ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

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ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

OFFICIALS

JUNE 30, 2012

Name	Title	Term Expires
	Board of Education (Before September 2011 Election)	
John Gent	Board President	2011
Alan Ackerman	Vice President	2011
Steve Axmear	Board Member	2013
Amy Stephenson	Board Member	2011
Terri Riegel	Board Member	2013
Angie George	Board Member	2011
Dick Morrison	Board Member	2011
	Board of Education (After September 2011 Election)	
Terri Riegel	Board President	2013
Steve Axmear	Vice President	2013
Andrew Axmear	Board Member	2015
Angie George	Board Member	2015
Duane Allen	Board Member	2015
	School Officials	
Alan J. Jensen	Superintendent	2012
Wendy Ayers	District Secretary/Treasurer	2012
Elwood, Elwood, & Leinen	Attorney	2012
Ahlers & Cooney PC	Attorney	2012
Bloethe, Elwood, and Buchanan	Attorney	2012
Engel Law Firm	Attorney	2012

ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA

David W. Goodman, CPA (Former Principal)
Robert E. Wells, CPA (Retired)

C. Kenneth Anderson, CPA (1952-1977)
Joseph C. Larkin, CPA (1960-1990)

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
English Valleys 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 English Valleys Community School District, North English, Iowa, 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. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of English Valleys Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2013 on our consideration of English Valleys Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 3 through 11 and 32 through 35 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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 English Valleys Community School District's basic financial statements. We previously audited, in accordance with standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2011 (which are not presented herein), and expressed unqualified opinions on those financial statements. The financial statements for the three years ended June 30, 2005 (which are not presented herein) were audited by other auditors, who expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 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.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
March 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

English Valleys 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 $5,942,400 in fiscal 2011 to $5,995,243 in fiscal 2012, while General Fund expenditures increased from $5,429,325 in fiscal 2011 to $5,517,297 in fiscal 2012. The District's General Fund balance increased from $929,533 in fiscal 2011 to $1,407,479 in fiscal 2012, a 51.4% increase.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of English Valleys 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 the District's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

Figure A-1
English Valleys Community School District Annual Financial Report

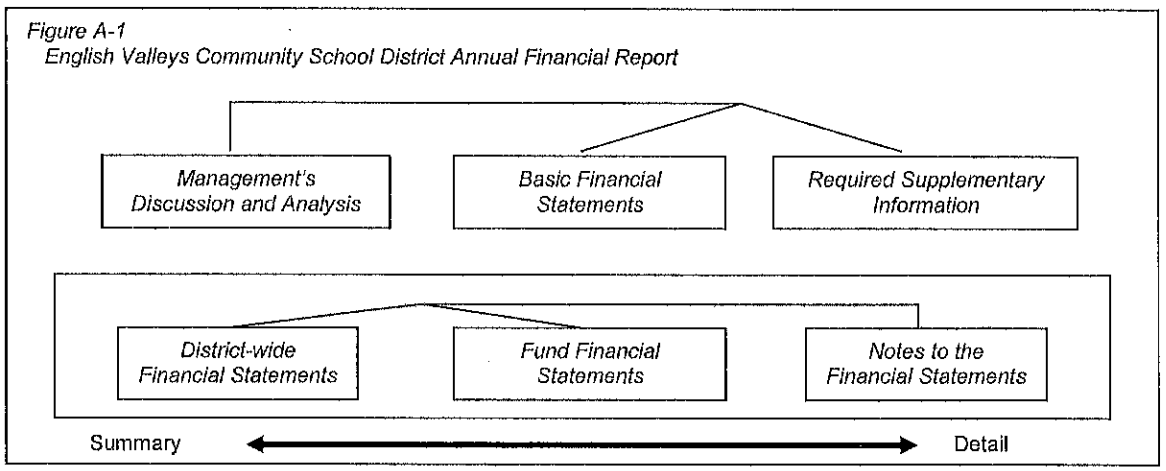

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and student built houses
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows
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
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
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

Reporting the District's Financial Activities

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program and student-built house programs are 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 or by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial 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, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

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

2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Student-Built House Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has one Internal Service Fund, the Flex Benefit Fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	$ 6,710,241	$ 5,882,685	$ 29,126	$ 47,290	$ 6,739,367	$ 5,929,975	13.6%
Capital assets	3,511,289	3,373,104	995	995	3,512,284	3,374,099	4.1
Total assets	10,221,530	9,255,789	30,121	48,285	10,251,651	9,304,074	10.2
Long-term Liabilities	1,627,167	1,545,042	13,486	9,519	1,640,653	1,554,561	5.5
Other liabilities	3,689,274	3,362,994	20,828	20,680	3,710,102	3,383,674	9.6
Total liabilities	5,316,441	4,908,036	34,314	30,199	5,350,755	4,938,235	8.4
Net assets Invested in capital assets, net of related debt	2,571,289	2,238,104	995	995	2,572,284	2,239,099	14.9
Restricted	1,720,577	1,779,900	-	-	1,720,577	1,779,900	(3.3)
Unrestricted	613,223	329,749	(5,188)	17,091	608,035	346,840	75.3
Total net assets	$ 4,905,089	$ 4,347,753	$ (4,193)	$ 18,086	$ 4,900,896	$ 4,365,839	12.3

The District's combined net assets increased by approximately 12.3%, or $535,057, from the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased $59,323, or approximately 3.3% from the prior year. This decrease is primarily due more capital projects expenditures in the current year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased $261,195, or approximately 75.3%. This increase in unrestricted net assets was primarily a result of the District experiencing an increase in revenues which were more than the District's increase in expenses.

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

Figure A-4
Change in Net Assets

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues							
Program revenues:							
Charges for services and sales	$ 523,087	$ 539,308	$ 110,831	$ 125,988	$ 633,918	$ 665,296	(4.7)%
Operating grants contributions and restricted interest	952,147	1,190,380	96,918	105,051	1,049,065	1,295,431	(19.0)
General revenues:							
Property and sales tax	3,281,315	2,952,440	-	-	3,281,315	2,952,440	11.1
Unrestricted state grants	2,368,805	2,156,258	-	-	2,368,805	2,156,258	9.9
Unrestricted investment earnings	1,789	3,207	86	87	1,875	3,294	(43.1)
Other	81,980	86,029	1,959	13,106	83,939	99,135	(15.3)
Total revenues	7,209,123	6,927,622	209,794	244,232	7,418,917	7,171,854	3.4
Program expenses:							
Instruction	4,496,401	4,462,467	-	-	4,496,401	4,462,467	.8
Support services	1,491,718	1,478,083	-	-	1,491,718	1,478,083	.9
Non-instructional programs	-	-	232,073	235,419	232,073	235,419	(1.4)
Other expenses	663,668	369,006	-	-	663,668	369,006	79.9
Total expenses	6,651,787	6,309,556	232,073	235,419	6,883,860	6,544,975	5.2
Change in net assets	$ 557,336	$ 618,066	$ (22,279)	$ 8,813	$ 535,057	$ 626,879	(14.6)

In the fiscal year 2012 property tax, sales tax and unrestricted state grants account for 78.4% of governmental activities revenue. The District's expenses primarily relate to instruction and support services, which account for 90.0% of the total expenses.

Governmental Activities

Revenues for governmental activities were $7,209,123 and expenses were $6,651,787 for the year ended June 30, 2012.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	June 30,		Total Change	June 30,		Total Change
	2012	2011	2011-2012	2012	2011	2011-2012
Instruction	$ 4,496,401	$ 4,462,467	.8%	$ 3,337,665	$ 3,097,243	7.8%
Support services	1,491,718	1,478,083	.9	1,383,184	1,346,610	2.7
Other expenses	663,668	369,006	79.9	455,704	136,015	235.0
Total expenses	$ 6,651,787	$ 6,309,556	5.4	$ 5,176,553	$ 4,579,868	13.0

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was $523,087.
- Federal and state governments subsidized certain programs with grants and contributions totaling $952,147.
- The net cost of governmental activities was financed with $3,281,315 in property and other taxes and $2,368,805 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year end June 30, 2012 were $209,794 representing a 14.1% decrease over the prior year while expenses totaled $232,073, a 1.4% decrease from the prior year. The District's business type activities include the School Nutrition Fund and Student-Built House Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, English Valleys 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 $3,021,246, an increase over last year's ending fund balances of $2,517,221. The primary reason for the increase in combined fund balances at the end of fiscal year 2012 is due to the increase in General Fund revenues over expenditures and the accumulation of unspent tax revenue in the Capital Projects Fund to be used to pay for future capital expenditures.

Governmental Fund Highlights

- The General Fund balance increased from $929,533 to $1,407,479 which is the result of many factors. Growth during the year in tax and grant receipts resulted in an increase in revenues.
- The Capital Projects Fund balance increased from $1,263,587 to $1,284,889 which is the result of an accumulation of unspent tax revenue which is to be used for future capital expenditures.

Proprietary Fund Highlights

- Enterprise Fund net assets decreased from $18,086 at June 30, 2011 to a deficit of $4,193 at June 30, 2012, representing a decrease of 123.2% due primarily to expenditures in excess of receipts received. Additionally, other postemployment benefits obligation increased during the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, English Valleys Community School District made no amendments to its annual budget.

The District's revenues were $976,457 less than budgeted revenues, a difference of 11.6%. The most significant difference resulted from the District receiving less in State and Local sources than originally anticipated.

Total expenditures were $3,418,830 less than budgeted expenses, a difference of 33.0%. The most significant difference resulted from the District paying less for all expenditure/expense categories than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested $3,512,284 net of accumulated depreciation/amortization, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment and intangible assets. (See Figure A-6) This represents a net increase of approximately 4.1% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was $187,442.

The original cost of the District's capital assets was $10,094,828. Governmental funds account for $10,010,008, with the remainder of $84,820 accounted for in the Proprietary, School Nutrition Fund.

One of the largest changes in capital asset activity during the year occurred in the Furniture and Equipment category. The District's Furniture and Equipment totaled $3,874,856 at June 30, 2012, compared to $3,718,782 reported at June 30, 2011. This increase resulted from various capital expenditures including a bus and computers.

Figure A-6
Capital Assets, Net of Depreciation/Amortization

	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change
	2012	2011	2012	2011	2012	2011	2011-2012
Land	$ 257,413	$ 257,413	$ -	$ -	$ 257,413	$ 257,413	0.0 %
Construction in progress	89,340	-	-	-	89,340	-	100.0
Buildings and improvements	2,757,735	2,788,442	-	-	2,757,735	2,788,442	(1.1)
Furniture and equipment	406,801	327,249	995	995	407,796	328,244	24.2
Totals	$ 3,511,289	$ 3,373,104	$ 995	$ 995	$ 3,512,284	$ 3,374,099	4.1

Long-Term Debt

At June 30, 2012, the District had $1,640,653, net of unamortized discount and deferred changes, in long-term debt outstanding. This represents an increase of approximately 5.5% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt Districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $7.58 million.

Figure A-7
Outstanding Long-term Obligations

	Total District June 30,		Total Change
	2012	2011	2011-2012
General obligation bonds	$ 940,000	$ 1,135,000	(17.2) %
Early retirement	151,388	164,561	(8.0)
Net OPEB liability	563,882	357,271	57.8
Total	$ 1,655,270	$ 1,656,832	(.1)

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:

- The District maintains its awareness that due to tough economic conditions, state-wide budget cuts are always a possibility and directly impact the District's funding of future expenditures.

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 Wendy Ayers, District Secretary/Treasurer, English Valleys Community School District, PO Box 490, North English, Iowa 52316.

BASIC FINANCIAL STATEMENTS

Exhibit A

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,357,133	$ 26,942	$ 3,384,075
Receivables:			
Property tax:			
Delinquent	124,722	-	124,722
Succeeding year	2,552,241	-	2,552,241
Accounts receivable	343,533	846	344,379
Due from other governments	332,612	-	332,612
Inventories	-	1,338	1,338
Capital assets, net of accumulated depreciation	3,511,289	995	3,512,284
TOTAL ASSETS	10,221,530	30,121	10,251,651
LIABILITIES			
Accounts payable	224,530	-	224,530
Salaries and benefits payable	622,401	11,752	634,153
Accrued interest payable	3,470	-	3,470
Deferred revenue - Succeeding year property tax	2,552,241	-	2,552,241
Deferred revenue - Other	286,632	9,076	295,708
Long-term liabilities:			
Portion due within one year:			
Bonds payable	230,000	-	230,000
Early retirement	40,278	-	40,278
Unamortized discount	(1,387)	-	(1,387)
Unamortized deferred charge	(2,600)	-	(2,600)
Portion due after one year:			
Bonds payable	710,000	-	710,000
Early retirement	111,110	-	111,110
Unamortized discount	(3,697)	-	(3,697)
Unamortized deferred charge	(6,933)	-	(6,933)
Net OPEB liability	550,396	13,486	563,882
TOTAL LIABILITIES	5,316,441	34,314	5,350,755
NET ASSETS			
Investment in capital assets, net of related debt	2,571,289	995	2,572,284
Restricted for:			
Categorical funding	98,646	-	98,646
Debt service	8,585	-	8,585
School infrastructure	1,293,053	-	1,293,053
Management levy purposes	70,465	-	70,465
Student activities	80,477	-	80,477
Physical plant and equipment	169,351	-	169,351
Unrestricted	613,223	(5,188)	608,035
TOTAL NET ASSETS	$ 4,905,089	$ (4,193)	$ 4,900,896

See Notes to Financial Statements

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

		Program Revenues	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:			
Governmental activities:			
Instruction:			
Regular instruction	$ 2,945,257	$ 333,322	$ 517,602
Special instruction	694,088	83,219	197,983
Other instruction	857,056	-	26,610
	4,496,401	416,541	742,195
Support services:			
Student	85,524	-	-
Instructional staff	66,463	-	-
Administration	651,133	106,546	-
Operation and maintenance of plant	300,777	-	-
Transportation	387,821	-	1,988
	1,491,718	106,546	1,988
Other expenditures:			
Facilities acquisition	59,912	-	-
Reorganization	190,612	-	-
Long-term debt interest	137,476	-	-
AEA flowthrough	207,964	-	207,964
Depreciation (unallocated)*	67,704	-	-
	663,668	-	207,964
Total governmental activities	6,651,787	523,087	952,147
Business type activities:			
Non-instructional programs:			
Nutrition services	231,379	110,831	96,918
Student-built house	694	-	-
Total business type activities	232,073	110,831	96,918
Total	$ 6,883,860	$ 633,918	$ 1,049,065
GENERAL REVENUES:			
Property tax levied for:			
General purposes			
Capital projects			
Debt services			
Sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Changes in net assets			
Net assets - Beginning of year			
Net assets - End of year			

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

See Notes to Financial Statements

and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
$ (2,094,333)	$ -	$ (2,094,333)
(412,886)	-	(412,886)
(830,446)	-	(830,446)
(3,337,665)	-	(3,337,665)
(85,524)	-	(85,524)
(66,463)	-	(66,463)
(544,587)	-	(544,587)
(300,777)	-	(300,777)
(385,833)	-	(385,833)
(1,383,184)	-	(1,383,184)
(59,912)	-	(59,912)
(190,612)	-	(190,612)
(137,476)	-	(137,476)
-	-	-
(67,704)	-	(67,704)
(455,704)	-	(455,704)
(5,176,553)	-	(5,176,553)
-	(23,630)	(23,630)
-	(694)	(694)
-	(24,324)	(24,324)
(5,176,553)	(24,324)	(5,200,877)
2,395,702	-	2,395,702
201,237	-	201,237
252,331	-	252,331
432,045	-	432,045
2,368,805	-	2,368,805
1,789	86	1,875
81,980	1,959	83,939
5,733,889	2,045	5,735,934
557,336	(22,279)	535,057
4,347,753	18,086	4,365,839
$ 4,905,089	$ (4,193)	$ 4,900,896

Exhibit C

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	$ 1,828,857	$ 1,191,078	$ 336,506	$ 3,356,441
Receivables:				
Property tax:				
Delinquent	101,987	-	22,735	124,722
Succeeding year	2,024,534	-	527,707	2,552,241
Accounts receivable	317,856	2,906	20,272	341,034
Due from other governments	219,126	113,486	-	332,612
TOTAL ASSETS	$ 4,492,360	$ 1,307,470	$ 907,220	$ 6,707,050
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 151,314	$ 22,581	$ 50,635	$ 224,530
Salaries and benefits payable	622,401	-	-	622,401
Deferred revenue:				
Succeeding year property tax	2,024,534	-	527,707	2,552,241
Other	286,632	-	-	286,632
Total liabilities	3,084,881	22,581	578,342	3,685,804
FUND BALANCES:				
Resricted for:				
Categorical funding	98,646	-	-	98,646
Debt service	-	-	8,585	8,585
School infrastructure	8,164	1,284,889	-	1,293,053
Management levy purposes	-	-	70,465	70,465
Student activities	-	-	80,477	80,477
Physical plant and equipment	-	-	169,351	169,351
Unassigned	1,300,669	-	-	1,300,669
Total fund balances	1,407,479	1,284,889	328,878	3,021,246
TOTAL LIABILITIES AND FUND BALANCES	$ 4,492,360	$ 1,307,470	$ 907,220	$ 6,707,050

See Notes to Financial Statements

Exhibit D

ENGLISH VALLEYS 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	$	3,021,246
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		3,511,289
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.		(3,470)
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.		3,191
Long-term liabilities, including bonds and early retirement payable, and net OPEB liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(1,627,167)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	4,905,089

See Notes to Financial Statements

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	$ 2,293,286	$ 432,045	$ 555,982	$ 3,281,313
Tuition	206,910	-	-	206,910
Other	173,695	2,905	222,947	399,547
State sources	2,982,984	-	-	2,982,984
Federal sources	338,368	-	-	338,368
Total revenues	5,995,243	434,950	778,929	7,209,122
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,695,576	-	137,730	2,833,306
Special	671,092	-	-	671,092
Other	644,027	-	183,764	827,791
	4,010,695	-	321,494	4,332,189
Support services:				
Student	1,607	-	-	1,607
Instructional staff	64,261	-	-	64,261
Administration	583,696	-	43,128	626,824
Operation and maintenance of plant	289,489	-	-	289,489
Transportation	359,585	-	-	359,585
	1,298,638	-	43,128	1,341,766
Other expenditures:				
Facilities acquisitions	-	296,970	88,569	385,539
Reorganization	-	116,678	73,934	190,612
Long-term debt:				
Principal	-	-	215,000	215,000
Interest and fiscal charges	-	-	52,027	52,027
AEA flowthrough	207,964	-	-	207,964
	207,964	413,648	429,530	1,051,142
Total expenditures	5,517,297	413,648	794,152	6,725,097
Excess (deficiency) of revenues over (under) expenditures	477,946	21,302	(15,223)	484,025
Other financing sources (uses):				
General obligation refunding bonds issued	-	-	940,000	940,000
Principal payment on long-term debt	-	-	(920,000)	(920,000)
Total other financing sources (uses)	-	-	20,000	20,000
Net change in fund balances	477,946	21,302	4,777	504,025
FUND BALANCES - Beginning of year	929,533	1,263,587	324,101	2,517,221
FUND BALANCES - End of year	$ 1,407,479	$ 1,284,889	$ 328,878	$ 3,021,246

See Notes to Financial Statements

ENGLISH VALLEYS 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		$ 504,025
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:		
Capital outlays	$ 325,627	
Depreciation expense	(187,442)	138,185
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.		(4,954)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayments reduces long-term liabilities in the Statement of Net Assets. Current year repayments and deferred charges exceeded amortization and issues, as follows:		
Amortization of bond discount and deferred charge, net of issuance deferrals	$ (87,654)	
Issued	(940,000)	
Repaid	1,135,000	107,346
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 governmental funds, as follows:		
Early retirement	$ 13,173	
Other postemployment benefits	(202,644)	(189,471)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded in the governmental funds as an expenditure when paid. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is paid.		2,205
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 557,336

See Notes to Financial Statements

Exhibit G

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business Type Activities	Governmental Activities
	Nonmajor Enterprise	Internal Service
ASSETS		
Cash and cash equivalents	$ 26,942	$ 692
Accounts receivable	846	2,499
Inventories	1,338	-
Capital assets, net of accumulated depreciation/amortization	995	-
TOTAL ASSETS	30,121	3,191
LIABILITIES		
Salaries and benefits payable	11,752	-
Deferred revenues	9,076	-
Net OPEB liability	13,486	-
TOTAL LIABILITIES	34,314	-
NET ASSETS		
Investment in capital assets, net of related debt	995	-
Unrestricted	(5,188)	3,191
TOTAL NET ASSETS	$ (4,193)	$ 3,191

See Notes to Financial Statements

Exhibit H

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business Type Activities	Governmental Activities
	Nonmajor Enterprise	Internal Service
OPERATING REVENUES:		
Local sources:		
Charges for services	$ 110,831	$ 724,937
Miscellaneous	1,959	-
Total operating revenues	112,790	724,937
OPERATING EXPENSES:		
Non-instructional programs:		
Employee benefits:		
Miscellaneous	694	730,407
Food service operations:		
Salaries	67,595	-
Benefits	30,897	-
Supplies	130,613	-
Miscellaneous	2,274	-
Total operating expenses	232,073	730,407
OPERATING LOSS	(119,283)	(5,470)
NON-OPERATING REVENUES:		
State sources	2,034	-
Federal sources	94,884	-
Interest income	86	516
Total non-operating revenues	97,004	516
CHANGE IN NET ASSETS	(22,279)	(4,954)
NET ASSETS - Beginning of year	18,086	8,145
NET ASSETS - End of year	$ (4,193)	$ 3,191

See Notes to Financial Statements

Exhibit I

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business Type Activities	Governmental Activities
	Nonmajor Enterprise	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sale of meals	$ 126,569	$ -
Cash received for services	1,959	724,753
Cash received for miscellaneous items	(95,162)	-
Cash payments to employees for services	(136,866)	-
Cash payments to suppliers for goods or services	-	(730,407)
NET CASH USED IN OPERATING ACTIVITIES	(103,500)	(5,654)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State grants received	2,034	-
Federal grants received	82,863	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	84,897	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	86	516
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,517)	(5,138)
CASH AND CASH EQUIVALENTS - Beginning of year	45,459	5,830
CASH AND CASH EQUIVALENTS - End of year	$ 26,942	$ 692
RECONCILIATION OF OPERATING LOSS TO NET CASH USE IN OPERATING ACTIVITIES:		
Operating loss	$ (119,283)	$ (5,470)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	12,021	-
Decrease (increase) in accounts receivable	20	(184)
Increase in inventories	(373)	-
Decrease in accounts payable	(2,911)	-
Decrease in salaries and benefits payable	(637)	-
Increase in deferred revenue	3,696	-
Increase in net OPEB liability	3,967	-
Net cash used in operating activities	$ (103,500)	$ (5,654)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
During the year ended June 30, 2012, the District received $12,021 in federal commodities.

See Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The English Valleys Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. 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 City of North English, Iowa, and the predominate agricultural territory in Keokuk and Iowa 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.

Reporting Entity

For financial reporting purposes, English Valleys 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 English Valleys Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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 the following categories:

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District reports the following major governmental funds:

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

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

The District reports no major proprietary funds. However, the District reports nonmajor proprietary funds and an Internal Service Fund. The Internal Service, Flex Benefit Fund is utilized to account for employee flexible benefits.

Measurement Focus and Basis of Accounting

The government–wide and proprietary 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 and claims and judgments 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

Assets, Liabilities and Fund Equity

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on the 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 represent amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

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

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

Asset Class	Amount
Land	$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	2,500
Furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-15 years
Furniture and equipment	5-15 years

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

Early Retirement – District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2012. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

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 represents 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 in 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 and unspent grant proceeds that will not be recognized as revenue until money is spent for the purposes under the provisions of the respective grant agreements.

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

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

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

Unassigned – All amounts not included in other 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.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND POOLED INVESTMENTS

The District's deposits in banks 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.

NOTE 2: CASH AND POOLED INVESTMENTS (Continued)

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

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust diversified portfolio which are valued at an amortized cost of $3,088,195 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Interest Rate Risk – The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

NOTE 3: CAPITAL ASSETS

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 257,413	$ -	$ -	$ 257,413
Construction in progress	-	89,340	-	89,340
Total capital assets not being depreciated	257,413	89,340	-	346,753
Capital assets being depreciated:				
Buildings and improvements	5,708,186	80,213	-	5,788,399
Furniture and equipment	3,718,782	156,074	-	3,874,856
Total capital assets being depreciated	9,426,968	236,287	-	9,663,255
Less accumulated depreciation for:				
Buildings and improvements	2,919,744	110,920	-	3,030,664
Furniture and equipment	3,391,533	76,522	-	3,468,055
Total accumulated depreciation	6,311,277	187,442	-	6,498,719
Total capital assets being depreciated, net	3,115,691	48,845	-	3,164,536
Governmental activities capital assets, net	$ 3,373,104	$ 138,185	$ -	$ 3,511,289
Business type activities:				
Furniture and equipment	$ 84,820	$ -	$ -	$ 84,820
Less accumulated depreciation	83,825	-	-	83,825
Business-type activities capital assets, net	$ 995	$ -	$ -	$ 995

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	$ 14,864
Other	900
Support services:	
Instructional staff	83,862
Administration	2,830
Operation and maintenance of plant	1,368
Transportation	15,914
Unallocated	67,704
Total depreciation expense – Governmental activities	$ 187,442

NOTE 4: LONG-TERM LIABILITIES

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 1,135,000	$ 940,000	$ 1,135,000	$ 940,000	$ 230,000
Early retirement	164,561	25,463	38,636	151,388	40,278
Net OPEB liability	347,752	202,644	-	550,396	-
Total	$ 1,647,313	$ 1,168,107	$ 1,173,636	$ 1,641,784	$ 270,278
Business type activities:					
Net OPEB liability	$ 9,519	$ 3,967	$ -	$ 13,486	$ -

General Obligation Bonds

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

Year Ending June 30,	Interest Rate	Refunding Bonds Dated February 23, 2012 Principal	Interest	Total
2013	.65%	$ 230,000	$ 10,498	$ 240,498
2014	.80	235,000	7,335	242,335
2015	1.00	240,000	5,455	245,455
2016	1.30	235,000	3,055	238,055
		$ 940,000	$ 26,343	$ 966,343

Early Retirement

The District offers a voluntary early retirement plan to its certified employees, who meet certain eligibility guidelines. Eligible employees must be between the ages of 55 and 62 and have completed 15 years of consecutive service to the District. Employees must have completed an application, which was required to be approved by the Board of Education. The early retirement benefit is calculated as 100% of the difference between the B.A step 0 and the employee's position on the salary scale as of the start of the year following retirement. In addition, the District will pay for single health and major medical insurance coverage under the District's insurance policy until the retiree reaches age 65. Early retirement benefits paid during the year ended June 30, 2012 totaled $38,636.

NOTE 5: 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 covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were $253,789, $214,413 and $179,761 respectively, equal to the required contributions for each year.

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 78 active and 11 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug 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	$	269,271
Interest on net OPEB obligation		8,932
Adjustment to annual required contribution		(18,853)
Annual OPEB cost		259,350
Contributions made		(52,739)
Increase in net OPEB obligation		206,611
Net OPEB obligation beginning of year		357,271
Net OPEB obligation end of year	$	563,882

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed $52,739 to the medical plan.

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	$ 233,645	25.4%	$ 174,338
2011	$ 238,864	23.4%	$ 357,271
2012	$ 259,350	20.3%	$ 563,882

Funding Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was $1,953,160, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1,953,160. The covered payroll (annual payroll of active employees covered by the plan) was approximately $2,984,000 and the ratio of the UAAL to covered payroll was 65.5%. 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, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced .5% each year until reaching the 6% ultimate medical trend rate.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the 2006 Society of Actuaries Study.

Projected claim costs of the medical plan are $439 per month. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 7: RISK MANAGEMENT

The 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.

NOTE 8: 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 $207,964 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.

NOTE 9: DEFICIT BALANCES

At June 30, 2012, one fund had a deficit balance as follows:

Nutrition Fund	$ 28,754

The deficit balance was the result of costs in excess of available funds. The deficit will be eliminated upon collection of future revenues of the fund.

NOTE 10: OPERATING LEASE

The District leases two copiers with terms through February 24, 2014. The lease is considered an operating lease and monthly lease payments are $744. Rent expense for the year ended June 30, 2012 was $8,929. Future minimum lease payments are as follows:

June 30,	
2013	$ 8,929
2014	5,954
	$ 14,883

NOTE 11: CONSTRUCTION COMMITMENTS

The District has entered into several contracts totaling $204,291 for various school improvement projects. As of June 30, 2012, costs of $89,340 had been incurred against these contracts. The balance of $114,951 remaining at June 30, 2012 will be paid as work on the projects progress.

NOTE 12: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2011 have been reclassified to conform with the June 30, 2012 presentation.

NOTE 13: EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 1, 2013, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

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

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
REVENUES:			
Local sources	$ 3,887,770	$ 112,876	$ 4,000,646
State sources	2,982,984	2,034	2,985,018
Federal sources	338,368	94,884	433,252
Total revenues	7,209,122	209,794	7,418,916
EXPENDITURES/EXPENSES:			
Instruction	4,332,189	-	4,332,189
Support services	1,341,766	-	1,341,766
Non-instructional programs	-	232,073	232,073
Other expenditures	1,051,142	-	1,051,142
Total expenditures/expenses	6,725,097	232,073	6,957,170
Excess (deficiency) of revenues over (under) expenditures/expenses	484,025	(22,279)	461,746
Other financing sources, net	20,000	-	20,000
Excess (deficiency) of reveunes and other financing sources over (under) expenditures/expenses and other financing uses	504,025	(22,279)	481,746
BALANCE - Beginning of year	2,517,221	18,086	2,535,307
BALANCE - End of year	$ 3,021,246	$ (4,193)	$ 3,017,053

See Accompanying Independent Auditor's Report

Budgeted Amounts Original/Final	Final to Actual Variance
$ 4,882,569	$ (881,923)
3,239,304	(254,286)
273,500	159,752
8,395,373	(976,457)
5,450,000	1,117,811
2,171,040	829,274
1,141,521	909,448
1,613,439	562,297
10,376,000	3,418,830
(1,980,627)	2,442,373
34,000	14,000
(1,946,627)	2,456,373
2,578,927	(43,620)
$ 632,300	$ 2,412,753

ENGLISH VALLEYS 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 comparisons for the General Fund and each major Special Revenue Fund.

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

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

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	$ -	$ 1,948,268	$ 1,948,268	0.0%	$ 2,567,000	75.9%
2011	July 1, 2009	$ -	$ 1,966,735	$ 1,966,735	0.0%	$ 2,984,000	65.9%
2012	July 1, 2009	$ -	$ 1,953,160	$ 1,953,160	0.0%	$ 2,984,000	65.5%

See Note 6 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

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 1

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds				
ASSETS	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Cash and pooled investments	$ 61,301	$ 81,858	$ 193,347	$ -	$ 336,506
Receivables:					
Property tax:					
Delinquent	9,164	-	1,004	12,567	22,735
Succeeding year	179,979	-	106,730	240,998	527,707
Accounts receivable	-	20,272	-	-	20,272
TOTAL ASSETS	$ 250,444	$ 102,130	$ 301,081	$ 253,565	$ 907,220
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ -	$ 21,653	$ 25,000	$ 3,982	$ 50,635
Deferred revenue:					
Succeeding year property tax	179,979	-	106,730	240,998	527,707
Total liabilities	179,979	21,653	131,730	244,980	578,342
FUND BALANCES:					
Restricted for:					
Debt service	-	-	-	8,585	8,585
Management levy purposes	70,465	-	-	-	70,465
Studenty activities	-	80,477	-	-	80,477
Physical plant and equipment	-	-	169,351	-	169,351
Total fund balances	70,465	80,477	169,351	8,585	328,878
TOTAL LIABILITIES AND FUND BALANCES	$ 250,444	$ 102,130	$ 301,081	$ 253,565	$ 907,220

See Accompanying Independent Auditor's Report

SCHEDULE 2

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Special Revenue Funds				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
REVENUES:					
Local sources:					
Local tax	$ 186,524	$ -	$ 109,098	$ 260,360	$ 555,982
Other	17,920	197,302	7,725	-	222,947
Total revenues	204,444	197,302	116,823	260,360	778,929
EXPENDITURES:					
Current:					
Instruction:					
Regular	137,730	-	-	-	137,730
Other	-	183,764	-	-	183,764
Support services:					
Administration	43,128	-	-	-	43,128
Other expenditures:					
Facilities acquisition	-	-	88,569	-	88,569
Reorganization	5,448	2,119	65,942	425	73,934
Long-term debt:					
Principal	-	-	-	215,000	215,000
Interest and fiscal charges	-	-	-	52,027	52,027
Total expenditures	186,306	185,883	154,511	267,452	794,152
Excess (deficiency) of revenues over (under) expenditures	18,138	11,419	(37,688)	(7,092)	(15,223)
Other financing sources (uses):					
General obligation refunding bonds issued	-	-	-	940,000	940,000
Principal payment on long-term debt	-	-	-	(920,000)	(920,000)
Total other financing sources (uses)	-	-	-	20,000	20,000
Net change in fund balances	18,138	11,419	(37,688)	12,908	4,777
FUND BALANCES - Beginning of year	52,327	69,058	207,039	(4,323)	324,101
FUND BALANCES - End of year	$ 70,465	$ 80,477	$ 169,351	$ 8,585	$ 328,878

See Accompanying Independent Auditor's Report

SCHEDULE 3

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise		
	School Nutrition	Student-Built House	Total
ASSETS			
Cash and cash equivalents	$ 2,381	$ 24,561	$ 26,942
Accounts receivable	846	-	846
Inventories	1,338	-	1,338
Capital assets, net of accumulated depreciation	995	-	995
TOTAL ASSETS	5,560	24,561	30,121
LIABILITIES			
Salaries and benefits payable	11,752	-	11,752
Deferred revenue	9,076	-	9,076
Net OPEB liability	13,486	-	13,486
TOTAL LIABILITIES	34,314	-	34,314
NET ASSETS			
Invested in capital assets, net of related debt	995	-	995
Unrestricted	(29,749)	24,561	(5,188)
TOTAL NET ASSETS	$ (28,754)	$ 24,561	$ (4,193)

See Accompanying Independent Auditor's Report

SCHEDULE 4

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Enterprise		
	School Nutrition	Student-Built House	Total
OPERATING REVENUES:			
Local sources:			
Charges for meals	$ 110,831	$ -	$ 110,831
Miscellaneous	359	1,600	1,959
Total operating revenues	111,190	1,600	112,790
OPERATING EXPENSES:			
Non-instructional programs:			
Salaries	67,595	-	67,595
Benefits	30,897	-	30,897
Supplies	130,613	-	130,613
Miscellaneous	2,274	694	2,968
Total operating expenses	231,379	694	232,073
Operating income (loss)	(120,189)	906	(119,283)
NON-OPERATING REVENUES:			
State sources	2,034	-	2,034
Federal sources	94,884	-	94,884
Interest income	25	61	86
Total non-operating revenues	96,943	61	97,004
Change in net assets	(23,246)	967	(22,279)
NET ASSETS - Beginning of year	(5,508)	23,594	18,086
NET ASSETS - End of year	$ (28,754)	$ 24,561	$ (4,193)

See Accompanying Independent Auditor's Report

SCHEDULE 5

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2012

	Enterprise		
	School Nutrition	Student-Built House	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from sale of meals	$ 126,569	$ -	$ 126,569
Cash received for miscellaneous items	359	1,600	1,959
Cash payments to employees for services	(95,162)	-	(95,162)
Cash payments to suppliers for goods and services	(136,047)	(819)	(136,866)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(104,281)	781	(103,500)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State grants received	2,034	-	2,034
Federal grants received	82,863	-	82,863
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	84,897	-	84,897
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	25	61	86
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,359)	842	(18,517)
CASH AND CASH EQUIVALENTS - Beginning of year	21,740	23,719	45,459
CASH AND CASH EQUIVALENTS - End of year	$ 2,381	$ 24,561	$ 26,942
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (120,189)	$ 906	$ (119,283)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Commodities consumed	12,021	-	12,021
Decrease in accounts receivable	20	-	20
Increase in inventories	(373)	-	(373)
Decrease in accounts payable	(2,786)	(125)	(2,911)
Decrease in salaries and benefits payable	(637)	-	(637)
Increase in deferred revenue	3,696	-	3,696
Increase in net OPEB liability	3,967	-	3,967
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (104,281)	$ 781	$ (103,500)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
During the year ended June 30, 2012, the District received $12,021 in federal commodities

See Accompanying Independent Auditor's Report

SCHEDULE 6

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND -
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenue/ Transfers in	Expenditures/ Transfers out	Balance End of Year
Annual	$ 564	$ 4,990	$ 4,132	$ 1,422
Athletics	1,510	51,894	47,686	5,718
Cheerleaders	(299)	2,634	1,682	653
Golf	594	2,254	1,726	1,122
Class of:				
2008	21	-	21	-
2009	1	-	1	-
2010	217	-	217	-
2011	(105)	105	-	-
2012	364	633	997	-
2013	1,260	1,549	2,550	259
2014	921	561	-	1,482
2015	-	640	-	640
Concessions	4,649	29,884	33,702	831
FFA	100	21,414	14,459	7,055
HS student activities	856	1,096	1,468	484
HS recognition night	(16)	659	-	643
Lutton student activities	4,350	4,517	7,923	944
Interest	684	135	-	819
Library club	1,168	245	166	1,247
Model UN	368	1	-	369
Music boosters	14,043	18,122	12,516	19,649
Science club	26	-	26	-
Spanish club	278	-	278	-
Speech/drama	9,088	1,723	6,864	3,947
National Honor Society	-	161	-	161
Student council	903	7,045	7,852	96
Girls softball	1,566	3,697	1,583	3,680
Girls basketball	4,985	1,901	1,722	5,164
Track	2,247	4,215	3,729	2,733
Boys basketball	2,999	1,109	946	3,162
Baseball	852	4,720	4,709	863
Wrestling	1,469	15,581	12,389	4,661
Football	3,084	2,926	1,933	4,077
Volleyball	2,163	2,045	1,047	3,161
Lutton	967	1,607	680	1,894
Heart fund	134	846	750	230
Book fair	196	3,527	3,372	351
Family night	4	-	4	-
FCCLA	510	1,658	1,946	222
Bear essentials	3,110	-	2,945	165
Valley rush	3,227	3,208	3,862	2,573
Totals	$ 69,058	$ 197,302	$ 185,883	$ 80,477

See Accompanying Independent Auditor's Report

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,				
	2012 *	2011 *	2010 *	2009	2008
Revenues:					
Local sources:					
Local tax	$ 3,281,313	$ 2,952,440	$ 3,020,120	$ 2,126,365	$ 2,048,588
Tuition	206,910	237,258	231,404	435,950	526,412
Other	399,547	391,286	407,499	425,213	378,436
State sources	2,982,984	2,893,937	2,609,144	2,454,688	2,176,211
Federal sources	338,368	452,701	420,106	204,577	115,009
Total	$ 7,209,122	$ 6,927,622	$ 6,688,273	$ 5,646,793	$ 5,244,656
Expenditures:					
Current:					
Instruction:					
Regular	$ 2,833,306	$ 2,752,948	$ 2,877,903	$ 2,299,969	$ 2,198,522
Special	671,092	757,335	677,358	687,653	609,387
Other	829,910	743,366	691,009	781,401	684,830
Support services:					
Student	1,607	1,144	3,745	2,052	1,497
Instructional staff	64,261	42,299	72,654	56,630	73,624
Administration	632,272	638,035	620,483	594,817	557,789
Operation and maintenance of plant	289,489	242,832	261,848	241,962	276,456
Transportation	359,585	304,544	294,440	218,140	221,080
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisitions	568,159	268,343	92,455	328,974	408,430
Long term debt:					
Principal	215,000	205,000	195,000	190,000	185,000
Interest and fiscal charges	52,452	42,878	48,190	52,940	58,399
AEA flow-through	207,964	232,991	229,464	157,708	147,470
Total	$ 6,725,097	$ 6,231,715	$ 6,064,549	$ 5,612,246	$ 5,422,484

* Includes figures as a merged district.
See Accompanying Independent Auditor's Report

2007	2006	2005	2004	2003
$ 1,798,491	$ 1,856,775	$ 1,757,958	$ 1,664,110	$ 1,629,439
540,154	482,087	415,982	406,331	366,089
427,718	334,090	358,670	330,664	332,526
2,212,623	1,902,649	1,909,318	1,896,927	1,830,632
136,596	115,720	135,974	124,639	124,500
$ 5,115,582	$ 4,691,321	$ 4,577,902	$ 4,422,671	$ 4,283,186
$ 1,975,095	$ 1,953,446	$ 1,967,316	$ 1,850,465	$ 1,754,457
589,927	532,351	507,648	631,898	543,040
711,051	668,618	560,347	480,791	430,659
868	26	4,845	1,481	39,921
66,186	68,830	61,691	56,127	52,162
520,600	502,577	523,888	521,419	507,546
251,756	289,209	267,881	248,278	229,773
261,665	204,890	258,022	172,092	167,836
-	-	-	21,853	23,277
341,026	80,190	135,778	69,127	78,786
185,000	180,000	180,000	195,000	120,000
62,190	65,865	69,390	61,041	139,185
140,382	133,846	133,316	136,119	139,916
$ 5,105,746	$ 4,679,848	$ 4,670,122	$ 4,445,691	$ 4,226,558

ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA

David W. Goodman, CPA (Former Principal)
Robert E. Wells, CPA (Retired)

C. Kenneth Anderson, CPA (1952-1977)
Joseph C. Larkin, CPA (1960-1990)

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
English Valleys 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 English Valleys 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 March 1, 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 English Valleys Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered English Valleys 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 English Valleys Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of English Valleys Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-12 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

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

English Valleys 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 English Valleys 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 English Valleys Community School District and other parties to whom the District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of English Valleys 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.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
March 1, 2013

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

(a) Unqualified opinions were issued on the financial statements.

(b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Internal Control Deficiencies:

II-A-12 Segregation of Duties – The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on the accounting records accuracy and reliability, although we noted the District had taken steps to segregate duties between present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

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

Conclusion – Response accepted.

Instances of Non-Compliance:

No matters were noted.

PART III: OTHER FINDINGS RELATED TO STATUTORY REPORTING:

III-A-12 Certified Budget – Expenditures for the year ended June 30, 2012 did not exceed the amounts budgeted.

III-B-12 Questionable Expenditures – No expenditures we believe may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-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.

III-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
Amy O'Neil, Teacher Spouse is owner of Awards Plus	Awards	$ 2,425

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the teacher's spouse do not appear to represent a conflict of interest since the cumulative amount was less than $2,500 for the fiscal year.

III-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.

ENGLISH VALLEYS COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

PART III: OTHER FINDINGS RELATED TO STATUTORY REPORTING: (Continued)

III-F-12 Board Minutes – We noted no transactions requiring Board approval which have not been approved by the Board. However, certain minutes were not published within two weeks as required by Chapter 279.35 of the Code of Iowa.

Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response – We will do so in the future.

Conclusion – Response accepted.

III-G-12 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

III-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

III-I-12 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.

III-J-12 Certified Annual Report – The certified annual report was certified timely to the Iowa Department of Education.

III-K-12 Categorial Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.

III-L-12 Deficit Balances – The Nutrition Fund had a deficit balance at June 30, 2012.

Recommendation – The District should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate the deficit in this fund.

Conclusion – Response accepted.

III-M-12 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 1,263,587
Revenues/transfers in:		
Statewide sales, services and use tax	$ 432,045	
Other local revenues	2,905	434,950
		1,698,537
Expenditures/transfer out:		
School infrastructure construction	$ 71,661	
Furniture and equipment	341,987	413,648
Ending balance		$ 1,284,889

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.