

Mount Pleasant Community School District

Mount Pleasant, Iowa



**MT. PLEASANT
COMMUNITY
SCHOOLS**

**Comprehensive Annual
Financial Report**

**For the Fiscal Year
Ended June 30, 2005**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

Mount Pleasant, Iowa

For the fiscal year ended June 30, 2005

OFFICIAL ISSUING REPORT

W. Edward Chabal

Director of Finance

OFFICE ISSUING REPORT

Business Office

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



Mt. Pleasant Community School District

Central Office
400 East Madison Street
Mount Pleasant, Iowa 52641

Dr. John A. Roederer, Superintendent
David Christensen, Director of Instruction
W. Edward Chabal, Business Manager

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December 2, 2005

Ms. Lois Roth, President
and Members of the Board of Education
Mt. Pleasant Community School District
Mt. Pleasant, Iowa

We are pleased to submit to you the Comprehensive Annual Financial Report of the Mt. Pleasant Community School District for the year ending June 30, 2005. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups of the District in accordance with generally accepted accounting principles, (GAAP). It includes all funds and account groups of the District. The District is not included in any other reporting entity, nor are other entities included within this report. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

To facilitate the understanding of the District's financial affairs, the Comprehensive Annual Financial Report (CAFR) is presented in four sections:

Introductory Section – This section includes this transmittal letter, the Certificate of Excellence in Financial Reporting Reporting for the year ended June 30, 2004, a list of principal officers and the District's organizational chart.

Financial Section – This section includes the management's discussion and analysis, the basic financial statements – government-wide statements and fund statements, required supplementary information, notes to the financial statements and the report of the independent accountants on the financial statements and schedules.

Statistical Section – This section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

Compliance Section – This section includes audit reports relating to the Board's single audit over internal control, federal and state awards, as well as a Schedule of Expenditures of Federal and State Awards.

This letter of transmittal is designed to compliment the Management's Discussion and Analysis included within the financial section of the CAFR and should be read in conjunction with it.

Mt. Pleasant Community School District

The District is governed by a seven-member elected Board of Education who serve staggered terms of three years. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The District is the thirty-sixth largest of Iowa's 370 public school systems. The enrollment is approximately 2,182 students. The District operates one regular and one alternative high school, one middle school and four elementary schools. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited English speaking students. The District also provides the educational component for Christamore House, a court-appointed juvenile facility located in the District.

The District is supported financially by state aid, property taxes, income surtaxes, state and federal grants for special projects and local revenue received for tuition and other services.

Economic Condition and Outlook

The City of Mt. Pleasant is located in southeastern Iowa at the intersection of U.S. Highways 34 and 218. Construction is nearing completion that will make Highway 218 a four-lane north/south corridor from St. Paul, Minnesota to St. Louis, Missouri, otherwise known as the Avenue of the Saints. Highway 34 is also under construction to provide an expressway from Burlington to Des Moines that will give Mt. Pleasant four-lane access to the East and West Coasts. The community also boasts a local airport and Amtrak train service. All of this indicates that Mt. Pleasant will truly be a transportation hub of Southeast Iowa. An estimated 271,500 people live within 50 miles of the city.

With Fortune 500 companies such as CECO Building Systems, Federal Express, Goodyear Tire and Rubber, Hearth and Home Technologies, Pioneer Hi-Bred International and WalMart located in Mt. Pleasant, the community has already earned a reputation for providing a significant and diverse employment base for southeast Iowa. Over the years, expansion has come from within and from attracting complementary industries such as City Carton Company, a natural fit for a town that boasts a large regional distribution center and two new warehouses that have been constructed in the last five years. A new WalMart SuperCenter and a new HyVee store have recently opened to expand their services in the community.

Retail sales in Mt. Pleasant totaled \$104.47 million in 2004. Compared to 2003, sales increased 3.55 million or 3.5%. Retail sales in Mt. Pleasant amounted to \$12,264 per capita in 2004 which was 126% of the statewide average of \$9,708. The number of retail firms remained constant at 333. In 2004, Mt. Pleasant had 143% as many retail business as it had in 1976. Retail sales information for the 2005 year has not been released as of the time of publication of this report.

In February of 2005, a vote was held to approve a one-cent local option sales tax which is projected to bring in annual revenues of approximately \$1.1 million. Sixty percent of the voters approved the sales tax which may be used for school infrastructure purposes and/or property tax relief. Prior to the vote, a ten-year building repair and expansion plan was assembled by the District to ensure that future building needs are addressed.

Current tentative budget projections indicate that the 2006-2007 control budget will increase approximately \$651,001 or 6.2%. This is larger than the 5.1% increase in the 2005-06 fiscal year. This estimated rate of growth will somewhat help cover increased costs in the areas of staffing, capital outlay and day-to-day operations. The increase in new dollars for 2006-2007 is due to the state funding formula. This formula projects an increase for a one-year period based on September's enrollment for the current budget year multiplied by the state cost per pupil for the 2006-2007 school year based upon 4% allowable growth. In previous years, this allowable growth has fluctuated between 2% to 4%.

The financial solvency ratio of the District is a measure of the District's year-end position after payment of all current and outstanding or accrued liabilities. After improving the ratio to a positive number during the 1993-94 school year, the financial indicator has climbed to over ten percent. During fiscal year 1999-2000, the ratio dipped to just over four percent due to a board authorized expenditure to equip the new High School. A decline from 4.23% in the 2000-01 fiscal year to 2.45% in the 2001-02 fiscal year can be attributed to an across-the-board state funding cut of 4.3% of state foundation aid. The current solvency ratio is 7.87%, with a target position from five to ten percent.

Major Initiatives and Achievements

The 2004-05 school year was a productive one for the Mt. Pleasant Community School District. The District continued to expand technology, update curriculum and standards and invest in staff development with the goal of impacting student achievement.

Technology

The District has completed the installation of the Local Area Network and Wide Area Network to connect all faculty and staff. In-service programs for staff development are being held to educate staff on the use of software programs, digital cameras and scanners. Secondary staff continue to use the District web page to communicate with parents and students. Secondary students continue to use software to investigate career choices. Middle school science classes have implemented the use of graphic calculators to support student use of data.

Student Achievement

Students in the Mt. Pleasant Community School District have traditionally scored well on standardized tests. The composite score on the ACT college admission test was similar to that of Iowa and National averages: 21.5 for Mt. Pleasant students, 22.0 for Iowa and 20.9 nationally.

An additional academic indicator is the attendance of students. Research tells us that students need to be in school to excel in the classroom or to fulfill their individual potential. The ratio of average daily attendance to average daily membership for the 2004-2005 school year was 94.98%. A program implemented for at-risk students in grades 6 – 8 continues to assist Middle School at-risk students. An alternative High School continues to meet the needs of students in grades 9-12.

The District uses federal and state class size reduction funds to increase the number of kindergarten to third grade certified teachers who directly teach reading. Research-based reading strategies remain the basis of classroom teacher staff development. Individual reading assessments are used to track primary student progress in reading.

Community Involvement

The Mt. Pleasant Community School District continues to encourage input and participation from the community. During the 2004-05 school year, volunteers contributed more than 20,000 hours of service. Volunteers enhanced our students' learning experiences by serving as tutors and classroom resource speakers, assisting teachers in class or on field trips, helping interview for teacher and administrator openings, supporting extra-curricular events and serving on district and building-level committees.

Many Mt. Pleasant area residents served on school advisory committees in 2004-05, on topics ranging from school improvement, to facilities, to technology, to hiring. Their input and involvement ensures that the District reflects the needs and values of the community.

In addition, the Mt. Pleasant Community School District Parent-Teacher Association continued their active involvement in support of District students, staff and programs this year. The PTA also provided hundreds of volunteer hours in the buildings and classrooms.

Mission Statement

The mission statement of the Mt. Pleasant Community School District is to develop responsible, productive, lifelong learners for a changing world by effectively using all available resources.

In addition, the Board has expectations for student learning that it sets forth as belief statements. They believe that:

- Education is the foundation of a lifelong learning process.
- Education is a partnership among students, staff, family and community.
- All students have a right to a quality education.
- Meeting the education needs of individual students is vital.
- Positive self-esteem is necessary for personal development.
- A quality staff is essential.
- A secure environment is fundamental.
- Continuous evaluation and improvement is an integral part of education.
- Accountability is necessary.

Financial Information

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund and Debt Service Fund are included in the annual budget. The level of budgetary control, (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties, the District prepares a more detailed budget for each fund. The following information reflects the comprehensive budget for these individual funds rather than demonstrating compliance at the legal level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Basis of Presentation

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34). This statement represents a significant change in the way state and local governments present basic financial information. Beginning in Fiscal year 2002-03, the District implemented this statement.

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include entity-wide statements prepared on the accrual basis of accounting, and fund financial statements which presents information for individual major funds and aggregate non-major funds rather than by fund type.

The charts and accounts used by the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of States, Local Governments and Non-Profit Organizations* issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records conform to the Uniform Accounting System for Iowa Schools and Area Educational Agencies issued by the Department of Education, State of Iowa. The chart of accounts is updated annually and the District is in full compliance with these requirements.

Cash Management

The District, in its effort to be a good manager of public funds, competitively bids its banking services. Cash, while temporarily idle during the year, was invested in money market deposits and the Iowa Schools Joint Investment Trust. Interest revenue of \$98,984 was earned on all investments for the year ended June 30, 2005, an increase of \$68,415 or 223.8% from Fiscal Year 2004. This increase was due to a higher interest rate available for school district investments and entering into a three year agreement with a local financial institution for banking services.

The District's investment policy establishes the following objectives:

Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective

Liquidity: Maintaining the necessary liquidity to match expected liabilities is the second objective.

Return: Obtaining a reasonable return is the third investment objective.

Risk Management

The District currently covers property, liability and worker's compensation losses with traditional insurance coverage through the Iowa Association of School Board's group plan carried by Employer's Mutual Insurance Company. The group health plan is carried by Wellmark of Iowa through the Southeast Iowa Schools Healthcare Trust and the dental plan is carried by Blue Dental.

Independent Audit

State law and District policy require an annual audit to be made of the books of account, financial records and transactions of all funds of the District by a Certified Public Accountant selected by the Board of Directors of the District. We have complied with this requirement. The report of our independent accountants, Nolte, Cornman and Johnson, P.C., appears in this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United States of America and, accordingly, included a review of the District's system of budgetary and accounting controls.

Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO), awards a Certificate of Excellence in Financial Reporting. The Mt. Pleasant Community School District received this Certificate for its comprehensive annual financial report for the fiscal year ending June 30, 2004. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of government financial reports.

In order to receive the Certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Report (CAFR), whose contents conform to program standards. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

This Certificate is valid for a period of one year only. We believe that our current CAFR conforms to the requirements for the Certificate of Excellence and therefore, we are submitting to ASBO to determine its eligibility for the Certificate.

Acknowledgements

The publication of this report is a major step toward the commitment to professionalism in financial reporting and significantly increases the accountability of the District to the taxpayers. This report would not have been possible without the help of several people. We would like to express our appreciation to all District, City and County employees who assisted in the preparation of this report.

Finally, sincere appreciation is extended to the Board of Education, where commitment to excellence begins.

It is with great pride that this year's Comprehensive Annual Financial Report is submitted to the Board of Education.



W. Edward Chabal

Director of Finance
Board Secretary/Treasurer



Dr. John A. Roederer

Superintendent of Schools

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

MT. PLEASANT COMMUNITY SCHOOL DISTRICT
For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

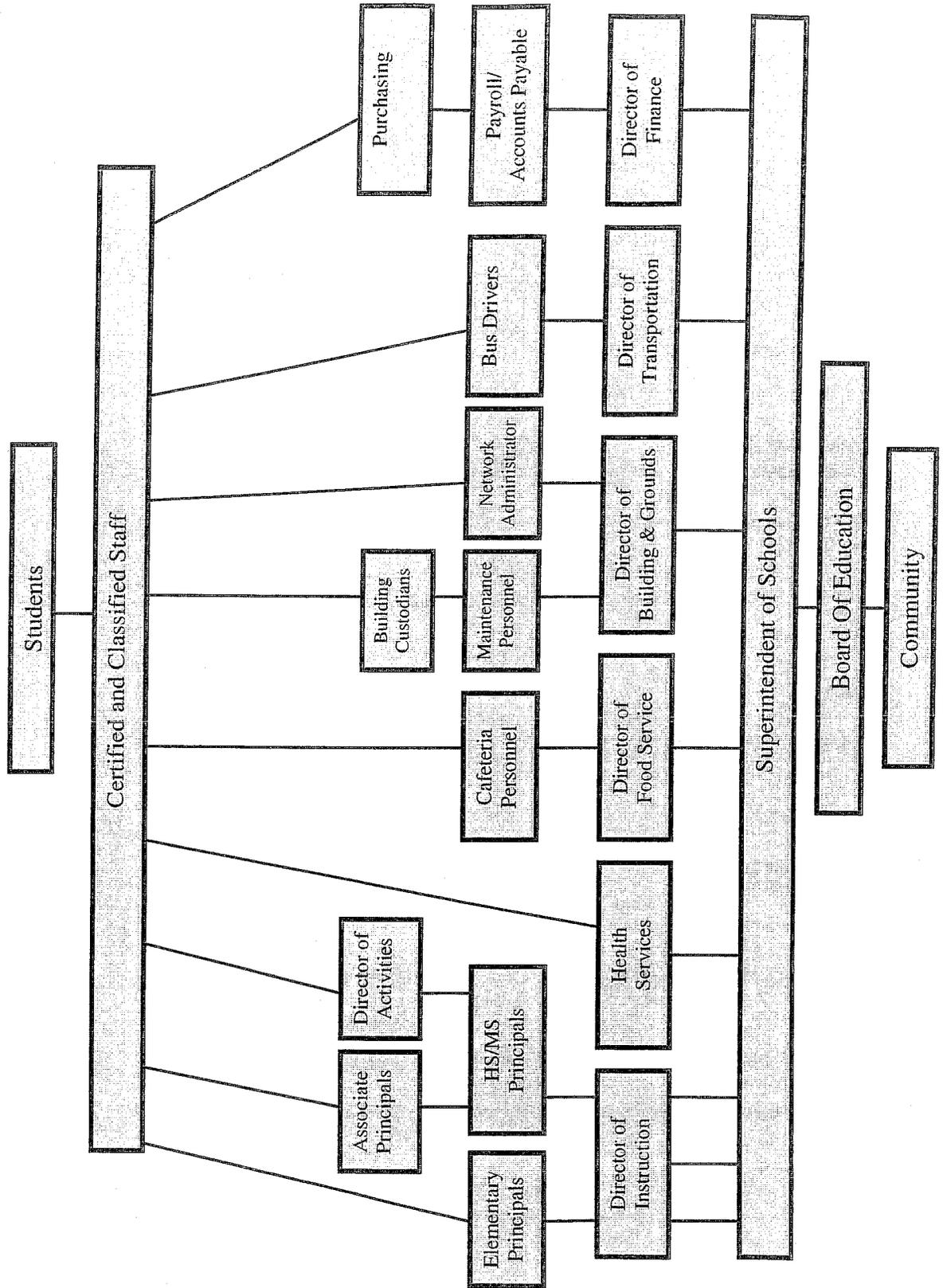
Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

James J. Tombs
President

Barbara W. Keller
Executive Director

Mt. Pleasant Community School District

Organizational Chart



Mount Pleasant Community School District

Officials

Year ended June 30, 2005

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2004 Election)		
David McCoid	President	2006
Lois Roth	Vice President	2004
Chris Ann Prellwitz	Board Member	2004
Steve Wettach	Board Member	2004
John Scheetz	Board Member	2006
Melodee Yaley	Board Member	2005
Joy Conwell	Board Member	2005
Board of Education		
(After September 2004 Election)		
Lois Roth	President	2007
Melodee Yaley	Vice President	2005
Joy Conwell	Board Member	2005
John Scheetz	Board Member	2006
David McCoid	Board Member	2006
Bruice Trautman	Board Member	2007
Chris Ann Prellwitz	Board Member	2007
School Officials		
John Roederer	Superintendent	2005
Ed Chabal	Business Manager	2005
Micheal Vance	Attorney	2005
Terry Loeschen	Attorney	2005

Mount Pleasant Community School District

Consultants and Advisors

Year ended June 30, 2005

CERTIFIED PUBLIC ACCOUNTANT

Nolte, Cornman & Johnson P.C.
117 West 3rd Street North
Newton, IA 50208-3040

BOND ATTORNEYS

Ahlers, Cooney, Dorweiler, Haynie, Smith & Allbee
100 Court Avenue, Suite 600
Des Moines, IA 50309-2207

FINANCIAL CONSULTANTS

Piper Jaffray, Inc.
699 Walnut Street
Des Moines, IA 50309-2207

GENERAL COUNSEL

Primary:
Vance Law Office
101 North Jefferson
Mt. Pleasant, IA 52641

Additional:
Schulte, Hahn, Swanson, Engler & Gordon
P.O. box 517
Burlington, IA 52601

INSURANCE CONSULTANT

Gamrath-Doyle-Vens Insurance, Inc.
207 South Harrison, Suite One
Mt. Pleasant, IA 52641

ARCHITECTS & ENGINEERS

Neumann Monson PC
111 East College
Iowa City, IA 52240

OFFICIAL DEPOSITORIES

US Bank
301 East Washington
Mt. Pleasant, IA 52641

Pilot Grove Savings Bank
410 South Grand Avenue
Mt. Pleasant, IA 52641

Henry County Bank
100 West Washington Street
Mt. Pleasant, IA 52641

Wayland State Bank
301 South Main Street
Mt. Pleasant, IA 52641

Farmers Merchant Bank and Trust
P.O. Box 210
Mt. Pleasant, IA 52641

Iowa Schools Joint Investment Trust
Bankers Trust
P.O. Box 897
Des Moines, IA 50304



**MT. PLEASANT
COMMUNITY
SCHOOLS**

Financial Section

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Mount Pleasant Community School District:

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Mount Pleasant Community School District, Mount Pleasant, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Mount Pleasant Community School District at June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated August 3, 2005 on our consideration of the Mount Pleasant Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports are 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. Those reports are an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

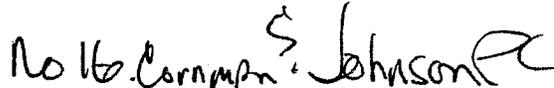
The Management's Discussion and Analysis and budgetary comparison information on pages 16 through 22 and 49 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Mount Pleasant Community School District's basic financial statements. The combining and individual fund financial statements and schedules, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of

Members American Institute & Iowa Society of Certified Public Accountants

States and Local Governments and Non-Profit Organizations, listed in the table of contents under the single audit section, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Mount Pleasant Community School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.


NOLTE, CORNMAN & JOHNSON, P.C.

August 3, 2005

MT. PLEASANT COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management has prepared the following discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2005 in order to enhance the readers' understanding of the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net assets for governmental activities were \$6,967,627 at June 30, 2005 compared to \$6,234,880 at June 30, 2004, an increase of 11.75%.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$1,190,787 or 7.87% of total general fund revenues compared to prior years ending balance of \$673,977 or 4.77% of total general fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The audited financial statements of the District consist of three components: They are as follows:

- Management Discussion and Analysis
- Basic Financial Statements, which include government-wide financial statements, fund financial statements and notes to the financial statements
- Required supplemental section that represents individual statements and schedules

The Basic Financial Statements include two types of statements that present different views of the District's finances. The first is the government-wide statements. These statements are presented on a full accrual basis of accounting and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets includes all of the District's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due dates for liabilities. This statement provides a summary of the District's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the District's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statement included in the basic financial statements is the fund financial statements, which are presented for the Board's governmental funds and proprietary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. Because a different basis of accounting is used in the government-wide statements, a reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statement provides information about the District as an economic unit while the fund financial statements provide information on the financial resources of the District's funds. The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. earned but unused vacation leave).

Government-wide statements

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

These two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the Board's financial health or position.

- Over time, an increase or decrease in the District's net assets may indicate whether its financial position is improving or deteriorating.
- To assess the District's overall financial health, one needs to consider additional non-financial factors such as changes in the condition of its school buildings and other physical assets.

The District's activities are divided into two categories on the government-wide statements:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Local funding, as well as state and federal aid, finances most of these activities.
- **Business-type activities:** The District charges fees to cover the costs of certain services it provides. School food service is included here.

Fund Financial Statements

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

The District has two types of funds:

Governmental funds: Most of the District's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flows in and out and the balances remaining at year-end that are available for spending. As a result of this focus, the governmental funds 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 term to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds, in the form of a reconciliation, explains the relationship (or differences) between them.

Proprietary Fund: Services for which the District charges a fee are generally reported in the proprietary fund. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The District has one proprietary fund – the School Food Service Fund.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets are an indicator of the fiscal health of the District. The District's net assets were \$6,967,627 at June 30, 2005 compared to \$6,234,880 at June 30, 2004. (See Table 1).

Table 1
Condensed Statement of Net Assets

	Governmental		Business-type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	\$ 13,361,190	13,362,195	14,795	80,252	13,375,985	13,442,447	-0.49%
Capital assets	13,110,046	13,524,406	110,273	133,881	13,220,319	13,658,287	-3.21%
Total assets	26,471,236	26,886,601	125,068	214,133	26,596,304	27,100,734	-1.86%
Long-term obligations	8,159,418	8,864,940	0	69,764	8,159,418	8,934,704	-8.68%
Other liabilities	11,344,191	11,786,781	71,656	0	11,415,847	11,786,781	-3.15%
Total liabilities	19,503,609	20,651,721	71,656	69,764	19,575,265	20,721,485	-5.53%
Net assets:							
Invested in capital assets, net of related debt	5,320,690	5,025,225	110,273	137,881	5,430,963	5,163,106	5.19%
Restricted	263,063	258,606	0	0	263,063	258,606	1.72%
Unrestricted	1,383,874	951,049	(56,861)	6,488	1,327,013	957,537	38.59%
Total net assets	\$ 6,967,627	6,234,880	53,412	144,369	7,021,039	6,379,249	10.06%

Investment in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is \$5,320,690. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. Approximately \$263,063 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$1,383,874 represents unrestricted net assets which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The following table shows changes in net assets for the year ended June 30, 2005 compared to June 30, 2004.

Table 2
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2005	2004	2005	2004	2005	2004	2004-2005
Revenues:							
Program revenues:							
Charges for services	\$ 1,564,418	1,545,751	454,220	432,058	2,018,638	1,977,809	2.06%
Operating grants and contributions and restricted interest	1,804,605	1,615,435	296,227	268,464	2,100,832	1,883,899	11.52%
Capital grants and contributions and restricted interest	0	121,584	0	0	0	121,584	-100.00%
General revenues(expenses):							
Property taxes	5,773,977	5,842,372	0	0	5,773,977	5,842,372	-1.17%
Other taxes	6,545	6,360	0	0	6,545	6,360	2.91%
Unrestricted state grants	7,770,824	7,212,979	0	0	7,770,824	7,212,979	7.73%
Other	117,678	32,174	(11,568)	668	106,110	32,842	223.09%
Total revenues	17,038,047	16,376,655	738,879	701,190	17,776,926	17,077,845	4.09%
Program expenses:							
Governmental activities:							
Instructional	10,422,833	10,298,544	0	0	10,422,833	10,298,544	1.21%
Support services	4,362,309	4,011,242	0	0	4,362,309	4,011,242	8.75%
Non-instructional programs	30,239	31,137	829,836	743,172	860,075	774,309	11.08%
Other expenses	1,489,919	1,635,354	0	0	1,489,919	1,635,354	-8.89%
Total expenses	16,305,300	15,976,277	829,836	743,172	17,135,136	16,719,449	2.49%
Changes in net assets	732,747	400,378	(90,957)	(41,982)	641,790	358,396	79.07%
Beginning net assets	6,234,880	5,834,502	144,369	186,351	6,379,249	6,020,853	5.95%
Ending net assets	\$ 6,967,627	6,234,880	53,412	144,369	7,021,039	6,379,249	10.06%

Property tax and unrestricted state grants account for 76% 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 \$17,038,047 and expenses were \$16,305,300.

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.

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	\$ 10,422,833	7,649,381
Support services	4,362,309	4,356,238
Non-instructional programs	30,239	30,239
Other expenses	1,489,919	900,419
Totals	<u>\$ 16,305,300</u>	<u>12,936,277</u>

- The cost financed by users of the District's programs was \$1,564,418.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,804,605.
- The net cost of governmental activities was financed with \$5,773,977 in local tax, \$6,545 in local option sales and services tax, \$7,770,824 in unrestricted state grants and \$117,678 in other income.

Business-Type Activities

Revenues of the District's business-type activities were \$738,879 and expenses were \$829,836. 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.

During the year ended June 30, 2005, the District's net assets decreased in the business-type activities by \$90,957.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2005, the District's governmental funds reported combined ending fund balances of \$1,740,805, an increase of \$420,921 in comparison with the prior year. Of this amount, \$1,558,711 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

The District's business-type fund did not perform as well as it has in previous years. While food sales remained constant, expenses increased over the previous year. Management believes that this under-performance is temporary and that the coming fiscal year will yield better results.

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, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP

basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional revenue and expenditures associated with the elementary building capital project activity. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 49.

The District's total actual receipts were \$622,753 more than the total budgeted receipts, a variance of 3.51%. The most significant change resulted in the District receiving more in local sources than originally anticipated.

Total expenditures were 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 the actual expenditures during the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the support services, non-instructional programs and other expenditures functional areas due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental and business type activities as of June 30, 2005, amounts to \$13,220,319 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 6 of the notes to the basic financial statements.

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2005	2004	2005	2004	2005	2004	2004-2005
Land	\$ 185,400	185,400	0	0	185,400	185,400	0.00%
Buildings	12,433,901	12,754,975	0	0	12,433,901	12,754,975	-2.52%
Land improvements	266,821	289,939	0	0	266,821	289,939	-7.97%
Machinery and equipment	223,924	294,092	110,273	137,881	334,197	431,973	-22.63%
Total	\$ 13,110,046	13,524,406	110,273	137,881	13,220,319	13,662,287	-3.23%

Long-Term Debt

At the end of June 30, 2005, the District had total long-term debt of \$8,159,418, a decrease of \$705,522 from the prior fiscal year. Of this amount, \$768,608 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Total School District		Total Change
	2005	2004	
General obligation bonds	\$ 7,770,000	8,315,000	-6.6%
School bus lease	99,268	184,181	-46.1%
Renovation contribution	100,000	200,000	-50.0%
Computer lease	46,219	0	100.0%
Compensated absences	39,179	36,919	6.1%
Early retirement	104,752	128,840	-18.7%
Totals	<u>\$ 8,159,418</u>	<u>8,864,940</u>	<u>-8.0%</u>

Economic Factors and Next Year's Budgets and Rates

Indicators, both financial and non-financial, that will impact the District in the immediate future are:

- The District expects a steady student enrollment over the next several years. This is crucial due to the Iowa school funding formula based in part upon student enrollment.
- A projected 4% increase in allowable growth will allow the District additional state funding in Fiscal year 2007.
- A sales tax vote passed in February, 2005 will allow the District to begin an aggressive building repair and expansion program as well as provide property tax relief to local taxpayers.
- The District will refund their 1998 Series of General Obligation School Bonds to realize a net present value savings of approximately \$114,000 in interest.
- The upcoming Iowa legislative session could again prove to be most challenging in respect to the state budget. The impact of state reductions to education is an unknown that we must be ready to address and compensate.

Requests for Information

This financial report is designed to provide our 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 any questions about this report or need additional information, contact the District's Business Office.

Basic Financial Statements

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments			
ISCAP(Note 5)	\$ 3,272,361	0	3,272,361
Other	4,306,344	6,861	4,313,205
Receivables:			
Property tax:			
Delinquent	77,287	0	77,287
Succeeding year	5,100,455	0	5,100,455
Income surtax	337,096	0	337,096
Accounts	8,157	0	8,157
Accrued interest:			
ISCAP(Note 5)	18,710	0	18,710
Due from other governments	208,819	405	209,224
Inventories	31,961	7,529	39,490
Capital assets, net of accumulated depreciation(Note 6)	13,110,046	110,273	13,220,319
TOTAL ASSETS	26,471,236	125,068	26,596,304
LIABILITIES			
Accounts payable	223,329	2,539	225,868
Salaries and benefits payable	2,606,094	60,037	2,666,131
Accrued interest payable	60,902	0	60,902
ISCAP warrants payable(Note 5)	3,260,000	0	3,260,000
ISCAP accrued interest payable(Note 5)	19,820	0	19,820
ISCAP unamortized premium	71,358	0	71,358
Deferred revenue:			
Succeeding year property tax	5,100,455	0	5,100,455
Other	2,233	9,080	11,313
Long-term liabilities(Note 7):			
Portion due within one year:			
Bonds payable	550,000	0	550,000
School bus lease payable	34,719	0	34,719
Computer lease payable	25,621	0	25,621
Renovation contribution	100,000	0	100,000
Compensated absences payable	39,179	0	39,179
Early retirement payable	24,089	0	24,089
Portion due after one year:			
Bonds payable	7,220,000	0	7,220,000
School bus lease payable	64,549	0	64,549
Computer lease payable	20,598	0	20,598
Early retirement payable	80,663	0	80,663
TOTAL LIABILITIES	19,503,609	71,656	19,575,265
NET ASSETS			
Investment in capital assets, net of related debt	5,320,690	110,273	5,430,963
Restricted for:			
Talented and gifted	35,792	0	35,792
Other	38,797	0	38,797
Capital projects	6,071	0	6,071
Other special revenue purposes	182,403	0	182,403
Unrestricted	1,383,874	(56,861)	1,327,013
TOTAL NET ASSETS	\$ 6,967,627	53,412	7,021,039

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Governmental activities:						
Instruction:						
Regular instruction	\$ 6,859,708	637,843	1,107,398	(5,114,467)	0	(5,114,467)
Special instruction	1,776,495	348,511	102,990	(1,324,994)	0	(1,324,994)
Other instruction	1,786,630	576,710	0	(1,209,920)	0	(1,209,920)
	<u>10,422,833</u>	<u>1,563,064</u>	<u>1,210,388</u>	<u>(7,649,381)</u>	<u>0</u>	<u>(7,649,381)</u>
Support services:						
Student services	442,021	0	0	(442,021)	0	(442,021)
Instructional staff services	359,645	0	0	(359,645)	0	(359,645)
Administration services	1,804,106	0	0	(1,804,106)	0	(1,804,106)
Operation and maintenance of plant services	1,101,224	0	0	(1,101,224)	0	(1,101,224)
Transportation services	655,313	1,354	4,717	(649,242)	0	(649,242)
	<u>4,362,309</u>	<u>1,354</u>	<u>4,717</u>	<u>(4,356,238)</u>	<u>0</u>	<u>(4,356,238)</u>
Non-instructional programs:						
Community service and education program	30,239	0	0	(30,239)	0	(30,239)
Other expenditures:						
Facilities acquisitions	207,107	0	0	(207,107)	0	(207,107)
Long-term debt interest	336,838	0	0	(336,838)	0	(336,838)
AEA flowthrough	589,500	0	589,500	0	0	0
Depreciation(unallocated)*	356,474	0	0	(356,474)	0	(356,474)
	<u>1,489,919</u>	<u>0</u>	<u>589,500</u>	<u>(900,419)</u>	<u>0</u>	<u>(900,419)</u>
Total governmental activities	16,305,300	1,564,418	1,804,605	(12,936,277)	0	(12,936,277)
Business-Type activities:						
Non-instructional programs:						
Nutrition services	829,836	454,220	296,227	0	(79,389)	(79,389)
Total	\$ 17,135,136	2,018,638	2,100,832	(12,936,277)	(79,389)	(13,015,666)
General Revenues(Expenses):						
Property tax levied for:						
General purposes				\$ 4,505,723	0	4,505,723
Debt service				885,670	0	885,670
Capital outlay				382,584	0	382,584
Local option sales and services tax				6,545	0	6,545
Unrestricted state grants				7,770,824	0	7,770,824
Unrestricted investment earnings				98,588	396	98,984
Gain on sale of equipment				19,090	0	19,090
Loss on disposal of capital assets				0	(11,964)	(11,964)
Total general revenues(expenses)				13,669,024	(11,568)	13,657,456
Changes in net assets				732,747	(90,957)	641,790
Net assets beginning of year				6,234,880	144,369	6,379,249
Net assets end of year				<u>\$ 6,967,627</u>	<u>53,412</u>	<u>7,021,039</u>

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2005

	General	Other Governmental Funds	Total
ASSETS			
Cash and pooled investments:			
ISCAP(Note 5)	\$ 3,272,361	0	3,272,361
Other	3,911,374	394,970	4,306,344
Receivables:			
Property tax			
Delinquent	56,281	21,006	77,287
Succeeding year	4,017,890	1,082,565	5,100,455
Income surtax	337,096	0	337,096
Accounts	7,622	535	8,157
Accrued interest - ISCAP(Note 5)	18,710	0	18,710
Due from other governments	208,290	529	208,819
Inventories	31,961	0	31,961
TOTAL ASSETS	\$ 11,861,585	1,499,605	13,361,190
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 215,759	7,570	223,329
Salaries and benefits payable	2,606,094	0	2,606,094
ISCAP warrants payable(Note 5)	3,260,000	0	3,260,000
ISCAP accrued interest payable(Note 5)	19,820	0	19,820
ISCAP unamortized premium	71,358	0	71,358
Deferred revenue:			
Succeeding year property tax	4,017,890	1,082,565	5,100,455
Income surtax	337,096	0	337,096
Other	2,233	0	2,233
Total liabilities	10,530,250	1,090,135	11,620,385
Fund balances:			
Reserved for:			
Debt service	0	41,546	41,546
Inventories	31,961	0	31,961
Talented and gifted	35,792	0	35,792
Other	38,797	0	38,797
Unreserved:			
Designated for special purpose	33,998	0	33,998
Undesignated:			
General	1,190,787	0	1,190,787
Nonmajor Special Revenue Funds	0	361,853	361,853
Nonmajor Capital Projects Fund	0	6,071	6,071
Total fund balances	1,331,335	409,470	1,740,805
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,861,585	1,499,605	13,361,190

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS

JUNE 30, 2005

Total fund balances of governmental funds(page 27)	\$	1,740,805
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in in the governmental funds.		13,110,046
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.		(60,902)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		337,096
Long-term liabilities, including bonds payable, school bus lease payable, renovation contribution, compensated absences and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(8,159,418)
Net assets of governmentaI activites(page 24)	\$	<u>6,967,627</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	General	Other Governmental Funds	Total
REVENUES:			
Local sources:			
Local tax	\$ 4,292,842	1,485,172	5,778,014
Tuition	986,354	0	986,354
Other	242,725	433,927	676,652
State sources	8,878,816	0	8,878,816
Federal sources	696,613	0	696,613
Total revenues	<u>15,097,350</u>	<u>1,919,099</u>	<u>17,016,449</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular instruction	6,793,377	0	6,793,377
Special instruction	1,776,495	0	1,776,495
Other instruction	1,386,731	399,899	1,786,630
	<u>9,956,603</u>	<u>399,899</u>	<u>10,356,502</u>
Support services:			
Student services	450,752	0	450,752
Instructional staff services	358,960	0	358,960
Administration services	1,638,752	165,067	1,803,819
Operation and maintenance of plant services	1,041,505	39,595	1,081,100
Transportation services	506,179	16,989	523,168
	<u>3,996,148</u>	<u>221,651</u>	<u>4,217,799</u>
Non-instructional programs:			
Community service and education operations	21,254	0	21,254
Other expenditures:			
Facilities acquisitions	0	351,793	351,793
Long-term debt:			
Principal	0	724,376	724,376
Interest and fiscal charges	0	354,994	354,994
AEA flowthrough	589,500	0	589,500
	<u>589,500</u>	<u>1,431,163</u>	<u>2,020,663</u>
Total expenditures	<u>14,563,505</u>	<u>2,052,713</u>	<u>16,616,218</u>
Excess(deficiency) of revenues over(under) expenditures	533,845	(133,614)	400,231
Other financing sources(uses):			
Sale of equipment	20,690	0	20,690
Transfers in	5,388	190,053	195,441
Transfers out	(25,696)	(169,745)	(195,441)
	<u>382</u>	<u>20,308</u>	<u>20,690</u>
Net change in fund balances	534,227	(113,306)	420,921
Fund balance beginning of year	797,108	522,776	1,319,884
Fund balance end of year	<u>\$ 1,331,335</u>	<u>409,470</u>	<u>1,740,805</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT 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, 2005

Net change in fund balances - total governmental funds(page 28) \$ 420,921

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 152,057	
Depreciation expense	(564,817)	
Loss on disposal of capital assets	<u>(1,600)</u>	(414,360)

Proceeds from issuing long-term liabilities provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayments of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	(140,682)	
Repaid	<u>724,376</u>	583,694

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.

18,156

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.

2,508

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.

Renovation contribution	\$ 100,000	
Early retirement	24,088	
Compensated absences	<u>(2,260)</u>	121,828

Changes in net assets of governmental activities(page 25)

\$ 732,747

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
 PROPRIETARY FUND

JUNE 30, 2005

	<u>School Nutrition</u>
<u>ASSETS</u>	
Current assets:	
Cash and pooled investments	\$ 6,861
Due from other governments	405
Inventories	<u>7,529</u>
Total current assets	<u>14,795</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation(Note 6)	<u>110,273</u>
Total non-current assets	<u>110,273</u>
 TOTAL ASSETS	 <u>125,068</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	2,539
Salaries and benefits payable	60,037
Deferred revenue:	
Other	<u>9,080</u>
Total current liabilities	<u>71,656</u>
TOTAL LIABILITIES	<u>71,656</u>
<u>NET ASSETS</u>	
Invested in capital assets	110,273
Unrestricted	<u>(56,861)</u>
Total net assets	<u>\$ 53,412</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2005

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 454,220
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	257,308
Benefits	56,599
Services	5,218
Supplies	490,091
Depreciation	20,620
TOTAL OPERATING EXPENSES	829,836
OPERATING LOSS	(375,616)
NON-OPERATING REVENUES(EXPENSES):	
State sources	9,655
Federal sources	286,572
Interest on investments	396
Loss on disposal of capital assets	(11,964)
TOTAL NON-OPERATING REVENUES	284,659
Change in net assets	(90,957)
Net assets beginning of year	144,369
Net assets end of year	\$ 53,412

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2005

	Enterprise Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 455,138
Cash payments to employees for services	(313,285)
Cash payments to suppliers for goods or services	(461,314)
Net cash used in operating activities	<u>(319,461)</u>
Cash flows from non-capital financing activities:	
State grants received	9,655
Federal grants received	253,917
Net cash provided by non-capital financing activities	<u>263,572</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(4,976)
Net cash used in capital and related financing activities	<u>(4,976)</u>
Cash flows from investing activities:	
Interest on investments	396
Net cash provided by investing activities	<u>396</u>
Net decrease in cash and cash equivalents	(60,469)
Cash and cash equivalents at beginning of year	<u>67,330</u>
Cash and cash equivalents at end of year	<u>\$ 6,861</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (375,616)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	32,250
Depreciation	20,620
Decrease in inventories	1,389
Decrease in accounts receivable	4
Increase in accounts payable	356
Increase in salaries and benefits payable	622
Increase in deferred revenue	914
Net cash used in operating activities	<u>\$ (319,461)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and investments	<u>\$ 6,861</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	

During the year ended June 30, 2005, the District received Federal commodities valued at \$32,250.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

Note 1. Summary of Significant Accounting Policies

The Mount Pleasant Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Mount Pleasant, Iowa, and the predominate agricultural territory in Henry, Jefferson, Van Buren and Lee 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Mount Pleasant Community School District has included all funds, organizations, account groups, 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 Mount Pleasant Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Henry, Jefferson, Van Buren and Lee Counties Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding

categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

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

The District also reports the following proprietary fund:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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. Cash, Pooled Investments and Cash Equivalents

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

E. Property Taxes

Property tax in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2004.

F. Inventories

General Fund inventories are valued at cost using the first-in and first-out method. The inventories consist of supplies, and are recorded as expenditures when consumed rather than when purchased.

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The enterprise fund inventory consists primarily of food, with purchased food recorded at the lower cost (first-in, first-out method) or market and food commodities which were received from the federal government recorded at the contributed value as of the date received.

G. Capital Assets

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

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Land improvements	10,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Machinery and equipment	5-15 years

H. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2005, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2005.

I. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

J. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. The cost of vacation payments expected to be liquidated currently are recorded as a liability of

the General Fund. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

L. Fund Balances

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

M. Designated Fund Balances

In the governmental fund financial statements, designated funds are not available for appropriation but are set aside for a specific purpose. The designated fund balances are of various resale accounts.

N. Restricted Net Assets

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

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

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

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the functional area level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.

4. Management is authorized to transfer budgeted amounts between departments within any functional area; however, any revisions that alter the total expenditures or expenses of any functional area must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor. During the year ended June 30, 2005, the instructional, non-instructional programs and other expenditures were amended for an increase of 1.12%, 8.87% and 6.14%, respectively, to the originally approved budgets.
6. Encumbrances are not recognized in the budgetary process and appropriations lapse at the end of each fiscal year.
7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balance lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2005 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.

As of June 30, 2005, the carrying amount of the District's bank deposits and pooled investments totaled \$4,306,344 with bank balances of \$4,081,602. These amounts are included in the cash and pooled investments on the combined balance sheet. Of the bank balance, \$100,000 was covered by federal depository insurance and \$3,981,602 was collateralized by securities held by the pledging financial institution or its agent but not in the District's name.

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, 2005, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
	<hr/>
Diversified Portfolio	\$ 224,742
	<hr/> <hr/>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value.

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

Note 4. Transfers

The detail of transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Student Activity	\$ 5,388
Debt Service	General	25,696
Debt Service	Special Revenue: Physical Plant and Equipment Levy	<u>164,357</u>
Total		<u>\$ 195,441</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 5. Iowa School Cash Participation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2005 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2004-05A	6/30/04	6/30/05	\$ 0	\$ 354	\$ 0	\$ 0
2004-05B	1/28/05	1/27/06	1,354,904	18,356	1,351,000	19,820
2005-06A	6/28/05	6/28/06	1,917,457	0	1,909,000	0
Total			<u>\$ 3,272,361</u>	<u>\$ 18,710</u>	<u>\$ 3,260,000</u>	<u>\$ 19,820</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. No ISCAP advance activity was noted in the General Fund for the year ended June 30, 2005.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2004-05A	3.000%	2.463%
2004-05B	3.500%	3.232%
2005-06A	3.500%	3.903%

Note 6. Capital Assets

A summary of changes in property and equipment comprising capital assets is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 185,400	0	0	185,400
Total capital assets not being depreciated	<u>185,400</u>	<u>0</u>	<u>0</u>	<u>185,400</u>
Capital assets being depreciated:				
Buildings	16,174,618	0	0	16,174,618
Land improvements	986,132	0	0	986,132
Machinery and equipment	2,874,995	152,057	479,023	2,548,029
Total capital assets being depreciated	<u>20,035,745</u>	<u>152,057</u>	<u>479,023</u>	<u>19,708,779</u>
Less accumulated depreciation for:				
Buildings	3,419,643	321,074	0	3,740,717
Land improvements	696,193	23,118	0	719,311
Machinery and equipment	2,580,903	220,625	477,423	2,324,105
Total accumulated depreciation	<u>6,696,739</u>	<u>564,817</u>	<u>477,423</u>	<u>6,784,133</u>
Total capital assets being depreciated, net	<u>13,339,006</u>	<u>(412,760)</u>	<u>1,600</u>	<u>12,924,646</u>
Governmental activities capital assets, net	<u>\$ 13,524,406</u>	<u>(412,760)</u>	<u>1,600</u>	<u>13,110,046</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 293,337	4,976	27,054	271,259
Less accumulated depreciation	155,456	20,620	15,090	160,986
Business-type activities capital assets, net	<u>\$ 137,881</u>	<u>(15,644)</u>	<u>11,964</u>	<u>110,273</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 20,426
Support services:	
Student services	2,476
Administration	14,340
Operation and maintenance of plant	23,729
Transportation	139,879
Non-instructional programs:	
Community service and education operations	7,493
	<u>208,343</u>
Unallocated depreciation	<u>356,474</u>
Total governmental activities depreciation expense	<u>\$ 564,817</u>
Business-type activities:	
Food services	<u>\$ 20,620</u>

Note 7. Long-Term Debt

All Long-Term Debt listed is related to governmental activities. A summary of changes in long-term debt for the year ended June 30, 2005 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 8,315,000	\$ 0	\$ 545,000	\$ 7,770,000	\$ 545,000
School Bus Lease	184,181	68,842	153,755	99,268	34,719
Renovation Contribution	200,000	0	100,000	100,000	100,000
Computer Lease	0	71,840	25,621	46,219	25,621
Compensated Absences	36,919	39,179	36,919	39,179	39,179
Early Retirement	128,840	27,169	51,257	104,752	24,089
Total	<u>\$ 8,864,940</u>	<u>\$ 207,030</u>	<u>\$ 912,552</u>	<u>\$ 8,159,418</u>	<u>\$ 768,608</u>

Bonded debt

On March 1, 2003, the District refunded a bond issued for \$2,205,000 in general obligation bonds that were used originally for capital facility construction. On April 1, 2001, the District refunded a bond issue for \$4,695,000 in general obligation bonds that were used originally for capital facility construction. On May 1, 1998, the District issued general obligation bonds of \$2,155,000 for capital facility construction. Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April 1, 2001			Bond Issue of March 1, 2003		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2006	4.00 %	\$ 50,000	202,990	1.90 %	\$ 420,000	32,370
2007	4.10	50,000	200,990	2.25	425,000	24,390
2008	4.20	55,000	198,940	2.65	435,000	14,828
2009	4.25	395,000	196,630	3.00	110,000	3,300
2010	4.30	555,000	179,842	-	-	-
2011-15	4.40-4.70	3,165,000	509,022	-	-	-
2016-17	4.70	250,000	11,750	-	-	-
Total		\$ 4,520,000	1,500,164		\$ 1,390,000	74,888

Year Ending June 30,	Bond Issue of May 1, 1998			Total	
	Interest Rate	Principal	Interest	Principal	Interest
2006	4.70 %	\$ 80,000	91,700	\$ 550,000	327,060
2007	4.70	85,000	87,940	560,000	313,320
2008	4.70	90,000	83,946	580,000	297,714
2009	4.70	90,000	79,716	595,000	279,646
2010	4.70	90,000	75,486	645,000	255,328
2011-15	4.80-5.00	1,200,000	296,172	4,365,000	805,194
2016-17	5.05	225,000	97,412	475,000	109,162
Total		\$ 1,860,000	812,372	\$ 7,770,000	2,387,424

School Bus Lease

During the year ended June 30, 2003 and June 30, 2005, the District entered in to lease agreements with Blue Bird. The General Fund will be used to liquidate the 2003 bus lease liability. The Special Revenue, Physical Plant and Equipment Levy Fund will be used to liquidate the 2005 bus lease liability. The details of the repayment of these leases are as follows:

Year Ending June 30,	Bus lease of September 28, 2004			Bus lease of December 12, 2002		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2006	5.06 %	\$ 22,178	2,301	4.67 %	\$ 12,541	2,512
2007	5.06	23,301	1,179	4.67	13,127	1,926
2008	-	-	-	4.67	13,740	1,313
2009	-	-	-	4.67	14,381	672
		\$ 45,479	3,480		\$ 53,789	6,423

Year Ending June 30,	Total	
	Principal	Interest
2006	\$ 34,719	4,813
2007	36,428	3,105
2008	13,740	1,313
2009	14,381	672
	\$ 99,268	9,903

Renovation Contribution

During the year ended June 30, 2005, the District entered in to a lease agreement with City of Mount Pleasant. Within this lease agreement, the District agreed to pay \$300,000 toward the renovation of the building to be leased. The District paid \$100,000 of the \$300,000 for this renovation during the 2004-05 year from the Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund. The details of the repayment of this renovation contribution are as follows:

Year Ending June 30,	Renovation Contribution Total
2006	\$ 100,000

Computer Lease

During the year ended June 30, 2005, the District entered in to lease agreement with Dell. The General Fund will be used to liquidate the computer lease liability. The details of the repayment of this lease are as follows:

Year Ending June 30,	Computer lease		
	Interest Rate	Principal	Interest
2006	7.19 %	\$ 22,310	3,311
2007	7.19	23,909	1,713
		\$ 46,219	5,024

Early Retirement

The District offers a voluntary early retirement plan to its certified and support staff employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2005, totaled \$51,257. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

Note 9. Bond Defeasement

On April 1, 2001 the District issued \$4,695,000 in general obligation bonds to advance refund \$4,530,000 of outstanding general obligation bonds dated November 1, 1996. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and interest on the refunded bonds. The new advance refunding bonds have been added to the appropriate financial statement and schedules. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2005, \$4,530,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$0 and \$250,385 respectively.

Note 10. Lease Agreement

On June 28, 2005 the District entered into a lease agreement with the City of Mount Pleasant for the business property. The leased property shall be used for the District Business Office. The District agrees to pay \$3,321.66 monthly starting January 1, 2005 ending June 30, 2005. This lease agreement can be automatically renewed thru June 30, 2006. During the year, the District renewed the lease agreement thru June 30, 2006.

Note 11. 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 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$568,635, \$559,365, and \$536,962 respectively, equal to the required contributions for each year.

Note 12. Risk Management

Mount Pleasant Community School District is a member in the Southeast Iowa School Employees Benefits Health Plan, an Iowa Code Chapter 28E organization. The Southeast Iowa School Employees Benefits Health Plan (SEISHP) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. SEISHP was formed for the purpose of managing and funding employee benefits. SEISHP provides coverage and protection in the following categories: medical, dental, vision, and prescription drugs.

Each members' contributions to the SEISHP funds current operations and provides capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, SEISHP's general and administrative expenses, claims, claims expenses and insurance expense due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to SEISHP for the year ended June 30, 2005 were \$1,324,630.

Payments from participating members are used to buy health insurance from Wellmark and paying dental and vision claims. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

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

Mount Pleasant 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13. 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 \$589,500 for the year ended June 30, 2005 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 14. Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2005, disbursements in the support services, non-instructional programs and other expenditures functional areas exceeded the amount budgeted.

Note 15. Due From Other Governments

Amount due from other governments by Fund as of June 30, 2005 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>School Nutrition</u>
Local appropriation			
Tuition	\$ 91,601	\$ 0	\$ 0
Total local appropriation	<u>91,601</u>	<u>0</u>	<u>0</u>
State appropriation			
Non-public transportation aid	2,836	0	0
Fuel tax refund	790	0	0
Team Nutrition Grant	0	0	405
Local option sales and services tax	0	529	0
Total state appropriation	<u>3,626</u>	<u>529</u>	<u>405</u>
Federal appropriation			
Vocational Education	5,454	0	0
FIE Grant	5,074	0	0
Title I	51,250	0	0
Part B	51,285	0	0
Total federal appropriation	<u>113,063</u>	<u>0</u>	<u>0</u>
Total due from other governments	<u>\$ 208,290</u>	<u>\$ 529</u>	<u>\$ 405</u>



**MT. PLEASANT
COMMUNITY
SCHOOLS**

Required Supplementary Information



**MT. PLEASANT
COMMUNITY
SCHOOLS**

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCES -
ACTUAL TO BUDGET - ALL GOVERNMENTAL FUND TYPES
AND PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2005

	Governmental Fund Types - Actual	Proprietary Fund Types - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 7,441,020	\$ 454,616	\$ 7,895,636	\$ 7,436,364	\$ 7,436,364	\$ 459,272
State appropriations	8,878,816	9,655	8,888,471	8,898,175	8,898,175	(9,704)
Federal appropriations	696,613	286,572	983,185	810,000	810,000	173,185
Total revenues	17,016,449	750,843	17,767,292	17,144,539	17,144,539	622,753
Expenditures:						
Instruction	10,356,502	0	10,356,502	10,532,000	10,650,000	293,498
Support services	4,217,799	0	4,217,799	4,061,825	4,061,825	(155,974)
Non-instructional programs	21,254	829,836	851,090	693,500	755,000	(96,090)
Other expenditures	2,020,663	0	2,020,663	1,903,232	2,020,000	(663)
Total expenditures	16,616,218	829,836	17,446,054	17,190,557	17,486,825	40,771
Excess(deficiency) of revenues over(under) expenditures	400,231	(78,993)	321,238	(46,018)	(342,286)	663,524
Other financing sources(uses), net	20,690	(11,964)	8,726	0	0	8,726
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	420,921	(90,957)	329,964	(46,018)	(342,286)	672,250
Balance beginning of year	1,319,884	144,369	1,464,253	1,001,915	1,001,915	462,338
Balance end of year	\$ 1,740,805	\$ 53,412	\$ 1,794,217	\$ 955,897	\$ 659,629	\$ 1,134,588

SEE NOTES TO FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2005

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$296,268.

During the year ended June 30, 2005, disbursements in the support services, non-instructional program and other expenditures functional areas exceeded the amounts budgeted.

Other Supplementary Information



**MT. PLEASANT
COMMUNITY
SCHOOLS**

Mount Pleasant Community School District

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Management Fund

This fund accounts for property taxes collected to pay property and boiler insurance, fidelity bonds, worker's compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

Student Activity Fund

This fund accounts for funds raised by student groups. Under State Law, the Board retains responsibility for Student Activity Fund's ultimate disposition.

Physical Plant and Equipment Levy Fund

This fund accounts for property taxes collected to pay for purchase and improvement of grounds, purchase of buildings, major repairs, remodeling, reconstruction, improving or expanding the schoolhouses or buildings, expenditures for energy conservation and for equipment purchases. The purchase of transportation vehicles also qualify under the law.

Capital Projects Fund

This fund accounts for the revenue received from the sale of bonds and the proceeds from Local Option Sales and Service Tax issues. Expenditures relating to the acquisition, construction, remodeling, repairing, improving or expanding school facilities are authorized by the Code of Iowa.

Debt Service Fund

This fund accounts for the payment of principal and interest on District's general long-term debt.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2005

	Special Revenue Funds					Debt Service	Total Nonmajor Governmental Funds
	Management	Student Activity	Physical Plant and Equipment Levy	Total	Capital Projects		
ASSETS							
Cash and pooled investments	\$ 63,964	\$ 187,268	\$ 109,226	\$ 360,458	\$ 5,542	\$ 28,970	\$ 394,970
Receivables:							
Property tax:							
Current year delinquent	2,998	0	5,432	8,430	0	12,576	21,006
Succeeding year	200,000	0	0	200,000	0	882,565	1,082,565
Accounts	0	535	0	535	0	0	535
Due from other governments	0	0	0	0	529	0	529
TOTAL ASSETS	<u>\$ 266,962</u>	<u>\$ 187,803</u>	<u>\$ 114,658</u>	<u>\$ 569,423</u>	<u>\$ 6,071</u>	<u>\$ 924,111</u>	<u>\$ 1,499,605</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$ 2,170	\$ 5,400	\$ 0	\$ 7,570	\$ 0	\$ 0	\$ 7,570
Deferred revenue:							
Succeeding year property tax	200,000	0	0	200,000	0	882,565	1,082,565
Total liabilities	<u>202,170</u>	<u>5,400</u>	<u>0</u>	<u>207,570</u>	<u>0</u>	<u>882,565</u>	<u>1,090,135</u>
Fund equity:							
Fund balances:							
Reserved for Debt Service	0	0	0	0	0	41,546	41,546
Unreserved, undesignated	64,792	182,403	114,658	361,853	6,071	0	367,924
	<u>64,792</u>	<u>182,403</u>	<u>114,658</u>	<u>361,853</u>	<u>6,071</u>	<u>41,546</u>	<u>409,470</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 266,962</u>	<u>\$ 187,803</u>	<u>\$ 114,658</u>	<u>\$ 569,423</u>	<u>\$ 6,071</u>	<u>\$ 924,111</u>	<u>\$ 1,499,605</u>

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	Special Revenue Funds				Capital Projects	Debt Service	Total Nonmajor Governmental Funds
	Manage- ment	Student Activity	Physical Plant and Equipment Levy	Total			
REVENUES:							
Local sources:							
Local tax	\$ 210,373	\$ 0	\$ 382,584	\$ 592,957	\$ 6,545	\$ 885,670	\$ 1,485,172
Other	90	428,979	427	429,496	4,431	0	433,927
TOTAL REVENUES	<u>210,463</u>	<u>428,979</u>	<u>383,011</u>	<u>1,022,453</u>	<u>10,976</u>	<u>885,670</u>	<u>1,919,099</u>
EXPENDITURES:							
Current:							
Instruction:							
Other instruction	0	399,899	0	399,899	0	0	399,899
Support services:							
Administration services	165,067	0	0	165,067	0	0	165,067
Operation and maintenance of plant services	39,595	0	0	39,595	0	0	39,595
Student transportation	16,989	0	0	16,989	0	0	16,989
Other expenditures:							
Facilities acquisition	0	0	331,213	331,213	20,580	0	351,793
Long-term Debt:							
Principal	0	0	0	0	0	722,290	722,290
Interest and fiscal charges	0	0	0	0	0	357,080	357,080
TOTAL EXPENDITURES	<u>221,651</u>	<u>399,899</u>	<u>331,213</u>	<u>952,763</u>	<u>20,580</u>	<u>1,079,370</u>	<u>2,052,713</u>
Excess(deficiency) of revenues over(under) expenditures	(11,188)	29,080	51,798	69,690	(9,604)	(193,700)	(133,614)
OTHER FINANCING SOURCES(USES):							
Transfer in	0	0	0	0	0	190,053	190,053
Transfer out	0	(5,388)	(164,357)	(169,745)	0	0	(169,745)
	<u>0</u>	<u>(5,388)</u>	<u>(164,357)</u>	<u>(169,745)</u>	<u>0</u>	<u>190,053</u>	<u>20,308</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	(11,188)	23,692	(112,559)	(100,055)	(9,604)	(3,647)	(113,306)
FUND BALANCE BEGINNING OF YEAR	<u>75,980</u>	<u>158,711</u>	<u>227,217</u>	<u>461,908</u>	<u>15,675</u>	<u>45,193</u>	<u>522,776</u>
FUND BALANCE END OF YEAR	<u>\$ 64,792</u>	<u>\$ 182,403</u>	<u>\$ 114,658</u>	<u>\$ 361,853</u>	<u>\$ 6,071</u>	<u>\$ 41,546</u>	<u>\$ 409,470</u>



**MT. PLEASANT
COMMUNITY
SCHOOLS**

Statistical Section

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

GENERAL SCHOOL SYSTEM REVENUES BY SOURCE - GOVERNMENT-WIDE
Last Three Years

	Years Ended June 30,		
	2005	2004	2003
Program Revenues:			
Charges for service	\$ 1,564,418	1,977,809	1,864,686
Operating grants and other contributions	1,804,605	1,883,899	1,965,280
Capital grants and other contributions	0	121,584	19,985
General Revenues:			
Property taxes	5,773,977	5,842,372	5,923,145
Local option sales and service taxes	6,545	6,360	4,919
Unrestricted state grants	7,770,824	7,212,979	6,876,322
Unrestricted investment earnings	98,588	30,569	42,525
Other	19,090	2,273	963
Total	\$ 17,038,047	17,077,845	16,697,825

Note: Information for years prior to 2003 is not available due to implementation of GASB 34.

Source: School District financial records.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

GENERAL SCHOOL SYSTEM EXPENDITURES BY FUNCTION - GOVERNMENT-WIDE
Last Three Years

	Years Ended June 30,		
	2005	2004	2003
Expenditures:			
Instruction:			
Regular instruction	\$ 6,859,708	6,754,441	7,234,267
Special instruction	1,776,495	2,877,640	2,153,871
Other instruction	1,786,630	666,463	654,430
Support services:			
Student services	442,021	269,415	268,432
Instructional staff services	359,645	646,894	677,927
Administration services	1,804,106	1,506,863	1,420,849
Operation and maintenance of plant services	1,101,224	1,002,220	1,005,065
Transportation services	655,313	585,850	655,652
Non-instructional programs:			
Nutrition services	829,836	743,172	689,460
Community service and education program	30,239	31,137	16,589
Other:			
Facilities acquisitions	207,107	345,155	91,779
Long-term debt interest	336,838	352,661	483,699
AEA flow-through	589,500	576,385	597,757
Depreciation(unallocated)	356,474	361,153	354,116
Total	\$ 17,135,136	16,719,449	16,303,893

Note: Information for years prior to 2003 is not available due to implementation of GASB 34.

Source: School District financial records.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

GENERAL FUND REVENUE, BY SOURCE

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Local Tax	State	Federal	Miscellaneous	Total
2005	\$4,292,842	\$8,878,816	\$696,613	\$1,255,157	\$15,123,428
2004	4,344,171	8,285,405	543,009	1,150,486	14,323,071
2003	4,201,078	7,999,315	594,619	1,156,345	13,951,357
2002	4,034,223	8,006,538	321,531	840,874	13,203,166
2001	3,982,918	8,155,668	280,643	896,301	13,315,530
2000	3,763,598	7,741,654	232,213	949,758	12,687,223
1999	3,719,360	7,373,766	184,596	766,674	12,044,396
1998	3,413,046	7,117,024	263,723	780,709	11,574,502
1997	3,519,183	6,810,667	205,663	639,912	11,175,425
1996	3,789,303	5,689,623	174,059	721,916	10,374,901

Source: School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 GENERAL FUND EXPENDITURES, BY PROGRAM AND/OR FUNCTION

LAST TEN FISCAL YEARS

Expenditures by Function

Fiscal Year Ended June 30	Instruction	Support Services	Non- Instructional Programs	Other Expenditures and Other Financing Uses	Total Expenditures
2005	\$9,956,603	\$3,996,148	\$21,254	\$615,196	\$14,589,201
2004	9,886,027	3,591,527	21,286	626,617	14,125,457
2003	9,612,139	3,605,227	21,322	648,058	13,886,746
2002	9,097,747	3,654,052	10,266	661,832	13,423,897
2001	8,617,562	3,902,077	9,696	678,498	13,207,833
2000	8,622,564	4,029,250	9,913	648,811	13,310,538
1999	7,787,101	3,814,693	13,872	569,566	12,185,232
1998	7,403,278	3,529,357	3,297	549,792	11,485,724
1997	7,108,231	3,327,651	10,495	553,787	11,000,164
1996	6,822,766	2,431,376	8,269	513,317	9,775,728

Source: School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Valuation Year	Collection Year	Real Property	
		Net Assessed Value	Estimated Actual Value
2003	2004-05 (A)	\$367,412,676	\$518,637,676
2002	2002-03 (B)	356,233,643	511,994,976
2001	2002-03 (C)	349,900,801	522,183,920
2000	2001-02 (D)	337,233,135	429,480,029
1999	2000-01 (E)	334,934,272	429,842,148
1998	1999-2000 (F)	306,685,041	402,327,898
1997	1998-99 (G)	293,013,422	389,508,388
1996	1997-98 (H)	289,272,809	373,729,837
1995	1996-97 (I)	282,910,235	360,609,835
1994	1995-96 (J)	289,873,869	346,808,623

- (A) Equalization order applied by County Auditor.
Rollback 48.4558% residential, 99.2570% commercial.
- (B) Equalization order applied by County Auditor.
Rollback 51.3874% residential.
- (C) Equalization order applied by County Auditor.
Rollback 51.6676% residential.
- (D) Equalization order applied by County Auditor.
Rollback 56.2651% residential.
- (E) Equalization order applied by County Auditor.
Rollback 54.8525% residential.
- (F) Equalization order applied by County Auditor.
Rollback 56.4789% residential, 100% utility.
- (G) Equalization order applied by County Auditor.
Rollback 54.9090% residential, 100% utility.
- (H) Equalization order applied by County Auditor.
Rollback 58.8284% residential, 100% utility.
- (I) Equalization order applied by County Auditor.
Rollback 59.3180% residential, 97.2824% utility.
- (J) Equalization order applied by County Auditor.
Rollback 67.5074% residential, 97.209% utility.

Source: Henry County Auditor
 District Financial Records

Utilities		Total		Ratio of Net Assessed to Total Estimated Actual Value
Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value	
\$14,746,634	\$14,746,634	\$382,159,310	\$533,384,310	71.6%
17,258,453	17,258,453	373,492,096	529,253,429	70.6%
16,271,487	16,271,487	366,172,288	538,455,407	68.0%
26,113,874	26,113,874	363,347,009	455,593,903	79.8%
27,551,890	27,551,890	362,486,162	457,394,038	79.3%
18,924,497	18,924,497	325,609,538	421,252,395	77.3%
18,244,504	18,330,751	311,257,926	407,839,139	76.3%
18,314,613	18,314,613	307,587,422	392,044,450	78.5%
21,609,679	21,609,679	304,519,914	382,219,514	79.7%
19,713,812	19,713,812	309,587,681	366,522,435	84.5%

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

SOURCE OF SCHOOL NUTRITION REVENUES AND REIMBURSEMENTS

LAST TEN FISCAL YEARS

	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97	1995-96
Food Sales	\$454,220	\$432,058	\$432,802	\$397,048	\$399,153	\$405,647	\$267,752	\$246,014	\$244,701	\$238,935
Federal reimbursements	254,322	218,275	204,157	211,820	167,557	194,832	164,423	161,510	157,802	132,736
State reimbursements	9,655	9,079	9,466	8,674	10,165	11,228	8,345	8,282	8,123	7,894
Commodities consumed	32,250	41,110	34,045	45,136	29,477	35,114	37,164	32,213	28,244	0
Other	396	668	974	2,029	8,288	11,559	8,850	5,668	3,952	1,401
Total	750,843	701,190	681,444	664,707	614,640	658,380	486,534	453,687	442,822	380,966

Food Sales	60.49%	61.62%	63.51%	59.73%	64.94%	61.61%	55.03%	54.23%	55.26%	62.72%
Federal reimbursements	33.87%	31.13%	29.96%	31.87%	27.26%	29.59%	33.79%	35.60%	35.64%	34.84%
State reimbursements	1.29%	1.29%	1.39%	1.30%	1.65%	1.71%	1.72%	1.83%	1.83%	2.07%
Commodities consumed	4.30%	5.86%	5.00%	6.79%	4.80%	5.33%	7.64%	7.10%	6.38%	0.00%
Other	0.05%	0.10%	0.14%	0.31%	1.35%	1.76%	1.82%	1.25%	0.89%	0.37%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Levy Year	Collection Year	City of Mt. Pleasant	Town of Salem	Town of Rome	Town of Westwood
2003	2004-2005				
	County	8.55807	8.55807	8.55807	7.52094
	Schools	14.48920	14.48920	14.48920	14.09147
	Community College	0.98283	0.98283	0.98283	0.99765
	City	12.63999	11.61646	10.42443	6.00009
	Total Levy		36.67009	35.64656	34.45453
Ratio of Mt. Pleasant Community School District to Total		39.51%	40.65%	42.05%	48.25%
2002	2003-2004				
	County	7.52094	7.52094	7.52094	7.52094
	Schools	14.09147	14.09147	14.09147	14.09147
	Community College	0.99765	0.99765	0.99765	0.99765
	City	12.63999	11.09504	11.19415	6.00009
	Total Levy		35.25005	33.70510	33.80421
Ratio of Mt. Pleasant Community School District to Total		38.91%	40.70%	40.58%	47.94%
2001	2002-2003				
	County	7.20526	7.20526	7.20526	7.20526
	Schools	13.95246	13.95246	13.95246	13.95246
	Community College	1.08184	1.08184	1.08184	1.08184
	City	11.51999	10.60912	10.32144	6.00017
	Total Levy		33.75955	32.84868	32.56100
Ratio of Mt. Pleasant Community School District to Total		40.63%	41.76%	42.13%	48.57%
2000	2001-2002				
	County	7.31041	7.31041	7.31041	0.73104
	Schools	13.71669	13.71669	13.71669	13.71669
	Community College	0.72115	0.72115	0.72115	0.72115
	City	11.41781	10.73317	10.45189	0.00000
	Total Levy		33.16606	32.48142	32.20014
Ratio of Mt. Pleasant Community School District to Total		41.36%	42.23%	42.60%	90.43%

Continued on following page.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Levy Year	Collection Year	City of Mt. Pleasant	Town of Salem	Town of Rome	Town of Westwood
1999	2000-2001				
	County	7.81962	7.81962	7.81962	7.81962
	Schools	13.79993	13.79993	13.79993	13.79993
	Community College	0.78870	0.78870	0.78870	0.78870
	City	11.08357	10.42049	11.21141	6.65983
	Total Levy	33.49182	32.82874	33.61966	29.06808
Ratio of Mt. Pleasant Community School District to Total		41.20%	42.04%	41.05%	47.47%
1998	1999-2000				
	County	7.68484	7.68484	7.68484	7.68484
	Schools	13.64117	13.64117	13.64117	13.64117
	Community College	0.60605	0.60605	0.60605	0.60605
	City	11.00783	10.34971	10.78206	6.46277
	Total Levy	32.93989	32.28177	32.71412	28.39483
Ratio of Mt. Pleasant Community School District to Total		41.41%	42.26%	41.70%	48.04%
1997	1998-99				
	County	7.42855	7.42855	7.42855	7.42855
	Schools	14.52189	14.52189	14.52189	14.52189
	Community College	0.68873	0.68873	0.68873	0.68873
	City	11.01796	9.57119	6.83839	6.46280
	Total Levy	33.65713	32.21036	29.47756	29.10197
Ratio of Mt. Pleasant Community School District to Total		43.15%	45.08%	49.26%	49.90%
1996	1997-98				
	County	7.69392	7.69392	7.69392	7.69392
	Schools	13.99610	13.99610	13.99610	13.99610
	Community College	0.82984	0.82984	0.82984	0.82984
	City	11.30000	9.01147	8.10000	6.46277
	Total Levy	33.81986	31.53133	30.61986	28.98263
Ratio of Mt. Pleasant Community School District to Total		41.38%	44.39%	45.71%	48.29%

Continued on following page.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
PROPERTY TAX RATES PER \$1,000 ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Levy Year	Collection Year	City of Mt. Pleasant	Town of Salem	Town of Rome	Town of Westwood
1995	1996-97				
	County	7.98300	7.98300	7.98300	7.98300
	Schools	11.95956	11.95956	11.95956	11.95956
	Community College	0.76036	0.76036	0.76036	0.76036
	City	10.89829	8.87117	8.09749	6.46285
	Total Levy	<u>31.60121</u>	<u>29.57409</u>	<u>28.80041</u>	<u>27.16577</u>
	Ratio of Mt. Pleasant Community School District to Total	<u>37.85%</u>	<u>40.44%</u>	<u>41.53%</u>	<u>44.02%</u>
1994	1995-96				
	County	8.64108	8.64108	8.64108	8.64108
	Schools	12.93570	12.93570	12.93570	12.93570
	Community College	0.68114	0.68114	0.68114	0.68114
	City	12.15554	8.65952	8.13495	6.47865
	Total Levy	<u>34.41346</u>	<u>30.91744</u>	<u>30.39287</u>	<u>28.73657</u>
	Ratio of Mt. Pleasant Community School District to Total	<u>37.59%</u>	<u>41.84%</u>	<u>42.56%</u>	<u>45.01%</u>

Notes: Tax rates expressed in dollars per \$1,000 of assessed valuation.
The Town of Westwood did not levy a city tax for levy year 2000.

Source: Henry County Auditor

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

GOVERNMENTAL FUND TYPES

Levy Year	General	Debt Service	Schoolhouse	Physical Plant and Equipment	Management	Total
PROPERTY TAX LEVIES						
2005	\$3,942,911	\$884,687	\$0	\$382,160	\$210,001	\$5,419,759
2004	3,929,437	877,581	0	395,639	220,001	5,422,658
2003	3,887,209	907,193	0	386,422	77,612	5,258,436
2002	3,681,351	915,294	0	383,346	145,000	5,124,991
2001	3,630,201	914,490	0	376,019	128,000	5,048,710
2000	3,568,581	931,943	232,560	113,696	75,000	4,921,780
1999	3,170,700	903,732	211,377	103,340	100,000	4,489,149
1998	3,082,604	830,484	207,622	101,504	125,000	4,347,214
1997	3,557,681	0	203,550	99,513	125,000	3,985,744
1996	3,565,664	0	208,847	101,927	125,000	4,001,438
PROPERTY TAX COLLECTIONS						
2005	\$4,292,842	\$885,670	\$0	\$382,584	\$210,373	\$5,771,469
2004	4,006,244	895,660	0	402,769	224,300	5,528,973
2003	3,865,617	901,441	0	384,329	77,181	5,228,568
2002	3,674,298	913,007	0	382,387	144,724	5,114,416
2001	3,632,747	912,623	0	368,834	128,090	5,042,294
2000	3,425,546	929,139	231,742	114,491	75,004	4,775,922
1999	3,364,321	910,664	212,463	104,797	100,808	4,693,053
1998	3,099,680	835,293	208,584	102,254	125,693	4,371,504
1997	3,208,416	0	205,471	100,453	126,181	3,640,521
1996	3,511,507	0	205,619	100,544	123,251	3,940,921
PERCENTAGE COLLECTED						
2005	108.87%	100.11%	N/A	100.11%	100.18%	106.49%
2004	101.95%	102.06%	N/A	101.80%	101.95%	101.96%
2003	99.44%	99.37%	N/A	99.46%	99.44%	99.43%
2002	99.81%	99.75%	N/A	99.75%	99.81%	99.79%
2001	100.07%	99.80%	N/A	98.09%	100.07%	99.87%
2000	95.99%	99.70%	99.65%	100.70%	100.01%	97.04%
1999	106.11%	100.77%	100.51%	101.41%	100.81%	104.54%
1998	100.55%	---	100.46%	100.74%	100.55%	100.56%
1997	90.18%	---	100.94%	100.94%	100.94%	91.34%
1996	98.48%	---	98.45%	98.64%	98.60%	98.49%

Source: School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND GENERAL BONDED DEBT PER CAPITA AND PER STUDENT

LAST TEN FISCAL YEARS

Year of Collection	Population	Average Daily Membership	Assessed Values of Property *	General Bonded Debt	Ratio of Bonded Debt To Assessed Value	Bonded Debt Per Capita	Bonded Debt Per Student
2004-05	13,300	2,153	\$382,159,310	\$7,770,000	2.03%	\$584	\$3,609
2003-04	13,300	2,150	373,492,096	8,315,000	2.23%	\$625	\$3,867
2002-03	13,300	2,137	366,172,288	8,835,000	2.41%	\$664	\$4,134
2001-02	13,300	2,084	363,347,009	9,285,000	2.56%	698	4,455
2000-01	13,300	2,144	362,486,162	9,725,000	0	731	4,536
1999-00	12,278	2,171	325,609,538	9,945,000	3.05%	810	4,581
1998-99	12,278	2,176	311,257,926	10,295,000	3.31%	838	4,731
1997-98	12,278	2,158	307,587,422	10,620,000	3.45%	865	4,921
1996-97	12,278	2,175	304,519,914	8,740,000	2.87%	712	4,018
1995-96	12,278	2,178	309,587,681	0	0.00%	0	0

* Total Net Valuation Excluding Tax Increment Financing Valuation.

Source:
Henry County Auditor
School District Financial and Enrollment Records
Mt. Pleasant Chamber of Commerce

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	2004-05+	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98	1996-97	1995-96
Total Assessed Valuation	\$534,639,040	373,492,096	366,172,288	363,347,009	362,486,162	325,609,538	311,257,926	307,587,422	304,519,914	309,587,681
Bonded Debt Limit *										
5% of assessed valuation	26,731,952	18,674,605	18,308,614	18,167,350	18,124,308	16,280,477	15,562,896	15,379,371	15,225,996	15,479,384
Bonded Debt at end of fiscal year	7,770,000	8,315,000	8,835,000	9,285,000	9,725,000	9,945,000	10,295,000	10,620,000	8,740,000	0
Debt Margin at end of fiscal year	\$18,961,952	10,359,605	9,473,614	8,882,350	8,399,308	6,335,477	5,267,896	4,759,371	6,485,996	15,479,384

* Code of Iowa Section 296.1
 + Total Assessed Valuation includes Tax Increment Financing

Source: Henry County Auditor
 School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2005

Name of Governmental Unit	Total Gross Debt Outstanding	Percentage applicable to Mt. Pleasant Community School District	Mt. Pleasant Community School District Share of Debt
Mt. Pleasant Community School District	\$7,770,000	100%	\$7,770,000
City of Mt. Pleasant	8,285,000	100%	\$8,285,000
Southeastern Community College	14,566,638	12.86%	\$1,873,687
Great River AEA 16	2,095,000	12.86%	\$269,477
Jefferson County	270,000	0.39%	\$1,055
Lee County	3,389,500	0.38%	\$12,753
			<u>\$18,211,972</u>

Source: Henry County Auditor
 Mt. Pleasant City Clerk
 Lee County Auditor

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

SUMMARY OF VOTES CAST AT SCHOOL ELECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Date	Amount Authorized	Tax Levy Total		No Vote	Yes Vote	Votes Cast	Expires
			Amount Defeated	Amount Authorized				
2004-2005	February 1, 2005	One cent sales tax (1)		1,375	933	2,308	6/30/2015	
1999-2000	March 28, 2000	\$.67 per \$1000 (2)		896	656	1,552	6/30/2011	
1999-2000	February 15, 2000		One cent sales tax (1)	879	1,640	2,519		
1996-1997	September 10, 1996	\$10,900,000 (3)		2,179	1,328	3,507		

(1) County-wide 1% sales and service tax

(2) Physical Plant and Equipment levy

(3) General Obligation Bonds for new high school and elementary additions

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to Total General Fund Expenditures
2004-05	\$545,000	\$339,460	\$884,460	\$14,589,201	6.06%
2003-04	520,000	357,353	877,353	14,125,457	6.21%
2002-03	470,000	436,963	906,963	13,886,746	6.53%
2001-02	440,000	475,064	915,064	13,423,897	6.82%
2000-01	385,000	517,016	902,016	13,207,833	6.83%
1999-00	350,000	537,496	887,496	13,310,538	6.67%
1998-99	325,000	566,204	891,204	12,185,232	7.31%
1997-98	380,000	588,488	968,488	11,485,724	8.43%
1996-97	0	0	0	11,000,164	0.00%
1995-96	0	0	0	9,775,728	0.00%

Source: School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

MISCELLANEOUS DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	District Population	Estimated City of Mt. Pleasant Population	Retail Sales (in millions)	Number of Retail Firms	Unemployment Rate
2005	13,182	8,751	N/A*	N/A*	5.2%
2004	13,182	8,751	104.47	333	5.4
2003	13,300	8,751	100.92	333	6.2
2002	13,300	8,751	102.43	351	3.4
2001	13,300	8,751	98.97	345	2.8
2000	12,278	8,257	93.56	342	2.6
1999	12,278	8,257	104.65	339	2.6
1998	12,278	8,257	88.88	322	2.5
1997	12,278	8,223	82.64	312	2.8
1996	12,278	8,223	85.30	301	3.4

* Not available as of report preparation date.

STATISTICAL REVIEW:

Area - 303 square miles

Location - Distance in miles from Mt. Pleasant, Iowa:

Chicago	254	Milwaukee	310
Denver	780	Minneapolis	319
Des Moines	130	New York	1050
Kansas City	265	Omaha	250
Los Angeles	1850	St. Louis	207

Cultural and Recreational Facilities - 1 public swimming pool, 1 country club, public library, 4 city parks, 120 acre sports complex, recreation center.

Attractions - Midwest Old Threshers Museums, Harlan-Lincoln Home, P.E.O. Memorial Library, Old Threshers Theater Museum.

Climate -

Average winter temperature	25.2 degrees F.
Average summer temperature	73.9 degrees F.
Average annual rainfall	36.4 inches
Average annual snowfall	27.5 inches

MUNICIPAL SERVICES: Administrator/Council/Mayor government, volunteer fire department, full-time police department, solid waste and recycling residential pickup, electrical and water service.

Source: Iowa State University, Department of Economics
Mt. Pleasant Chamber of Commerce
Iowa Workforce Development

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Insured Property Values	Expenditures For Construction	Bank Deposit *
2005	\$31,107,974	\$351,793	\$4,088,462
2004	23,801,819	291,286	3,142,353
2003	23,370,327	99,211	3,043,004
2002	27,564,583	309,937	2,944,827
2001	27,275,135	493,165	2,392,397
2000	31,072,210	205,251	2,203,505
1999	21,933,417	5,942,676	3,275,992
1998	19,493,432	4,634,769	3,191,015
1997	17,900,280	659,836	1,618,383
1996	18,300,676	0	2,765,476

* School District's General Fund bank deposit at June 30.

Source: Gamrath-Doyle-Vens Insurance, Inc.
School District Financial Records

**MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2005**

Detail of Coverage	Carrier/ Policy Number	Policy Term	Liability Limits	Annual Premium
PROPERTY Blanket Buildings and Personal Property Property off school premises and in-transit	Employers Mutual 9A6-01-80	07/01/04 to 07/01/05	Coverage of 90% of full replacement cost as per statement of values. Deductible \$1,000 per occurrence. \$5,000 limit, \$1,000 deductible.	\$24,363
LIABILITY Premises, faculty liability, personal injury, Booster clubs, sexual abuse or misconduct	Employers Mutual 9D6-01-80	07/01/04 to 07/01/05	\$1,000,000 each occurrence limit, \$2,000,000 aggregate.	\$11,463
FLEET Bodily injury, property damage, medical, uninsured motorists, underinsured motorist, comprehensive, collision	Employers Mutual 9E6-01-80	07/01/04 to 07/01/05	\$1,000,000 single limit liability, \$5,000 medical payments. Deductible -buses \$100 Comprehensive, \$500 Collision Other vehicles - \$100 Comprehensive, \$250 Collision Underinsured and uninsured motorists - \$50,000.	\$17,413
WORKERS' COMPENSATION	Employers Mutual 9H6-01-80	07/01/04 to 07/01/05	Statutory, \$500 deductible	\$82,466
COMMERCIAL UMBRELLA (EXCESS LIABILITY)	Employers Mutual 9J6-01-80	07/01/04 to 07/01/05	\$5,000,000 occurrence limit, \$5,000,000 aggregate limit	\$16,324
PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY COVERAGE	Employers Mutual 9K6-01-80	07/01/04 to 07/01/05	\$1,000,000 each loss, \$1,000,000 aggregate, \$1,500 deductible per loss	\$2,984
POLLUTION LIABILITY	Employers Mutual 9P6-01-80	07/01/04 to 07/01/05	\$500,000 each incident, \$1,000,000 aggregate \$250 deductible	\$125
CRIME	Employers Mutual 9M6-01-80	07/01/04 to 07/01/05	Public employee dishonesty, \$350,000 limit, \$3,500 deductible Forgery or alteration, \$10,000 limit, \$250 deductible Computer Fraud, \$350,000 limit, \$1,000 deductible Theft - various building limits	\$11,194
INLAND MARINE School Floater policy for miscellaneous equipment not in a building	Employers Mutual 9C6-01-80	07/01/04 to 07/01/05	\$50,000 limit, \$250 deductible	\$528

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

PRINCIPAL TAXPAYERS

JUNE 30, 2005

Taxpayer	Type of Business	2004 Assessed Value	Percentage of Total Assessed Valuation*
Wal-Mart Inc.	Retail Warehouse Distribution	\$30,653,116	8.04%
Iowa Telecommunications Services	Telephone Utility	7,135,584	1.87%
Interstate Power and Light	Electric Utility	7,097,716	1.86%
Pioneer Hi-Bred International	Seed Corn Processing	4,656,020	1.22%
WCK Mt. Pleasant, LC	Real estate leasing company	4,426,999	1.16%
Hearth and Home Technologies	Fireplaces and Accessories	4,101,400	1.08%
BNSF Railway	Railroad	4,013,487	1.05%
Metromail Corporation	Direct Mail	3,486,562	0.91%
Ceco Corporation	Pre-engineered metal buildings	2,479,270	0.65%
Henry County Health Center	Hospital / Care Center	<u>2,273,729</u>	0.60%
Total		<u><u>\$70,323,883</u></u>	18.44%

* 2004 Total District tax assessment is \$381,443,876

Source: Henry County Auditor

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

OFFICIAL ENROLLMENT BY GRADE

LAST TEN FISCAL YEARS

<u>Grade</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-2000</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
Kindergarten	172	152	139	131	154	156	152	143	168	127
1	146	135	131	145	139	142	140	168	126	161
2	145	139	150	137	139	150	169	127	156	167
3	131	148	148	137	142	178	124	158	167	150
4	151	152	148	140	172	129	153	167	150	151
5	156	145	144	173	134	154	172	156	154	176
6	149	141	171	135	155	185	147	154	182	166
7	138	166	136	161	185	154	152	182	173	156
8	166	139	162	180	154	150	184	165	152	175
9	132	168	179	150	159	181	164	161	169	174
10	172	177	153	152	179	168	163	164	167	160
11	177	144	142	170	164	162	169	162	144	158
12	132	147	164	153	161	160	155	149	151	146
WisdomQuest	28	33	32	25	26	38	38	40	35	31
Other	136.6	123.5	115.5	95.5	86.4	103.5	107.8	86.5	89.8	105.7
	<u>2131.6</u>	<u>2109.5</u>	<u>2114.5</u>	<u>2084.5</u>	<u>2149.4</u>	<u>2210.5</u>	<u>2189.8</u>	<u>2182.5</u>	<u>2183.8</u>	<u>2203.7</u>

Changes From Prior

Year

Increase (Decrease)

Percent Change

22.1	-5	30	-65.9	-61.1	20.7	7.3	-1.3	-19.9	-2
1.05%	-0.24%	1.44%	-3.06%	-2.76%	0.95%	0.33%	-0.06%	-0.90%	-0.09%

Source: School District reports and enrollment records
 Certified enrollment as of third Friday in September of school year

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

OPEN ENROLLED STUDENTS

LAST TEN FISCAL YEARS

School Year	Open Enrollment In	Open Enrollment Out	Net Gain (Loss)
2004-05	150	62	88
2003-04	149	61	88
2002-03	125	63	62
2001-02	87	44	43
2000-01	87	38	49
1999-00	88	43	45
1998-99	88	42	46
1997-98	85	33	52
1996-97	71	33	38
1995-96	74	29	45

Source: Certified Annual Enrollment

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

OPERATING COST PER PUPIL

LAST TEN FISCAL YEARS

Fiscal Year	Total Costs*	Average Daily Attendance	Operating Costs Per Pupil
2004-05	\$14,589,201	2,045	\$7,134
2003-04	14,125,457	2,045	6,907
2002-03	13,886,746	2,033	6,831
2001-02	13,423,897	1,990	6,746
2000-01	13,207,833	2,047	6,452
1999-00	13,310,538	2,068	6,436
1998-99	12,185,232	2,061	5,912
1997-98	11,485,724	2,060	5,576
1996-97	11,000,164	2,060	5,340
1995-96	9,775,728	2,052	4,764

* Includes all General Fund Expenditures

Source: School District financial and attendance reports

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

FINANCIAL SOLVENCY RATIO

LAST TEN FISCAL YEARS

School Year	Unreserved, Undesignated General Fund Balance	Actual Revenues	Financial Solvency Ratio*
2004-05	\$1,190,787	\$15,123,428	7.87%
2003-04	673,977	14,323,071	4.71%
2002-03	448,266	13,951,357	3.21%
2001-02	323,617	13,203,166	2.45%
2000-01	563,056	13,315,530	4.23%
1999-00	529,393	12,687,223	4.17%
1998-99	1,205,907	12,044,396	10.01%
1997-98	1,328,554	11,574,502	11.48%
1996-97	1,107,195	11,175,425	9.91%
1995-96	883,152	10,374,901	8.51%

* Financial Solvency Ratio =
$$\frac{\text{Undesignated, Unreserved General Fund Balance}}{\text{Actual Revenues}}$$

The financial solvency ratio measures movement and distribution of current assets. The financial solvency ratio represents a school district's year end position after payment of all current and outstanding or accrued liabilities.

Ranges utilized are:

TARGETED SOLVENCY POSITION:

Financial Solvency Ratio ranging from 5% to 10% of actual revenues. A school district is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term obligations.

ACCEPTABLE SOLVENCY POSITION:

Financial Solvency Ratio ranging from 0 to 4.99% of actual revenues. Fund balance is considered adequate for short-term credit purposes as long as other local economic trends, such as property tax collections and enrollment are sound.

SOLVENCY ALERT:

A solvency alert exists if the school corporation has a negative solvency ratio up to -3.0% of actual revenues. A negative solvency position in this range warrants prompt management response but could be caused by operating revenue/expenditure fluctuations within one budget year.

SOLVENCY CONCERN:

A solvency concern exists if the school corporation has a negative solvency ratio in excess of -3.0% of actual revenues.

Source: School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

CERTIFIED STAFF SALARIES

LAST TEN FISCAL YEARS

School Year	Minimum	Maximum	Average
2004-05	\$25,425	\$54,155	\$42,700
2003-04	25,000	53,250	42,117
2002-03	24,650	52,505	41,474
2001-02	24,525	52,238	41,792
2000-01	24,425	52,025	40,471
1999-00	24,100	51,333	40,006
1998-99	23,345	49,725	39,306
1997-98	22,900	48,777	37,717
1996-97	19,019	46,540	35,956
1995-96	18,579	45,708	36,000

Degree (2004-2005 school year)	Number of Teachers	Percent of Total
Bachelors under 15 credits	30	18.52%
Bachelor + 15 credits	15	9.26%
Bachelor + 30 credits	49	30.25%
Masters under 15 credits	36	22.22%
Masters + 15 credits	12	7.41%
Masters + 30 credits	20	12.34%
	<u>162</u>	<u>100.00%</u>

Years of Experience (2004-2005 school year)	Number of Teachers	Percent of Total
0 to 5 years	23	14.20%
6 to 10 years	25	15.43%
11 to 15 years	19	11.73%
16-20 years	25	15.43%
21-25 years	34	20.99%
26 years and over	36	22.22%
	<u>162</u>	<u>100.00%</u>

Note: - The above table does not include extra duty pay.
 - Average salary includes supplemental Phase payments

Source: School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STAFFING LEVELS*

LAST TEN FISCAL YEARS

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Administration										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Assistant Principals	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
All other administrators	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Total Administration	12.8	12.8	12.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
Instructors										
Regular Program Teachers	132.2	130.9	132.8	132.7	131.9	129.2	125.0	123.8	127.6	129.0
Special Education Teachers	21.0	21.0	19.0	18.8	19.0	21.0	22.3	22.3	20.0	19.6
Counselors	3.0	3.0	3.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Media Specialists	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total Instructors	157.2	155.9	155.8	160.5	159.9	159.2	156.3	155.1	156.6	157.6
Support Personnel										
Nurses	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Clerical	17.7	17.7	17.7	18.0	17.5	17.5	17.5	17.5	17.0	17.0
Paraeducators, Regular	17.0	17.0	19.5	17.0	21.0	18.3	16.6	13.5	11.2	15.0
Paraeducators, Special Ed.	43.0	31.0	30.0	29.0	25.5	22.0	20.0	16.0	16.0	15.0
Custodial and Maintenance	20.0	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Food Service	14.6	16.4	16.4	16.4	14.3	15.0	15.0	13.0	12.6	12.9
Bus Drivers	9.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Total Support Personnel	123.3	110.1	111.6	108.4	106.3	99.8	96.1	87.0	83.8	86.9
Total District Staff	293.3	278.8	280.2	282.7	280.0	272.8	266.2	255.9	254.2	258.3

* FTE (full time equivalent) as of the third Friday in September
 Source: District Human Resources Department

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

PROPERTY TAX RATES BY FUND
PER \$1,000 ASSESSED VALUATION

LAST TEN FISCAL YEARS

Fiscal Year Ending <u>June 30.</u>	<u>General</u>	<u>Management</u>	<u>Physical Plant and Equipment</u>	<u>Schoolhouse</u>	<u>Debt Service</u>	<u>Total</u>
2005	\$10.60918	\$0.56505	\$1.00000	\$0.00000	\$2.31497	\$14.48920
2004	10.29151	0.57620	1.00000	0.00000	2.22376	14.09147
2003	10.39720	0.20759	1.00000	0.00000	2.34767	13.95246
2002	9.93763	0.39142	1.00000	0.00000	2.38764	13.71669
2001	10.01478	0.35312	1.00000	0.00000	2.43203	13.79993
2000	9.83783	0.21769	0.33000	0.67500	2.58065	13.64117
1999	10.53234	0.31457	0.32508	0.66493	2.68497	14.52189
1998	10.02188	0.40639	0.33000	0.67500	2.56283	13.99610
1997	10.54004	0.41452	0.33000	0.67500	0.00000	11.95956
1996	11.52604	0.40470	0.33000	0.67496	0.00000	12.93570

Source: School District Financial Records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY MEMBERSHIP (ADM),
AVERAGE DAILY ATTENDANCE (ADA) AND RATIO OF ADA TO ADM

LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Average Daily Membership (ADM)	Average Daily Attendance (ADA)	Ratio of ADA to ADM
2005	2153	2045	94.98%
2004	2150	2045	95.12%
2003	2137	2033	95.13%
2002	2084	1990	95.49%
2001	2144	2047	95.48%
2000	2171	2068	95.26%
1999	2176	2061	94.72%
1998	2158	2060	95.46%
1997	2175	2060	94.71%
1996	2178	2052	94.21%

Source: District enrollment records

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

GENERAL ANALYSIS OF FACILITIES AND STAFFING

Name of School	Date Constructed	Grades Served	Head Count Enrollment Third Friday in September 2004	Teachers Actively Employed* 2004-05	Student Teacher Ratio
High School	2000	9-12 and Special Education	661	42.3	15.63
Alternative High School	1976	9-12 and Special Education	32	2.6	12.31
Christamore Center		8-12 Court Appointed Students	17	2.0	8.50
Middle School	1909	6-8 and Special Education	490	38.4	12.76
Elementaries:					
Harlan	1955	K-5 and Special Education	247	18.9	13.07
Lincoln	1950	K-5 and Special Education	253	18.9	13.39
Salem	1963	K-5 and Special Education	108	7.5	14.40
Van Allen	1963	K-5 and Special Education	374	28.6	13.08
Total Elementary Schools			982	73.9	13.29
District Total			2165	157.2	13.77

* All certified staff, including support personnel, such as counselors and media specialist (full-time equivalent).

Source: District Research Department.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

SUMMARY OF BUILDING CONSTRUCTION

<u>Building</u>	<u>Project</u>	<u>Year</u>	<u>Square Footage</u>	<u>Total Square Footage</u>
<u>Elementary Schools:</u>				
Harlan	Original Building	1955	12,410	37,410
	Addition	1999	25,000	
Lincoln	Original Building	1950	10,935	35,935
	Addition	1999	25,000	
Salem	Original Building	1963	12,465	13,617
	Media Center	1991	1,152	
Van Allen	Original Building	1963	19,050	39,550
	Addition	1989	20,500	
<u>Middle School:</u>				
Middle School	Original Building	1909	24,370	67,370
	Addition	1976	43,000	
<u>High School:</u>				
High School	Original Building	2000	115,000	115,000
<u>Other District Facilities:</u>				
Bus Garage	Original Building	1963	2,266	2,266
Central Receiving/ Building and Grounds/ Alternative High School	Original Building	1976	11,666	11,666
Athletic Complex	Original Building	1979	10,000	10,000

Source: District Research Department

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 MAJOR EMPLOYERS IN THE MOUNT PLEASANT AREA

<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
Wal-Mart Corporation	Retail warehouse distribution	1100
Mt. Pleasant Foods	Food packaging plant	700
Hearth Technologies, Inc.	Fireplaces and accessories	680
Metrogroup Corporation	Direct mail advertising, Letter shop	550
Dept. Of Corrections, State of Iowa	Mental health services	435
Goodyear Tire and Rubber Company	Industrial hoses	240
Henry County Health Center	Health care	331
Ceco Building Division	Pre-engineered metal buildings	200
Alaniz and Sons, Inc.	Direct mail advertising, Letter shop	165
Mackay Envelopes	Envelopes	160

Source: Mt. Pleasant Chamber of Commerce

Single Audit Section

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION (non-cash)	10.550	FY 05	<u>32,250</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 05	220,931
SCHOOL BREAKFAST PROGRAM	10.553	FY 05	<u>32,489</u>
			<u>253,420</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-G	207,089
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-GC	29,711
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-D	<u>17,795</u>
			<u>254,595</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES (TITLE V PROGRAM)	84.298	FY 05	<u>7,663</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATES GRANTS	84.186	FY 05	<u>9,596</u>
FUND FOR THE IMPROVEMENT OF EDUCATION(FIE GRANT)	84.215K	FY 05	<u>4,805</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 05	<u>81,774</u>
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 05	<u>420</u>
GREAT RIVER AREA EDUCATION AGENCY: VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 05	<u>27,166</u>

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2005

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
DEPARTMENT OF EDUCATION(CONTINUED);			
GREAT RIVER AREA EDUCATION AGENCY(CONTINUED);			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 05	<u>102,570</u>
SPECIAL EDUCATION - GRANTS TO STATES (SUCCESS 4)	84.027	FY 04	<u>1,697</u>
TOTAL			<u>\$ 775,956</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Mount Pleasant Community School District and is presented in conformity with 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 Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Mount Pleasant Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Mount Pleasant Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated August 3, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mount Pleasant Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

Compliance and Other Matters

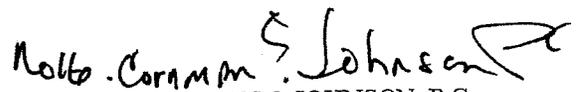
As part of obtaining reasonable assurance about whether Mount Pleasant Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could 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 an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 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.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

August 3, 2005

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Mount Pleasant Community School District:

Compliance

We have audited the compliance of Mount Pleasant Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Mount Pleasant Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants agreements applicable to each of its major federal programs is the responsibility of Mount Pleasant Community School District's management. Our responsibility is to express an opinion on Mount Pleasant Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 Mount Pleasant Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Mount Pleasant Community School District's compliance with those requirements.

In our opinion, Mount Pleasant Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Mount Pleasant Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Mount Pleasant Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts

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and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

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

Nolte Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

August 3, 2005

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No reportable conditions in internal control over major programs were 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 did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Mount Pleasant Community School District qualified as a low-risk auditee.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-05 Supporting Documents for Payments with Credit Cards - Payments made with credit cards do not always have detailed supporting documentation.

Recommendation - The District should review procedures in place to ensure the proper detailed documentation will be available with paid credit card statements.

Response - We have implemented procedures to ensure credit card receipts and supporting detail is obtained.

Conclusion - Response accepted.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No reportable conditions were reported.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

Part IV: Other Findings Related to Statutory Reporting

IV-A-05 Official Depositories - A resolution naming official depositories has been approved by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

IV-B-05 Certified Budget - District disbursements for the year ended June 30, 2005, exceeded the amount budgeted in the support services, non-instructional programs and other expenditures functional areas.

Recommendation - The District should have amended the budget in accordance with Chapter 24.9 before the expenditures exceeded the budget.

Response - We will monitor the budget and amend if necessary in the future.

Conclusion - Response accepted.

IV-C-05 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-D-05 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-E-05 Business Transactions - No business transactions between the District and District officials were noted.

IV-F-05 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-05 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-H-05 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-I-05 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-05 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.



**MT. PLEASANT
COMMUNITY
SCHOOLS**