

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2012

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley Community School District, Mapleton, Iowa, as of and for the year ended June 30, 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley Community School District at June 30, 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.

As explained in note 13 to the financial statements, the Maple Valley Community School District and the Anthon-Oto Community School District merged on July 1, 2012.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2013, on our consideration of Maple Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 4 through 13 and 38 through 40 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 Maple Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011, (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, 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.

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

March 26, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Maple Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 \$6,346,012 in fiscal 2011 to \$6,379,831 in fiscal 2012, while General Fund expenditures increased from \$5,842,304 in fiscal 2011 to \$5,889,312 in fiscal 2012. The District's General Fund balance increased from \$1,664,485 in fiscal 2011 to \$2,157,309 in fiscal 2012.
- The main increase in revenues was in the tuition and State sources categories. The largest increase in expenses was found in the operation and maintenance of plant category.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

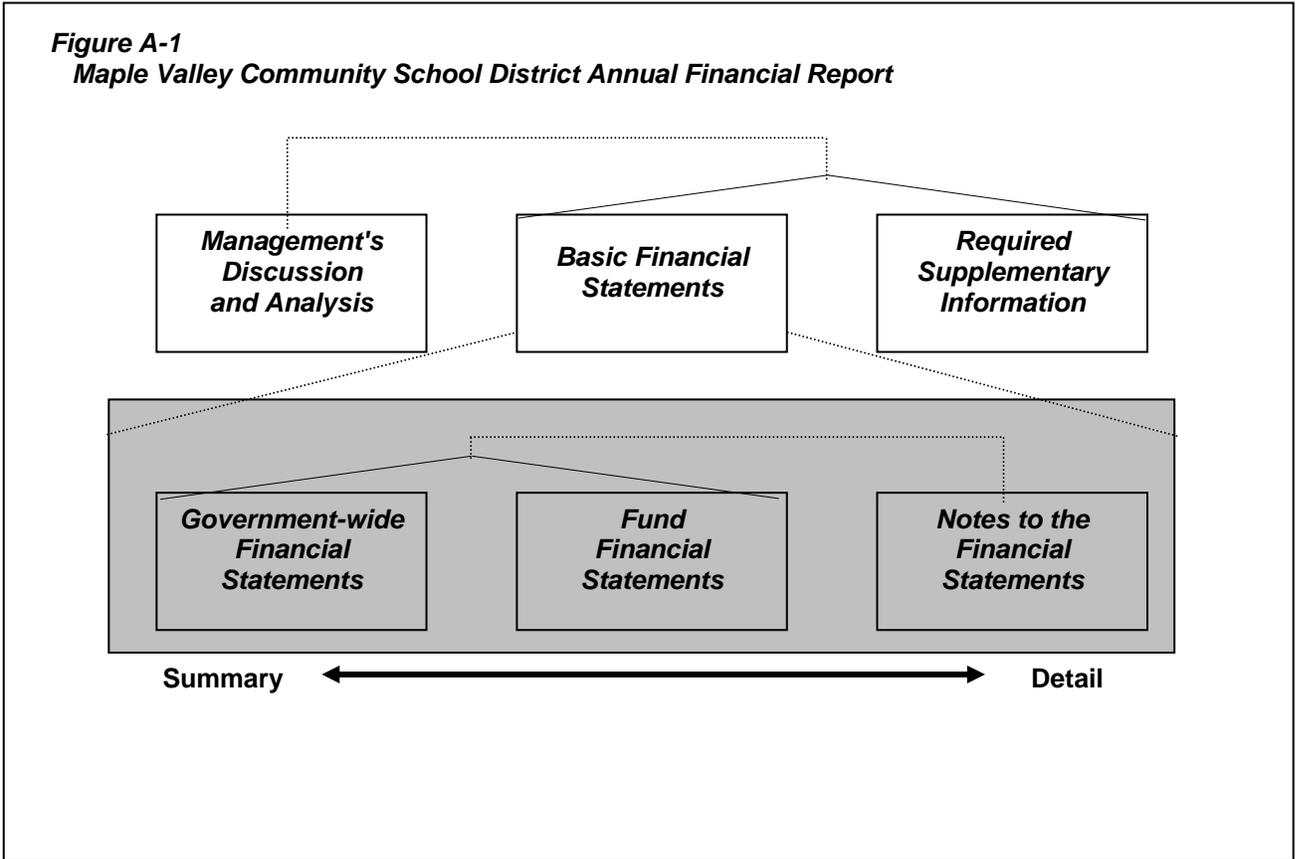


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2011-2012
	Governmental Activities		Business-type Activities		Total School District		
	2011	2012	2011	2012	2011	2012	
	\$	\$	\$	\$	\$	\$	
Current and other assets	7,239,327	7,400,249	27,432	32,242	7,266,759	7,432,491	2%
Capital assets	8,134,720	7,956,760	16,338	13,175	8,151,058	7,969,935	-2%
Total assets	15,374,047	15,357,009	43,770	45,417	15,417,817	15,402,426	<-1%
Long-term liabilities	3,329,804	5,689,853	5,384	8,786	3,335,188	5,698,639	71%
Other liabilities	3,539,361	951,181	4,217	7,270	3,543,578	958,451	-73%
Total liabilities	6,869,165	6,641,034	9,601	16,056	6,878,766	6,657,090	-3%
Net Assets:							
Invested in capital assets, net of related debt	5,114,720	5,171,760	16,338	13,175	5,131,058	5,184,935	1%
Restricted	2,151,668	1,890,263	-	-	2,151,668	1,890,263	-12%
Unrestricted	1,238,494	1,653,952	17,831	16,186	1,256,325	1,670,138	33%
TOTAL NET ASSETS	8,504,882	8,715,975	34,169	29,361	8,539,051	8,745,336	2%

The District's combined net assets increased by approximately 2%, or approximately \$206,285 over the prior year.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$261,405 or 12% from the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$413,813, or 33%.

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

Figure A-4

	Change in Net Assets						Percentage Change 2011-2012
	Governmental Activities		Business-type Activities		Total School District		
	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	
Revenues							
Program Revenues:							
Charges for services	1,272,364	1,478,451	97,900	82,880	1,370,264	1,561,331	14%
Operating grants & contributions	1,195,054	870,038	161,698	191,848	1,356,752	1,061,886	-22%
Capital Grants, contributions	-	37,222	-	-	-	37,222	100%
General Revenues:							
Property taxes	2,393,893	2,437,754	-	-	2,393,893	2,437,754	2%
Income Surtax	273,474	141,402	-	-	273,474	141,402	-48%
Statewide sales tax	361,981	375,984	-	-	361,981	375,984	4%
Unrestricted state grants	2,084,145	2,165,563	-	-	2,084,145	2,165,563	4%
Unrestricted investment earnings	5,773	2,676	28	16	5,801	2,692	-54%
Other revenue	850,808	108,400	-	-	850,808	108,400	-87%
Total Revenues	8,437,492	7,617,490	259,626	274,744	8,697,118	7,892,234	-9%
Expenses:							
Instruction	4,405,514	4,347,397	-	-	4,405,514	4,347,397	-1%
Support services	1,690,556	1,868,092	-	-	1,690,556	1,868,092	11%
Non-instructional programs	8,810	5,000	286,505	279,552	295,315	284,552	-4%
Other expenditures	702,592	1,185,908	-	-	702,592	1,185,908	69%
Total expenses	6,807,472	7,406,397	286,505	279,552	7,093,977	7,685,949	8%
CHANGE IN NET ASSETS	1,630,020	211,093	(26,879)	(4,808)	1,603,141	206,285	-87%
Net assets beginning of year	6,874,862	8,504,882	61,048	34,169	6,935,910	8,539,051	23%
Net assets end of year	8,504,882	8,715,975	34,169	29,361	8,539,051	8,745,336	2%

Property tax and unrestricted state grants account for 58% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 81% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$7,617,490 and expenses were \$7,406,397.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services 2011 \$	Total Cost of Services 2012 \$	Net Cost of Services 2011 \$	Net Cost of Services 2012 \$
Instruction	4,405,514	4,347,397	2,164,472	2,304,824
Support Services	1,690,556	1,868,092	1,678,277	1,756,362
Non-instructional Programs	8,810	5,000	8,810	5,000
Other Expenses	702,592	1,185,908	488,495	954,500
TOTAL	6,807,472	7,406,397	4,340,054	5,020,686

- The cost financed by users of the District's programs was \$1,478,451.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$870,038.
- The net cost of governmental activities was financed with \$2,955,140 in property and other taxes and \$2,165,563 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$274,744 and expenses were \$279,552. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The District has been addressing our shortage in the School Nutrition Fund for several years. After raising lunch prices several times over the past few years, and implementing a new system for collecting our past due lunch accounts, our district was able to close FY12 with a positive fund balance after paying all hot lunch expenses. This year we were not able to break even, but we were able to use the fund balance we accumulated in past years to make up the difference. We hope to continue to make sure this Fund serves its purpose as a "break even" business type activity. We will continue to monitor this fund and either raise or decrease lunch prices accordingly.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,318,461, which was above last year's balance of \$3,463,499.

Governmental Fund Highlights

- The General Fund balance increased from \$1,664,485 to \$1,157,309, a 30% increase.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
- The Physical Plant and Equipment Levy account balance decreased from \$772,403 at June 30, 2011 to \$593,711 at June 30, 2012.
- The Statewide Sales Tax account balance increased from \$668,524 at June 30, 2011 to \$727,069 at June 30, 2012.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$34,169 at June 30, 2011 to \$29,361 at June 30, 2012. The District met its goal to be able to pay all expenses out of the School Nutrition Fund in FY2012 and end the year with a positive Fund balance. We were able to meet this goal by raising hot lunch prices several times over the past few years in an attempt to help offset the increasing

expenses. The district also implemented a new collection process for past due accounts and was able to collect a significant amount of those. In FY12, our expenses were higher than our revenues but we were able to use the fund balance that we accumulated in past years to cover that deficit. As stated earlier, we want this fund to be a break even account so will continue to monitor it.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. The budget is certified with the County Auditor and Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures.

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

Total actual expenditures were \$2,988,773 less than budgeted, due primarily to the District’s budget for the General Fund. It is the District’s practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District’s certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$7,969,935, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 2% from last year. More detailed information about the District’s capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$383,277.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage Change 2011-2012
	Activities		Activities		School District		
	2011	2012	2011	2012	2011	2012	
	\$	\$	\$	\$	\$	\$	
Land	10,164	10,164	-	-	10,164	10,164	0%
Construction in Progress	538,138	-	-	-	538,138	-	-100%
Buildings	7,038,966	7,309,706	-	-	7,038,966	7,309,706	4%
Improvements	63,461	17,307	-	-	63,461	17,307	-73%
Equipment & Furniture	483,991	619,583	16,338	13,175	500,329	632,758	26%
TOTAL	8,134,720	7,956,760	16,338	13,175	8,151,058	7,969,935	-2%

Long-Term Debt

At June 30, 2012, the District had \$5,698,639 in general obligation, revenue and other long-term debt outstanding. This represents an increase of 71%. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

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

	Total School District		Percentage Change
	2011	2012	2011-2012
	\$	\$	
Governmental activities:			
General Obligation Bonds	3,020,000	5,280,000	75%
Termination Benefits	110,574	84,735	-23%
Net OPEB liability	199,230	325,118	63%
	3,329,804	5,689,853	71%
Business type activities:			
Net OPEB liability	5,384	8,786	63%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Legislation was passed allowing additional funding and property tax relief for Whole Grade Sharing Districts to entice them to consolidate. We have been receiving sharing dollars for researching these opportunities in the past few years. We did not receive any of these incentives in the FY12 fiscal year however, the district recently passed a consolidation vote, so the newly formed district will receive three more years of these sharing dollars. Our district patrons will also receive three years of property tax relief. Our consolidation will become effective on July 1, 2012, which is when these incentives will begin.
- Even after the consolidation, the "old" Maple Valley District patrons will be responsible for paying the bond debt therefore the newly reorganized district will have two separate tax rates until the Maple Valley bond is paid in full in the year 2022.
- This will be the last year for this report for the Maple Valley Community School District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	6,086,475	27,212	6,113,687
Receivables:			
Property tax:			
Delinquent	33,498	-	33,498
Accounts	2,130	2,266	4,396
Internal balances	1,446	(1,446)	-
Due from other governments	1,240,795	-	1,240,795
Inventories	-	4,210	4,210
Bond issue costs	35,905	-	35,905
Capital assets, net of accumulated depreciation	7,956,760	13,175	7,969,935
	<u>15,357,009</u>	<u>45,417</u>	<u>15,402,426</u>
Liabilities			
Accounts payable	2,984	3,000	5,984
Salaries and benefits payable	51,832	-	51,832
Due to other governments	869,871	-	869,871
Accrued interest payable	26,494	-	26,494
Deferred revenue:			
Other	-	4,270	4,270
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	2,785,000	-	2,785,000
Termination benefits	39,944	-	39,944
Portion due after one year:			
General obligation bonds payable	2,495,000	-	2,495,000
Termination benefits	44,791	-	44,791
Net OPEB liability	325,118	8,786	333,904
	<u>6,641,034</u>	<u>16,056</u>	<u>6,657,090</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net assets			
Invested in capital assets, net of related debt	5,171,760	13,175	5,184,935
Restricted for:			
Categorical funding	250,605	-	250,605
Management levy	112,504	-	112,504
Physical plant and equipment levy	593,711	-	593,711
Student activities	89,665	-	89,665
School infrastructure	727,069	-	727,069
Debt service	116,709	-	116,709
Unrestricted	<u>1,653,952</u>	<u>16,186</u>	<u>1,670,138</u>
Total net assets	<u><u>8,715,975</u></u>	<u><u>29,361</u></u>	<u><u>8,745,336</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	2,463,718	857,584	444,915	-
Special	853,431	243,763	25,924	-
Other	1,030,248	270,374	200,013	-
	<u>4,347,397</u>	<u>1,371,721</u>	<u>670,852</u>	<u>-</u>
Support services:				
Student	164,774	-	-	-
Instructional staff	197,195	-	-	-
Administration	653,462	94,306	-	-
Operation and maintenance of plant	519,032	2,500	-	-
Transportation	333,629	9,924	5,000	-
	<u>1,868,092</u>	<u>106,730</u>	<u>5,000</u>	<u>-</u>
Non-instructional programs	5,000	-	-	-
Other expenditures:				
Facilities acquisition	566,943	-	-	37,222
Long-term debt interest	159,650	-	3,422	-
AEA flowthrough	190,764	-	190,764	-
Depreciation (unallocated)*	268,551	-	-	-
	<u>1,185,908</u>	<u>-</u>	<u>194,186</u>	<u>37,222</u>
Total governmental activities	7,406,397	1,478,451	870,038	37,222
Business type activities:				
Non-instructional programs:				
Food service operations	279,552	82,880	191,848	-
Total	<u>7,685,949</u>	<u>1,561,331</u>	<u>1,061,886</u>	<u>37,222</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,161,219)	-	(1,161,219)
(583,744)	-	(583,744)
(559,861)	-	(559,861)
<u>(2,304,824)</u>	<u>-</u>	<u>(2,304,824)</u>
(164,774)	-	(164,774)
(197,195)	-	(197,195)
(559,156)	-	(559,156)
(516,532)	-	(516,532)
(318,705)	-	(318,705)
<u>(1,756,362)</u>	<u>-</u>	<u>(1,756,362)</u>
(5,000)	-	(5,000)
(529,721)	-	(529,721)
(156,228)	-	(156,228)
-	-	-
(268,551)	-	(268,551)
<u>(954,500)</u>	<u>-</u>	<u>(954,500)</u>
(5,020,686)	-	(5,020,686)
<u>-</u>	<u>(4,824)</u>	<u>(4,824)</u>
<u>(5,020,686)</u>	<u>(4,824)</u>	<u>(5,025,510)</u>
2,195,008	-	2,195,008
187,537	-	187,537
55,209	-	55,209
141,402	-	141,402
375,984	-	375,984
2,165,563	-	2,165,563
2,676	16	2,692
108,400	-	108,400
<u>5,231,779</u>	<u>16</u>	<u>5,231,795</u>
211,093	(4,808)	206,285
<u>8,504,882</u>	<u>34,169</u>	<u>8,539,051</u>
<u>8,715,975</u>	<u>29,361</u>	<u>8,745,336</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2012

Assets	<u>General</u> \$	<u>Capital Projects</u>	<u>Debt Service</u> \$	<u>Nonmajor Governmental</u> \$	<u>Total</u> \$
Cash and pooled investments	2,243,544	993,198	2,635,642	214,091	6,086,475
Receivables:					
Property tax:					
Delinquent	28,518	770	2,561	1,649	33,498
Accounts	2,130	-	-	-	2,130
Interfund receivable	15,754	231,613	-	-	247,367
Due from other governments	1,143,375	97,420	-	-	1,240,795
Total assets	<u>3,433,321</u>	<u>1,323,001</u>	<u>2,638,203</u>	<u>215,740</u>	<u>7,610,265</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	1,500	-	-	1,484	2,984
Salaries and benefits payable	51,832	-	-	-	51,832
Due to other governments	869,871	-	-	-	869,871
Interfund payable	231,613	2,221	-	12,087	245,921
Deferred revenue:					
Income surtax	121,196	-	-	-	121,196
Total liabilities	<u>1,276,012</u>	<u>2,221</u>	<u>-</u>	<u>13,571</u>	<u>1,291,804</u>
Fund balances:					
Restricted for:					
Categorical funding	250,605	-	-	-	250,605
Debt service	-	-	2,638,203	-	2,638,203
Management levy	-	-	-	112,504	112,504
Student activities	-	-	-	89,665	89,665
School infrastructure	-	727,069	-	-	727,069
Physical plant and equipment	-	593,711	-	-	593,711
Unassigned	1,906,704	-	-	-	1,906,704
Total fund balances	<u>2,157,309</u>	<u>1,320,780</u>	<u>2,638,203</u>	<u>202,169</u>	<u>6,318,461</u>
Total liabilities and fund balances	<u>3,433,321</u>	<u>1,323,001</u>	<u>2,638,203</u>	<u>215,740</u>	<u>7,610,265</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

June 30, 2012

	\$
Total fund balances of governmental funds (Exhibit C)	6,318,461
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,956,760
Bond issue costs are an expense when incurred in the governmental funds, but are capitalized and amortized over the life of the bonds for the government-wide financial statements.	35,905
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	121,196
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.	(26,494)
Long-term liabilities, including bonds payable, termination benefits, and other postemployment benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(5,689,853)</u>
Net assets of governmental activities (Exhibit A)	<u><u>8,715,975</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	2,130,729	654,134	187,537	120,014	3,092,414
Tuition	861,158	-	-	-	861,158
Other	356,760	348	3,422	263,856	624,386
State sources	2,763,225	-	-	-	2,763,225
Federal sources	267,959	37,222	-	-	305,181
Total revenues	<u>6,379,831</u>	<u>691,704</u>	<u>190,959</u>	<u>383,870</u>	<u>7,646,364</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,343,650	-	-	68,563	2,412,213
Special	836,419	-	-	-	836,419
Other	795,239	-	-	225,142	1,020,381
	<u>3,975,308</u>	<u>-</u>	<u>-</u>	<u>293,705</u>	<u>4,269,013</u>
Support services:					
Student	120,205	-	-	-	120,205
Instructional staff	193,452	-	-	-	193,452
Administration	614,819	-	-	10,693	625,512
Operation and maintenance of plant	481,767	-	-	24,839	506,606
Transportation	307,997	-	-	10,353	318,350
	<u>1,718,240</u>	<u>-</u>	<u>-</u>	<u>45,885</u>	<u>1,764,125</u>
Non-instructional programs	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Other expenditures:					
Facilities acquisition	-	737,946	-	-	737,946
Long-term debt:					
Principal	-	-	235,000	-	235,000
Interest and fiscal charges	-	-	192,954	-	192,954
AEA flowthrough	190,764	-	-	-	190,764
	<u>190,764</u>	<u>737,946</u>	<u>427,954</u>	<u>-</u>	<u>1,356,664</u>
Total expenditures	<u>5,889,312</u>	<u>737,946</u>	<u>427,954</u>	<u>339,590</u>	<u>7,394,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>490,519</u>	<u>(46,242)</u>	<u>(236,995)</u>	<u>44,280</u>	<u>251,562</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	General	Capital Projects	Debt Service	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Compensation for loss of fixed assets	-	106,095	-	-	106,095
Sale of equipment	2,305	-	-	-	2,305
Sale of revenue bonds	-	-	2,495,000	-	2,495,000
Operating transfers in	-	-	180,000	-	180,000
Operating transfers out	-	(180,000)	-	-	(180,000)
Total other financing sources (uses)	<u>2,305</u>	<u>(73,905)</u>	<u>2,675,000</u>	<u>-</u>	<u>2,603,400</u>
Net change in fund balances	492,824	(120,147)	2,438,005	44,280	2,854,962
Fund balances beginning of year	<u>1,664,485</u>	<u>1,440,927</u>	<u>200,198</u>	<u>157,889</u>	<u>3,463,499</u>
Fund balances end of year	<u><u>2,157,309</u></u>	<u><u>1,320,780</u></u>	<u><u>2,638,203</u></u>	<u><u>202,169</u></u>	<u><u>6,318,461</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		2,854,962
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:		
Expenditures for capital assets	202,054	
Depreciation expense	<u>(380,014)</u>	(177,960)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		(137,274)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		235,000
Bond issue costs are reported as expenses in the fund financial statements when incurred, but are capitalized and amortized over the life of the bonds for the government-wide financial statements.		35,905
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(4,491)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	25,839	
Other postemployment benefits	<u>(125,888)</u>	(100,049)
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Assets.		<u>(2,495,000)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>211,093</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund

June 30, 2012

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Cash and cash equivalents	27,212
Accounts receivable	2,266
Inventories	4,210
Capital assets, net of accumulated depreciation	<u>13,175</u>
Total assets	<u>46,863</u>
Liabilities	
Accounts payable	3,000
Interfund payable	1,446
Deferred revenue	4,270
Net OPEB liability	<u>8,786</u>
Total liabilities	<u>17,502</u>
Net assets	
Invested in capital assets	13,175
Unrestricted	<u>16,186</u>
Total net assets	<u><u>29,361</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>82,880</u>
Operating expenses:	
Non-instructional programs:	
Salaries	89,801
Benefits	27,601
Purchased services	4,968
Supplies	154,019
Depreciation	3,163
Total operating expenses	<u>279,552</u>
Operating income (loss)	<u>(196,672)</u>
Non-operating revenues:	
State sources	2,525
Federal sources	189,323
Interest income	16
Total non-operating revenues	<u>191,864</u>
Net income (loss)	(4,808)
Net assets beginning of year	<u>34,169</u>
Net assets end of year	<u><u>29,361</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2012

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	81,396
Cash payments to employees for services	(113,999)
Cash payments to suppliers for goods or services	(141,159)
Net cash used by operating activities	<u>(173,762)</u>
Cash flows from non-capital financing activities:	
Loan from (repaid to) General Fund	(6,486)
State grants received	2,525
Federal grants received	175,745
Net cash provided by non-capital financing activities	<u>171,784</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>16</u>
Net increase (decrease) in cash and cash equivalents	(1,962)
Cash and cash equivalents at beginning of year	<u>29,174</u>
Cash and cash equivalents at end of year	<u><u>27,212</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(196,672)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	16,578
Depreciation	3,163
Decrease (increase) in inventories	1,251
Decrease (increase) in accounts receivable	(1,537)
(Decrease) increase in deferred revenue	53
(Decrease) increase in other postemployment benefits	<u>3,402</u>
Net cash used by operating activities	<u><u>(173,762)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$16,578 of federal commodities.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated

absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year

becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures did not exceed the amounts budgeted.

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.

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 the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
	\$	
U.S. Treasury Note	18,085	November 2012
U.S. Treasury Note	2,563,770	May 2013

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust, which are valued at an amortized cost of \$249,618 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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.

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

3. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
		\$
General Fund	Nonmajor School Nutrition Fund	1,446
General Fund	Nonmajor Management Fund	12,087
General Fund	Capital Projects Fund	2,221
Capital Projects Fund	General Fund	231,613

4. Interfund Transfers

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

Transfer To	Transfer From	Amount
		\$
Nonmajor Debt Service Fund	Capital Projects Fund	180,000

These transfers reflect funds used for debt service payments.

5. 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:				
Construction in progress	538,138	-	538,138	-
Land	10,164	-	-	10,164
Total assets not being depreciated	<u>548,302</u>	<u>-</u>	<u>538,138</u>	<u>10,164</u>
Capital assets being depreciated:				
Buildings	9,654,400	538,138	-	10,192,538
Improvements other than buildings	307,027	-	45,001	262,026
Furniture and equipment	1,636,517	202,054	51,998	1,786,573
Total capital assets being deprec.	<u>11,597,944</u>	<u>740,192</u>	<u>96,999</u>	<u>12,241,137</u>

Less accumulated depreciation for:				
Buildings	2,615,434	267,398	-	2,882,832
Improvements other than buildings	243,566	1,153	-	244,719
Furniture and equipment	1,152,526	111,463	96,999	1,166,990
Total accumulated depreciation	<u>4,011,526</u>	<u>380,014</u>	<u>96,999</u>	<u>4,294,541</u>
Total capital assets being depreciated, net	<u>7,586,418</u>	<u>360,178</u>	<u>-</u>	<u>7,946,596</u>
Governmental activities capital assets, net	<u>8,134,720</u>	<u>360,178</u>	<u>538,138</u>	<u>7,956,760</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	93,680	-	-	93,680
Less accumulated depreciation	<u>77,342</u>	<u>3,163</u>	<u>-</u>	<u>80,505</u>
Business type activities capital assets, net	<u>16,338</u>	<u>(3,163)</u>	<u>-</u>	<u>13,175</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	5,895
Support services:	
Student support	44,569
Administration	9,048
Operation and maintenance of plant	5,621
Transportation	<u>46,330</u>
	111,463
Unallocated depreciation	<u>268,551</u>
Total depreciation expense – governmental activities	<u>380,114</u>
Business type activities:	
Food services	<u>3,163</u>

6. 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	3,020,000	2,495,000	235,000	5,280,000	2,785,000
Termination benefits	110,574	20,098	45,937	84,735	39,944
Net OPEB liability	<u>199,230</u>	<u>125,888</u>	<u>-</u>	<u>325,118</u>	<u>-</u>
Total	<u>3,329,804</u>	<u>2,640,986</u>	<u>280,937</u>	<u>5,689,853</u>	<u>2,824,944</u>
Business type activities:					
Net OPEB liability	<u>5,384</u>	<u>3,402</u>	<u>-</u>	<u>8,786</u>	<u>-</u>

Termination Benefits

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

At June 30, 2012, the District has obligations to seven participants with a total liability of \$84,735. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$45,937.

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of December 2001			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2013	3.95-4.80	<u>2,785,000</u>	<u>122,615</u>	<u>2,907,615</u>
Year Ending June 30,	Crossover Refunding Bond Issue of December 2011			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2013	-	-	36,345	36,345
2014	0.60	295,000	36,345	331,345
2015	0.80	300,000	34,575	334,575
2016	1.05	300,000	32,175	332,175
2017	1.30	300,000	29,025	329,025
2018-2022	1.50-2.30	<u>1,300,000</u>	<u>78,750</u>	<u>1,378,750</u>
		<u>2,495,000</u>	<u>247,215</u>	<u>2,742,215</u>

Bond Refunding

On December 1, 2011, the District issued \$2,495,000 of general obligation crossover refunding bonds with interest rates ranging between 0.60% to 2.3%. The District issued the bonds to refund \$2,550,000 of the outstanding December, 2001 general obligation bonds with interest rates of 4.05% to 4.80%. The District has invested proceeds and will use them to call and pay the balance of the 2001 issue on May 1, 2013.

The refunding reduced total debt service payments over the next ten years by \$314,366. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$258,251.

7. Pension and Retirement Benefits

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

Plan members are required to contribute 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 \$257,983, \$190,641 and \$184,051 respectively, equal to the required contributions for each year.

8. Other Postemployment Benefits (OPEB)

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

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	183,802
Interest on net OPEB obligation	5,115
Adjustment to annual required contribution	<u>(13,681)</u>
Annual OPEB cost	175,236
Contributions made	<u>45,946</u>
Increase in net OPEB obligation	129,290
Net OPEB obligation beginning of year	<u>204,614</u>
Net OPEB obligation end of year	<u><u>333,904</u></u>

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

For the year ended June 30, 2012, the District contributed \$45,946 to the medical plan. Plan members eligible for benefits contributed \$3,200 or 7% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u> %	<u>Net OPEB Obligation</u> \$
2010	144,682	37%	90,564
2011	161,522	29%	204,614
2012	175,236	26%	333,904

Funded 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 \$1,477,190, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,477,190. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,180,000, and the ratio of the UAAL to covered payroll was 67.8%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

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

The UAAL is being amortized over 30 years.

9. Risk Management

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

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$190,764 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.

11. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
	\$
Statewide voluntary 4yr old preschool program	221,125
Nonpublic textbook services	1,634
Core curriculum	<u>27,846</u>
	<u>250,605</u>

12. Lease Commitment

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

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

\$13,608 of lease payments were made during fiscal year 2012.

13. District Reorganization

The Maple Valley Community School District and the Anthon-Oto Community School District merged on July 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2012

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	4,577,958	82,896	4,660,854	4,638,736	4,638,736	22,118
State sources	2,763,225	2,525	2,765,750	3,082,250	3,082,250	(316,500)
Federal sources	305,181	189,323	494,504	285,000	285,000	209,504
Total revenues	<u>7,646,364</u>	<u>274,744</u>	<u>7,921,108</u>	<u>8,005,986</u>	<u>8,005,986</u>	<u>(84,878)</u>
Expenditures/Expenses:						
Instruction	4,269,013	-	4,269,013	5,345,691	5,345,691	1,076,678
Support services	1,764,125	-	1,764,125	2,550,000	2,550,000	785,875
Non-instructional programs	5,000	279,552	284,552	317,541	317,541	32,989
Other expenditures	1,356,664	-	1,356,664	2,449,895	2,449,895	1,093,231
Total expenditures/expenses	<u>7,394,802</u>	<u>279,552</u>	<u>7,674,354</u>	<u>10,663,127</u>	<u>10,663,127</u>	<u>2,988,773</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	251,562	(4,808)	246,754	(2,657,141)	(2,657,141)	2,903,895
Other financing sources (uses) net	<u>2,603,400</u>	<u>-</u>	<u>2,603,400</u>	<u>-</u>	<u>-</u>	<u>2,603,400</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	2,854,962	(4,808)	2,850,154	(2,657,141)	(2,657,141)	5,507,295
Balance beginning of year	<u>3,463,499</u>	<u>34,169</u>	<u>3,497,668</u>	<u>2,657,141</u>	<u>2,657,141</u>	<u>840,527</u>
Balance end of year	<u><u>6,318,461</u></u>	<u><u>29,361</u></u>	<u><u>6,347,822</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>6,347,822</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2012

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

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

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

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	1,181,784	1,181,784	0.0%	1,740,000	67.9%
2011	July 1, 2009	-	1,494,502	1,494,502	0.0%	1,270,000	117.7%
2012	July 1, 2009	-	1,477,190	1,477,190	0.0%	2,180,000	67.8%

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

SUPPLEMENTARY INFORMATION

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

Assets	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	
	\$	\$	\$
Cash and pooled investments	124,426	89,665	214,091
Receivables:			
Property tax:			
Delinquent	1,649	-	1,649
Total assets	<u>126,075</u>	<u>89,665</u>	<u>215,740</u>
Liabilities & Fund Balances			
Liabilities:			
Accounts payable	1,484	-	1,484
Interfund payables	12,087	-	12,087
Total liabilities	<u>13,571</u>	<u>-</u>	<u>13,571</u>
Fund balances:			
Restricted for:			
Management levy	112,504	-	112,504
Student activities	-	89,665	89,665
Total fund balances	<u>112,504</u>	<u>89,665</u>	<u>202,169</u>
Total liabilities and fund balances	<u>126,075</u>	<u>89,665</u>	<u>215,740</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	Special Revenue Funds		Total
	Management Levy	Student Activity	
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	120,014	-	120,014
Other	33	263,823	263,856
Total revenues	<u>120,047</u>	<u>263,823</u>	<u>383,870</u>
Expenditures:			
Current:			
Instruction:			
Regular	68,563	-	68,563
Other	-	225,142	225,142
Support services:			
Administration	10,693	-	10,693
Operation and maintenance of plant	24,839	-	24,839
Transportation	10,353	-	10,353
Total expenditures	<u>114,448</u>	<u>225,142</u>	<u>339,590</u>
Net change in fund balances	5,599	38,681	44,280
Fund balances beginning of year	<u>106,905</u>	<u>50,984</u>	<u>157,889</u>
Fund balances end of year	<u><u>112,504</u></u>	<u><u>89,665</u></u>	<u><u>202,169</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets	\$	\$	\$
Cash and pooled investments	669,092	324,106	993,198
Receivables:			
Property tax:			
Delinquent	-	770	770
Interfund receivable	-	231,613	231,613
Due from other governments	97,420	-	97,420
Total assets	<u>766,512</u>	<u>556,489</u>	<u>1,323,001</u>
Liabilities & Fund Balances			
Liabilities:			
Internal balances	37,222	(37,222)	-
Interfund payables	2,221	-	2,221
Total liabilities	<u>39,443</u>	<u>(37,222)</u>	<u>2,221</u>
Fund balances:			
Restricted for:			
School infrastructure	727,069	-	727,069
Physical plant and equipment	-	593,711	593,711
Total fund balances	<u>727,069</u>	<u>593,711</u>	<u>1,320,780</u>
Total liabilities and fund balances	<u>766,512</u>	<u>556,489</u>	<u>1,323,001</u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax \$	Physical Plant and Equipment Levy \$	Total \$
Revenues:			
Local sources:			
Local tax	375,984	278,150	654,134
Other	193	155	348
Federal sources	-	37,222	37,222
Total revenues	<u>376,177</u>	<u>315,527</u>	<u>691,704</u>
Expenditures:			
Other expenditures:			
Facilities acquisition	<u>317,632</u>	<u>420,314</u>	<u>737,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>58,545</u>	<u>(104,787)</u>	<u>(46,242)</u>
Other financing sources (uses):			
Compensation for loss of fixed assets	-	106,095	106,095
Operating transfers out	-	(180,000)	(180,000)
Total other financing sources (uses)	<u>-</u>	<u>(73,905)</u>	<u>(73,905)</u>
Net change in fund balance	58,545	(178,692)	(120,147)
Fund balances beginning of year	<u>668,524</u>	<u>772,403</u>	<u>1,440,927</u>
Fund balance end of year	<u><u>727,069</u></u>	<u><u>593,711</u></u>	<u><u>1,320,780</u></u>

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Yearbook	9,960	8,187	7,688	-	10,459
Spanish trip	4,317	1,196	-	-	5,513
FCCLA-home ec. club	420	813	561	-	672
Drama	3,508	1,945	1,703	-	3,750
Vocal trip	1,465	-	6,282	4,817	-
Vocal music	2,151	38,152	18,725	(4,817)	16,761
Instrumental music trip	99	-	437	338	-
Instrumental music	1,185	3,146	1,467	(338)	2,526
General athletics	-	11,373	2,533	(9)	8,831
Boys/girls basketball	-	10,885	5,055	(5,830)	-
Boys/girls track	-	4,090	3,083	(1,007)	-
Boys/girls golf	-	60	2,313	2,253	-
Boys football	-	7,852	9,649	1,797	-
Boys baseball	-	3,438	3,373	(65)	-
Boys wrestling	-	2,335	3,967	1,632	-
Volleyball	-	3,287	4,158	871	-
Girls softball	-	2,265	4,898	2,633	-
Cross country	-	339	1,102	763	-
General athletics-uniforms	3,385	-	5,493	2,108	-
State tournament account	-	1,096	3,790	3,694	1,000
Special boys basketball	1,086	1,121	1,489	-	718
Special girls basketball	7	616	-	-	623
Special baseball	-	4,468	1,877	(1,159)	1,432
Special softball	-	3,262	3,183	-	79
Special football	2,482	7,106	7,022	-	2,566
Special volleyball	3,102	2,995	3,120	-	2,977
Special wrestling	-	11,057	9,809	-	1,248
Special track	1,344	4,531	5,355	-	520
Special girls golf	-	150	3	11	158
Special boys golf	472	-	191	-	281
Special cross country	1,765	-	335	-	1,430
Cheerleaders	494	297	186	-	605
Ram wear	934	7,906	7,738	-	1,102
Dance team	2,717	4,766	1,472	-	6,011
FFA	5,324	42,211	39,423	-	8,112
FFA thrift account	721	1,541	1,797	-	465
Business Professionals of America	201	4,122	4,236	-	87
NHS Gold	-	92	-	-	92
Destination imagination	1,983	4,592	7,284	709	-
Student council	195	966	834	-	327
Concessions	-	47,960	30,247	(8,718)	8,995

See accompanying independent auditor's report.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Student equipment	381	-	-	-	381
Interest	-	82	-	(82)	-
HS special activities	504	-	-	-	504
Elementary special activities	782	-	-	-	782
Class of 2015	-	350	411	61	-
Class of 2013	-	10,904	10,246	-	658
Class of 2012	-	2,269	2,607	338	-
	<u>50,984</u>	<u>263,823</u>	<u>225,142</u>	<u>-</u>	<u>89,665</u>
Totals	50,984	263,823	225,142	-	89,665

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

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

For the Last Nine Years

	Modified Accrual Basis								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:									
Local sources:									
Local tax	3,092,414	3,022,717	2,833,531	2,691,473	2,538,692	2,551,555	2,426,202	2,265,629	2,223,342
Tuition	861,158	719,935	683,204	677,846	705,255	741,315	971,678	560,831	567,344
Other	624,386	558,202	568,886	608,112	725,867	595,751	767,834	572,776	391,750
State sources	2,763,225	2,634,662	2,425,742	2,882,890	2,793,662	2,601,977	2,483,698	2,461,944	2,368,324
Federal sources	305,181	644,537	384,627	401,588	218,411	267,133	334,271	538,831	782,542
Total revenues	<u>7,646,364</u>	<u>7,580,053</u>	<u>6,895,990</u>	<u>7,261,909</u>	<u>6,981,887</u>	<u>6,757,731</u>	<u>6,983,683</u>	<u>6,400,011</u>	<u>6,333,302</u>
Expenditures:									
Instruction:									
Regular	2,412,213	2,389,924	2,344,036	2,512,765	2,293,093	2,371,078	2,983,855	2,210,290	2,104,666
Special	836,419	965,499	822,905	768,910	868,413	760,135	764,560	915,800	852,418
Other	1,020,381	996,714	1,028,309	858,647	849,788	748,889	767,720	725,693	557,423
Support services:									
Student	120,205	103,056	108,056	120,639	113,486	117,200	111,632	108,789	85,470
Instructional staff	193,452	186,925	158,893	167,362	137,068	139,893	167,174	204,036	172,296
Administration	625,512	592,427	600,341	607,719	616,728	582,080	533,521	517,778	476,317
Operation and maintenance	506,606	418,754	413,464	410,857	419,454	382,852	423,218	461,787	332,721
Transportation	318,350	353,751	388,889	428,032	406,710	322,818	365,630	361,016	346,075
Non-instructional programs	5,000	8,810	4,650	9,197	47,207	4,650	-	6,807	6,663
Other expenditures:									
Facilities acquisition	737,946	644,911	271,804	184,442	198,486	194,144	501,263	1,304,241	5,000,865
Long-term debt:									
Principal	235,000	230,000	375,000	395,000	385,000	370,000	325,000	165,000	160,000
Interest and other charges	192,954	141,665	153,321	167,772	182,093	195,084	208,869	202,117	191,965
AEA flowthrough	190,764	214,097	213,270	195,971	193,460	184,381	172,244	171,799	170,488
Total expenditures	<u>7,394,802</u>	<u>7,246,533</u>	<u>6,882,938</u>	<u>6,827,313</u>	<u>6,710,986</u>	<u>6,373,204</u>	<u>7,324,686</u>	<u>7,355,153</u>	<u>10,457,367</u>

See accompanying independent auditor's report.

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 26, 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 Maple Valley Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Maple Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maple Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Maple Valley Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses as items 12-I-A, 12-I-B and 12-I-C to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

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

March 26, 2013

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

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

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

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

Conclusion: Response accepted.

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

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

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

Conclusion: Response accepted.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

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

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

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

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

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

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

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u> \$
Tammy Flanigan, Board Member	Coaching	2,403

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

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

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

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

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

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

12-II-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.

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

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

MAPLE VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

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

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	\$	\$
		668,524
Revenues/transfers in:		
Statewide sales, services and use tax revenue	375,984	
Interest	<u>193</u>	376,177
Expenditures/transfers out:		
Equipment	85,916	
School infrastructure construction	<u>231,716</u>	<u>317,632</u>
Ending balance		<u><u>727,069</u></u>

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.