

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL
DISTRICT

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

June 30, 2013

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Independent Auditor's Report

To the Board of Education of
Maple Valley-Anthon Oto Community School District:

Report on the Financial Statements

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-Anthon Oto Community School District, Mapleton, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents 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-Anthon Oto Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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

Other Matters

Required Supplementary Information

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 12 and 39 through 41 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 financial reporting for placing the basic financial statements in an appropriate operation, 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maple Valley-Anthon Oto Community School District's basic financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2014 on our consideration of Maple Valley-Anthon Oto Community School District's internal control over financial reporting and on 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 in considering Maple Valley-Anthon Oto Community School District's internal control over financial reporting and compliance.

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

June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Maple Valley-Anthon Oto 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, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

On July 1, 2012: the Maple Valley Community School District and the Anthon-Oto Community School Districts merged into one District which is now the Maple Valley-Anthon Oto Community School District. Because of the merger current year financial data is not comparable to prior year data. However, in the future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

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 Position and a Statement of Activities. These provide information about the activities of Maple Valley-Anthon Oto 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-Anthon Oto 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-Anthon Oto 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.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District..

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

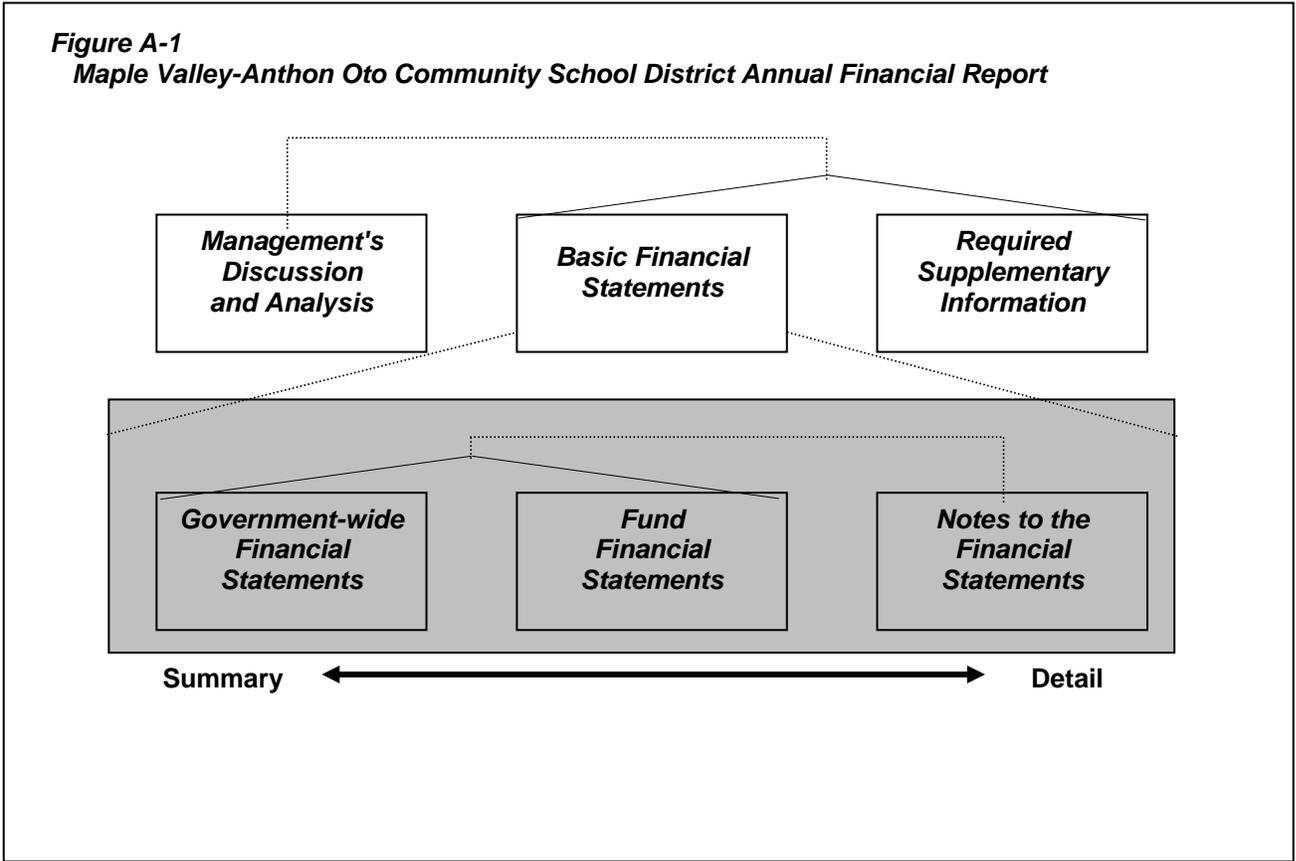


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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: 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 position • 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 position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 Position 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 position and how it has changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is 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 position, a statement of revenues, expenses and changes in fund net position 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 position at June 30, 2013.

Figure A-3

	Condensed Statement of Net Position						Percentage Change
	Governmental Activities		Business-type Activities		Total School District		
	Combined 2012	2013	Combined 2012	2013	Combined 2012	2013	
	\$	\$	\$	\$	\$	\$	
Current and other assets	9,705,717	8,585,080	48,731	53,422	9,754,448	8,638,502	-11%
Capital assets	9,637,777	9,283,510	57,495	45,165	9,695,272	9,328,675	-4%
Total assets	19,343,494	17,868,590	106,226	98,587	19,449,720	17,967,177	-8%
Long-term liabilities	6,360,607	3,464,820	8,786	8,870	6,369,393	3,473,690	-45%
Other liabilities	1,825,917	3,980,098	9,531	6,569	1,835,448	3,986,667	117%
Total liabilities	8,186,524	7,444,918	18,317	15,439	8,204,841	7,460,357	-9%
Net Position:							
Net investment in							
Capital assets	6,282,777	6,288,510	57,495	45,165	6,340,272	6,333,675	<-1%
Restricted	2,896,986	2,925,317	-	-	2,896,986	2,925,317	1%
Unrestricted	1,977,207	1,209,845	30,414	37,983	2,007,621	1,247,828	-38%
TOTAL NET POSITION	11,156,970	10,423,672	87,909	83,148	11,244,879	10,506,820	-7%

The District's combined net position decreased by 7%, or \$738,059 from the prior year.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$28,331 or 1% from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$759,793, or 38%.

Figure A-4 shows the change in net position for the year ended June 30, 2013.

Figure A-4

Changes in Net Position

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total School District</u>
	<u>2013</u>	<u>2013</u>	<u>2013</u>
	\$	\$	\$
Revenues			
Program Revenues:			
Charges for services	897,635	139,822	1,037,457
Operating grants & contributions	1,176,793	281,521	1,458,314
Capital Grants, contributions	-	-	-
General Revenues:			
Property taxes	2,841,351	-	2,841,351
Statewide sales serv. & use tax	590,842	-	590,842
Unrestricted state grants	3,973,387	-	3,973,387
Unrestricted investment earnings	499	16	515
Other revenue	140,909	-	140,909
Total Revenues	<u>9,621,416</u>	<u>421,359</u>	<u>10,042,775</u>
Expenses:			
Instruction	5,880,806	-	5,880,806
Support services	3,436,236	-	3,436,236
Non-instructional programs	18,685	426,120	444,805
Other expenditures	1,018,987	-	1,018,987
Total expenses	<u>10,354,714</u>	<u>426,120</u>	<u>10,780,834</u>
CHANGE IN NET ASSETS	(733,298)	(4,761)	(738,056)
Net assets beginning of year	<u>11,156,970</u>	<u>87,909</u>	<u>11,244,879</u>
Net assets end of year	<u>10,423,672</u>	<u>83,148</u>	<u>10,506,820</u>

Property tax and unrestricted state grants account for 68% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$9,621,416 and expenses were \$10,354,714

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.

	Total and Net Cost of Governmental Activities	
	Total Cost of Services 2013	Net Cost of Services 2013
	\$	\$
Instruction	5,880,806	4,113,633
Support Services	3,436,236	3,414,689
Non-instructional Programs	18,685	18,685
Other Expenses	1,018,987	733,279
TOTAL	<u>10,354,714</u>	<u>8,280,286</u>

Figure A-5

- The cost financed by users of the District's programs was \$897,635.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,176,793.
- The net cost of governmental activities was financed with \$3,432,193 in property and other taxes and \$3,973,387 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$421,359 and expenses were \$426,120. 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 raise lunch prices accordingly.

INDIVIDUAL FUND ANALYSIS

As previously noted, Maple Valley-Anthon Oto 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 \$4,584,526.

Governmental Fund Highlights

- The General Fund balance decreased from \$2,588,176 (combined) to \$2,029,965, a 22% decrease.
- 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 \$722,989 (combined) at June 30, 2012 to \$637,901 at June 30, 2013.
 - The Statewide Sales Tax account balance increased from \$1,175,232 (combined) at June 30, 2012 to \$1,444,197 at June 30, 2013.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$87,909 (combined) at June 30, 2012 to \$83,148 at June 30, 2013.

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 \$6,397,175 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, 2013, the District had invested \$9,328,675, 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 4% 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 \$616,864.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2012-2013
	2012	2013	2012	2013	2012	2013	
	\$	\$	\$	\$	\$	\$	
Land	20,164	20,164	-	-	20,164	20,164	0%
Buildings	8,682,796	7,789,687	-	-	8,682,796	7,789,687	-10%
Improvements	27,996	25,746	-	-	27,996	25,746	-8%
Equipment & Furniture	906,821	1,447,913	57,495	45,165	964,316	1,493,078	55%
TOTAL	9,637,777	9,283,510	57,495	45,165	9,695,272	9,328,675	-4%

Long-Term Debt

At June 30, 2013, the District had \$3,473,690 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of 46%. (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
	2012	2013	2012-2013
	\$	\$	
Governmental Activities:			
General Obligation Bonds	5,280,000	2,495,000	-53%
Revenue Bonds	570,000	500,000	-12%
Termination Benefits	117,806	71,283	-39%
Net OPEB Liability	392,801	398,537	1%
	6,360,607	3,464,820	-46%
Business Type Activities:			
Net OPEB Liability	8,786	8,870	1%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- 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. Our districts consolidated on 7/1/12, 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.
- 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.
- On July 1, 2012: the Maple Valley Community School District and the Anthon-Oto Community School Districts merged into one District which is now the Maple Valley-Anthon Oto Community School District. Because of the merger current year financial data is not comparable to prior year data. However, in the future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

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-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash, cash equivalents and pooled investments	4,872,408	32,570	4,904,978
Receivables:			
Property tax:			
Delinquent	43,215	-	43,215
Succeeding year	3,185,027	-	3,185,027
Accounts	-	2,236	2,236
Due from other governments	452,514	7,336	459,850
Inventories	-	11,280	11,280
Bond issue costs	31,916	-	31,916
Capital assets, net of accumulated depreciation	9,283,510	45,165	9,328,675
	<u>17,868,590</u>	<u>98,587</u>	<u>17,967,177</u>
Liabilities			
Salaries and benefits payable	770,914	-	770,914
Due to other governments	12,697	-	12,697
Accrued interest payable	11,460	-	11,460
Deferred revenue:			
Succeeding year property tax	3,185,027	-	3,185,027
Other	-	6,569	6,569
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	295,000	-	295,000
Revenue bonds payable	75,000	-	75,000
Termination benefits	33,005	-	33,005
Portion due after one year:			
General obligation bonds payable	2,200,000	-	2,200,000
Revenue bonds payable	425,000	-	425,000
Termination benefits	38,278	-	38,278
Net OPEB liability	398,537	8,870	407,407
	<u>7,444,918</u>	<u>15,439</u>	<u>7,460,357</u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net Position			
Net investment in capital assets	6,288,510	45,165	6,333,675
Restricted for:			
Categorical funding	331,151	-	331,151
Management levy	432,137	-	432,137
Physical plant and equipment levy	637,901	-	637,901
Student activities	79,931	-	79,931
School infrastructure	1,068,132	-	1,068,132
Debt service	376,065	-	376,065
Unrestricted	1,209,845	37,983	1,247,828
	<u>10,423,672</u>	<u>83,148</u>	<u>10,506,820</u>
Total net position	<u>10,423,672</u>	<u>83,148</u>	<u>10,506,820</u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	3,660,021	495,101	626,084	-
Special	1,030,598	71,223	39,085	-
Other	1,190,187	322,652	213,028	-
	<u>5,880,806</u>	<u>888,976</u>	<u>878,197</u>	<u>-</u>
Support services:				
Student	270,716	-	-	-
Instructional staff	234,329	-	-	-
Administration	1,029,339	4,864	-	-
Operation and maintenance of plant	1,052,419	2,700	-	-
Transportation	849,433	1,095	12,888	-
	<u>3,436,236</u>	<u>8,659</u>	<u>12,888</u>	<u>-</u>
Non-instructional programs	<u>18,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	197,510	-	-	-
Long-term debt interest	161,108	-	-	-
AEA flowthrough	285,708	-	285,708	-
Depreciation (unallocated)*	374,661	-	-	-
	<u>1,018,987</u>	<u>-</u>	<u>285,708</u>	<u>-</u>
Total governmental activities	10,354,714	897,635	1,176,793	-
Business type activities:				
Non-instructional programs:				
Food service operations	426,120	139,822	281,521	-
Total	<u>10,780,834</u>	<u>1,037,457</u>	<u>1,458,314</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net position

Net position beginning of year

Net position 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 Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(2,538,836)	-	(2,538,836)
(920,290)	-	(920,290)
<u>(654,507)</u>	-	<u>(654,507)</u>
<u>(4,113,633)</u>	-	<u>(4,113,633)</u>
(270,716)	-	(270,716)
(234,329)	-	(234,329)
(1,024,475)	-	(1,024,475)
(1,049,719)	-	(1,049,719)
<u>(835,450)</u>	-	<u>(835,450)</u>
<u>(3,414,689)</u>	-	<u>(3,414,689)</u>
(18,685)	-	(18,685)
(197,510)	-	(197,510)
(161,108)	-	(161,108)
-	-	-
<u>(374,661)</u>	-	<u>(374,661)</u>
<u>(733,279)</u>	-	<u>(733,279)</u>
(8,280,286)	-	(8,280,286)
-	(4,777)	(4,777)
<u>(8,280,286)</u>	<u>(4,777)</u>	<u>(8,285,063)</u>
2,552,481	-	2,552,481
195,060	-	195,060
93,810	-	93,810
590,842	-	590,842
3,973,387	-	3,973,387
499	16	515
<u>140,909</u>	-	<u>140,909</u>
<u>7,546,988</u>	<u>16</u>	<u>7,547,004</u>
(733,298)	(4,761)	(738,059)
<u>11,156,970</u>	<u>87,909</u>	<u>11,244,879</u>
<u>10,423,672</u>	<u>83,148</u>	<u>10,506,820</u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2013

Assets	<u>General</u> \$	<u>Capital Projects</u> \$	<u>Nonmajor Governmental</u> \$	<u>Total</u> \$
Cash, cash equivalents and pooled investments	2,232,925	1,885,384	754,099	4,872,408
Receivables:				
Property tax:				
Delinquent	38,442	1,355	3,418	43,215
Succeeding year	2,669,218	98,964	416,845	3,185,027
Interfund receivable	217,873	76,192	-	294,065
Due from other governments	324,336	128,178	-	452,514
	<u>5,482,794</u>	<u>2,190,073</u>	<u>1,174,362</u>	<u>8,847,229</u>
Total assets				
Liabilities and Fund Balances				
Liabilities:				
Salaries and benefits payable	770,914	-	-	770,914
Due to other governments	12,697	-	-	12,697
Interfund payable	-	9,011	285,054	294,065
Deferred revenue:				
Succeeding year property tax	2,669,218	98,964	416,845	3,185,027
Total liabilities	<u>3,452,829</u>	<u>107,975</u>	<u>701,899</u>	<u>4,262,703</u>
Fund balances:				
Restricted for:				
Categorical funding	331,151	-	-	331,151
Debt service	-	376,065	-	376,065
Management levy	-	-	503,420	503,420
Student activities	-	-	79,931	79,931
School infrastructure	-	1,068,132	-	1,068,132
Physical plant and equipment	-	637,901	-	637,901
Unassigned	1,698,814	-	(110,888)	1,587,926
Total fund balances	<u>2,029,965</u>	<u>2,082,098</u>	<u>472,463</u>	<u>4,584,526</u>
	<u>5,482,794</u>	<u>2,190,073</u>	<u>1,174,362</u>	<u>8,847,229</u>
Total liabilities and fund balances				

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

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

June 30, 2013

	\$
Total fund balances of governmental funds (Exhibit C)	4,584,526
<i>Amounts reported for governmental activities in the Statement of Net Position 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.	9,283,510
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.	31,916
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.	(11,460)
Long-term liabilities, including bonds payable, termination benefits, and other postemployment benefits, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(3,464,820)</u>
Net position of governmental activities (Exhibit A)	<u><u>10,423,672</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	General	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	2,687,325	684,652	247,080	3,619,057
Tuition	349,383	-	-	349,383
Other	226,404	42	322,305	548,751
State sources	4,864,665	-	-	4,864,665
Federal sources	285,515	-	-	285,515
Total revenues	<u>8,413,292</u>	<u>684,694</u>	<u>569,385</u>	<u>9,667,371</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,590,662	-	89,172	3,679,834
Special	1,030,092	-	-	1,030,092
Other	864,093	-	325,757	1,189,850
	<u>5,484,847</u>	<u>-</u>	<u>414,929</u>	<u>5,899,776</u>
Support services:				
Student	200,737	-	-	200,737
Instructional staff	234,245	-	-	234,245
Administration	1,015,131	-	3,307	1,018,438
Operation and maintenance of plant	823,246	-	191,539	1,014,785
Transportation	649,199	86,275	18,465	753,939
	<u>2,922,558</u>	<u>86,275</u>	<u>213,311</u>	<u>3,222,144</u>
Non-instructional programs	<u>18,685</u>	<u>-</u>	<u>-</u>	<u>18,685</u>
Other expenditures:				
Facilities acquisition	-	449,824	-	449,824
Long-term debt:				
Principal	-	-	2,855,000	2,855,000
Interest and fiscal charges	-	-	182,270	182,270
AEA flowthrough	285,708	-	-	285,708
	<u>285,708</u>	<u>449,824</u>	<u>3,037,270</u>	<u>3,772,802</u>
Total expenditures	<u>8,711,798</u>	<u>536,099</u>	<u>3,665,510</u>	<u>12,913,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(298,506)</u>	<u>148,595</u>	<u>(3,096,125)</u>	<u>(3,246,036)</u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Nonmajor</u> <u>Governmental</u>	<u>Total</u>
	\$	\$	\$	\$
Other financing sources (uses):				
Compensation for loss of fixed assets	10,350	128,342	-	138,692
Sale of equipment	2,217	-	-	2,217
Operating transfers in	-	-	365,332	365,332
Operating transfers out	<u>(272,272)</u>	<u>(93,060)</u>	-	<u>(365,332)</u>
Total other financing sources (uses)	<u>(259,705)</u>	<u>35,282</u>	<u>365,332</u>	<u>140,909</u>
Change in fund balances	(558,211)	183,877	(2,730,793)	(3,105,127)
Fund balances beginning of year	<u>2,588,176</u>	<u>1,898,221</u>	<u>3,203,256</u>	<u>7,689,653</u>
Fund balances end of year	<u><u>2,029,965</u></u>	<u><u>2,082,098</u></u>	<u><u>472,463</u></u>	<u><u>4,584,526</u></u>

MAPLE VALLEY-ANTHON OTO 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, 2013

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		(3,105,127)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures, loss on disposal of equipment and depreciation expense in the current year are as follows:		
Expenditures for capital assets	220,133	
Loss on disposal of equipment	32,181	
Depreciation expense	<u>(606,581)</u>	(354,267)
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.		(186,864)
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 Position.		2,855,000
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.		(3,989)
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.		21,162
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	46,523	
Other postemployment benefits	<u>(5,736)</u>	<u>40,787</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>(733,298)</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Fund

June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Current assets:	
Cash and cash equivalents	32,570
Accounts receivable	2,236
Due from other governments	7,336
Inventories	11,280
Total current assets	<u>53,422</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>45,165</u>
Total assets	<u>98,587</u>
Liabilities	
Current liabilities:	
Deferred revenue	6,569
Noncurrent liabilities:	
Net OPEB liability	<u>8,870</u>
Total liabilities	<u>15,439</u>
Net position	
Investment in capital assets	45,165
Unrestricted	<u>37,983</u>
Total net position	<u><u>83,148</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>139,822</u>
Operating expenses:	
Non-instructional programs:	
Salaries	121,746
Benefits	40,627
Purchased services	10,598
Supplies	240,819
Depreciation	10,283
Other	2,047
Total operating expenses	<u>426,120</u>
Operating income (loss)	<u>(286,298)</u>
Non-operating revenues:	
State sources	11,117
Federal sources	270,404
Interest income	16
Total non-operating revenues	<u>281,537</u>
Net income (loss)	(4,761)
Net position beginning of year	<u>87,909</u>
Net position end of year	<u><u>83,148</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	140,004
Cash payments to employees for services	(162,289)
Cash payments to suppliers for goods or services	(227,869)
Net cash used by operating activities	<u>(250,154)</u>
Cash flows from non-capital financing activities:	
Loan from (repaid to) General Fund	(1,446)
State grants received	3,781
Federal grants received	248,877
Net cash provided by non-capital financing activities	<u>251,212</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	1,074
Cash and cash equivalents at beginning of year	<u>31,496</u>
Cash and cash equivalents at end of year	<u><u>32,570</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(286,298)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	21,527
Depreciation	10,283
Decrease (increase) in inventories	5,021
Decrease (increase) in accounts receivable	144
(Decrease) increase in accounts payable	(3,000)
{Decrease} increase in other expenditures	2,047
(Decrease) increase in deferred revenue	38
(Decrease) increase in other postemployment benefits	84
Net cash used by operating activities	<u><u>(250,154)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$21,527 of federal commodities.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2013

1. Summary of Significant Accounting Policies

Maple Valley-Anthon Oto 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, Anthon, and Oto, 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-Anthon Oto 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-Anthon Oto 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 Position (previously referred to as 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position 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.

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, Cash Equivalents and Pooled Investments - 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

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 Position. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Position consists of 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 Position.

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 the preceding classifications.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures exceed the amounts budgeted in the other expenditures function.

2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2013 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, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio, which are valued at an amortized cost of \$1,778,967 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, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
		\$
PPEL Fund	Nonmajor Debt Service Fund	76,192
General Fund	Nonmajor Debt Service Fund	208,862
General Fund	Capital Projects Fund	9,011

The interfund balances are due to deposits in the wrong fund which corrected and/or loans to other Funds which are to be repaid by Oct 1, 2013

4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer To	Transfer From	Amount
		\$
Nonmajor Debt Service Fund	Capital Projects Fund	93,060
Nonmajor Management Fund	General Fund	272,272

These transfers reflect funds used for debt service payments and other reimbursements.

5. Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	20,164	-	-	20,164
Capital assets being depreciated:				
Buildings	13,271,063	-	538,138	12,732,925
Improvements other than buildings	450,258	-	-	450,258
Furniture and equipment	2,826,966	220,133	(536,034)	3,583,133
Total capital assets being deprec.	<u>16,548,287</u>	<u>220,133</u>	<u>2,104</u>	<u>16,766,316</u>
Less accumulated depreciation for:				
Buildings	4,588,267	368,422	13,451	4,943,238
Improvements other than buildings	422,262	2,250	-	424,512
Furniture and equipment	1,920,145	235,909	20,834	2,135,220
Total accumulated depreciation	<u>6,930,674</u>	<u>606,581</u>	<u>34,285</u>	<u>7,502,970</u>
Total capital assets being depreciated, net	<u>9,617,613</u>	<u>(386,448)</u>	<u>(32,181)</u>	<u>9,263,346</u>
Governmental activities capital assets, net	<u>9,637,777</u>	<u>(386,448)</u>	<u>(32,181)</u>	<u>9,283,510</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	219,642	-	-	219,642
Less accumulated depreciation	<u>162,147</u>	<u>10,283</u>	<u>(2,047)</u>	<u>174,477</u>
Business type activities capital assets, net	<u>57,495</u>	<u>(10,283)</u>	<u>2,047</u>	<u>45,165</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	23,083
Support services:	
Student support	69,810
Administration	10,226
Operation and maintenance of plant	37,380
Transportation	<u>95,410</u>
	235,909
Unallocated depreciation	<u>370,672</u>
Total depreciation expense – governmental activities	<u>606,581</u>
Business type activities:	
Food services	<u>10,283</u>

6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	5,280,000	-	2,785,000	2,495,000	295,000
Revenue bonds	570,000	-	70,000	500,000	75,000
Termination benefits	117,806	-	46,523	71,283	33,005
Net OPEB liability	<u>392,801</u>	<u>5,736</u>	<u>-</u>	<u>398,537</u>	<u>-</u>
Total	<u>6,360,607</u>	<u>5,736</u>	<u>2,901,523</u>	<u>3,464,820</u>	<u>403,005</u>
Business type activities:					
Net OPEB liability	<u>8,786</u>	<u>84</u>	<u>-</u>	<u>8,870</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, 2013, the District has obligations to 5 participants with a total liability of \$71,283. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$46,523.

General Obligation Bonds Payable

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Crossover Refunding Bond Issue of December 2011			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
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	1.50	300,000	25,125	325,125
2019-2022	1.80-2.30	1,000,000	53,625	1,053,625
		<u>2,495,000</u>	<u>210,870</u>	<u>2,705,870</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 paid off the balance of the 2001 issue on May 1, 2013.

The refunding reduced total debt service payments over 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.

Revenue Bonds

Details of the District's June 30, 2013 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 2006			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2014	4.20	75,000	20,033	95,033
2015	4.25	80,000	16,758	96,758
2016	4.30	80,000	13,338	93,338
2017	4.35	85,000	9,769	94,769
2018	4.40	90,000	5,940	95,940
2019	4.40	90,000	1,980	91,980
		<u>500,000</u>	<u>67,818</u>	<u>567,818</u>

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued in July 2006. The bonds were issued for the purpose of financing a portion of the costs of a new HVAC system. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2019. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.. The total principal and interest remaining to be paid on the notes is \$567,818. For the current year, \$70,000 of principal and \$23,060 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$590,842

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

- The Bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- \$90,000 of the proceeds from the bonds issue has been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects Fund.
- Proceeds from the local option (statewide) sales, services and use tax shall be placed in a revenue account with a trustee. The trustee will make monthly transfers from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund at the end of a quarter may be used for any lawful purpose for which the local option (statewide) sales tax may be used or may be used to redeem the bonds in accordance with their terms. The sinking fund is part of the Capital Projects Fund.

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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$364,866, \$393,455 and \$307,239 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 69 active and 5 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, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	74,230
Interest on net OPEB obligation	8,348
Adjustment to annual required contribution	<u>(41,043)</u>
Annual OPEB cost	41,535
Contributions made	<u>(35,715)</u>
Increase in net OPEB obligation	5,820
Net OPEB obligation beginning of year	<u>401,587</u>
Net OPEB obligation end of year	<u>407,407</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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, 2013.

For the year ended June 30, 2013, the District contributed \$35,715 to the medical plan. Plan members eligible for benefits contributed \$6,897 or approximately 20% 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, 2013 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	169,204	35%	109,407
2011	186,681	27%	246,439
2012	202,312	23%	401,587
2013	41,535	86%	407,407

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$430,462, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$430,462. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,180,000, and the ratio of the UAAL to covered payroll was 13.5%. As of June 30, 2013, 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, 2012 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-Anthon Oto 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 \$285,708 for the year ended June 30, 2013 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, 2013 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
	\$
Statewide voluntary 4yr old preschool program	269,197
Old market factor	782
Nonpublic textbook services	2,174
Market factor	2,282
Core curriculum	<u>56,716</u>
	<u>331,151</u>

12. Lease Commitment

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

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

\$13,608 of lease payments were made during fiscal year 2013.

13. District Reorganization

The voters of the Maple Valley and Anthon Oto Community School Districts approved a merger effective July 1, 2012 to form the Maple Valley-Anthon Oto Community School District. The beginning net position balances and fund balances of the Maple Valley-Anthon Oto Community School District at July 1, 2012 are the combined June 30, 2012 net position balances and fund balances of the two districts.

REQUIRED SUPPLEMENTARY INFORMATION

MAPLE VALLEY-ANTHON OTO 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, 2013

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	4,517,191	139,838	4,657,029	11,465,172	11,465,172	(6,808,143)
State sources	4,864,665	11,117	4,875,782	4,100,733	4,100,733	775,049
Federal sources	285,515	270,404	555,919	920,000	920,000	(364,081)
Total revenues	<u>9,667,371</u>	<u>421,359</u>	<u>10,088,730</u>	<u>16,485,905</u>	<u>16,485,905</u>	<u>(6,397,175)</u>
Expenditures/Expenses:						
Instruction	5,899,776	-	5,899,776	19,316,510	19,316,510	13,416,734
Support services	3,222,144	-	3,222,144	5,670,000	5,670,000	2,447,856
Non-instructional programs	18,685	426,120	444,805	473,774	473,774	28,969
Other expenditures	3,772,802	-	3,772,802	2,024,762	2,024,762	(1,748,040)
Total expenditures/expenses	<u>12,913,407</u>	<u>426,120</u>	<u>13,339,527</u>	<u>27,485,046</u>	<u>27,485,046</u>	<u>14,145,519</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(3,246,036)	(4,761)	(3,250,797)	(10,999,141)	(10,999,141)	7,748,344
Other financing sources (uses) net	<u>140,909</u>	<u>-</u>	<u>140,909</u>	<u>1,000</u>	<u>1,000</u>	<u>139,909</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(3,105,127)	(4,761)	(3,109,888)	(10,998,141)	(10,998,141)	7,888,253
Balance beginning of year	<u>7,689,653</u>	<u>87,909</u>	<u>7,777,562</u>	<u>10,998,141</u>	<u>10,998,141</u>	<u>(3,220,579)</u>
Balance end of year	<u><u>4,584,526</u></u>	<u><u>83,148</u></u>	<u><u>4,667,674</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,667,674</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2013

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.

During the year ended June 30, 2013 expenditures exceeded the certified budget amount budgeted in the other expenditure function.

MAPLE VALLEY-ANTHON OTO 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) %
Combined Anthon-Oto and Maple Valley Districts							
2010	July 1, 2009	-	1,406,276	1,406,276	0.0%	2,960,000	47.5%
2011	July 1, 2009	-	1,722,560	1,494,502	0.0%	2,470,000	60.5%
2012	July 1, 2009	-	1,699,201	1,699,201	0.0%	3,400,000	50.0%
Maple Valley-Anthon Oto District							
2013	July 1, 2012	-	430,462	430,462	0.0%	3,180,000	13.5%

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-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2013

Assets	Special Revenue Funds			Total
	Management Levy	Student Activity	Debt Service	
	\$	\$	\$	
Cash, cash equivalents and pooled investments	502,685	79,931	171,483	754,099
Receivables:				
Property tax:				
Delinquent	735	-	2,683	3,418
Succeeding year	85,000	-	331,845	416,845
Total assets	588,420	79,931	506,011	1,174,362
Liabilities & Fund Balances				
Liabilities:				
Interfund payables	-	-	285,054	285,054
Deferred revenue:				
Succeeding year property tax	85,000	-	331,845	416,845
Total liabilities	85,000	-	616,899	701,899
Fund balances:				
Restricted for:				
Management levy	503,420	-	-	503,420
Student activities	-	79,931	-	79,931
Unassigned	-	-	(110,888)	(110,888)
Total fund balances	503,420	79,931	(110,888)	472,463
Total liabilities and fund balances	588,420	79,931	506,011	1,174,362

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	Special Revenue Funds			Total
	Management	Student	Debt	
	Levy	Activity	Service	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	52,020	-	195,060	247,080
Other	11,676	310,570	59	322,305
Total revenues	<u>63,696</u>	<u>310,570</u>	<u>195,119</u>	<u>569,385</u>
Expenditures:				
Current:				
Instruction:				
Regular	89,172	-	-	89,172
Other	-	325,757	-	325,757
Support services:				
Administration	3,307	-	-	3,307
Operation and maintenance of plant	191,539	-	-	191,539
Transportation	18,465	-	-	18,465
Other expenditures:				
Long-term debt:				
Principal	-	-	2,855,000	2,855,000
Interest and fiscal charges	-	-	182,270	182,270
Total expenditures	<u>302,483</u>	<u>325,757</u>	<u>3,037,270</u>	<u>3,665,510</u>
Excess (deficiency) of revenues over (under) expenditures	(238,787)	(15,187)	(2,842,151)	(3,096,125)
Other financing sources (uses):				
Operating transfers in	<u>272,272</u>	<u>-</u>	<u>93,060</u>	<u>365,332</u>
Change in fund balances	33,485	(15,187)	(2,749,091)	(2,730,793)
Fund balances beginning of year	<u>469,935</u>	<u>95,118</u>	<u>2,638,203</u>	<u>3,203,256</u>
Fund balances end of year	<u><u>503,420</u></u>	<u><u>79,931</u></u>	<u><u>(110,888)</u></u>	<u><u>472,463</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax \$	Physical Plant and Equipment Levy \$	Total \$
Assets			
Cash, cash equivalents and pooled investments	1,325,030	560,354	1,885,384
Receivables:			
Property tax:			
Delinquent	-	1,355	1,355
Succeeding year	-	98,964	98,964
Interfund receivable	-	76,192	76,192
Due from other governments	128,178	-	128,178
Total assets	1,453,208	736,865	2,190,073
Liabilities & Fund Balances			
Liabilities:			
Interfund payables	9,011	-	9,011
Deferred revenue:			
Succeeding year property tax	-	98,964	98,964
Total liabilities	9,011	98,964	107,975
Fund balances:			
Restricted for:			
Debt service	376,065	-	376,065
School infrastructure	1,068,132	-	1,068,132
Physical plant and equipment	-	637,901	637,901
Total fund balances	1,444,197	637,901	2,082,098
Total liabilities and fund balances	1,453,208	736,865	2,190,073

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	590,842	93,810	684,652
Other	38	4	42
Total revenues	<u>590,880</u>	<u>93,814</u>	<u>684,694</u>
Expenditures:			
Current:			
Support services:			
Transportation services	86,275	-	86,275
Other expenditures:			
Facilities acquisition	142,580	307,244	449,824
Total expenditures	<u>228,855</u>	<u>307,244</u>	<u>536,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>362,025</u>	<u>(213,430)</u>	<u>148,595</u>
Other financing sources (uses):			
Compensation for loss of fixed assets	-	128,342	128,342
Operating transfers out	<u>(93,060)</u>	<u>-</u>	<u>(93,060)</u>
Total other financing sources (uses)	<u>(93,060)</u>	<u>128,342</u>	<u>35,282</u>
Change in fund balance	268,965	(85,088)	183,877
Fund balances beginning of year	<u>1,175,232</u>	<u>722,989</u>	<u>1,898,221</u>
Fund balance end of year	<u><u>1,444,197</u></u>	<u><u>637,901</u></u>	<u><u>2,082,098</u></u>

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2013

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Yearbook	10,459	9,179	5,578	-	14,060
Spanish trip	5,513	25	-	-	5,538
FCCLA-home ec. club	672	770	1,642	200	-
Drama	3,750	897	804	201	4,044
Vocal trip	-	840	42,810	41,970	-
Vocal music	16,761	49,567	13,881	(41,870)	10,577
MS swing choir	416	-	175	415	656
Instrumental music trip	-	-	85	85	-
Instrumental music	3,449	3,229	2,419	(302)	3,957
MS instrumental music	-	1,693	2,880	1,187	-
General athletics	8,831	19,075	17,312	(8,267)	2,327
MS activities	603	21,561	25,884	4,323	603
Boys/girls basketball	-	7,844	5,529	(2,315)	-
Boys/girls track	-	1,403	3,893	2,490	-
Boys/girls golf	-	384	2,163	1,779	-
Boys football	-	7,759	5,943	(1,816)	-
Boys baseball	-	2,249	7,162	4,913	-
Boys wrestling	-	3,386	3,071	(315)	-
Volleyball	-	4,497	3,589	(908)	-
Girls softball	-	1,696	7,056	5,360	-
Cross country	-	401	882	481	-
State tournament account	1,000	1,649	1,874	-	775
Special boys basketball	718	-	436	1,000	1,282
Special girls basketball	623	-	-	201	824
Special baseball	1,432	5,060	6,647	600	445
Special softball	79	1,686	2,157	1,800	1,408
Special football	2,566	7,473	10,277	238	-
Special volleyball	2,977	4,426	4,419	100	3,084
Special wrestling	1,248	5,943	6,120	400	1,471
Special track	520	3,376	5,176	1,280	-
Special girls golf	158	1,652	2,835	1,025	-
Special boys golf	281	42	333	200	190
Special cross country	1,430	511	234	100	1,807
Cheerleaders	605	2,926	3,545	400	386
Ram wear	1,102	12,511	11,381	(100)	2,132
Dance team	6,011	3,788	4,317	99	5,581
FFA	8,112	51,110	45,437	(3,466)	10,319
FFA thrift account	465	-	4,067	3,602	-
Business Professionals of America	87	13,078	12,982	101	284

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2013

	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Sales and marketing	-	160	-	-	160
NHS Gold	92	-	434	400	58
Destination imagination	-	-	1,613	2,600	987
Student council	414	668	676	1	407
MS student council	-	213	259	87	41
Concessions	8,995	42,515	33,405	(18,060)	45
Student equipment	381	-	-	-	381
Interest	9	35	-	(35)	9
HS special activities	504	-	-	-	504
Elementary special activities	4,197	-	-	-	4,197
AO elementary activities	-	1,615	145	(1,470)	-
Class of 2015	-	561	40	-	521
Class of 2014	-	11,120	10,249	-	871
Class of 2013	658	1,997	3,831	1,176	-
Class of 2012	-	-	110	110	-
	<u>95,118</u>	<u>310,570</u>	<u>325,757</u>	<u>-</u>	<u>79,931</u>
Totals					

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures \$</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 13	49,675
National School Lunch Program (non-cash)	10.555	FY 13	21,526
National School Lunch Program	10.555	FY 13	199,203
			<u>270,404</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY 13	<u>175,540</u>
Career and Technical Education - Basic Grants to States	84.048	FY 13	<u>27,102</u>
Title IIA Improving Teacher Quality State Grants	84.367	FY 13	<u>39,485</u>
Grants for State Assessments and Related Activities	84.369	FY 13	<u>4,303</u>
Northwest Area Education Agency:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	FY 13	<u>39,085</u>
Total			<u><u>555,919</u></u>

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

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

To the Board of Education of
Maple Valley-Anthon Oto Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Maple Valley-Anthon Oto Community School District and of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maple Valley-Anthon Oto Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances 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-Anthon Oto Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Maple Valley-Anthon Oto Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses.

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 described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 13-II-A, 13-II-B and 13-II-C to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maple Valley-Anthon Oto 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 which are described in Part VI of the accompanying Schedule of Finding and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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-Anthon Oto Community School District's Responses to Findings

Maple Valley-Anthon Oto Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Maple Valley-Anthon Oto Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Maple Valley-Anthon Oto 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

June 30, 2014

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Independent Auditor's Report on Compliance
for Each Major Federal Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

To the Board of Education of
Maple Valley-Anthon Oto Community School District:

Report on Compliance for Each Major Federal Program

We have audited Maple Valley-Anthon Oto Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Maple Valley-Anthon Oto Community School District's major federal programs for the year ended June 30, 2013. Maple Valley-Anthon Oto Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Maple Valley-Anthon Oto Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Maple Valley-Anthon Oto Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Maple Valley-Anthon Oto Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Maple Valley-Anthon Oto Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Maple Valley-Anthon Oto Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to

above. In planning and performing our audit of compliance, we considered Maple Valley-Anthon Oto Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express and opinion on the effectiveness of Maple Valley-Anthon Oto Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 13-III-A to be a material weakness.

Maple Valley-Anthon Oto Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Maple Valley-Anthon Oto Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Maple Valley-Anthon Oto Community School District as of and for the year ended June 30, 2013, and have issued our report dated June 30, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB circular A-133 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 the audit of the 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 statement or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standard. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

June 30, 2014

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster:
 - CFDA Number 10.553 – School Breakfast Program \$ 35,557
 - CFDA Number 10.555 – National School Lunch Program \$ 44,604
 - CFDA Number 10.555 – Food Donation Program \$198,255
 - Title I Part A Cluster:
 - CFDA Number 84.010 -Title I Grants to Local Education Agencies \$175,540
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Maple Valley-Anthon Oto Community School District did not qualify as a low-risk auditee.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies:

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

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

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

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

Conclusion: Response accepted.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

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

13-II-C Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The board secretary, the other co-signer 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 Non-Compliance:

No matters were noted.

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

CFDA Number 10.553 – School Breakfast Program
CFDA Number 10.555 – National School Lunch Program
CFDA Number 10.555 – Food Donation Program
Federal Award Year: 2013
U.S. Department Agriculture
Passed thru the Iowa Department Education

CFDA Number 84.010 -Title I Grants to Local Education Agencies
U.S. Department Education
Federal Award Year: 2013
U.S. Department of Education
Passed thru the Iowa Department Education

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

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

13-IV-A Certified Budget: Expenditures for the year ended June 30, 2013, exceeded the certified budget amount budgeted in the other expenditure function.

Recommendation: The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures exceeded the budget.

District Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Tammy Flanigan, Board Member	Assistant Coach	\$2,505

Tammy Flanigan, Board Member	Loan officer at bank doing business with district	
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Recommendation: The district should consult with their attorney regarding this situation.

District Response: We will consult with our attorney when necessary.

Conclusion: Response accepted.

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

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

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

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

MAPLE VALLEY-ANTHON OTO COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

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

- 13-IV-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 13-IV-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.
- 13-IV-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 13-IV-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

	\$	\$
Beginning balance		1,175,232
Revenues/transfers in:		
Statewide sales, services and use tax revenue		590,842
Other		38
Expenditures/transfers out:		
Other	228,855	
Transfers to Debt Service	93,060	321,915
		<u>1,444,197</u>
Ending balance		<u>1,444,197</u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423e or 423F of the Code of Iowa.

- 13-IV-M Deficit Balances: The Debt Service Fund has a deficit balance at June 30, 2013.

Recommendation: The District should continue to investigate alternatives to eliminate the deficit in order to return this account to a sound financial condition.

District Response: We are working on ways to eliminate the deficit.

Conclusion: Response accepted.