COMPREHENSIVE ANNUAL FINANCIAL REPORT of the

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

Mount Pleasant, Iowa

For the fiscal year ended June 30, 2006

OFFICIAL ISSUING REPORT

W. Edward Chabal — **Director of Finance**

OFFICE ISSUING REPORT

Business Office

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

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Introductory Section

Mt. Pleasant Community School District

"Learning for a Lifetime"

Central Office
400 East Madison Street
Mt. Pleasant, IA 52641

Phone: 319-385-7750

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

Fax: 319-385-7788

December 15, 2006

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, 2006. 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, 2005, 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 2,220 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 and 2006 years have 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 2007-2008 control budget will increase approximately $203,089 or 1.82%. This is smaller than the 6.2% increase in the 2006-07 fiscal year due to a decrease in student enrollment. 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 2007-2008 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 2007-2008 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 9.21%, with a target position from five to ten percent.

Major Initiatives and Achievements

The 2005-2006 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. A new web-based student management system has been implemented to track student attendance and performance.

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: 22.2 for Mt. Pleasant students, 22.1 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 2005-2006 school year was 94.57%. 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 2005-2006 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 2005-2006, 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 $222,038 was earned on all investments for the year ended June 30, 2006, an increase of $123,054 or 124.3% from Fiscal Year 2005. 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, 2005. 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

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005

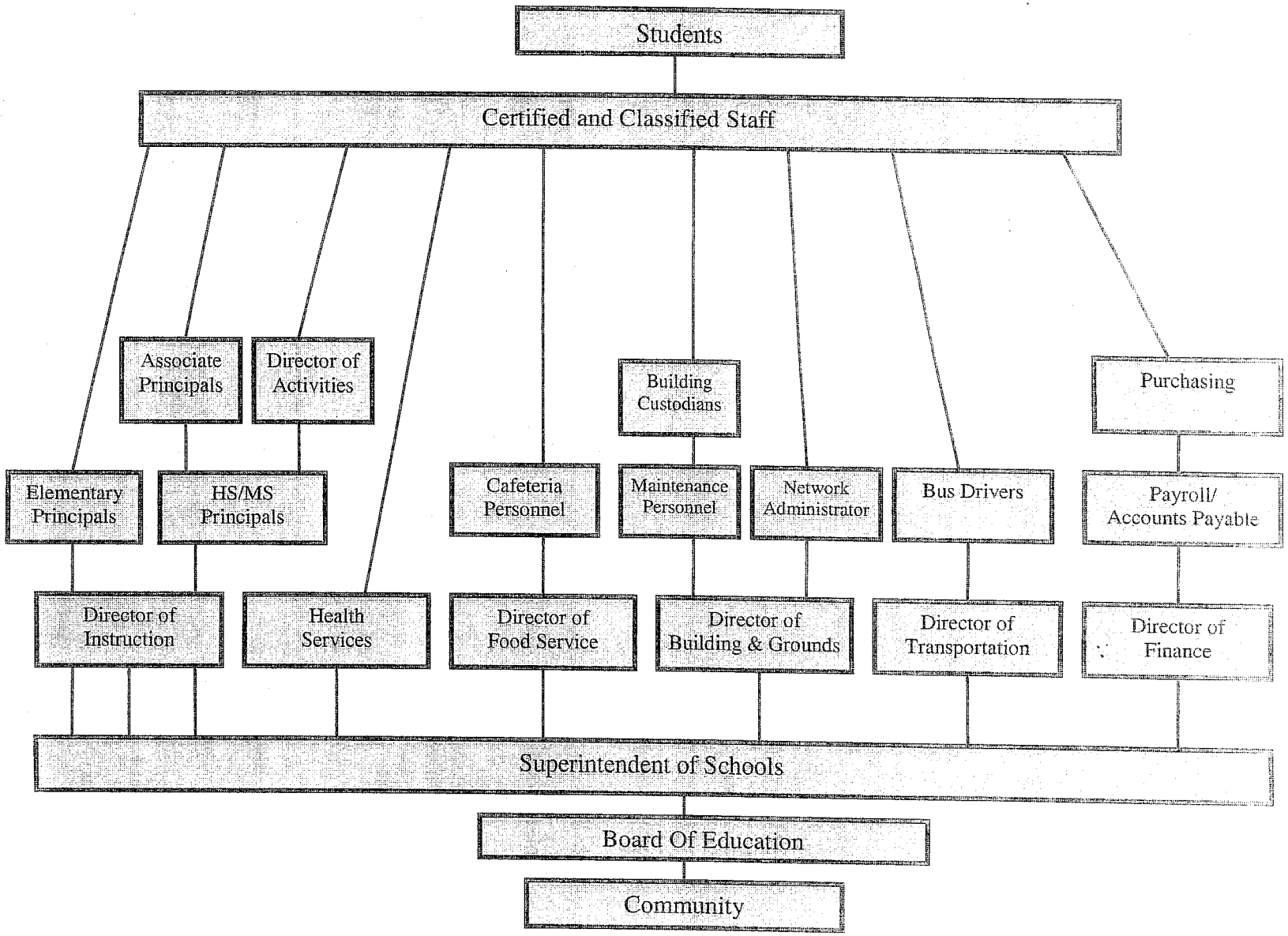
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director

Mt. Pleasant Community School District

Organizational Chart



Mount Pleasant Community School District

Officials

Year ended June 30, 2006

Name	Title	Term Expires
	Board of Education	
	(Before September 2005 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
Bruce Trautman	Board Member	2007
Chris Prellwitz	Board Member	2007
	Board of Education	
	(After September 2005 Election)	
Lois Roth	President	2007
Melodee Yaley	Vice President	2008
John Scheetz	Board Member	2006
David McCoid	Board Member	2006
Bruce Trautman	Board Member	2007
Chris Prellwitz	Board Member	2007
Joy Conwell	Board Member	2008
	School Officials	
Dr. John A. Roederer	Superintendent	2006
W. Edward Chabal	Board Secretary/Treasurer Director of Finance	2006
Michael Vance	Attorney	2006
Toby Gordon	Attorney	2006

Mount Pleasant Community School District

Consultants and Advisors

Year ended June 30, 2006

CERTIFIED PUBLIC ACCOUNTANT

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

BOND ATTORNEYS

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Des Moines, IA 50309-2207

FINANCIAL CONSULTANTS

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700 Walnut Street, Suite 1300
Des Moines, IA 50309-3999

GENERAL COUNSEL

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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

Howard R. Green Company
8710 Earhart Lane SW
Cedar Rapids, IA 52404

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

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

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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, 2006, 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, 2006 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 September 14, 2006 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 provided 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

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.

NOLTE, CORNMAN & JOHNSON, P.C.

September 14, 2006

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, 2006 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 $7,760,550 at June 30, 2006 compared to $6,967,627 at June 30, 2005, an increase of 11.38%.

- At the end of the current fiscal year, unreserved fund balance in the general fund was $1,487,152 or 9.47% of total general fund revenues compared to prior years ending balance of $1,190,787 or 7.87% 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 $7,760,550 at June 30, 2006 compared to $6,967,627 at June 30, 2005. (See Table 1).

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other assets	$ 13,483,252	13,361,190	4,835	14,795	13,488,087	13,375,985	0.84%
Capital assets	13,321,365	13,110,046	90,109	110,273	13,411,474	13,220,319	1.45%
Total assets	26,804,617	26,471,236	94,944	125,068	26,899,561	26,596,304	1.14%
Long-term obligations	7,875,607	8,159,418	1,532	0	7,877,139	8,159,418	-3.46%
Other liabilities	11,168,460	11,344,191	52,080	71,656	11,220,540	11,415,847	-1.71%
Total liabilities	19,044,067	19,503,609	53,612	71,656	19,097,679	19,575,265	-2.44%
Net assets:							
Invested in capital assets, net of related debt	5,709,341	5,320,690	90,109	110,273	5,799,450	5,430,963	6.78%
Restricted	247,556	263,063	0	0	247,556	263,063	-5.89%
Unrestricted	1,803,653	1,383,874	(48,777)	(56,861)	1,754,876	1,327,013	32.24%
Total net assets	$ 7,760,550	6,967,627	41,332	53,412	7,801,882	7,021,039	11.12%

Investment in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is $5,709,341. 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 $247,556 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of $1,803,653 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, 2006 compared to June 30, 2005.

Table 2
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2006	2005	2006	2005	2006	2005	2005-2006
Revenues:							
Program revenues:							
Charges for services	$ 1,451,801	1,564,418	472,689	454,220	1,924,490	2,018,638	-4.66%
Operating grants and contributions and restricted interest	1,902,569	1,804,605	335,301	296,227	2,237,870	2,100,832	6.52%
Capital grants and contributions and restricted interest	0	0	0	0	0	0	0.00%
General revenues(expenses):							
Property taxes	5,517,390	5,773,977	0	0	5,517,390	5,773,977	-4.44%
Local option sales and services taxes	1,000,109	6,545	0	0	1,000,109	6,545	15180.50%
Unrestricted state grants	8,080,458	7,770,824	0	0	8,080,458	7,770,824	3.98%
Other	222,948	117,678	268	(11,568)	223,216	106,110	110.36%
Total revenues	18,175,275	17,038,047	808,258	738,879	18,983,533	17,776,926	6.79%
Program expenses:							
Governmental activities:							
Instructional	11,128,026	10,422,833	0	0	11,128,026	10,422,833	6.77%
Support services	4,581,746	4,362,309	0	0	4,581,746	4,362,309	5.03%
Non-instructional programs	27,854	30,239	820,338	829,836	848,192	860,075	-1.38%
Other expenses	1,644,726	1,489,919	0	0	1,644,726	1,489,919	10.39%
Total expenses	17,382,352	16,305,300	820,338	829,836	18,202,690	17,135,136	6.23%
Changes in net assets	792,923	732,747	(12,080)	(90,957)	780,843	641,790	21.67%
Beginning net assets	6,967,627	6,234,880	53,412	144,369	7,021,039	6,379,249	10.06%
Ending net assets	$ 7,760,550	6,967,627	41,332	53,412	7,801,882	7,021,039	11.12%

Property tax and unrestricted state grants account for 75% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 90% of the total expenses.

Governmental Activities

Revenues for governmental activities were $18,175,275 and expenses were $17,382,352.

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	$ 11,128,026	8,394,151
Support services	4,581,746	4,576,466
Non-instructional programs	27,854	27,854
Other expenses	1,644,726	1,029,511
Totals	$ 17,382,352	14,027,982

- The cost financed by users of the District's programs was $1,451,801.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,902,569.
- The net cost of governmental activities was financed with $5,517,390 in local tax, 1,000,109 in local option sales and services tax, $8,080,458 in unrestricted state grants and $222,948 in other income. This was the first year for collection of the Henry County local option sales and services tax of 1% of taxable sales made in the county.

Business-Type Activities

Revenues of the District's business-type activities were $808,258 and expenses were $820,338. 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, 2006, the District's net assets decreased in the business-type activities by $12,080.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2006, the District's governmental funds reported combined ending fund balances of $2,043,311, an increase of $302,506 in comparison with the prior year. Of this amount, $1,823,966 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 approached the breakeven point for the first time in several years. While food sales increased significantly, expenses increased only slightly 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 $656,381 more than the total budgeted receipts, a variance of 3.58%. The most significant change resulted in the District receiving more in local sources, state appropriation and federal appropriations 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 and non-instructional programs 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, 2006, amounts to $13,411,474 (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,
	2006	2005	2006	2005	2006	2005	2005-2006
Land	$ 185,400	185,400	0	0	185,400	185,400	0.00%
Construction in progress	250,233	0	0	0	250,233	0	100.00%
Buildings	12,112,826	12,433,901	0	0	12,112,826	12,433,901	-2.58%
Land improvements	243,703	266,821	0	0	243,703	266,821	-8.66%
Machinery and equipment	529,203	223,924	90,109	110,273	619,312	334,197	85.31%
Total	$ 13,321,365	13,110,046	90,109	110,273	13,411,474	13,220,319	1.45%

Long-Term Debt

At the end of June 30, 2006, the District had total long-term debt of $7,875,607, a decrease of $283,811 from the prior fiscal year. Of this amount, $834,020 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
	2006	2005	Change
General obligation bonds	$ 7,295,000	7,770,000	-6.1%
School bus lease	394,121	99,268	297.0%
Renovation contribution	0	100,000	-100.0%
Computer lease	63,627	46,219	37.7%
Compensated absences	42,196	39,179	7.7%
Early retirement	80,663	104,752	-23.0%
Totals	$ 7,875,607	8,159,418	-3.5%

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 2008.
- A successful sales tax extension vote in August of 2006 will allow the District to issue sales tax revenue bonds in Fiscal Year 2006-2007 and allow construction to begin on the Middle School renovation project of approximately $8.5 million. Additional sales tax revenue funds received during the year will continue to finance school bus and technology leases.
- 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, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments:			
ISCAP(Note 5)	$ 3,231,353	0	3,231,353
Other	4,265,982	0	4,265,982
Receivables:			
Property tax:			
Delinquent	92,866	0	92,866
Succeeding year	5,211,808	0	5,211,808
Income surtax	337,096	0	337,096
Accounts	7,179	263	7,442
Accrued interest:			
ISCAP(Note 5)	29,078	0	29,078
Due from other governments	266,840	0	266,840
Inventories	37,728	4,572	42,300
Prepaid expenses	3,322	0	3,322
Capital assets, net of accumulated depreciation(Note 6)	13,321,365	90,109	13,411,474
TOTAL ASSETS	26,804,617	94,944	26,899,561
LIABILITIES			
Excess of warrants issued over bank balance	0	5,030	5,030
Accounts payable	763,503	838	764,341
Salaries and benefits payable	1,845,497	39,148	1,884,645
Accrued interest payable	67,147	0	67,147
ISCAP warrants payable(Note 5)	3,229,000	0	3,229,000
ISCAP accrued interest payable(Note 5)	27,242	0	27,242
ISCAP unamortized premium	22,659	0	22,659
Deferred revenue:			
Succeeding year property tax	5,211,808	0	5,211,808
Other	3,136	0	3,136
Unearned revenue	0	7,064	7,064
Long-term liabilities(Note 7):			
Portion due within one year:			
Bonds payable	590,000	0	590,000
School bus lease payable	114,108	0	114,108
Computer lease payable	63,627	0	63,627
Compensated absences payable	40,664	1,532	42,196
Early retirement payable	24,089	0	24,089
Portion due after one year:			
Bonds payable	6,705,000	0	6,705,000
School bus lease payable	280,013	0	280,013
Early retirement payable	56,574	0	56,574
TOTAL LIABILITIES	19,044,067	53,612	19,097,679
NET ASSETS			
Invested in capital assets, net of related debt	5,709,341	90,109	5,799,450
Restricted for:			
Talented and gifted	35,311	0	35,311
Other	35,072	0	35,072
Other special revenue purposes	177,173	0	177,173
Unrestricted	1,803,653	(48,777)	1,754,876
TOTAL NET ASSETS	$ 7,760,550	41,332	7,801,882

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
Instruction:							
Regular instruction	$ 7,193,567	590,177	1,173,891	0	(5,429,499)	0	(5,429,499)
Special instruction	2,030,992	327,068	110,124	0	(1,593,800)	0	(1,593,800)
Other instruction	1,903,467	532,615	0	0	(1,370,852)	0	(1,370,852)
	11,128,026	1,449,860	1,284,015	0	(8,394,151)	0	(8,394,151)
Support services:							
Student services	429,673	0	0	0	(429,673)	0	(429,673)
Instructional staff services	361,439	0	0	0	(361,439)	0	(361,439)
Adminstration services	1,767,827	0	0	0	(1,767,827)	0	(1,767,827)
Operation and maintenance of plant services	1,339,952	0	0	0	(1,339,952)	0	(1,339,952)
Transportation services	682,855	1,941	3,339	0	(677,575)	0	(677,575)
	4,581,746	1,941	3,339	0	(4,576,466)	0	(4,576,466)
Non-instructional programs:							
Community service and education program	27,854	0	0	0	(27,854)	0	(27,854)
Other expenditures:							
Facilities acquisitions	272,975	0	0	0	(272,975)	0	(272,975)
Long-term debt interest	400,449	0	0	0	(400,449)	0	(400,449)
AEA flowthrough	615,215	0	615,215	0	0	0	0
Depreciation(unallocated)*	356,087	0	0	0	(356,087)	0	(356,087)
	1,644,726	0	615,215	0	(1,029,511)	0	(1,029,511)
Total governmental activities	17,382,352	1,451,801	1,902,569	0	(14,027,982)	0	(14,027,982)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	820,338	472,689	335,301	0	0	(12,348)	(12,348)
Total	$ 18,202,690	1,924,490	2,237,870	0	(14,027,982)	(12,348)	(14,040,330)
General Revenues:							
Property tax levied for:							
General purposes					$ 4,627,430	0	4,627,430
Debt service					889,960	0	889,960
Local option sales and services tax					1,000,109	0	1,000,109
Unrestricted state grants					8,080,458	0	8,080,458
Unrestricted investment earnings					221,770	268	222,038
Gain on sale of equipment					1,178	0	1,178
Total general revenues					14,820,905	268	14,821,173
Changes in net assets					792,923	(12,080)	780,843
Net assets beginning of year					6,967,627	53,412	7,021,039
Net assets end of year					$ 7,760,550	41,332	7,801,882

* 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, 2006

	General	Debt Service	Other Governmental Funds	Total
ASSETS				
Cash and pooled investments:				
ISCAP(Note 5)	$ 3,231,353	0	0	3,231,353
Other	3,684,666	48,576	532,740	4,265,982
Receivables:				
Property tax				
Delinquent	73,272	15,942	3,652	92,866
Succeeding year	4,091,246	880,562	240,000	5,211,808
Income surtax	337,096	0	0	337,096
Accounts	7,179	0	0	7,179
Accrued interest - ISCAP(Note 5)	29,078	0	0	29,078
Due from other governments	166,503	0	100,337	266,840
Inventories	37,728	0	0	37,728
Prepaid expenses	0	0	3,322	3,322
TOTAL ASSETS	$ 11,658,121	945,080	880,051	13,483,252
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 460,387	0	303,116	763,503
Salaries and benefits payable	1,845,376	0	121	1,845,497
ISCAP warrants payable(Note 5)	3,229,000	0	0	3,229,000
ISCAP accrued interest payable(Note 5)	27,242	0	0	27,242
ISCAP unamortized premium	22,659	0	0	22,659
Deferred revenue:				
Succeeding year property tax	4,091,246	880,562	240,000	5,211,808
Income surtax	337,096	0	0	337,096
Other	3,136	0	0	3,136
Total liabilities	10,016,142	880,562	543,237	11,439,941
Fund balances:				
Reserved for:				
Debt service	0	64,518	0	64,518
Inventories	37,728	0	0	37,728
Talented and gifted	35,311	0	0	35,311
Other	35,072	0	0	35,072
Unreserved:				
Designated for special purpose	46,716	0	0	46,716
Undesignated:				
General	1,487,152	0	0	1,487,152
Nonmajor Special Revenue Funds	0	0	193,461	193,461
Nonmajor Capital Projects Fund	0	0	143,353	143,353
Total fund balances	1,641,979	64,518	336,814	2,043,311
TOTAL LIABILITIES AND FUND BALANCES	$ 11,658,121	945,080	880,051	13,483,252

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, 2006

Total fund balances of governmental funds(page 26)	$	2,043,311
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in in the governmental funds.		13,321,365
Accrued interest payable on long-term liabiliities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(67,147)
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, compensated absences and early retirement, are not due and payable in the current period and, therefore, are not reported as liabities in the governmental funds.		(7,874,075)
Net assets of governmental activites(page 24)	$	7,760,550

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, 2006

	General	Debt Service	Other Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	$ 4,425,564	889,960	1,201,975	6,517,499
Tuition	917,245	0	0	917,245
Other	377,852	2,216	376,258	756,326
State sources	9,322,979	0	0	9,322,979
Federal sources	660,048	0	0	660,048
Total revenues	15,703,688	892,176	1,578,233	18,174,097
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	7,109,070	0	84,122	7,193,192
Special instruction	2,030,992	0	0	2,030,992
Other instruction	1,535,376	0	368,091	1,903,467
	10,675,438	0	452,213	11,127,651
Support services:				
Student services	434,672	0	0	434,672
Instructional staff services	361,439	0	0	361,439
Administration services	1,575,921	0	222,989	1,798,910
Operation and maintenance of plant services	1,161,895	0	172,554	1,334,449
Transportation services	550,990	8,124	438,716	997,830
	4,084,917	8,124	834,259	4,927,300
Non-instructional programs:				
Community service and education operations	22,452	0	0	22,452
Other expenditures:				
Facilities acquisitions	0	0	623,208	623,208
Long-term debt:				
Principal	0	742,099	0	742,099
Interest and fiscal charges	0	365,451	0	365,451
AEA flowthrough	615,215	0	0	615,215
	615,215	1,107,550	623,208	2,345,973
Total expenditures	15,398,022	1,115,674	1,909,680	18,423,376
Excess(deficiency) of revenues over(under) expenditures	305,666	(223,498)	(331,447)	(249,279)
Other financing sources(uses):				
Sale of equipment	1,178	0	0	1,178
Refunding debt issued	0	1,740,000	0	1,740,000
Payment to refunding escrow agent	0	(1,693,753)	0	(1,693,753)
Proceeds from school bus lease	0	0	420,238	420,238
Proceeds from computer lease	0	0	84,122	84,122
Transfers in	3,800	200,223	0	204,023
Transfers out	0	0	(204,023)	(204,023)
	4,978	246,470	300,337	551,785
Net change in fund balances	310,644	22,972	(31,110)	302,506
Fund balance beginning of year	1,331,335	41,546	367,924	1,740,805
Fund balance end of year	$ 1,641,979	64,518	336,814	2,043,311

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, 2006

Net change in fund balances - total governmental funds(page 28)		$ 302,506
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	$ 739,359	
Depreciation expense	(528,040)	211,319
Proceeds from issuing long-term liabilities provide current financial resources to governmnet 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	(2,244,360)	
Repaid	2,407,099	162,739
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.		(6,245)
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	24,089	
Compensated absences	(1,485)	122,604
Changes in net assets of governmental activities(page 25)		$ 792,923

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND

JUNE 30, 2006

	School Nutrition
ASSETS	
Current assets:	
Other accounts receivable	$ 263
Inventories	4,572
Total current assets	4,835
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation(Note 6)	90,109
Total non-current assets	90,109
TOTAL ASSETS	94,944
LIABILITIES	
Current liabilities:	
Excess of warrants issued over bank balance	5,030
Accounts payable	838
Salaries and benefits payable	39,148
Unearned revenue	7,064
Total current liabilities	52,080
Long-term liabilities(Note 7):	
Compensated absences	1,532
TOTAL LIABILITIES	53,612
NET ASSETS	
Invested in capital assets	90,109
Unrestricted	(48,777)
Total net assets	$ 41,332

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, 2006

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	$ 472,689
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	263,987
Benefits	61,205
Services	5,466
Supplies	469,516
Depreciation	20,164
TOTAL OPERATING EXPENSES	820,338
OPERATING LOSS	(347,649)
NON-OPERATING REVENUES:	
State sources	9,956
Federal sources	325,345
Interest on investments	268
TOTAL NON-OPERATING REVENUES	335,569
Change in net assets	(12,080)
Net assets beginning of year	53,412
Net assets end of year	$ 41,332

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2006

	Enterprise Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	$ 469,905
Cash received from miscellaneous sources	910
Cash payments to employees for services	(344,549)
Cash payments to suppliers for goods or services	(433,984)
Net cash used in operating activities	(307,718)
Cash flows from non-capital financing activities:	
State grants received	9,956
Federal grants received	285,603
Net cash provided by non-capital financing activities	295,559
Cash flows from investing activities:	
Interest on investments	268
Net cash provided by investing activities	268
Net decrease in cash and cash equivalents	(11,891)
Cash and cash equivalents at beginning of year	6,861
Cash and cash equivalents at end of year	$ (5,030)
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (347,649)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	39,742
Depreciation	20,164
Decrease in inventories	2,957
Decrease in accounts receivable	142
Decrease in accounts payable	(1,701)
Decrease in salaries and benefits payable	(20,889)
Decrease in deferred revenue	(2,016)
Increase in compensated absences	1,532
Net cash used in operating activities	$ (307,718)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and investments	$ (5,030)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2006, the District received Federal commodities valued at $39,742.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

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, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2005.

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. Prepaid Expenses

The District prepaid rent expense to the City of Mount Pleasant for July 2006 from the Physical Plant and Equipment Levy Fund.

H. 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

I. 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 2006, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2006.

J. 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.

K. Unearned Revenue

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

L. 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, 2006.

M. 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.

N. 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.

O. 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.

P. 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, 2006, the instructional, support services, non-instructional programs and other expenditures were amended for an increase of 5.31%, 3.27%, 7.53% and 8.56%, 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, 2006 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, 2006, the carrying amount of the District's bank deposits and pooled investments totaled $4,260,952 with bank balances of $4,105,157. 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 $4,005,157 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, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	$ 155,795

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, 2006 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Student Activity	$ 3,800
Debt Service	Capital Projects	200,223
Total		$ 204,023

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, 2006 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2005-06B	1/26/06	1/26/07	$ 1,406,893	$ 28,510	$ 1,402,000	$ 26,792
2006-07A	6/28/06	6/28/07	1,824,460	568	1,827,000	450
Total			$ 3,231,353	$ 29,078	$ 3,229,000	$ 27,242

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, 2006.

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
2005-06A	3.500%	3.903%
2005-06B	4.500%	4.772%
2006-07A	4.500%	5.676%

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
Construction in progress	0	250,233	0	250,233
Total capital assets not being depreciated	185,400	250,233	0	435,633
Capital assets being depreciated:				
Buildings	16,174,618	0	0	16,174,618
Land improvements	986,132	0	0	986,132
Machinery and equipment	2,548,029	489,126	138,661	2,898,494
Total capital assets being depreciated	19,708,779	489,126	138,661	20,059,244
Less accumulated depreciation for:				
Buildings	3,740,717	321,075	0	4,061,792
Land improvements	719,311	23,118	0	742,429
Machinery and equipment	2,324,105	183,847	138,661	2,369,291
Total accumulated depreciation	6,784,133	528,040	138,661	7,173,512
Total capital assets being depreciated, net	12,924,646	(38,914)	0	12,885,732
Governmental activities capital assets, net	$ 13,110,046	211,319	0	13,321,365

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	$ 271,259	0	0	271,259
Less accumulated depreciation	160,986	20,164	0	181,150
Business-type activities capital assets, net	$ 110,273	(20,164)	0	90,109

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular	$	16,771
Support services:		
Student services		2,476
Administration		16,449
Operation and maintenance of plant		14,710
Transportation		114,653
Non-instructional programs:		
Community service and education operations		6,894
		171,953
Unallocated depreciation		356,087
Total governmental activities depreciation expense	$	528,040
Business-type activities:		
Food services	$	20,164

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, 2006 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	$ 7,770,000	$ 1,740,000	$ 2,215,000	$ 7,295,000	$ 590,000
School Bus Lease	99,268	420,238	125,385	394,121	114,108
Renovation Contribution	100,000	0	100,000	0	0
Computer Lease	46,219	84,122	66,714	63,627	63,627
Compensated Absences	39,179	42,196	39,179	42,196	42,196
Early Retirement	104,752	0	24,089	80,663	24,089
Total	$ 8,159,418	$ 2,286,556	$ 2,570,367	$ 7,875,607	$ 834,020

Bonded debt

On November 1, 2005, the District refunded a bond issued for $1,665,000 in general obligation bonds that were used originally for capital facility construction. 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, 2006 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
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	4.30		580,000	155,978			-	-
2012-16	4.40-4.70		2,835,000	364,794			-	-
2017			-	-			-	-
Total		$	4,470,000	1,297,174		$	970,000	42,518

Year Ending June 30,	Bond Issue of May 1, 1998				Bond Issue of November 1, 2005			
	Interest Rate		Principal	Interest	Interest Rate		Principal	Interest
2007	4.70	% $	85,000	5,405	3.50	% $	30,000	63,663
2008	4.70		30,000	1,410	3.50		65,000	62,612
2009			-	-	3.50		100,000	60,338
2010			-	-	3.50		100,000	56,837
2011			-	-	3.50		105,000	53,338
2012-16			-	-	3.50-3.70		545,000	211,063
2017			-	-	3.75		795,000	29,812
Total		$	115,000	6,815		$	1,740,000	537,663

Year Ending June 30,	Total		
		Principal	Interest
2007	$	590,000	294,448
2008		585,000	277,790
2009		605,000	260,268
2010		655,000	236,679
2011		685,000	209,316
2012-16		3,380,000	575,857
2017		795,000	29,812
Total	$	7,295,000	1,884,170

School Bus Lease

During the year ended June 30, 2003, June 30, 2005 and June 30, 2006, the District entered in to lease agreements with Blue Bird. The Local Option Sales and Services Tax, Capital Projects Fund will be used to liquidate the 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
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
2010			-	-	4.67		-	-
		$	23,301	1,179		$	41,248	3,911

Year Ending June 30,	Bus lease of July 25, 2005				Total	
	Interest Rate		Principal	Interest	Principal	Interest
2007	3.94	% $	77,680	12,985	$ 114,108	16,090
2008	3.94		80,741	9,926	94,481	11,239
2009	3.94		83,922	6,743	98,303	7,415
2010	3.94		87,229	3,437	87,229	3,437
		$	329,572	33,091	$ 394,121	38,181

Computer Lease

During the year ended June 30, 2005 and June 30, 2006, the District entered in to lease agreements with Dell. The Local Option Sales and Services, Capital Project 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 of November 4, 2004				Computer lease of July 5, 2005			
	Interest Rate		Principal	Interest	Interest Rate		Principal	Interest
2007	7.19	% $	23,909	1,713	11.80	% $	39,718	4,686
		$	23,909	1,713		$	39,718	4,686

Year Ending June 30,	Total	
	Principal	Interest
2007	$ 63,627	6,399
	$ 63,627	6,399

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, 2006, totaled $24,089. 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, 2006, $4,530,000 of such bonds is outstanding. Defeasement of principal and interest for the year was $0 and $250,385 respectively.

On November 1, 2005 the District issued $1,740,000 in general obligation bonds to advance refund $1,665,000 of outstanding general obligation bonds dated May 1, 1998. 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, 2006, $1,665,000 of such bonds is outstanding. Defeasement of principal and interest for the year was $0 and $41,268 respectively. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by $113,837 and resulted in a present value savings of $88,810 to the District.

Note 10. Lease Agreement

On June 28, 2004 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 was automatically renewed thru June 30, 2006. During the year, the District renewed the lease agreement thru June 30, 2007.

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, 2006, 2005 and 2004. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were $654,296, $568,635, and $559,365 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, 2006 were $1,408,404.

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 $615,215 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 14. Due From Other Governments

Amount due from other governments by Fund as of June 30, 2006 are as follows:

	General Fund	Capital Projects
Local appropriation		
Tuition	$ 53,145	$ 0
ICN rent	1,080	0
Total local appropriation	54,225	0
State appropriation		
Non-public transportation aid	1,653	0
State vocational aid reimbursement	4,783	0
Fuel tax refund	657	0
Local option sales and services tax	0	100,337
Total state appropriation	7,093	100,337
Federal appropriation		
Vocational Education	4,924	0
Title I	45,199	0
Part B	55,062	0
Total federal appropriation	105,185	0
Total due from other governments	$ 166,503	$ 100,337

Note 15. Construction Committments

The District has active construction projects as of June 30, 2006. The projects include various roof improvements at Harlan Elementary, Lincoln Elementary, Salem Elementary, Van Allen Elementary and Central Receiving. The District entered into contracts totaling $629,000. As of June 30, 2006, costs of $250,233 had been incurred against the contracts. The balance of $387,767 remaining at June 30, 2006 will be paid as work on the projects progress.

Note 16. 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, 2006, disbursements in the support services and non-instructional programs functional areas exceeded the amount budgeted.

Required Supplementary Information

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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, 2006

	Governmental Fund Types - Actual	Proprietary Fund Types - Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance - Positive (Negative)
Revenues:						
Local sources	$ 8,191,070	$ 472,957	$ 8,664,027	$ 8,220,880	$ 8,220,880	$ 443,147
State appropriations	9,322,979	9,956	9,332,935	9,330,094	9,330,094	2,841
Federal appropriations	660,048	325,345	985,393	775,000	775,000	210,393
Total revenues	18,174,097	808,258	18,982,355	18,325,974	18,325,974	656,381
Expenditures:						
Instruction	11,127,651	0	11,127,651	10,825,000	11,400,000	272,349
Support services	4,927,300	0	4,927,300	4,212,353	4,350,000	(577,300)
Non-instructional programs	22,452	820,338	842,790	744,000	800,000	(42,790)
Other expenditures	2,345,973	0	2,345,973	2,441,130	2,650,000	304,027
Total expenditures	18,423,376	820,338	19,243,714	18,222,483	19,200,000	(43,714)
Excess(deficiency) of revenues over(under) expenditures	(249,279)	(12,080)	(261,359)	103,491	(874,026)	612,667
Other financing sources, net	551,785	0	551,785	2,500	2,500	549,285
Excess(deficiency) of revenues and other financing sources over(under) expenditures	302,506	(12,080)	290,426	105,991	(871,526)	1,161,952
Balance beginning of year	1,740,805	53,412	1,794,217	1,298,424	1,298,424	495,793
Balance end of year	$ 2,043,311	$ 41,332	$ 2,084,643	$ 1,404,415	$ 426,898	$ 1,657,745

SEE NOTES TO FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2006

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 $977,517.

During the year ended June 30, 2006, disbursements in the support services and non-instructional program functional areas exceeded the amounts budgeted.

Other Supplementary Information

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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.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2006

	Special Revenue Funds					
	Manage-ment	Student Activity	Physical Plant and Equipment Levy	Total	Capital Projects	Total Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	$ 1,581	$ 179,879	$ 11,176	$ 192,636	$ 340,104	$ 532,740
Receivables:						
Property tax:						
Current year delinquent	3,652	0	0	3,652	0	3,652
Succeeding year	240,000	0	0	240,000	0	240,000
Due from other governments	0	0	0	0	100,337	100,337
Prepaid expenses	0	0	0	0	3,322	3,322
TOTAL ASSETS	$ 245,233	$ 179,879	$ 11,176	$ 436,288	$ 443,763	$ 880,051
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	$ 0	$ 2,706	$ 0	$ 2,706	$ 300,410	$ 303,116
Salaries and benefits payable	121	0	0	121	0	121
Deferred revenue:						
Succeeding year property tax	240,000	0	0	240,000	0	240,000
Total liabilities	240,121	2,706	0	242,827	300,410	543,237
Fund equity:						
Fund balances:						
Unreserved, undesignated	5,112	177,173	11,176	193,461	143,353	336,814
	5,112	177,173	11,176	193,461	143,353	336,814
TOTAL LIABILITIES AND FUND EQUITY	$ 245,233	$ 179,879	$ 11,176	$ 436,288	$ 443,763	$ 880,051

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2006

	Special Revenue Funds					
	Manage-ment	Student Activity	Physical Plant and Equipment Levy	Total	Capital Projects	Total Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	$ 201,866	$ 0	$ 0	$ 201,866	$ 1,000,109	$ 1,201,975
Other	92	366,661	206	366,959	9,299	376,258
TOTAL REVENUES	201,958	366,661	206	568,825	1,009,408	1,578,233
EXPENDITURES:						
Current:						
Instruction:						
Regular instruction	0	0	0	0	84,122	84,122
Other instruction	0	368,091	0	368,091	0	368,091
Support services:						
Administration services	197,179	0	0	197,179	25,810	222,989
Operation and maintenance of plant services	45,981	0	100,000	145,981	26,573	172,554
Student transportation	18,478	0	0	18,478	420,238	438,716
Other expenditures:						
Facilities acquisition	0	0	3,688	3,688	619,520	623,208
TOTAL EXPENDITURES	261,638	368,091	103,688	733,417	1,176,263	1,909,680
Excess(deficiency) of revenues over(under) expenditures	(59,680)	(1,430)	(103,482)	(164,592)	(166,855)	(331,447)
OTHER FINANCING SOURCES(USES):						
Proceeds from school bus lease	0	0	0	0	420,238	420,238
Proceeds from computer lease	0	0	0	0	84,122	84,122
Transfer out	0	(3,800)	0	(3,800)	(200,223)	(204,023)
	0	(3,800)	0	(3,800)	304,137	300,337
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	(59,680)	(5,230)	(103,482)	(168,392)	137,282	(31,110)
FUND BALANCE BEGINNING OF YEAR	64,792	182,403	114,658	361,853	6,071	367,924
FUND BALANCE END OF YEAR	$ 5,112	$ 177,173	$ 11,176	$ 193,461	$ 143,353	$ 336,814

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Statistical Section

Mt. Pleasant Community School District

Statistical Section

(Unaudited)

This part of the Mt. Pleasant Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	59-71
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	72-75
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	76-81
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place and to help make comparisons over time and with other governments.	82-85
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	86-90

Schedule 1
Mt. Pleasant Community School District

Net Assets by Component
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	$ 4,731,052	$ 5,025,225	$ 5,320,690	$ 5,709,341
Restricted	536,324	258,606	263,063	247,556
Unrestricted	567,126	951,049	1,383,874	1,803,653
Total governmental activities net assets	$ 5,834,502	$ 6,234,880	$ 6,967,627	$ 7,760,550
Business-type activities:				
Invested in capital assets, net of related debt	$ 108,998	$ 137,881	$ 110,273	$ 90,109
Restricted	-	-	-	-
Unrestricted	77,353	6,488	(56,861)	(48,777)
Total business-type activities net assets	$ 186,351	$ 144,369	$ 53,412	$ 41,332
Primary government:				
Invested in capital assets, net of related debt	$ 4,840,050	$ 5,163,106	$ 5,430,963	$ 5,799,450
Restricted	536,324	258,606	263,063	247,556
Unrestricted	644,479	957,537	1,327,013	1,754,876
Total primary government net assets	$ 6,020,853	$ 6,379,249	$ 7,021,039	$ 7,801,882

Source: School District financial records.

Note:
* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Schedule 2
Mt. Pleasant Community School District

Expenses, Program Revenues and Net (Expense) Revenue
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
Instruction	$ 10,042,568	$ 10,298,544	$ 10,422,833	$ 11,128,026
Student services	268,432	269,415	442,021	429,673
Instructional staff services	677,927	646,894	359,645	361,439
Administration services	1,420,849	1,506,863	1,804,106	1,767,827
Operation and maintenance of plant	1,005,065	1,002,220	1,101,224	1,339,952
Pupil transportation services	655,652	585,850	655,313	682,855
Community sevices	16,589	31,137	30,239	27,854
Facilities acquisitions	91,779	345,155	207,107	272,975
Interest on long-term debt	483,699	352,661	336,838	400,449
AEA flowthrough	597,757	576,385	589,500	615,215
Depreciation (unallocated)	354,116	361,153	356,474	356,087
Total governmental activities expenses	15,614,433	15,976,277	16,305,300	17,382,352
Business-type activities:				
Nutrition services	689,460	743,172	829,836	820,338
Total busines-type activities expenses	689,460	743,172	829,836	820,338
Total primary government expenses	$ 16,303,893	$ 16,719,449	$ 17,135,136	$ 18,202,690
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	$ 1,432,703	$ 1,544,611	$ 1,563,064	$ 1,449,860
Support services	-	1,140	1,354	1,941
Operating grants and contributions	1,717,612	1,615,435	1,804,605	1,902,569
Capital grants and contributions	19,985	121,584	-	-
Total governmental activities program revenues	3,170,300	3,282,770	3,369,023	3,354,370

(Continued on the following page.)

Schedule 2
Mt. Pleasant Community School District

Expenses, Program Revenues and Net (Expense) Revenue (Continued)
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Business-type activities:				
Charges for services:				
Nutrition	431,983	432,058	454,220	472,689
Operating grants and contributions	247,668	268,464	296,227	335,301
Capital grants and contributions	-	-	-	-
Total business-type program revenues	679,651	700,522	750,447	807,990
Total primary government program revenues	$ 3,849,951	$ 3,983,292	$ 4,119,470	$ 4,162,360
Net (expense) revenue:				
Governmental activities	$ (12,444,133)	$ (12,693,507)	$ (12,936,277)	$ (14,027,982)
Business-type activities	(9,809)	(42,650)	(79,389)	(12,348)
Total primary government net expense	$ (12,453,942)	$ (12,736,157)	$ (13,015,666)	$ (14,040,330)

Source: School District financial records.

Note:
* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

Schedule 3
Mt. Pleasant Community School District

General Revenues and Total Change in Net Assets
Last Four Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net (expense) revenue:				
Governmental activities	$ (12,444,133)	$ (12,693,507)	$ (12,936,277)	$ (14,027,982)
Business-type activities	(9,809)	(42,650)	(79,389)	(12,348)
Total primary government net expense	(12,453,942)	(12,736,157)	(13,015,666)	(14,040,330)
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes levied for general purposes	5,021,704	4,543,943	4,505,723	4,627,430
Property taxes levied for debt service	901,441	895,660	885,670	889,960
Property taxes levied for capital projects	4,919	402,769	382,584	-
Sales tax	-	6,360	6,545	1,000,109
Unrestricted grants and contributions	6,876,322	7,212,979	7,770,824	8,080,458
Miscellaneous	963	2,273	19,090	1,178
Investment earnings	41,551	29,901	98,588	221,770
Transfers	-	-	-	-
Total governmental activities	12,846,900	13,093,885	13,669,024	14,820,905
Business-type activities:				
Miscellaneous	-	-	(11,964)	-
Investment earnings	974	668	396	268
Transfers	-	-	-	-
Total business-type activities	974	668	(11,568)	268
Total primary government	12,847,874	13,094,553	13,657,456	14,821,173
Change in net assets:				
Governmental activities	402,767	400,378	732,747	792,923
Business-type activities	(8,835)	(41,982)	(90,957)	(12,080)
Total primary government	$ 393,932	$ 358,396	$ 641,790	$ 780,843

Source: School District financial records.

Note:
* The District began to report accrual information when it implemented GASB Statement No. 34 in 2003.

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Schedule 4
Mt. Pleasant Community School District

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1997	1998	1999	2000	2001
General Fund:					
Reserved	$ 48,598	$ 49,363	$ 34,906	$ 68,900	$ 135,106
Unreserved	1,237,195	1,328,554	1,205,907	548,598	590,089
Total General Fund	$ 1,285,793	$ 1,377,917	$ 1,240,813	$ 617,498	$ 725,195
All other governmental funds:					
Reserved	$ -	$ -	$ -	$ 31,927	$ 41,279
Unreserved, reported in:					
Capital projects funds	8,266,844	6,279,777	542,470	382,658	38,101
Debt service funds	-	(35,623)	(12,248)	-	-
Special revenue funds	345,591	356,664	468,389	405,063	390,088
Total all other governmental funds	$ 8,612,435	$ 6,600,818	$ 998,611	$ 819,648	$ 469,468

Source: School District financial records.

	Fiscal Year				
	2002	2003	2004	2005	2006
$	143,573	$ 112,196	$ 88,181	$ 106,550	$ 108,111
	360,891	487,298	708,927	1,224,785	1,533,868
$	504,464	$ 599,494	$ 797,108	$ 1,331,335	$ 1,641,979
$	36,110	$ 31,890	$ 45,193	$ 41,546	$ -
	22,601	9,125	15,675	6,071	143,353
	-	-	-	-	-
	375,509	445,869	461,908	361,853	193,461
$	434,220	$ 486,884	$ 522,776	$ 409,470	$ 336,814

Schedule 5
Mt. Pleasant Community School District

Governmental Funds Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1997	1998	1999	2000	2001
Federal sources:					
Federal sources:	$ 205,663	$ 263,723	$ 184,596	$ 232,213	$ 280,643
Total federal sources	205,663	263,723	184,596	232,213	280,643
State sources:					
State sources:	$ 6,811,153	$ 7,118,286	$ 7,373,766	$ 7,741,654	$ 8,155,668
Total state sources	6,811,153	7,118,286	7,373,766	7,741,654	8,155,668
Local sources:					
Local taxes	$ 3,951,288	$ 3,849,577	$ 4,137,428	$ 4,186,143	$ 4,479,842
Tuition	496,167	441,112	487,905	468,577	598,698
Other revenues	737,335	2,015,903	1,780,470	1,794,113	1,632,932
Total local sources	5,184,790	6,306,592	6,405,803	6,448,833	6,711,472
Total revenues	$ 12,201,606	$ 13,688,601	$ 13,964,165	$ 14,422,700	$ 15,147,783

Source: School District financial records.

	Fiscal Year				
	2002	2003	2004	2005	2006
$	321,531	$ 614,604	$ 664,593	$ 696,613	$ 660,048
	321,531	614,604	664,593	696,613	660,048
$	8,006,538	$ 7,999,315	$ 8,285,405	$ 8,878,816	$ 9,322,979
	8,006,538	7,999,315	8,285,405	8,878,816	9,322,979
$	4,561,334	$ 5,568,948	$ 5,873,260	$ 5,778,014	$ 6,517,499
	613,069	837,688	930,847	986,354	917,245
	1,585,482	636,566	644,805	676,652	756,326
	6,759,885	7,043,202	7,448,912	7,441,020	8,191,070
$	15,087,954	$ 15,657,121	$ 16,398,910	$ 17,016,449	$ 18,174,097

Schedule 6
Mt. Pleasant Community School District

Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1997	1998	1999	2000	2001
Instruction	$ 7,507,840	$ 7,694,403	$ 8,112,293	$ 9,019,684	$ 9,008,312
Student services	363,213	386,300	337,700	354,648	410,936
Instructional staff services	552,245	539,303	875,123	813,159	758,550
Administration services	1,265,882	1,328,303	1,347,710	1,487,605	1,492,285
Operation and maintenance of plant services	836,346	956,259	956,154	1,080,520	1,023,767
Pupil transportation services	456,972	429,055	422,509	432,000	927,035
Community services	10,495	3,297	13,872	9,913	9,696
AEA Flowthrough	524,263	549,792	569,566	589,283	621,353
Capital outlay:					
Facilities acquisition/construction	666,846	4,827,537	5,994,993	492,661	493,165
Other capital outlay	129,663	-	-	-	116,305
Debt service:					
Principal	173,747	544,076	499,116	567,807	562,631
Interest	49,027	613,115	578,172	549,403	687,609
Total expenditures	$ 12,536,539	$ 17,871,440	$ 19,707,208	$ 15,396,683	$ 16,111,644
Debt service as a percentage of noncapital expenditures	1.81%	6.92%	5.78%	7.82%	8.41%

Source: School District financial records.

	Fiscal Year				
	2002	2003	2004	2005	2006
$	9,487,953	$ 10,030,242	$ 10,343,640	$ 10,356,502	$ 11,127,651
	442,953	268,432	265,028	450,752	434,672
	688,463	665,625	656,180	358,960	361,439
	1,418,897	1,432,775	1,489,839	1,803,819	1,798,910
	848,102	994,885	975,237	1,081,100	1,334,449
	404,439	444,703	466,903	523,168	997,830
	10,266	21,322	21,286	21,254	22,452
	600,884	597,757	576,385	589,500	615,215
	325,562	99,211	291,286	351,793	623,208
	-	-	-	-	-
	603,571	660,883	695,838	724,376	742,099
	512,843	481,826	386,055	354,994	365,451
$	15,343,933	$ 15,697,661	$ 16,167,677	$ 16,616,218	$ 18,423,376
	7.85%	7.85%	7.17%	6.95%	6.40%

Schedule 7
Mt. Pleasant Community School District

Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	1997	1998	1999	2000	2001
Excess of revenues over (under) expenditures	$ (334,933)	$ (5,743,043)	$ (4,182,839)	$ (973,983)	$ (963,861)
Other financing sources (uses):					
General long-term debt issued	8,740,000	-	2,160,000	-	4,695,000
Advance refunding of bonds	-	-	100,000	-	(4,530,000)
Refunding debt issued	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	-
Proceeds on school bus lease	-	-	-	-	-
Proceeds from computer lease	-	-	-	-	-
Sale of capital assets	2,001	3,732	3,346	13,285	507
Proceeds on loans	-	-	-	158,420	555,871
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	8,742,001	3,732	2,263,346	171,705	721,378
Net change in fund balances	$ 8,407,068	$ (5,739,311)	$ (1,919,493)	$ (802,278)	$ (242,483)

Source: School District financial records.

	Fiscal Year				
	2002	2003	2004	2005	2006
$	(255,979)	$ (40,540)	$ 231,233	$ 400,231	$ (249,279)
	-	2,205,000	-	-	-
	-	(2,185,000)	-	-	-
	-	-	-	-	1,740,000
	-	-	-	-	(1,693,753)
	-	-	-	-	420,238
	-	-	-	-	84,122
	-	963	2,273	20,690	1,178
	-	95,196	-	-	-
	198,238	212,055	201,820	195,441	204,023
	(198,238)	(212,055)	(201,820)	(195,441)	(204,023)
	-	116,159	2,273	20,690	551,785
$	(255,979)	$ 75,619	$ 233,506	$ 420,921	$ 302,506

Schedule 8
Mt. Pleasant Community School District

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Actual Value: Residental Property	Actual Value: Commercial Property	Actual Value: Other Property	Less Exemptions	Total Taxable Value	Total Direct Rate (a)
1997	$ 190,992,608	$ 69,553,500	$ 125,074,727	$ 81,100,921	$ 304,519,914	$11.95956
1998	200,242,517	68,651,280	122,596,119	$ 83,902,494	307,587,422	13.99610
1999	203,983,362	70,136,551	135,216,194	$ 98,078,181	311,257,926	14.52189
2000	228,674,218	79,045,865	137,773,289	$ 100,959,337	344,534,035	13.64117
2001	258,226,413	77,974,750	141,635,545	$ 122,201,189	355,635,519	13.79993
2002	272,300,136	76,336,063	129,145,821	$ 119,631,902	358,150,118	13.71669
2003	311,183,039	87,116,586	121,638,549	$ 152,964,308	366,973,866	13.95246
2004	321,506,630	82,002,763	127,572,761	$ 156,820,552	374,261,602	14.09147
2005	328,242,416	104,470,360	103,932,228	$ 170,512,924	366,132,080	14.48920
2006	331,993,945	106,405,100	103,957,626	$ 173,993,761	368,362,910	13.58049

Source: Henry County Auditor

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year year are applied to the following fiscal year.

(a) Per $1,000 of assessed value.

Schedule 9
Mt. Pleasant Community School District

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $1,000 of assessed value)
(Unaudited)

Fiscal Year Ended June 30	District Direct Rates					Overlapping Rates					
	General Purposes	Capital Purposes	Debt Service	Management	Total	County	Community College	City of Mt. Pleasant	Town of Salem	Town of Rome	Town of Westwood
1997	$10.54004	$1.00500	$0.00000	$0.41452	$11.95956	$7.98300	$0.76036	$10.89829	$8.87117	$8.09749	$6.46285
1998	10.02188	1.00500	2.56283	0.40639	$13.99610	7.69392	0.82984	11.30000	9.01147	8.10000	6.46277
1999	10.53234	0.99001	2.68497	0.31457	$14.52189	7.42855	0.68873	11.01796	9.57119	6.83839	6.46280
2000	9.83783	1.00500	2.58065	0.21769	$13.64117	7.68484	0.60605	11.00783	10.34971	10.78206	6.46277
2001	10.01478	1.00000	2.43203	0.35312	$13.79993	7.81962	0.78870	11.08357	10.42049	11.21141	6.65983
2002	9.93763	1.00000	2.38764	0.39142	$13.71669	7.31041	0.72115	11.41781	10.73317	10.45189	0.00000
2003	10.39720	1.00000	2.34767	0.20759	$13.95246	7.20526	1.08184	11.51999	10.60912	10.32144	6.00017
2004	10.29151	1.00000	2.22376	0.57620	$14.09147	7.52094	0.99765	12.63999	11.09504	11.19415	6.00009
2005	10.60918	1.00000	2.31497	0.56505	$14.48920	8.55807	0.98283	12.63999	11.61646	10.42443	6.00009
2006	10.73185	0.00000	2.31375	0.53489	$13.58049	8.86528	0.98258	12.64000	11.95950	8.37000	6.00344

Source: Henry County Auditor

Schedule 10
Mt. Pleasant Community School District

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

	2006			1997		
Taxpayer	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Wal-Mart Property, Inc.	$ 17,671,350	1	4.80%	$ 20,234,745	1	6.64%
Wal-Mart Stores East	8,163,410	2	2.22%			
Iowa Telecommunications Services	7,135,584	3	1.94%			
Interstate Power and Light Inc.	7,097,716	4	1.93%			
Wal-Mart Real Estate Business Trust	6,251,910	5	1.70%			
Pioneer Hi-Bred International	4,755,710	6	1.29%	6,578,262	5	2.16%
BNSF Railway	4,508,433	7	1.22%			
WCK Mt. Pleasant LC	4,464,910	8	1.21%			
Hearth and Home Technologies Inc.	4,136,880	9	1.12%			
Experian North America Inc.	3,516,420	10	0.95%			
IES Utilties				9,785,857	2	3.21%
GTE				9,206,069	3	3.02%
Heatilator Inc.				6,583,794	4	2.16%
Goodyear Tire and Rubber Co.				4,893,331	6	1.61%
Blue Bird Body Co.				3,572,166	7	1.17%
XLM Company				3,422,773	8	1.12%
Motorola Inc.				3,169,105	9	1.04%
Core Company				3,091,512	10	1.02%
Total	$ 67,702,323		18.38%	$ 70,537,614		23.16%

Source: Henry County Auditor

Schedule 11
Mt. Pleasant Community School District

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	$ 3,985,744	$ 3,567,710	89.51%	$ 87,430	$ 3,655,140	91.71%
1998	4,347,214	4,284,074	98.55%	24,290	4,308,364	99.11%
1999	4,489,149	4,458,400	99.32%	12,218	4,470,618	99.59%
2000	4,921,780	4,680,404	95.10%	95,518	4,775,922	97.04%
2001	5,048,711	4,941,448	97.88%	102,288	5,043,736	99.90%
2002	5,124,992	5,012,128	97.80%	100,846	5,112,974	99.77%
2003	5,270,026	5,136,815	97.47%	132,025	5,268,840	99.98%
2004	5,422,658	5,297,033	97.68%	4,801	5,301,834	97.77%
2005	5,419,759	5,343,781	98.60%	1,361	5,345,142	98.62%
2006	5,019,988	4,983,521	99.27%	-	4,983,521	99.27%

Source: Henry County Treasurer and District records.

Schedule 12
Mt. Pleasant Community School District

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Obligation Bonds	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
1997	$ 8,740,000	2.87%	$712
1998	10,620,000	3.45%	$865
1999	10,295,000	3.31%	$838
2000	9,945,000	3.05%	$810
2001	9,725,000	2.68%	$731
2002	9,285,000	2.56%	$698
2003	8,835,000	2.41%	$664
2004	8,315,000	2.23%	$625
2005	7,770,000	2.03%	$584
2006	7,295,000	1.91%	$548

Source: School District financial records and Henry County Auditor.

Notes:

(a) Actual taxable value of property includes Tax Increment Financing valuation.

(b) See Schedule 16 for population data.

Schedule 13
Mt. Pleasant Community School District

Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Capital Leases	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
1997	$ 8,740,000	$ 39,024	$ 8,779,024	N/A	$ 715
1998	10,620,000	339,116	$ 10,959,116	6.49%	$ 893
1999	10,295,000	165,000	$ 10,460,000	5.76%	$ 852
2000	9,945,000	-	$ 9,945,000	5.25%	$ 810
2001	9,725,000	483,853	$ 10,208,853	5.13%	$ 768
2002	9,285,000	344,544	$ 9,629,544	5.02%	$ 724
2003	8,835,000	360,018	$ 9,195,018	4.94%	$ 691
2004	8,315,000	184,181	$ 8,499,181	4.57%	$ 639
2005	7,770,000	145,487	$ 7,915,487	4.01%	$ 595
2006	7,295,000	457,748	$ 7,752,748	N/A	$ 583

Source: School District financial records.

Notes: N/A = not available. Details of the District's outstanding debt can be found in Note 8 in the notes to the financial statements.
(a) See Schedule 16 for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.

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Schedule 14
Mt. Pleasant Community School District

Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
City of Mount Pleasant	$ 7,565,000	100.00%	$ 7,565,000
Henry County	451,308	64.43%	$ 290,778
Jefferson County	585,000	0.39%	$ 2,282
Lee County	415,092	0.37%	$ 1,536
Van Buren County	-	0.02%	$ -
Great River Area Education Agency	2,000,000	12.78%	$ 255,600
Southeastern Community College	9,880,000	12.78%	$ 1,262,664
Subtotal, overlapping debt			9,377,859
District direct debt			7,752,748
Total direct and overlapping debt			$ 17,130,607

Source: Taxable value data used to estimate applicable percentages provided by the County Auditor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Schedule 15
Mt. Pleasant Community School District

Legal Debt Margin Information
Last Ten Fiscal Years

(Unaudited)

	1997	1998	1999	2000	2001
Debt limit	$ 20,132,361	$ 20,323,238	$ 21,565,519	$ 23,032,439	$ 24,842,043
Total net debt applicable to limit	8,740,000	10,620,000	10,295,000	9,945,000	9,725,000
Legal debt margin	$ 11,392,361	$ 9,703,238	$ 11,270,519	$ 13,087,439	$ 15,117,043
Total net debt applicable to the limit as a percentage of debt limit	43.41%	52.26%	47.74%	43.18%	39.15%

Source: School District financial records and Henry County Auditor.

Notes:
(a) Actual assessed value includes Tax Increment Financing
(b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2006

Actual assessed value (a)	$	560,219,771
Debt limit (5% of assessed value) (b)	$	28,010,989
Debt applicable to limit		7,295,000
Legal debt margin	$	20,715,989

2002	2003	2004	2005	2006
$ 24,868,159	$ 27,009,422	$ 27,611,425	$ 27,813,242	$ 28,010,989
9,285,000	8,835,000	8,315,000	7,770,000	7,295,000
$ 15,583,159	$ 18,174,422	$ 19,296,425	$ 20,043,242	$ 20,715,989
37.34%	32.71%	30.11%	27.94%	26.04%

Schedule 16
Mt. Pleasant Community School District

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population (a)	Personal Income (b)	Adjusted Gross Income Per Tax Return (b)	Per Capita Personal Income	Unemployment Rate (c)
1996	12,278	N/A	N/A	N/A	3.40%
1997	12,278	168,985,240	24,335	$ 13,763	2.80
1998	12,278	181,680,914	25,521	$ 14,797	2.50
1999	12,278	189,560,661	26,409	$ 15,439	2.80
2000	12,278	199,154,075	27,435	$ 16,220	2.60
2001	13,300	191,934,835	27,060	$ 14,431	3.80
2002	13,300	186,264,299	26,820	$ 14,005	5.00
2003	13,300	185,783,223	26,921	$ 13,969	6.90
2004	13,182	197,278,343	27,955	$ 14,966	6.60
2005	13,182	N/A	N/A	N/A	5.30

Notes:
N/A = not available.
(a) U.S. Department of Commerce, Bureau of Census
(b) Iowa Department of Revenue
(c) Iowa Workforce Development

Schedule 17
Mt. Pleasant Community School District

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

	2006			1997		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-Mart Distribution	867	1	8.76%	950	1	9.05%
Hearth & Home	600	2	6.06%	680	3	6.48%
Metrogroup	500	3	5.05%	550	4	5.24%
Department of Corrections, State of Iowa	400	4	4.04%	435	5	4.14%
Henry County Health Center	330	5	3.33%			
Mt. Pleasant Community School District	265	6	2.68%			
Mt. Pleasant Foods	250	7	2.52%			
Mackay Envelopes	218	8	2.20%			
CECO Buidling Systems	200	9	2.02%	200	9	1.90%
Goodyear Tire and Rubber Company	188	10	1.90%	240	8	2.29%
Motorola Inc.				750	2	7.14%
Bluebird Midwest Inc.				300	6	2.86%
The HON Company				250	7	2.38%
Alaniz and Sons Inc.				165	10	1.57%
Total	3,818		38.56%	4,520		43.05%

Source: Mt. Pleasant Chamber of Commerce

Schedule 18
Mt. Pleasant Community School District

Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)

	Full-Time Equivalent Employees as of June 30				
	1997	1998	1999	2000	2001
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Supervisor of instruction	1.0	1.0	1.0	1.0	1.0
Principals	5.0	5.0	5.0	5.0	5.0
Assistant principals	2.0	2.0	2.0	2.0	2.0
All other administrators	4.8	4.8	4.8	4.8	4.8
Total supervisory	13.8	13.8	13.8	13.8	13.8
Instruction:					
Regular program teachers	127.6	123.8	125.0	129.2	131.9
Special Education teachers	20.0	22.3	22.3	21.0	19.0
Paraeducators, Regular	11.2	13.5	16.6	18.3	21.0
Paraeducators, Special Education	16.0	16.0	20.0	22.0	25.5
Total instruction	174.8	175.6	183.9	190.5	197.4
Student services:					
Guidance counselors	6.0	6.0	6.0	6.0	6.0
Nurses	1.0	1.0	1.0	1.0	2.0
Media Spcialists	3.0	3.0	3.0	3.0	3.0
Total student services	10.0	10.0	10.0	10.0	11.0
Support and administration:					
Clerical/secretarial	17.0	17.5	17.5	17.5	17.5
Custodial and Maintenance	17.5	17.5	17.5	17.5	17.5
Food Service	12.6	13.0	15.0	15.0	14.3
Bus Drivers	8.5	8.5	8.5	8.5	8.5
Total support and administration	55.6	56.5	58.5	58.5	57.8
Total	254.2	255.9	266.2	272.8	280.0

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change
2002	2003	2004	2005	2006	1997 - 2006
1.0	1.0	1.0	1.0	1.0	0.0%
1.0	1.0	1.0	1.0	1.0	0.0%
5.0	4.0	4.0	4.0	4.0	-20.0%
2.0	2.0	2.0	2.0	2.0	0.0%
4.8	4.8	4.8	4.8	4.8	0.0%
13.8	12.8	12.8	12.8	12.8	-7.2%
132.7	132.8	130.9	132.2	136.1	6.7%
18.8	19.0	21.0	21.0	21.0	5.0%
17.0	19.5	17.0	17.0	25.0	123.2%
29.0	30.0	31.0	43.0	41.0	156.3%
197.5	201.3	199.9	213.2	223.1	27.6%
6.0	3.0	3.0	3.0	3.0	-50.0%
2.0	2.0	2.0	2.0	2.0	100.0%
3.0	1.0	1.0	1.0	1.0	-66.7%
11.0	6.0	6.0	6.0	6.0	-40.0%
18.0	17.7	17.7	17.7	17.7	4.1%
17.5	17.5	17.5	20.0	20.0	14.3%
16.4	16.4	16.4	14.6	14.6	15.9%
8.5	8.5	8.5	9.0	9.0	5.9%
60.4	60.1	60.1	61.3	61.3	10.3%
282.7	280.2	278.8	293.3	303.2	19.3%

Schedule 19
Mt. Pleasant Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
1997	2,175	$ 11,517,256	$ 5,295	-
1998	2,158	11,886,712	$ 5,508	4.02%
1999	2,176	12,634,927	$ 5,806	5.42%
2000	2,171	13,786,812	$ 6,350	9.37%
2001	2,144	14,251,934	$ 6,647	4.68%
2002	2,084	13,901,957	$ 6,671	0.35%
2003	2,137	14,455,741	$ 6,765	1.40%
2004	2,150	14,794,498	$ 6,881	1.72%
2005	2,153	15,185,055	$ 7,053	2.50%
2006	2,192	16,131,439	$ 7,359	4.34%

Source: School District financial records and Iowa Department of Education.

Notes: N/A = not available.
(1) Average daily membership
(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Sudents Receiving Free or Reduced-Priced Meals
N/A	N/A	N/A	147.6	14.74	N/A
N/A	N/A	N/A	146.1	14.77	N/A
N/A	N/A	N/A	147.3	14.77	N/A
N/A	N/A	N/A	150.2	14.45	N/A
N/A	N/A	N/A	150.9	14.21	22.30%
N/A	N/A	N/A	151.5	13.76	23.22%
15,614,433	7,307	-	151.8	14.08	23.40%
15,976,277	7,431	1.70%	151.9	14.15	23.87%
16,305,300	7,573	1.92%	153.2	14.05	25.90%
17,382,352	7,930	4.71%	157.1	13.95	28.60%

Schedule 20
Mt. Pleasant Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year 1997	1998	1999	2000	2001
Elementary:					
Harlan (1955)					
Square feet	12,410	12,410	37,410	37,410	37,410
Capacity	275	275	275	275	275
Enrollment	243	241	244	243	232
Lincoln (1950)					
Square feet	10,935	10,935	35,935	35,935	35,935
Capacity	275	275	275	275	275
Enrollment	253	252	255	253	242
Salem (1963)					
Square feet	13,617	13,617	13,617	13,617	13,617
Capacity	140	140	140	140	140
Enrollment	111	111	112	111	106
Van Allen (1963)					
Square feet	39,550	39,550	39,550	39,550	39,550
Capacity	440	440	440	440	440
Enrollment	404	402	407	406	386
Middle:					
Mt. Pleasant Middle School (1909)					
Square feet	67,370	67,370	67,370	67,370	67,370
Capacity	525	525	525	525	525
Enrollment	507	501	483	489	494
High:					
Mt. Pleasant High School (2000)					
Square feet	115,000	115,000	115,000	115,000	115,000
Capacity	750	750	750	750	750
Enrollment	666	676	689	709	689
Other District Facilities:					
Bus Garage (1963)					
Square feet	2,266	2,266	2,266	2,266	2,266
Central Receiving/ Building and Grounds/ Alternative High School (1976)	11,666	11,666	11,666	11,666	11,666
Athletic Complex (1979)					
Square feet	10,000	10,000	10,000	10,000	10,000

Source: District records

Fiscal Year				
2002	2003	2004	2005	2006
37,410	37,410	37,410	37,410	37,410
275	275	275	275	275
227	234	239	249	246
35,935	35,935	35,935	35,935	35,935
275	275	275	275	275
237	244	249	260	256
13,617	13,617	13,617	13,617	13,617
140	140	140	140	140
104	107	109	114	112
39,550	39,550	39,550	39,550	39,550
440	440	440	440	440
378	391	398	415	391
67,370	67,370	67,370	67,370	67,370
525	525	525	525	525
476	469	446	453	483
115,000	115,000	115,000	115,000	115,000
750	750	750	750	750
650	670	669	641	676
2,266	2,266	2,266	2,266	2,266
11,666	11,666	11,666	11,666	11,666
10,000	10,000	10,000	10,000	10,000

Schedule 21
Mt. Pleasant Community School District

Certified Staff Salaries
Last Ten Fiscal Years
(Unaudited)

School Year	Minimum	Maximum	Average
2005-2006	$26,265	$55,944	$43,013
2004-2005	25,425	54,155	42,700
2003-2004	25,000	53,250	42,117
2002-2003	24,650	52,505	41,474
2001-2002	24,525	52,238	41,792
2000-2001	24,425	52,025	40,471
1999-2000	24,100	51,333	40,006
1998-1999	23,345	49,725	39,306
1997-1998	22,900	48,777	37,717
1996-1997	19,019	46,540	35,956

Source: School District financial records.

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

Single Audit Section

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION (non-cash)	10.550	FY 06	39,742
SCHOOL NUTRITION CLUSTER PROGRAMS:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 06	248,112
SCHOOL BREAKFAST PROGRAM	10.553	FY 06	36,991
TEAM NUTRITION GRANT	10.574	FY 06	500
			285,603
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-G	195,944
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-GC	6,629
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-D	25,017
			227,590
INNOVATIVE EDUCATION PROGRAM STRATEGIES (TITLE V PROGRAM)	84.298	FY 06	5,058
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATES GRANTS	84.186	FY 06	9,671
FUND FOR THE IMPROVEMENT OF EDUCATION(FIE GRANT)	84.215K	FY 06	7,346
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 06	78,333
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 03	2,088
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 04	12,876
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 05	12,780
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 06	1,582
			29,326

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DEPARTMENT OF EDUCATION(CONTINUED):			
GREAT RIVER AREA EDUCATION AGENCY:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 06	24,617
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 06	110,124
DEPARTMENT OF HUMAN SERVICES: MEDICAID ASSISTANCE PROGRAM	93.778	FY 05	1,154
TOTAL			$ 818,564

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, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated September 14, 2006. 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.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 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.

NOLTE, CORNMAN & JOHNSON, P.C.

September 14, 2006

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, 2006. 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, 2006.

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

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.

September 14, 2006

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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, 2006

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-06 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.

II-B-06 Clothing Purchased for Coaches - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

Response - We will implement procedures to ensure that no public funds are used to purchase personal items of clothing.

Conclusion - Response accepted.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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, 2006

Part IV: Other Findings Related to Statutory Reporting

IV-A-06 Certified Budget - District disbursements for the year ended June 30, 2006, exceeded the amount budgeted in the 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-B-06 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-C-06 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-D-06 Business Transactions - No business transactions between the District and District officials were noted.

IV-E-06 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-F-06 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-06 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-06 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-I-06 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.

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