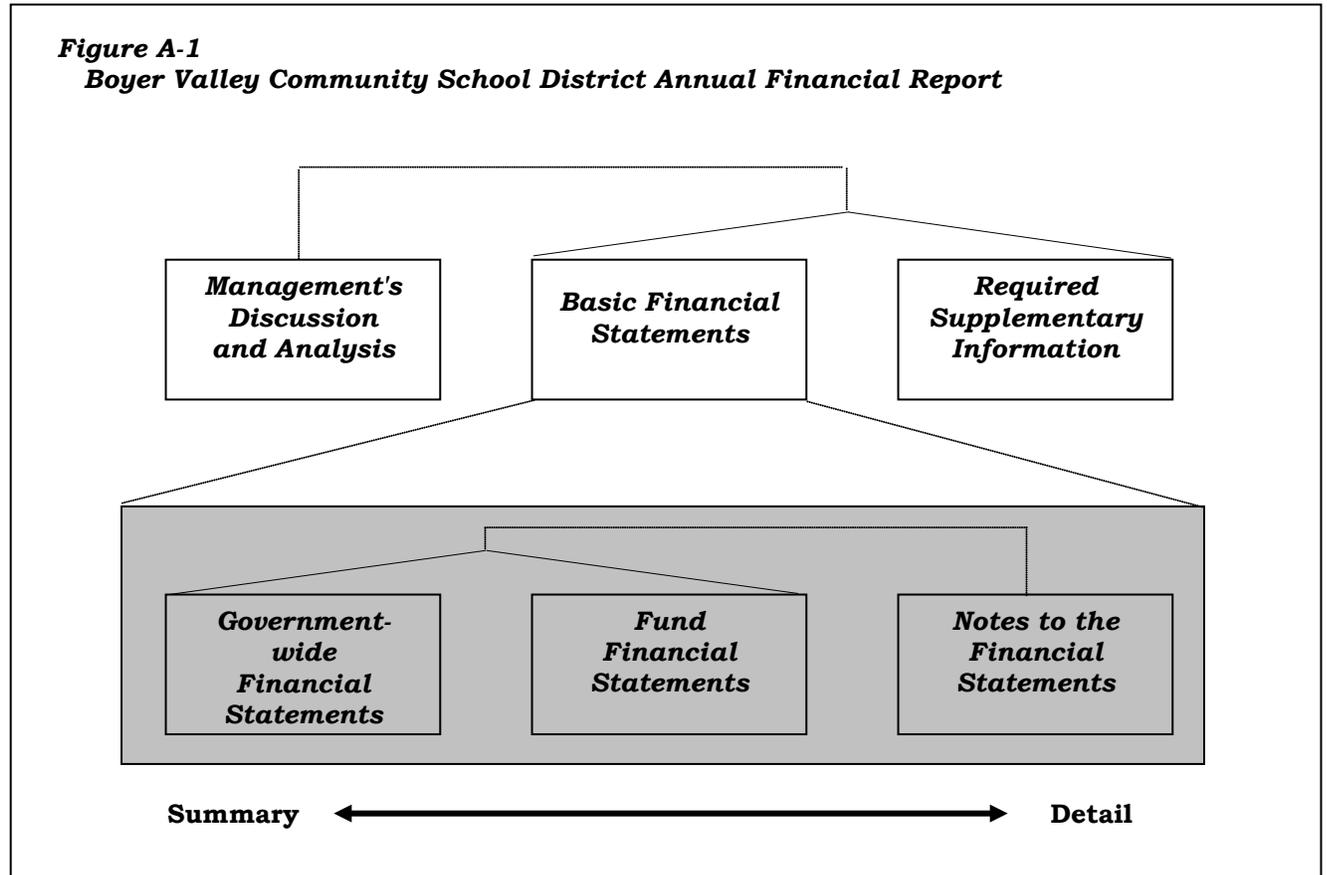


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<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 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, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

The required financial statements for the governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

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

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

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District accounts for Southwest Iowa Honor Band and Dunlap Alumni accounts.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3 Condensed Statement of Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 3,996,376	7,213,009	22,624	34,786	4,019,000	7,247,795	-44.55%
Capital assets	6,657,274	6,745,122	38,429	44,896	6,695,703	6,790,018	-1.39%
Total assets	10,653,650	13,958,131	61,053	79,682	10,714,703	14,037,813	-23.67%
Long-term obligations	3,970,231	7,756,557	168	4	3,970,399	7,756,561	-48.81%
Other liabilities	2,423,588	2,233,935	8,484	8,071	2,432,072	2,242,006	8.48%
Total liabilities	6,393,819	9,990,492	8,652	8,075	6,402,471	9,998,567	-35.97%
Net assets:							
Invested in capital assets, net of related debt	2,872,741	2,777,349	38,429	44,896	2,911,170	2,822,245	3.15%
Restricted	1,102,156	829,165	0	0	1,102,156	829,165	32.92%
Unrestricted	284,934	361,125	13,972	26,711	298,906	387,836	-22.93%
Total net assets	\$ 4,259,831	3,967,639	52,401	71,607	4,312,232	4,039,246	6.76%

The District's combined net assets increased by 6.76%, or \$272,986 over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

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 \$272,991, or 32.92% over the prior year. The increase was primarily a result of the increase in fund balances of the Capital Projects Accounts.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$88,930 or 22.93%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4							
Changes of Net Assets							
	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	\$ 443,105	503,360	198,478	233,496	641,583	736,856	-12.93%
Operating grants and contributions and restricted interest	509,031	800,367	130,430	123,520	639,461	923,887	-30.79%
General revenues:							
Property tax	2,143,760	2,062,242	0	0	2,143,760	2,062,242	3.95%
Income surtax	212,027	183,911	0	0	212,027	183,911	15.29%
Statewide sales, services and use tax	329,962	299,806	0	0	329,962	299,806	10.06%
Nonspecific program federal grants	1,382	139,880	0	0	1,382	139,880	-99.01%
Unrestricted state grants	2,156,088	1,722,460	0	0	2,156,088	1,722,460	25.17%
Unrestricted investment earnings	23,472	21,004	3	0	23,475	21,004	11.76%
Other	21,386	6,028	0	1,179	21,386	7,207	196.74%
Total revenues	5,840,213	5,739,058	328,911	358,195	6,169,124	6,097,253	1.18%
Program expenses:							
Governmental activities:							
Instructional	3,442,327	3,418,101	0	0	3,442,327	3,418,101	0.71%
Support services	1,536,976	1,616,053	0	0	1,536,976	1,616,053	-4.89%
Non-instructional programs	3,015	2,772	348,117	359,374	351,132	362,146	-3.04%
Other expenses	565,703	617,149	0	0	565,703	617,149	-8.34%
Total expenses	5,548,021	5,654,075	348,117	359,374	5,896,138	6,013,449	-1.95%
Changes in net assets	292,192	84,983	(19,206)	(1,179)	272,986	83,804	225.74%
Net assets beginning of year	3,967,639	3,882,656	71,607	72,786	4,039,246	3,955,442	2.12%
Net assets end of year	\$ 4,259,831	3,967,639	52,401	71,607	4,312,232	4,039,246	6.76%

In fiscal 2012, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 82.91% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for almost all of the revenue from business type activities.

The District's total revenues were approximately \$6.17 million of which approximately \$5.84 million was for governmental activities and approximately \$0.33 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.18% increase in revenues and 1.95% decrease in expenses. The decreases in expenses are related to decreases in the support services and other expenses functional areas.

Governmental Activities

Revenues for governmental activities were \$5,840,213 and expenses were \$5,548,021.

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, for the year ended June 30, 2012 compared to the year ended June 30, 2011.

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 3,442,327	3,418,101	0.71%	2,761,310	2,476,474	11.50%
Support services	1,536,976	1,616,053	-4.89%	1,425,949	1,436,714	-0.75%
Non-instructional programs	3,015	2,772	8.77%	3,015	2,772	8.77%
Other expenses	565,703	617,149	-8.34%	405,611	434,388	-6.62%
Totals	\$ 5,548,021	5,654,075	-1.88%	4,595,885	4,350,348	5.64%

- The cost financed by users of the District's programs was \$443,105.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$509,031.
- The net cost of governmental activities was financed with \$2,143,760 in property tax, \$212,027 in income surtax, \$329,962 in statewide sales, services and use tax, \$1,382 in nonspecific program federal grants, \$2,156,088 in unrestricted state grants, \$23,472 in interest income and \$21,386 in other revenue.

Business Type Activities

Revenues of the District's business type activities were \$328,911, representing a 8.18% decrease from the prior year, while expenses totaled \$348,117, a 3.13% decrease from the prior year. The District's business type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,388,658, well below last year's ending fund balances of a \$4,832,583. The decrease in ending fund balances was due to the repayment of general obligation bonds from the previous year's crossover refunding bond issuance.

Governmental Fund Highlights

- The District's increase in General Fund financial position to \$486,765 at June 30, 2012, from \$373,503 at June 30, 2011 is the product of many factors. The increase in local and state revenue sources caused the increase in the General Fund balance.
- The Capital Projects Accounts balance increased from \$532,887 in fiscal 2011 to \$685,023 in fiscal 2012. This increase in fund balance was primarily due to an increase in local and state sources of revenue combined with an overall decrease in capital projects expenditures.

-
- The Debt Service Fund balance decreased from \$3,743,483 in fiscal 2011 to \$50,327 in fiscal 2012. The decrease is due to the repayment of the previous year's crossover refunding bonds.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$71,754 at June 30, 2011 to \$53,505 at June 30, 2012, representing a decrease of 25.43%. The Day Care Fund net assets decreased from a deficit \$147 at June 30, 2011 to a deficit \$1,104 at June 30, 2012, representing a decrease of 651.02%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Boyer Valley Community School District amended its budget one time to reflect additional expenditures in the other expenditures functional area.

The District's revenues were \$535,374 less than budgeted revenues, a variance of 7.99%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

Total expenditures were more than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. Also, the debt service fund spent more than anticipated by paying back general obligation bonds. In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area as well as in total.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$6.70 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 1.39% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$260,983.

The original cost of the District's capital assets was \$9.88 million. Governmental funds account for \$9.71 million with the remainder of \$0.17 million in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$58,248 at June 30, 2012, compared to \$0 reported at June 30, 2011. This increase resulted from building renovations that were started but completed at year end.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 1,100	1,100	0	0	1,100	1,100	0.00%
Construction in progress	58,248	0	0	0	58,248	0	100.00%
Buildings	6,232,223	6,352,702	0	0	6,232,223	6,352,702	-1.90%
Land improvements	183,424	185,960	0	0	183,424	185,960	-1.36%
Machinery and equipment	182,279	205,360	38,429	44,896	220,708	250,256	-11.81%
Total	\$ 6,657,274	6,745,122	38,429	44,896	6,695,703	6,790,018	-1.39%

Long-Term Debt

At June 30, 2012, the District had \$3,970,399 in general obligation bond and other long-term debt outstanding. This represents a decrease of 48.81% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$3,771,000 at June 30, 2012.

The District had total outstanding City Note payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$13,533 at June 30, 2012.

The District had a Net OPEB liability at June 30, 2012 of \$185,866.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
General obligation bonds	\$ 3,771,000	7,661,000	0	0	3,771,000	7,661,000	-50.78%
City Note	13,533	26,809	0	0	13,533	26,809	-49.52%
Early retirement	0	65,974	0	0	0	65,974	-100.00%
Net OPEB liability	185,698	2,774	168	4	185,866	2,778	6590.64%
Total	\$ 3,970,231	7,756,557	168	4	3,970,399	7,756,561	-48.81%

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:

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

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 Sharon Lee, Board Secretary, Boyer Valley Community School District, 1102 Iowa Avenue, Dunlap, Iowa, 51529.

BASIC FINANCIAL STATEMENTS

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 1,162,402	8,925	1,171,327
Receivables:			
Property tax:			
Delinquent	25,531	0	25,531
Succeeding year	2,353,232	0	2,353,232
Income surtax	194,168	0	194,168
Accounts	236	4,338	4,574
Due from other governments	260,807	0	260,807
Inventories	0	9,361	9,361
Capital assets, net of accumulated depreciation	6,657,274	38,429	6,695,703
TOTAL ASSETS	10,653,650	61,053	10,714,703
LIABILITIES			
Excess of warrants issued over bank balance	0	5,323	5,323
Accounts payable	54,804	167	54,971
Accrued interest payable	15,552	0	15,552
Deferred revenue:			
Succeeding year property tax	2,353,232	0	2,353,232
Unearned revenue	0	2,994	2,994
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	345,000	0	345,000
City note payable	13,533	0	13,533
Portion due after one year:			
General obligation bonds payable	3,426,000	0	3,426,000
Net OPEB liability	185,698	168	185,866
TOTAL LIABILITIES	6,393,819	8,652	6,402,471
NET ASSETS			
Invested in capital assets, net of related debt	2,872,741	38,429	2,911,170
Restricted for:			
Categorical funding	200,262	0	200,262
Debt service	50,328	0	50,328
Management levy purposes	113,746	0	113,746
Student activities	52,797	0	52,797
School infrastructure	369,274	0	369,274
Physical plant and equipment	315,749	0	315,749
Unrestricted	284,934	13,972	298,906
TOTAL NET ASSETS	\$ 4,259,831	52,401	4,312,232

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants, Charges for Services		Govern- mental Activities	Business Type Activities	Total
		Contributions and Restricted Interest				
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 2,213,024	150,081	91,392	(1,971,551)	0	(1,971,551)
Special	675,630	57,708	96,424	(521,498)	0	(521,498)
Other	553,673	126,736	158,676	(268,261)	0	(268,261)
	<u>3,442,327</u>	<u>334,525</u>	<u>346,492</u>	<u>(2,761,310)</u>	<u>0</u>	<u>(2,761,310)</u>
Support services:						
Student services	102,091	0	0	(102,091)	0	(102,091)
Instructional staff	102,041	21,586	0	(80,455)	0	(80,455)
Administration	618,130	76,986	0	(541,144)	0	(541,144)
Operation and maintenance of plant	380,313	0	0	(380,313)	0	(380,313)
Transportation	334,401	10,008	2,447	(321,946)	0	(321,946)
	<u>1,536,976</u>	<u>108,580</u>	<u>2,447</u>	<u>(1,425,949)</u>	<u>0</u>	<u>(1,425,949)</u>
Non-instructional programs:						
Food service operations	1,982	0	0	(1,982)	0	(1,982)
Community service operations	1,033	0	0	(1,033)	0	(1,033)
	<u>3,015</u>	<u>0</u>	<u>0</u>	<u>(3,015)</u>	<u>0</u>	<u>(3,015)</u>
Long-term debt:						
Interest and fiscal charges	243,763	0	0	(243,763)	0	(243,763)
Other expenditures:						
AEA flowthrough	160,092	0	160,092	0	0	0
Depreciation(unallocated)*	161,848	0	0	(161,848)	0	(161,848)
	<u>321,940</u>	<u>0</u>	<u>160,092</u>	<u>(161,848)</u>	<u>0</u>	<u>(161,848)</u>
Total governmental activities	<u>5,548,021</u>	<u>443,105</u>	<u>509,031</u>	<u>(4,595,885)</u>	<u>0</u>	<u>(4,595,885)</u>
Business Type activities:						
Non-instructional programs:						
Nutrition services	245,882	103,593	124,037	0	(18,252)	(18,252)
Day care services	102,235	94,885	6,393	0	(957)	(957)
Total business-type activities	<u>348,117</u>	<u>198,478</u>	<u>130,430</u>	<u>0</u>	<u>(19,209)</u>	<u>(19,209)</u>
Total	<u>\$ 5,896,138</u>	<u>641,583</u>	<u>639,461</u>	<u>(4,595,885)</u>	<u>(19,209)</u>	<u>(4,615,094)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,780,445	0	1,780,445
Capital outlay				138,676	0	138,676
Debt service				224,639	0	224,639
Income surtax				212,027	0	212,027
Statewide sales, services and use tax				329,962	0	329,962
Nonspecific program federal grants				1,382	0	1,382
Unrestricted state grants				2,156,088	0	2,156,088
Unrestricted investment earnings				23,472	3	23,475
Other				21,386	0	21,386
Total general revenues				<u>4,888,077</u>	<u>3</u>	<u>4,888,080</u>
Changes in net assets				292,192	(19,206)	272,986
Net assets beginning of year				3,967,639	71,607	4,039,246
Net assets end of year				<u>\$ 4,259,831</u>	<u>52,401</u>	<u>4,312,232</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	395,596	548,226	47,652	165,414	1,156,888
Receivables:					
Property tax:					
Delinquent	20,311	1,652	2,675	893	25,531
Succeeding year	1,915,925	154,626	207,681	75,000	2,353,232
Income surtax	194,168	0	0	0	194,168
Accounts	0	0	0	236	236
Due from other governments	125,662	135,145	0	0	260,807
TOTAL ASSETS	\$ 2,651,662	839,649	258,008	241,543	3,990,862
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 54,804	0	0	0	54,804
Deferred revenue:					
Succeeding year property tax	1,915,925	154,626	207,681	75,000	2,353,232
Income surtax	194,168	0	0	0	194,168
Total liabilities	2,164,897	154,626	207,681	75,000	2,602,204
Fund balances:					
Restricted for:					
Categorical funding	200,262	0	0	0	200,262
Debt service	0	0	50,327	0	50,327
Management levy purposes	0	0	0	113,746	113,746
Student activities	0	0	0	52,797	52,797
School infrastructure	0	369,274	0	0	369,274
Physical plant and equipment	0	315,749	0	0	315,749
Unassigned	286,503	0	0	0	286,503
Total fund balances	486,765	685,023	50,327	166,543	1,388,658
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,651,662	839,649	258,008	241,543	3,990,862

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances of governmental funds(page 20)	\$	1,388,658
 <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 in the governmental funds.		6,657,274
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		194,168
Blending of Internal service funds to be reflected on an entity wide basis		5,514
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.		(15,552)
Long-term liabilities, including general obligation bonds, city note payable, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(3,970,231)</u>
Net assets of governmental activities(page 18)	\$	<u><u>4,259,831</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 1,915,792	366,386	224,639	74,998	2,581,815
Tuition	203,946	0	0	0	203,946
Other	127,335	13,927	15,482	130,898	287,642
State sources	2,433,686	102,331	127	43	2,536,187
Federal sources	228,941	0	0	0	228,941
TOTAL REVENUES	4,909,700	482,644	240,248	205,939	5,838,531
EXPENDITURES:					
Current:					
Instruction:					
Regular	2,171,024	5,310	0	36,967	2,213,301
Special	645,171	0	0	0	645,171
Other	410,085	0	0	134,676	544,761
	3,226,280	5,310	0	171,643	3,403,233
Support services:					
Student	95,884	0	0	0	95,884
Instructional staff	89,735	0	0	0	89,735
Administration	599,761	0	0	2,180	601,941
Operation and maintenance of plant	350,849	2,100	0	33,491	386,440
Transportation	272,804	0	0	12,810	285,614
	1,409,033	2,100	0	48,481	1,459,614
Non-instructional programs:					
Food service operations	0	0	0	1,982	1,982
Community service operations	1,033	0	0	0	1,033
	1,033	0	0	1,982	3,015
Capital outlays	0	221,890	0	0	221,890
Long-term debt:					
Principal	0	0	3,903,276	0	3,903,276
Interest and fiscal charges	0	0	274,208	0	274,208
	0	0	4,177,484	0	4,177,484
Other expenditures:					
AEA flowthrough	160,092	0	0	0	160,092
TOTAL EXPENDITURES	4,796,438	229,300	4,177,484	222,106	9,425,328
Excess(Deficiency) of revenues over(under) expenditures	113,262	253,344	(3,937,236)	(16,167)	(3,586,797)
Other financing sources(uses):					
Insurance proceeds	0	142,872	0	0	142,872
Transfer in	0	0	244,080	0	244,080
Transfer out	0	(244,080)	0	0	(244,080)
Total other financing sources(uses)	0	(101,208)	244,080	0	142,872
Net change in fund balances	113,262	152,136	(3,693,156)	(16,167)	(3,443,925)
Fund balance beginning of year	373,503	532,887	3,743,483	182,710	4,832,583
Fund balance end of year	\$ 486,765	685,023	50,327	166,543	1,388,658

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER 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, 2012

Net change in fund balances - total governmental funds(page 22) \$ (3,443,925)

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

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

Expenditures for capital assets	\$ 165,166	
Depreciation expense	(253,014)	(87,848)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows: 3,903,276

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. 30,445

Net change in Internal Service Fund charged back against expenditures made for the flex benefit program at an entity wide basis. 5,512

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 1,682

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.

Early retirement	\$ 65,974	
Other postemployment benefits	(182,924)	(116,950)

Changes in net assets of governmental activities(page 19) \$ 292,192

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
ASSETS				
Cash and pooled investments	\$ 8,925	0	8,925	5,514
Accounts receivable	0	4,162	4,162	0
Due from other governments	0	176	176	0
Inventories	9,361	0	9,361	0
Capital assets, net of accumulated depreciation	38,429	0	38,429	0
TOTAL ASSETS	56,715	4,338	61,053	5,514
LIABILITIES				
Excess of warrants issued over bank balance	0	5,323	5,323	0
Accounts payable	132	35	167	0
Unearned revenue	2,994	0	2,994	0
Net OPEB liability	84	84	168	0
TOTAL LIABILITIES	3,210	5,442	8,652	0
NET ASSETS				
Invested in capital assets	38,429	0	38,429	0
Unrestricted	15,076	(1,104)	13,972	5,514
TOTAL NET ASSETS	\$ 53,505	(1,104)	52,401	5,514

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 103,593	94,885	198,478	0
Miscellaneous	0	0	0	29,513
	<u>103,593</u>	<u>94,885</u>	<u>198,478</u>	<u>29,513</u>
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	110,307	0	110,307	0
Benefits	17,335	0	17,335	0
Services	4,099	0	4,099	0
Supplies	105,699	0	105,699	0
Depreciation	7,969	0	7,969	0
Other	473	0	473	0
	<u>245,882</u>	<u>0</u>	<u>245,882</u>	<u>0</u>
Other enterprise operations:				
Salaries	0	85,848	85,848	0
Benefits	0	13,012	13,012	0
Services	0	0	0	24,001
Supplies	0	2,962	2,962	0
Other	0	413	413	0
	<u>0</u>	<u>102,235</u>	<u>102,235</u>	<u>24,001</u>
TOTAL OPERATING EXPENSES	<u>245,882</u>	<u>102,235</u>	<u>348,117</u>	<u>24,001</u>
OPERATING INCOME(LOSS)	(142,289)	(7,350)	(149,639)	5,512
NON-OPERATING REVENUES:				
State sources	2,481	6,393	8,874	0
Federal sources	121,556	0	121,556	0
Interest income	3	0	3	0
TOTAL NON-OPERATING REVENUES	<u>124,040</u>	<u>6,393</u>	<u>130,433</u>	<u>0</u>
Change in net assets	(18,249)	(957)	(19,206)	5,512
Net assets beginning of year	71,754	(147)	71,607	2
Net assets end of year	<u>\$ 53,505</u>	<u>(1,104)</u>	<u>52,401</u>	<u>5,514</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 103,672	0	103,672	0
Cash received from miscellaneous operating activities	0	95,147	95,147	29,513
Cash payments to employees for services	(127,560)	(98,778)	(226,338)	0
Cash payments to suppliers for goods or services	(88,514)	(3,340)	(91,854)	(28,146)
Net cash provided by(used in) operating activities	(112,402)	(6,971)	(119,373)	1,367
Cash flows from non-capital financing activities:				
State grants received	2,481	6,804	9,285	0
Federal grants received	101,452	0	101,452	0
Net cash provided by non-capital financing activities	103,933	6,804	110,737	0
Cash flows from investing activities:				
Interest on investments	3	0	3	0
Cash flows from capital financing activities:				
Acquisitions of capital assets	(1,502)	0	(1,502)	0
Net increase(decrease) in cash and cash equivalents	(9,968)	(167)	(10,135)	1,367
Cash and cash equivalents at beginning of year	18,893	(5,156)	13,737	4,147
Cash and cash equivalents at end of year	\$ 8,925	(5,323)	3,602	5,514
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (142,289)	(7,350)	(149,639)	5,512
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	20,104	0	20,104	0
Depreciation	7,969	0	7,969	0
Decrease in inventories	1,521	0	1,521	0
Decrease in accounts receivable	0	262	262	0
Increase(Decrease) in accounts payable	132	35	167	(4,145)
Increase in unearned revenue	79	0	79	0
Increase in other postemployment benefits	82	82	164	0
Net cash provided by(used in) operating activities	\$ (112,402)	(6,971)	(119,373)	1,367

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received Federal commodities valued at \$20,104.

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2012

	Private Purpose Trust	Agency Fund
	Scholarship Fund	
ASSETS		
Cash and pooled investments	\$ 13,455	275
LIABILITIES		
Due to other groups	0	275
NET ASSETS		
Restricted for scholarships	\$ 13,455	0

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship Fund
ADDITIONS:	
Local sources:	
Gifts and contributions	\$ 2,100
Interest income	293
Total additions	2,393
DEDUCTIONS:	
Instruction	
Regular:	
Scholarships awarded	2,875
Change in net assets	(482)
Net assets beginning of year	13,937
Net assets end of year	\$ 13,455

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(1) Summary of Significant Accounting Policies

The Boyer Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Dunlap, Dow City and Arion, Iowa, and the predominate agricultural territory in Harrison, Crawford, Shelby and Monona 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, Boyer 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 Boyer Valley Community School District has no component units which 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 do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Harrison, Crawford, Shelby and Monona Counties Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. 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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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 reports the following proprietary funds:

The District's proprietary funds are the Enterprise Fund, School Nutrition Fund, the Enterprise Fund, Day Care Fund and the Internal Service Fund. The School

Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the day care service operations of the District. The Internal Service Fund is used to account for flex benefits of employees.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses

are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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 Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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 Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

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

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

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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

Fund Balances - In the governmental fund financial statements, 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 spendable 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 imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures in the other expenditures function exceeded the budgeted amount.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2012 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 drainage district. The District had no investments at June 30, 2011.

(3) **Transfers**

The detail of transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
	Capital Projects:	
Debt Service	Statewide Sales, Services, and Use Tax	\$ 230,402
	Capital Projects:	
Debt Service	Property, Plant and Equipment Levy	13,678
Total		<u>\$ 244,080</u>

The transfer from the Capital Projects: Statewide Sales, Service and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's general obligation bond indebtedness.

The transfer from the Capital Projects: Property, Plant and Equipment Levy Fund was for the principal and interest payments for the city note indebtedness.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,100	0	0	1,100
Construction in progress	0	58,248	0	58,248
Total capital assets not being depreciated	<u>1,100</u>	<u>58,248</u>	<u>0</u>	<u>59,348</u>
Capital assets being depreciated:				
Buildings	7,891,683	27,034	0	7,918,717
Land improvements	423,506	11,799	0	435,305
Machinery and equipment	1,244,061	68,085	16,059	1,296,087
Total capital assets being depreciated	<u>9,559,250</u>	<u>106,918</u>	<u>16,059</u>	<u>9,650,109</u>
Less accumulated depreciation for:				
Buildings	1,538,981	147,513	0	1,686,494
Land improvements	237,546	14,335	0	251,881
Machinery and equipment	1,038,701	91,166	16,059	1,113,808
Total accumulated depreciation	<u>2,815,228</u>	<u>253,014</u>	<u>16,059</u>	<u>3,052,183</u>
Total capital assets being depreciated, net	<u>6,744,022</u>	<u>(146,096)</u>	<u>0</u>	<u>6,597,926</u>
Governmental activities capital assets, net	<u>\$ 6,745,122</u>	<u>(87,848)</u>	<u>0</u>	<u>6,657,274</u>
Business type activities:				
Machinery and equipment	\$ 168,798	1,502	0	170,300
Less accumulated depreciation	123,902	7,969	0	131,871
Business type activities capital assets, net	<u>\$ 44,896</u>	<u>(6,467)</u>	<u>0</u>	<u>38,429</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	\$ 26,732
Regular	1,714
Special	5,338
Other	
Support services:	9,237
Instructional staff	2,031
Operation and maintenance of plant	46,114
Transportation	91,166
	<u>161,848</u>
Unallocated depreciation	
	<u>\$ 253,014</u>
Total governmental activities depreciation expense	
Business type activities:	\$ 7,969
Food services	

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 7,661,000	0	3,890,000	3,771,000	345,000
City note	26,809	0	13,276	13,533	13,533
Early retirement	65,974	0	65,974	0	0
Net OPEB liability	2,774	182,924	0	185,698	0
Total	\$ 7,756,557	182,924	3,969,250	3,970,231	358,533

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ 4	164	0	168	0

General Obligation Bonds Payable

Details of the District's June 30, 2012 general obligation bonds indebtedness are as follows:

Year Ending June 30,	Interest Rates	Issue of August 16, 2010		
		Principal	Interest	Total
2013	1.25 %	\$ 345,000	92,180	437,180
2014	1.35-1.50	349,000	87,775	436,775
2015	1.50-1.75	354,000	82,648	436,648
2016	1.75-2.00	360,000	76,647	436,647
2017	2.00-2.50	367,000	69,642	436,642
2018-2022	2.50-3.75	1,996,000	189,215	2,185,215
Total		\$ 3,771,000	598,107	4,369,107

City Note Payable

Details of the District's June 30, 2012 city note indebtedness are as follows:

Year Ending June 30,	Interest Rates	Note of June 16, 2003		
		Principal	Interest	Total
2013	3.00 %	\$ 13,533	547	14,080

Early Retirement

The District previously offered a voluntary early retirement plan to its licensed full-time employees. Eligible employees must have been at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must have completed an application which is required to be approved by the Board of Education. The early retirement

incentive for each eligible employee was continued health insurance coverage paid by the District equal to the insurance rate at the time of the employee's retirement for a maximum of seven years. Early retirement benefits paid during the year ended June 30, 2012, totaled \$65,974.

(6) 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 5.38% of their annual salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$250,303, \$219,482 and \$204,006 respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and dental benefits for retirees and their spouses. There are 50 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. The dental benefits are provided through a fully-insured plan through ISEBA. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate 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 which, 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, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 208,011
Interest on net OPEB obligation	69
Adjustment to annual required contribution	(171)
Annual OPEB cost	<u>207,909</u>
Contributions made	<u>24,821</u>
Increase in net OPEB obligation	183,088
Net OPEB obligation beginning of year	<u>2,778</u>
Net OPEB obligation end of year	<u><u>\$ 185,866</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. 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, 2012.

For the year ended June 30, 2012, the District contributed \$24,821 to the plan. Plan members eligible for benefits contributed \$88,616 or 78.12% 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, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 19,453	89.07%	\$ 2,127
2011	18,823	96.54%	2,778
2012	207,909	11.94%	185,866

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$1.620 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.620 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2.511 million and the ratio of the UAAL to covered payroll was 64.52%. As of June 30, 2012 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, presents 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, 2011 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Attained age rate of increase was based upon the 2006 Society of Actuaries Study. The UAAL is being amortized as a level percentage of the projected payroll expense on an open basis over 30 years.

(8) Risk Management

The Boyer Valley Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides the District dental insurance coverage and protection.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2012 was \$36,701.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

Boyer 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.

(9) 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 \$160,092 for

the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Deficit Fund Balance

The Enterprise - Day Care Fund had deficit unrestricted net assets of \$1,104 at June 30, 2012.

(11) Categorical Funding

The District's ending restricted balance for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Gifted and talented	\$ 7,304
Teacher salary supplement	4,452
Four-year old preschool state aid	106,937
Professional development for model core curriculum	31,702
Professional development	48,128
Market factor incentives	1,739
Total	<u>\$ 200,262</u>

(12) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2012, the District exceeded its budgeted amounts in the other expenditures function. The certified budget was exceeded in total as well.

(13) Construction Commitment

At June 30, 2012, the District had entered into a contract with Badding Construction for \$153,117 for renovations to a District building. Costs of \$46,498 had been incurred by the District against this contract. The remaining \$106,619 will be paid as the work on the project progresses. The total cost of the renovations will be added to the District's capital asset listing upon completion.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,073,403	198,481	3,271,884	3,326,325	3,326,325	(54,441)
State sources	2,536,187	8,874	2,545,061	2,909,491	2,909,491	(364,430)
Federal sources	228,941	121,556	350,497	467,000	467,000	(116,503)
Total revenues	5,838,531	328,911	6,167,442	6,702,816	6,702,816	(535,374)
Expenditures/Expenses:						
Instruction	3,403,233	0	3,403,233	3,830,000	3,830,000	426,767
Support services	1,459,614	0	1,459,614	1,698,000	1,698,000	238,386
Non-instructional programs	3,015	348,117	351,132	418,200	418,200	67,068
Other expenditures	4,559,466	0	4,559,466	954,105	1,034,105	(3,525,361)
Total expenditures/expenses	9,425,328	348,117	9,773,445	6,900,305	6,980,305	(2,793,140)
Deficiency of revenues under expenditures/expenses	(3,586,797)	(19,206)	(3,606,003)	(197,489)	(277,489)	(3,328,514)
Other financing sources, net	142,872	0	142,872	93,262	93,262	49,610
Deficiency of revenues and other financing sources under expenditures/expenses	(3,443,925)	(19,206)	(3,463,131)	(104,227)	(184,227)	(3,278,904)
Balance beginning of year	4,832,583	71,607	4,904,190	1,322,005	1,322,005	3,582,185
Balance end of year	\$ 1,388,658	52,401	1,441,059	1,217,778	1,137,778	303,281

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2012

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$80,000.

During the year ended June 30, 2012, expenditures in the other expenditures functional area as well as in total exceeded the amounts budgeted.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial			Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)				
2010	July 1, 2009	-	\$ 165	165	0.0%	\$ 1,786	9.24%	
2011	July 1, 2009	-	145	145	0.0%	2,611	5.57%	
2012	July 1, 2011	-	1,620	1,620	0.0%	2,511	64.52%	

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 112,853	52,561	165,414
Receivables:			
Property tax:			
Delinquent	893	0	893
Succeeding year	75,000	0	75,000
Accounts	0	236	236
TOTAL ASSETS	\$ 188,746	52,797	241,543
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 75,000	0	75,000
Total liabilities	75,000	0	75,000
Fund Balances:			
Restricted for:			
Management levy purposes	113,746	0	113,746
Student activities	0	52,797	52,797
Total fund balances	113,746	52,797	166,543
TOTAL LIABILITIES AND FUND BALANCES	\$ 188,746	52,797	241,543

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 74,998	0	74,998
Other	618	130,280	130,898
State sources	43	0	43
TOTAL REVENUES	<u>75,659</u>	<u>130,280</u>	<u>205,939</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	36,967	0	36,967
Other	0	134,676	134,676
Support services:			
Administration	2,180	0	2,180
Operation and maintenance of plant	33,491	0	33,491
Transportation	12,810	0	12,810
Non-instructional programs:			
Food service operations	1,982	0	1,982
TOTAL EXPENDITURES	<u>87,430</u>	<u>134,676</u>	<u>222,106</u>
Net change in fund balances	(11,771)	(4,396)	(16,167)
Fund balances beginning of year	<u>125,517</u>	<u>57,193</u>	<u>182,710</u>
Fund balances end of year	<u>\$ 113,746</u>	<u>52,797</u>	<u>166,543</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 234,129	314,097	548,226
Receivables:			
Property tax:			
Delinquent	0	1,652	1,652
Succeeding year property tax	0	154,626	154,626
Due from other governments	135,145	0	135,145
TOTAL ASSETS	\$ 369,274	470,375	839,649
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 0	154,626	154,626
Total liabilities	0	154,626	154,626
Fund Balances:			
Restricted for:			
School infrastructure	369,274	0	369,274
Physical plant and equipment	0	315,749	315,749
Total fund balances	369,274	315,749	685,023
TOTAL LIABILITIES AND FUND BALANCES	\$ 369,274	470,375	839,649

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 227,710	138,676	366,386
Other	1,487	12,440	13,927
State sources	102,252	79	102,331
TOTAL REVENUES	<u>331,449</u>	<u>151,195</u>	<u>482,644</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	0	5,310	5,310
Support services:			
Operation and maintenance of plant	0	2,100	2,100
Capital outlays	0	221,890	221,890
TOTAL EXPENDITURES	<u>0</u>	<u>229,300</u>	<u>229,300</u>
Excess(Deficiency) of revenues over(under) expenditures	<u>331,449</u>	<u>(78,105)</u>	<u>253,344</u>
Other financing sources(uses):			
Insurance proceeds	0	142,872	142,872
Transfer out	(230,402)	(13,678)	(244,080)
Total other financing sources(uses)	<u>(230,402)</u>	<u>129,194</u>	<u>(101,208)</u>
Net change in fund balances	101,047	51,089	152,136
Fund balances beginning of year	<u>268,227</u>	<u>264,660</u>	<u>532,887</u>
Fund balances end of year	<u>\$ 369,274</u>	<u>315,749</u>	<u>685,023</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Annual	\$ 2,518	7,994	7,021	3,491
BV Cares	89	657	696	50
AP Testing	49	168	217	0
Book Club	51	0	0	51
Drama	4,207	824	539	4,492
Cheerleaders	172	3,218	3,222	168
Vocal Music	4,890	17,547	13,258	9,179
Instrumental Music	3,870	277	459	3,688
Science Club	549	379	611	317
Entrepreneurship	4,540	11,414	11,209	4,745
FFA	265	0	0	265
FCCLA	1,097	920	728	1,289
FTA	57	0	0	57
Foreign Language	419	0	0	419
Library Club	0	1,090	1,090	0
National Honor Society	401	49	376	74
HS Student Council	2,643	8,447	9,109	1,981
Industrial Arts Club	21	0	0	21
Class of 2015	0	100	0	100
Class of 2014	100	300	0	400
Class of 2013	400	17,251	15,606	2,045
Class of 2012	4,585	1,137	2,514	3,208
Class of 2011	119	10	129	0
Drill Team	9,778	4,135	7,949	5,964
General Athletics	7,723	38,217	41,588	4,352
Resale Account	34	3,445	3,403	76
Booster Club	0	3,538	3,538	0
Elem Student Council	3,727	4,740	5,476	2,991
Memorial	1,819	0	0	1,819
Special Projects	0	5	0	5
Elem Music	992	1,263	1,662	593
MS Student Council	570	529	385	714
Community Bank Student Council	1,508	2,626	3,891	243
Total	\$ 57,193	130,280	134,676	52,797

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund			
	Rife Scholarship	Sullivan Scholarship	Weber Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 10,296	2,158	1,001	13,455
LIABILITIES				
	0	0	0	0
NET ASSETS				
Restricted for scholarships	\$ 10,296	2,158	1,001	13,455

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund					
	Rife Scholarship	Sullivan Scholarship	Weber Scholarship	Richard & Kathryn Randall Scholarship	Science Scholarship	Total
ADDITIONS:						
Local sources:						
Gifts and contributions	\$ 0	0	1,000	1,000	100	2,100
Interest income	274	19	0	0	0	293
	<u>274</u>	<u>19</u>	<u>1,000</u>	<u>1,000</u>	<u>100</u>	<u>2,393</u>
DEDUCTIONS:						
Instruction:						
Regular:						
Scholarships awarded	275	500	1,000	1,000	100	2,875
Changes in net assets	(1)	(481)	0	0	0	(482)
Net assets beginning of year	10,297	2,639	1,001	0	0	13,937
Net assets end of year	<u>\$ 10,296</u>	<u>2,158</u>	<u>1,001</u>	<u>0</u>	<u>0</u>	<u>13,455</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 3,992	12,002	15,719	275
LIABILITIES				
Due to other groups	\$ 3,992	12,002	15,719	275

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST NINE YEARS

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 2,581,815	2,465,436	2,242,840	2,288,957	2,207,491	2,230,432	2,128,486	2,205,739	1,947,919
Tuition	203,946	181,464	179,634	154,130	214,502	239,341	225,347	224,800	411,056
Other	287,642	352,403	301,344	327,186	324,464	309,566	355,841	363,508	643,508
Intermediate sources	0	0	0	8,000	11,000	8,000	8,000	8,000	2,338
State sources	2,536,187	2,348,192	2,140,315	2,561,331	2,657,802	2,433,158	2,394,928	2,221,872	2,120,111
Federal sources	228,941	400,138	604,654	280,387	258,058	282,310	275,257	1,085,779	767,911
 Total	 \$ 5,838,531	 5,747,633	 5,468,787	 5,619,991	 5,673,317	 5,502,807	 5,387,859	 6,109,698	 5,892,843
Expenditures:									
Current:									
Instruction:									
Regular	\$ 2,213,301	2,192,093	2,098,005	2,056,613	1,968,640	1,870,059	1,745,066	1,747,922	1,787,725
Special	645,171	574,497	546,981	579,824	615,841	595,517	545,603	775,501	842,670
Other	544,761	588,246	603,950	514,740	589,497	589,443	589,687	483,699	475,387
Support services:									
Student	95,884	93,014	107,718	101,740	99,592	87,759	92,128	76,517	110,353
Instructional staff	89,735	115,290	105,316	109,620	104,293	98,097	115,735	96,627	122,846
Administration	601,941	626,041	593,237	575,067	577,762	549,210	569,883	735,123	535,953
Operation and maintenance									
of plant	386,440	413,071	391,620	395,356	427,044	429,042	371,307	394,502	527,039
Transportation	285,614	311,482	240,897	336,475	368,068	348,439	327,834	456,069	620,940
Other support	0	0	0	0	0	0	0	4,927	0
Non-instructional programs	3,015	2,772	2,582	2,722	1,527	1,599	1,637	2,270	1,437
Capital outlays	221,890	111,661	121,147	38,512	171,095	323,298	142,785	1,106,289	4,877,188
Long-term debt:									
Principal	3,903,276	277,889	262,514	260,374	341,605	329,003	273,436	267,832	223,180
Interest and fiscal charges	274,208	260,419	206,708	218,484	232,309	245,081	251,568	259,056	260,177
Other expenditures:									
AEA flow-through	160,092	182,761	178,777	167,367	163,378	157,767	151,965	151,018	153,254
 Total	 \$ 9,425,328	 5,749,236	 5,459,452	 5,356,894	 5,660,651	 5,624,314	 5,178,634	 6,557,352	 10,538,149

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

To the Board of Education of the
Boyer 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 Boyer Valley Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 24, 2013. 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

The management of Boyer Valley Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Boyer Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Boyer Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boyer 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 discussed in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

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 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 deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boyer 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

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not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 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.

Boyer Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Boyer 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 Boyer Valley Community School District and other parties to whom Boyer Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 24, 2013

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-12 Segregation of Duties - One important aspect of the internal control structure is segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that cash receipts listing, bank deposits, and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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.

Response - The District will investigate alternatives and implement additional control procedures where possible.

Conclusion - Response accepted.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 Certified Budget - District disbursements for the year ended June 30, 2012, exceeded the budgeted amount in the other expenditures functional area as well as in total.

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

Response - Journal entries were made during the fiscal year for refinancing a general obligation bond which caused the other expenditures function to exceed the budget even after the District amended the budget in April. The District will try to monitor these funds more carefully.

Conclusion - Response accepted.

II-B-12 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-12 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-12 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Chris Wood, Coach Owner of In-Kahoots DJ Service	DJ Service	\$750
Deb Hannigan, Teacher Owner of Deb's Graphics	Purchased Services	\$200
Betty Kimmen, Bus Driver Spouse Owns of Kimmen Service	Repairs	\$195

In accordance with Attorney General's Opinion dated July 2, 1990, the above transactions with the coach and teacher do not appear to present a conflict of interest.

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

II-E-12 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

- II-G-12 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted
- II-I-12 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-12 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement the funds. However, we noted during our audit that professional development model core curriculum, professional development and four-year old preschool state aid ending carryover balances are in excess of one year's funding.

Recommendation - The District should review allowable expenditures for these programs to ensure all expenditures are properly coded to those projects. The District should develop a plan for expending carryover balances.

Response - We will periodically during the year review expenditures and decrease carry over amounts as necessary.

Conclusion - Response accepted.

- II-L-12 Financial Condition - We noted the District had deficit net assets of \$1,104 in the Enterprise - Day Care Fund.

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

Response - We are continuing to monitor the deficit, as of January the Enterprise - Day Care Fund is in the black.

Conclusion - Response accepted.

- II-M-12 Statewide Sales, Service 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.3 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, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	268,227
Revenues:			
Sales tax revenues	227,710		
Other local revenues	1,487		
School infrastructure supplemental amount	102,252		331,449
Total revenues and transfers			<u>599,676</u>
Transfers to other funds:			
Debt service fund			230,402
Ending balance		\$	<u><u>369,274</u></u>

For the year ended June 30, 2012, the District reduced the following levy as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 1.59000	\$ 230,402

II-N-12 Payroll Authorization - We noted during our audit, the District does not have a written authorization to mail substitute teachers' payroll checks. Chapter 91A.3 of the Code of Iowa requires that an employer have a written request from an employee before wages can be sent to an employee by mail.

Recommendation - The District should obtain written authorization from each employee who desires to receive a payroll check by mail.

Response - District has obtained written authorization from each employee who requests their checks by mail.

Conclusion - Response accepted.