

Mount Pleasant Community School District

Mount Pleasant, Iowa



Comprehensive Annual Financial Report

**For the Fiscal Year
Ended June 30, 2007**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the**

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

Mount Pleasant, Iowa

For the fiscal year ended June 30, 2007

OFFICIAL ISSUING REPORT

W. Edward Chabal

Director of Finance

OFFICE ISSUING REPORT

Business Office

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

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MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

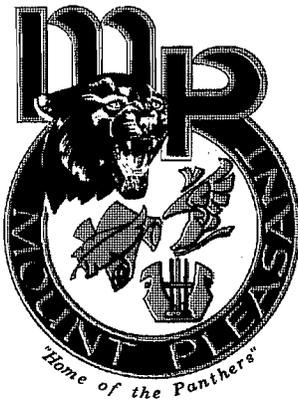
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Introductory Section



Mt. Pleasant Community School District

"Learning for a Lifetime"

Central Office
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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 31, 2007

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, 2007. 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, 2006, 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. In September of 2006, the one-cent sales tax was extended to 2015 with an eighty-two percent approval. This allowed the District to issue \$8.5 million in sales tax revenue bonds to finance a Middle School construction and remodel project.

Current tentative budget projections indicate that the 2008-2009 control budget will increase approximately \$742,103 or 6.53%. This is larger than the 1.82% increase in the 2006-07 fiscal year due to an increase in student enrollment. This estimated rate of growth will help cover increased costs in the areas of staffing, capital outlay and day-to-day operations. The increase in new dollars for 2008-2009 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 2008-2009 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 12.32%, surpassing the target position from five to ten percent.

Major Initiatives and Achievements

The 2006-2007 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. This system also allows parents to view their child's academic progress throughout the year.

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: 22.0 for Mt. Pleasant students, 22.3 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 2006-2007 school year was 94.89%. 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. The District also implemented a summer school program to help first and second grade students remain at academic grade level.

Community Involvement

The Mt. Pleasant Community School District continues to encourage input and participation from the community. During the 2006-2007 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 2006-2007, 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 \$514,204 was earned on all investments for the year ended June 30, 2007, an increase of \$292,166 or 131.58% from Fiscal Year 2006. This increase was due to a higher interest rate and more available funds for the school district to investment, as well as 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, 2006. 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, 2006

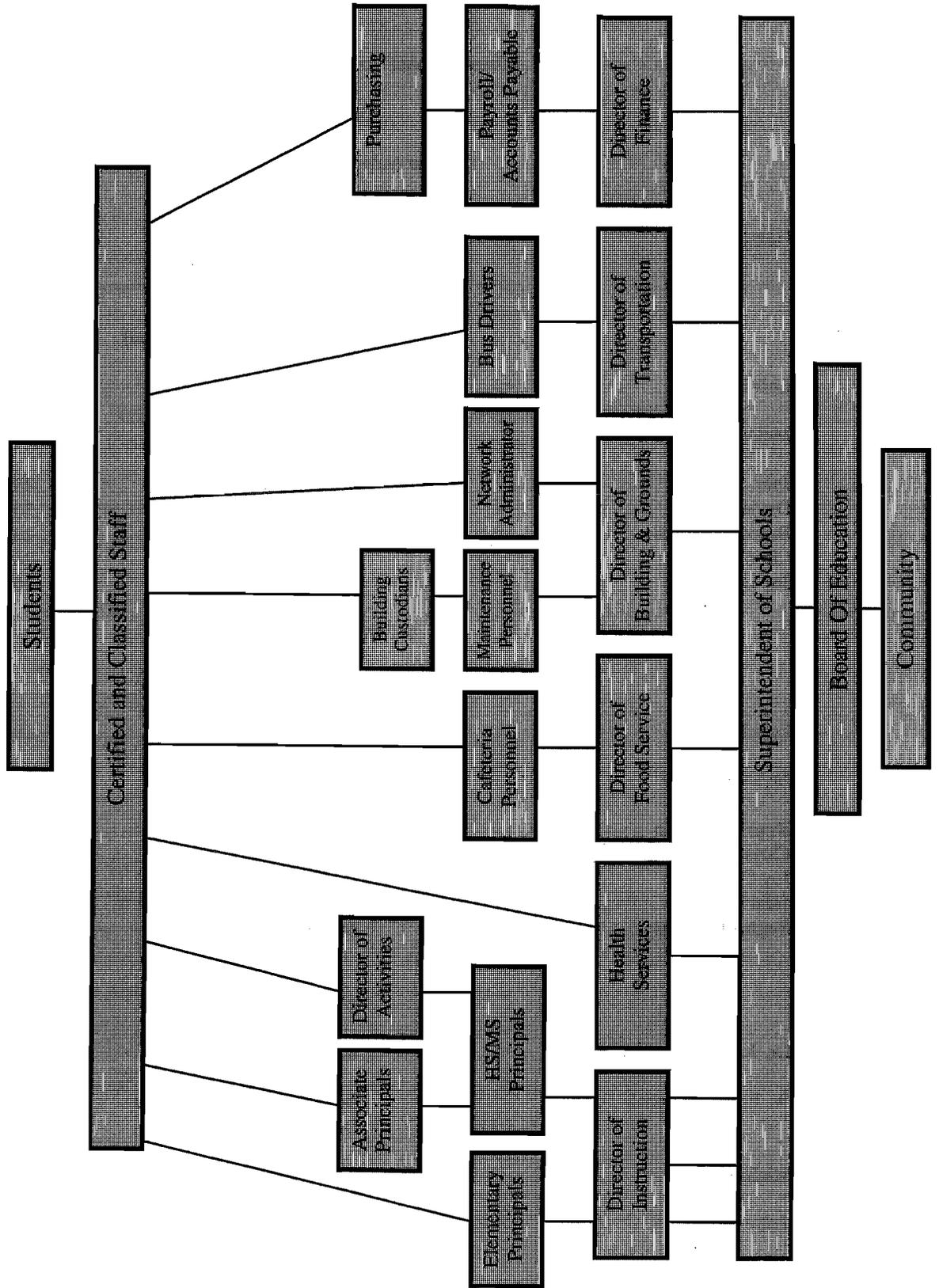
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Mt. Pleasant Community School District

Organizational Chart



Mount Pleasant Community School District

Officials

Year ended June 30, 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2006 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
Board of Education		
(After September 2006 Election)		
Lois Roth	President	2007
Melodee Yaley	Vice President	2008
Bruce Trautman	Board Member	2007
Chris Prellwitz	Board Member	2007
Joy Conwell	Board Member	2008
John Scheetz	Board Member	2009
Regina Erickson	Board Member	2009
School Officials		
Dr. John A. Roederer	Superintendent	2007
W. Edward Chabal	Board Secretary/Treasurer Director of Finance	2007
Michael Vance	Attorney	2007
Toby Gordon	Attorney	2007

Mount Pleasant Community School District

Consultants and Advisors

Year ended June 30, 2007

CERTIFIED PUBLIC ACCOUNTANT

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

BOND ATTORNEYS

Ahlers and Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, IA 50309-2207

FINANCIAL CONSULTANTS

Piper Jaffray, Inc.
700 Walnut Street, Suite 1300
Des Moines, IA 50309-3999

GENERAL COUNSEL

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

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

INSURANCE CONSULTANT

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

ARCHITECTS & ENGINEERS

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, 2007, 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, 2007 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 report dated December 19, 2007 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

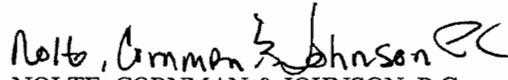
The Management's Discussion and Analysis and budgetary comparison information on pages 16 through 22 and 49 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures,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

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

Members American Institute & Iowa Society of Certified Public Accountants

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

December 19, 2007

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, 2007 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 \$9,092,211 at June 30, 2007 compared to \$7,760,550 at June 30, 2006, an increase of 17.16%.
- At the end of the current fiscal year, unreserved fund balance in the general fund was \$2,096,834 or 12.32% of total general fund revenues compared to prior years ending balance of \$1,487,152 or 9.47% 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 \$9,161,576 at June 30, 2007 compared to \$7,801,882 at June 30, 2006. (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,
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 20,759,397	13,483,252	52,302	4,835	20,811,699	13,488,087	54.30%
Capital assets	14,806,491	13,321,365	72,109	90,109	14,878,600	13,411,474	10.94%
Total assets	35,565,888	26,804,617	124,411	94,944	35,690,299	26,899,561	32.68%
Long-term obligations	15,728,141	7,875,607	1,823	1,532	15,729,964	7,877,139	99.69%
Other liabilities	10,745,536	11,168,460	53,223	52,080	10,798,759	11,220,540	-3.76%
Total liabilities	26,473,677	19,044,067	55,046	53,612	26,528,723	19,097,679	38.91%
Net assets:							
Invested in capital assets, net of related debt	6,347,734	5,709,341	72,109	90,109	6,419,843	5,799,450	10.70%
Restricted	1,353,216	247,556	0	0	1,353,216	247,556	446.63%
Unrestricted	1,391,261	1,803,653	(2,744)	(48,777)	1,388,517	1,754,876	-20.88%
Total net assets	\$ 9,092,211	7,760,550	69,365	41,332	9,161,576	7,801,882	17.43%

Invested in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is \$6,419,843. 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 \$1,353,216 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$1,388,517 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, 2007 compared to June 30, 2006.

Table 2
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for services	\$ 1,535,827	1,451,801	492,724	472,689	2,028,551	1,924,490	5.41%
Operating grants and contributions and restricted interest	2,072,239	1,902,569	387,883	335,301	2,460,122	2,237,870	9.93%
Capital grants and contributions and restricted interest	10,346	0	0	0	10,346	0	100.00%
General revenues(expenses):							
Property tax	5,232,358	5,141,989	0	0	5,232,358	5,141,989	1.76%
Income surtax	449,635	375,401	0	0	449,635	375,401	19.77%
Local option sales and services tax	1,209,486	1,000,109	0	0	1,209,486	1,000,109	20.94%
Unrestricted state grants	8,702,151	8,080,458	0	0	8,702,151	8,080,458	7.69%
Other	622,318	222,948	504	268	622,822	223,216	179.02%
Total revenues	19,834,360	18,175,275	881,111	808,258	20,715,471	18,983,533	9.12%
Program expenses:							
Governmental activities:							
Instructional	11,645,465	11,128,026	0	0	11,645,465	11,128,026	4.65%
Support services	4,809,744	4,581,746	13,025	0	4,822,769	4,581,746	5.26%
Non-instructional programs	27,378	27,854	840,053	820,338	867,431	848,192	2.27%
Other expenses	2,020,112	1,644,726	0	0	2,020,112	1,644,726	22.82%
Total expenses	18,502,699	17,382,352	853,078	820,338	19,355,777	18,202,690	6.33%
Changes in net assets	1,331,661	792,923	28,033	(12,080)	1,359,694	780,843	74.13%
Beginning net assets	7,760,550	6,967,627	41,332	53,412	7,801,882	7,021,039	11.12%
Ending net assets	\$ 9,092,211	7,760,550	69,365	41,332	9,161,576	7,801,882	17.43%

In fiscal 2007, property tax, income surtax, local option sales and services tax, and unrestricted state grants account for 78.62% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.94% of the revenue from business type activities.

The District's total revenues were approximately \$20.7 million of which \$19.8 million was for governmental activities and less than \$0.9 million was for business type activities.

As shown in Table 2, the District as a whole experienced a 9.12% increase in revenues and a 6.33% increase in expenses. The increase in expenses related to increase in the negotiated salary and benefits.

Governmental Activities

Revenues for governmental activities were \$19,834,360 and expenses were \$18,502,699.

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		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 11,645,465	11,128,026	4.65%	8,714,963	8,394,151	3.82%
Support services	4,809,744	4,581,746	4.98%	4,805,457	4,576,466	5.00%
Non-instructional programs	27,378	27,854	-1.71%	27,378	27,854	-1.71%
Other expenses	2,020,112	1,644,726	22.82%	1,336,489	1,029,511	29.82%
Totals	\$ 18,502,699	17,382,352	6.45%	14,884,287	14,027,982	6.10%

- The cost financed by users of the District's programs was \$1,535,827.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,082,585.
- The net cost of governmental activities was financed with \$5,232,358 in property tax, \$449,635 in income surtax, \$1,209,486 in local option sales and services tax, \$8,702,151 in unrestricted state grants and \$622,318 in other income.

Business-Type Activities

Revenues of the District's business-type activities were \$881,111 and expenses were \$853,078. 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, 2007, the District's net assets increased in the business-type activities by \$28,033.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2007, the District's governmental funds reported combined ending fund balances of \$9,903,166, an increase of \$7,859,855 in comparison with the prior year. Of this amount, \$8,611,748 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period.

The District's business-type fund did better than breakeven for the first time in several years. While food sales increased significantly, expenses increased only slightly over the previous year.

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 \$854,179 more than the total budgeted receipts, a variance of 4.32%. The most significant change resulted in the District receiving more in local sources than originally anticipated.

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

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

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$14,878,600 (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,
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 185,400	185,400	0	0	185,400	185,400	0.00%
Construction in progress	1,539,608	250,233	0	0	1,539,608	250,233	515.27%
Buildings	11,791,751	12,112,826	0	0	11,791,751	12,112,826	-2.65%
Land improvements	824,072	243,703	0	0	824,072	243,703	238.15%
Machinery and equipment	465,660	529,203	72,109	90,109	537,769	619,312	-13.17%
Total	\$ 14,806,491	13,321,365	72,109	90,109	14,878,600	13,411,474	10.94%

Long-Term Debt

At the end of June 30, 2007, the District had total long-term debt of \$15,729,964, an increase of \$7,854,357 from the prior fiscal year due mainly to the issuance of sales tax revenue bonds. Of this amount, \$785,420 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 7 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Total School District		Total Change
	2007	2006	
General obligation bonds	\$ 6,705,000	7,295,000	-8.09%
Revenue bonds	8,500,000	0	100.00%
School bus lease	366,888	394,121	-6.91%
Computer lease	56,846	63,627	-10.66%
Compensated absences	44,656	42,196	5.83%
Early retirement	56,574	80,663	-29.86%
Totals	<u>\$ 15,729,964</u>	<u>7,875,607</u>	<u>99.73%</u>

Economic Factors and Next Year's Budgets and Rates

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

- The District expects a steady student enrollment over the next several years. This is crucial due to the Iowa school funding formula based in part upon student enrollment.
- A projected 4% increase in allowable growth will allow the District additional state funding in fiscal year 2009.
- Construction continues on the \$8.5 million Middle School renovation project with an expected completion date of August 2008.
- 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, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments:			
ISCAP(Note 5)	\$ 2,133,624	0	2,133,624
Other	12,133,925	43,086	12,177,011
Receivables:			
Property tax:			
Delinquent	71,993	0	71,993
Succeeding year	5,375,911	0	5,375,911
Income surtax	374,271	0	374,271
Accounts	2,951	0	2,951
Accrued interest:			
ISCAP(Note 5)	103,224	0	103,224
Due from other governments	525,014	500	525,514
Inventories	38,484	8,716	47,200
Capital assets, net of accumulated depreciation(Note 6)	14,806,491	72,109	14,878,600
TOTAL ASSETS	35,565,888	124,411	35,690,299
LIABILITIES			
Accounts payable	1,033,928	9,164	1,043,092
Salaries and benefits payable	1,830,369	36,515	1,866,884
Accrued interest payable	263,576	0	263,576
ISCAP warrants payable(Note 5)	2,137,000	0	2,137,000
ISCAP accrued interest payable(Note 5)	85,280	0	85,280
ISCAP unamortized premium	15,857	0	15,857
Deferred revenue:			
Succeeding year property tax	5,375,911	0	5,375,911
Other	3,615	0	3,615
Unearned revenue	0	7,544	7,544
Long-term liabilities(Note 7):			
Portion due within one year:			
Bonds payable	585,000	0	585,000
School bus lease payable	112,813	0	112,813
Computer lease payable	27,400	0	27,400
Compensated absences payable	42,833	1,823	44,656
Early retirement payable	15,551	0	15,551
Portion due after one year:			
Bonds payable	14,620,000	0	14,620,000
School bus lease payable	254,075	0	254,075
Computer lease payable	29,446	0	29,446
Early retirement payable	41,023	0	41,023
TOTAL LIABILITIES	26,473,677	55,046	26,528,723
NET ASSETS			
Invested in capital assets, net of related debt	6,347,734	72,109	6,419,843
Restricted for:			
Talented and gifted	36,815	0	36,815
Other	43,432	0	43,432
Debt service	1,124,223	0	1,124,223
Physical plant and equipment levy	1,095	0	1,095
Other special revenue purposes	147,651	0	147,651
Unrestricted	1,391,261	(2,744)	1,388,517
TOTAL NET ASSETS	\$ 9,092,211	69,365	9,161,576

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Governmental activities:							
Instruction:							
Regular instruction	\$ 7,398,711	729,747	1,268,729	0	(5,400,235)	0	(5,400,235)
Special instruction	2,268,620	441,964	112,054	0	(1,714,602)	0	(1,714,602)
Other instruction	1,978,134	362,433	15,575	0	(1,600,126)	0	(1,600,126)
	<u>11,645,465</u>	<u>1,534,144</u>	<u>1,396,358</u>	<u>0</u>	<u>(8,714,963)</u>	<u>0</u>	<u>(8,714,963)</u>
Support services:							
Student services	386,643	0	0	0	(386,643)	0	(386,643)
Instructional staff services	435,568	0	0	0	(435,568)	0	(435,568)
Administration services	1,939,513	0	0	0	(1,939,513)	0	(1,939,513)
Operation and maintenance of plant services	1,323,762	0	0	0	(1,323,762)	0	(1,323,762)
Transportation services	724,258	1,683	2,604	0	(719,971)	0	(719,971)
	<u>4,809,744</u>	<u>1,683</u>	<u>2,604</u>	<u>0</u>	<u>(4,805,457)</u>	<u>0</u>	<u>(4,805,457)</u>
Non-instructional programs:							
Community service and education program	27,378	0	0	0	(27,378)	0	(27,378)
Other expenditures:							
Facilities acquisitions	336,751	0	0	10,346	(326,405)	0	(326,405)
Long-term debt interest	623,004	0	0	0	(623,004)	0	(623,004)
AEA flowthrough	673,277	0	673,277	0	0	0	0
Depreciation(unallocated)*	387,080	0	0	0	(387,080)	0	(387,080)
	<u>2,020,112</u>	<u>0</u>	<u>673,277</u>	<u>10,346</u>	<u>(1,336,489)</u>	<u>0</u>	<u>(1,336,489)</u>
Total governmental activities	18,502,699	1,535,827	2,072,239	10,346	(14,884,287)	0	(14,884,287)
Business-Type activities:							
Support services:							
Administration services	437	0	0	0	0	(437)	(437)
Operation and maintenance of plant services	12,588	0	0	0	0	(12,588)	(12,588)
	<u>13,025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(13,025)</u>	<u>(13,025)</u>
Non-instructional programs:							
Nutrition services	840,053	492,724	387,883	0	0	40,554	40,554
Total business-type activities	853,078	492,724	387,883	0	0	27,529	27,529
Total	\$ 19,355,777	2,028,551	2,460,122	10,346	(14,884,287)	27,529	(14,856,758)
General Revenues:							
Property tax levied for:							
General purposes				\$ 4,350,685	0		4,350,685
Debt service				881,673	0		881,673
Income surtax				449,635	0		449,635
Local option sales and services tax				1,209,486	0		1,209,486
Unrestricted state grants				8,702,151	0		8,702,151
Unrestricted investment earnings				513,700	504		514,204
Refund of prior year's expenditures				18,712	0		18,712
Miscellaneous				83,002	0		83,002
Gain on sale of equipment				6,904	0		6,904
Total general revenues				<u>16,215,948</u>	<u>504</u>		<u>16,216,452</u>
Changes in net assets				<u>1,331,661</u>	<u>28,033</u>		<u>1,359,694</u>
Net assets beginning of year				<u>7,760,550</u>	<u>41,332</u>		<u>7,801,882</u>
Net assets end of year				<u>\$ 9,092,211</u>	<u>69,365</u>		<u>9,161,576</u>

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
ASSETS					
Cash and pooled investments:					
ISCAP(Note 5)	\$ 2,133,624	0	0	0	2,133,624
Other	3,920,186	7,751,565	262,217	199,957	12,133,925
Receivables:					
Property tax					
Delinquent	56,408	0	12,006	3,579	71,993
Succeeding year	4,225,721	0	870,190	280,000	5,375,911
Income surtax	374,271	0	0	0	374,271
Accounts	2,136	0	0	815	2,951
Accrued interest - ISCAP(Note 5)	103,224	0	0	0	103,224
Due from other governments	299,171	224,753	0	1,090	525,014
Inventories	38,484	0	0	0	38,484
TOTAL ASSETS	\$ 11,153,225	7,976,318	1,144,413	485,441	20,759,397
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 217,203	777,173	0	39,552	1,033,928
Salaries and benefits payable	1,830,249	0	0	120	1,830,369
ISCAP warrants payable(Note 5)	2,137,000	0	0	0	2,137,000
ISCAP accrued interest payable(Note 5)	85,280	0	0	0	85,280
ISCAP unamortized premium	15,857	0	0	0	15,857
Deferred revenue:					
Succeeding year property tax	4,225,721	0	870,190	280,000	5,375,911
Income surtax	374,271	0	0	0	374,271
Other	3,615	0	0	0	3,615
Total liabilities	8,889,196	777,173	870,190	319,672	10,856,231
Fund balances:					
Reserved for:					
Debt service	0	850,000	274,223	0	1,124,223
Inventories	38,484	0	0	0	38,484
Talented and gifted	36,815	0	0	0	36,815
Other	43,432	0	0	0	43,432
Unreserved:					
Designated for special purpose	48,464	0	0	0	48,464
Undesignated:					
General	2,096,834	0	0	0	2,096,834
Capital projects	0	6,349,145	0	0	6,349,145
Nonmajor special revenue funds	0	0	0	165,769	165,769
Total fund balances	2,264,029	7,199,145	274,223	165,769	9,903,166
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,153,225	7,976,318	1,144,413	485,441	20,759,397

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, 2007

Total fund balances of governmental funds(page 26)	\$ 9,903,166
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in in the governmental funds.	14,806,491
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(263,576)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	374,271
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 liabilities in the governmental funds.	<u>(15,728,141)</u>
Net assets of governmental activites(page 24)	<u><u>\$ 9,092,211</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 4,522,352	1,209,486	881,673	240,793	6,854,304
Tuition	1,113,416	0	0	0	1,113,416
Other	443,824	185,356	2,644	393,897	1,025,721
Intermediate sources	1,139	0	0	0	1,139
State sources	10,136,890	10,346	0	0	10,147,236
Federal sources	616,687	0	0	0	616,687
Total revenues	16,834,308	1,405,188	884,317	634,690	19,758,503
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	7,438,206	0	0	0	7,438,206
Special instruction	2,268,620	0	0	0	2,268,620
Other instruction	1,582,702	0	0	395,432	1,978,134
	11,289,528	0	0	395,432	11,684,960
Support services:					
Student services	386,392	0	0	0	386,392
Instructional staff services	430,882	0	4,686	0	435,568
Administration services	1,733,184	23,568	0	160,646	1,917,398
Operation and maintenance of plant services	1,199,848	43,182	0	71,725	1,314,755
Transportation services	659,138	0	12,985	18,615	690,738
	4,409,444	66,750	17,671	250,986	4,744,851
Non-instructional programs:					
Community service and education operations	22,276	0	0	0	22,276
Other expenditures:					
Facilities acquisitions	0	2,245,413	0	15,964	2,261,377
Long-term debt:					
Principal	0	0	799,377	0	799,377
Interest and fiscal charges	0	125,584	300,991	0	426,575
AEA flowthrough	673,277	0	0	0	673,277
	673,277	2,370,997	1,100,368	15,964	4,160,606
Total expenditures	16,394,525	2,437,747	1,118,039	662,382	20,612,693
Excess(deficiency) of revenues over(under) expenditures	439,783	(1,032,559)	(233,722)	(27,692)	(854,190)
Other financing sources(uses):					
Sale of equipment	6,904	0	0	0	6,904
Issuance of revenue bonds	0	8,500,000	0	0	8,500,000
Accrued interest	0	31,778	0	0	31,778
Proceeds from school bus lease	86,875	0	0	0	86,875
Proceeds from computer lease	88,488	0	0	0	88,488
Transfers in	0	0	443,427	8,912	452,339
Transfers out	0	(443,427)	0	(8,912)	(452,339)
	182,267	8,088,351	443,427	0	8,714,045
Net change in fund balances	622,050	7,055,792	209,705	(27,692)	7,859,855
Fund balance beginning of year	1,641,979	143,353	64,518	193,461	2,043,311
Fund balance end of year	\$ 2,264,029	7,199,145	274,223	165,769	9,903,166

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, 2007

Net change in fund balances - total governmental funds(page 28) \$ 7,859,855

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	\$ 2,050,256	
Depreciation expense	(565,130)	1,485,126

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

Issued	\$ (8,675,363)	
Repaid	799,377	(7,875,986)

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. (196,429)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 37,175

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.

Early retirement	\$ 24,089	
Compensated absences	(2,169)	21,920

Changes in net assets of governmental activities(page 25) \$ 1,331,661

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
 PROPRIETARY FUND

JUNE 30, 2007

	<u>School Nutrition</u>
<u>ASSETS</u>	
Current assets:	
Cash and pooled investments	\$ 43,086
Due from other governments	500
Inventories	<u>8,716</u>
Total current assets	<u>52,302</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation(Note 6)	<u>72,109</u>
Total non-current assets	<u>72,109</u>
 TOTAL ASSETS	 <u>124,411</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	9,164
Salaries and benefits payable	36,515
Unearned revenue	<u>7,544</u>
Total current liabilities	<u>53,223</u>
Long-term liabilities(Note 7):	
Compensated absences	<u>1,823</u>
TOTAL LIABILITIES	<u>55,046</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	72,109
Unrestricted	<u>(2,744)</u>
Total net assets	<u>\$ 69,365</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

YEAR ENDED JUNE 30, 2007

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 492,724
OPERATING EXPENSES:	
Support services:	
Administration services:	
Services	437
Operation and maintenance of plant services:	
Services	690
Supplies	11,898
	12,588
Total support services	13,025
Non-instructional programs:	
Food service operations:	
Salaries	269,189
Benefits	65,364
Services	15,204
Supplies	468,952
Depreciation	21,239
Other	105
Total non-instructional programs	840,053
TOTAL OPERATING EXPENSES	853,078
OPERATING LOSS	(360,354)
NON-OPERATING REVENUES:	
State sources	10,357
Federal sources	377,526
Interest on investments	504
TOTAL NON-OPERATING REVENUES	388,387
Change in net assets	28,033
Net assets beginning of year	41,332
Net assets end of year	\$ 69,365

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE

YEAR ENDED JUNE 30, 2007

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 490,879
Cash received from miscellaneous sources	2,588
Cash payments to employees for services	(336,895)
Cash payments to suppliers for goods or services	(443,576)
Net cash used in operating activities	<u>(287,004)</u>
Cash flows from non-capital financing activities:	
State grants received	10,357
Federal grants received	327,498
Net cash provided by non-capital financing activities	<u>337,855</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(3,239)
Net cash used in capital and related financing activities	<u>(3,239)</u>
Cash flows from investing activities:	
Interest on investments	504
Net cash provided by investing activities	<u>504</u>
Net increase in cash and cash equivalents	48,116
Cash and cash equivalents at beginning of year	<u>(5,030)</u>
Cash and cash equivalents at end of year	<u>\$ 43,086</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (360,354)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	49,528
Depreciation	21,239
Increase in inventories	(4,144)
Decrease in accounts receivable	263
Increase in accounts payable	8,326
Decrease in salaries and benefits payable	(2,633)
Increase in unearned revenue	480
Increase in compensated absences	291
Net cash used in operating activities	<u>\$ (287,004)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and investments	<u>\$ 43,086</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	

During the year ended June 30, 2007, the District received Federal commodities valued at \$49,528.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

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 plus the balance remaining on construction commitments 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 Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

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,

2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

F. Inventories

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

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

G. Capital Assets

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

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

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

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

H. Salaries and Benefits Payable

Payroll and related payroll taxes and benefits for teachers with annual contracts corresponding to the school year, but which have balances payable in July and August 2007, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2007.

I. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenues consist of unspent

federal grant proceeds, succeeding year property tax receivable, and other receivables not collected within sixty days after year end.

J. 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.

K. 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, 2007.

L. 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.

M. 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.

N. 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.

O. 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 expenditures 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, 2007, the instructional, support services, non-instructional programs and other expenditures were amended for an increase of 2.87%, 2.54%, 1.99% and 57.47%, 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, 2007 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, 2007, the carrying amount of the District's bank deposits and pooled investments totaled \$12,177,011 with bank balances of \$11,870,814. 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 \$11,770,814 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, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	<u>\$ 8,775,578</u>

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, 2007 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Physical Plant and Equipment Levy	Special Revenue: Student Activity	\$ 8,912
Debt Service	Capital Projects	<u>443,427</u>
Total		<u>\$ 452,339</u>

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

Note 5. Iowa School Cash Participation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2006-07A	6/28/06	6/28/07	\$ 0	\$ 102,586	\$ 0	\$ 84,755
2007-08A	6/28/07	6/27/08	2,133,624	638	2,137,000	525
Total			<u>\$ 2,133,624</u>	<u>\$ 103,224</u>	<u>\$ 2,137,000</u>	<u>\$ 85,280</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. No ISCAP advance activity was noted in the General Fund for the year ended June 30, 2007.

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
2006-07A	4.500%	5.676%
2007-08A	4.500%	5.455%

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	250,233	1,539,608	250,233	1,539,608
Total capital assets not being depreciated	435,633	1,539,608	250,233	1,725,008
Capital assets being depreciated:				
Buildings	16,174,618	0	0	16,174,618
Land improvements	986,132	635,251	0	1,621,383
Machinery and equipment	2,898,494	125,630	122,227	2,901,897
Total capital assets being depreciated	20,059,244	760,881	122,227	20,697,898
Less accumulated depreciation for:				
Buildings	4,061,792	321,075	0	4,382,867
Land improvements	742,429	54,882	0	797,311
Machinery and equipment	2,369,291	189,173	122,227	2,436,237
Total accumulated depreciation	7,173,512	565,130	122,227	7,616,415
Total capital assets being depreciated, net	12,885,732	195,751	0	13,081,483
Governmental activities capital assets, net	\$ 13,321,365	1,735,359	250,233	14,806,491
Business-type activities:				
Machinery and equipment	\$ 271,259	3,239	3,814	270,684
Less accumulated depreciation	181,150	19,950	2,525	198,575
Business-type activities capital assets, net	\$ 90,109	(16,711)	1,289	72,109

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 14,024
Support services:	
Student services	251
Administration	18,706
Operation and maintenance of plant	13,647
Transportation	126,320
Non-instructional programs:	
Community service and education operations	5,102
	<u>178,050</u>
Unallocated depreciation	<u>387,080</u>
Total governmental activities depreciation expense	<u>\$ 565,130</u>
Business-type activities:	
Food services	<u>\$ 19,950</u>

Note 7. Long-Term Debt

All Long-Term Debt listed is related to governmental activities. A summary of changes in long-term debt for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 7,295,000	\$ 0	\$ 590,000	\$ 6,705,000	\$ 585,000
Revenue Bonds	0	8,500,000	0	8,500,000	0
School Bus Lease	394,121	86,875	114,108	366,888	112,813
Computer Lease	63,627	88,488	95,269	56,846	27,400
Compensated Absences	42,196	44,656	42,196	44,656	44,656
Early Retirement	80,663	40,000	64,089	56,574	15,551
Total	<u>\$ 7,875,607</u>	<u>\$ 8,760,019</u>	<u>\$ 905,662</u>	<u>\$ 15,729,964</u>	<u>\$ 785,420</u>

General Obligation Bonds

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, 2007 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
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	4.40	605,000	130,458	-	-	-
2013-17	4.45-4.70	2,230,000	234,336	-	-	-
Total		\$ 4,420,000	1,096,184		\$ 545,000	18,128

Year Ending June 30,	Bond Issue of May 1, 1998			Bond Issue of November 1, 2005		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
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	-	-	-	3.50	105,000	49,662
2013-17	-	-	-	3.60-3.75	1,235,000	191,213
Total		\$ 30,000	1,410		\$ 1,710,000	474,000

Year Ending June 30,	Total	
	Principal	Interest
2008	\$ 585,000	277,790
2009	605,000	260,268
2010	655,000	236,679
2011	685,000	209,316
2012	710,000	180,120
2013-17	3,465,000	425,549
Total	\$ 6,705,000	1,589,722

Revenue Bonds

On December 1, 2006, the District issued revenue bonds of \$8,500,000 for capital facility construction. The Revenue Bonds will be paid with local option sales and services taxes collected in the Capital Projects Fund. Details of the District's June 30, 2007 revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 1, 2006		
	Interest Rate	Principal	Interest
2008	4.00 % \$	-	375,557
2009	4.00	395,000	338,767
2010	4.00	410,000	322,667
2011	4.00	425,000	305,968
2012	4.00	445,000	288,568
2013-17	4.00	2,535,000	1,153,437
2018-22	4.05-4.20	3,165,000	578,684
2023	4.20-4.25	1,125,000	32,225
Total		\$ 8,500,000	3,395,873

The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District in accordance with Chapter 423E of the Code of Iowa. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitations of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) The bonds will only be redeemed from the future earnings of the local option sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made to the Local Option Sales and Service Tax Sinking Fund for the purpose of making the bond principal and interest payments when due.
- c) A separate bond reserve fund will be maintained in the amount of \$850,000 to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Local Option Sales and Services Tax Reserve Fund.

School Bus Lease

During the year ended June 30, 2003, June 30, 2006 and June 30, 2007, 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 2003 and 2006 bus lease liability. The General Fund will be used to liquidate the 2007 bus lease liability. The details of the repayment of these leases are as follows:

Year Ending June 30,	Bus lease of April 17, 2007			Bus lease of December 12, 2002		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2008	4.65 % \$	18,332	841	4.67 % \$	13,740	1,313
2009	4.65	15,986	3,187	4.67	14,381	672
2010	4.65	16,729	2,444	-	-	-
2011	4.65	17,507	1,666	-	-	-
2012	4.65	18,321	852	-	-	-
		\$ 86,875	8,990		\$ 28,121	1,985

Year Ending June 30,	Bus lease of July 25, 2005			Total	
	Interest Rate	Principal	Interest	Principal	Interest
2008	3.94 % \$	80,741	9,926	\$ 112,813	12,080
2009	3.94	83,922	6,743	114,289	10,602
2010	3.94	87,229	3,437	103,958	5,881
2011		-	-	17,507	1,666
2012		-	-	18,321	852
		<u>\$ 251,892</u>	<u>20,106</u>	<u>\$ 366,888</u>	<u>31,081</u>

Computer Lease

During the year ended June 30, 2007, the District entered into a lease agreement with Dell. The General Fund will be used to liquidate the computer lease liability. The details of the repayment of this lease are as follows:

Year Ending June 30,	Computer lease of July 11, 2006		
	Interest Rate	Principal	Interest
2008	7.46 % \$	27,400	4,242
2009	7.46	29,446	2,197
		<u>\$ 56,846</u>	<u>6,439</u>

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, 2007, totaled \$64,089. 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, 2007, \$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, 2007, \$1,665,000 of such bonds is outstanding. Defeasement of principal and interest for the year was \$0 and \$82,535 respectively.

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, 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, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$633,176, \$654,296, and \$568,635 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, 2007 were \$1,166,209.

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 \$673,277 for the year ended June 30, 2007 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, 2007 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Student Activity</u>	<u>School Nutrition</u>
Local appropriation				
Tuition	\$ 184,476	\$ 0	\$ 0	\$ 0
Entry fees	0	0	1,090	0
Total local appropriation	<u>184,476</u>	<u>0</u>	<u>1,090</u>	<u>0</u>
State appropriation				
Non-public transportation aid	1,435	0	0	0
Conservation grant	500	0	0	0
Fuel tax refund	653	0	0	0
Local option sales and services tax	0	224,753	0	0
Total state appropriation	<u>2,588</u>	<u>224,753</u>	<u>0</u>	<u>0</u>
Federal appropriation				
Vocational Education	4,822	0	0	0
Team Nutrition Grant	0	0	0	500
Medicaid reimbursement	1,471	0	0	0
Title VIA	7,445	0	0	0
Title I	47,164	0	0	0
Part B	56,027	0	0	0
Total federal appropriation	<u>112,107</u>	<u>0</u>	<u>0</u>	<u>500</u>
Total due from other governments	<u>\$ 299,171</u>	<u>\$ 224,753</u>	<u>\$ 1,090</u>	<u>\$ 500</u>

Note 15. Construction Commitments

The District has active construction projects as of June 30, 2007. The projects include the Middle School classroom addition project and Mapleleaf Track resurface project. The District entered into contracts totaling \$8,709,585. As of June 30, 2007, costs of \$1,539,608 had been incurred against the contracts. The balance of \$7,169,977 remaining at June 30, 2007 will be paid as work on the projects progress.

Note 16. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2007, expenditures in the support services, non-instructional programs and other expenditures 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, 2007

	Governmental Fund Types - Actual	Proprietary Fund Types - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 8,993,441	\$ 493,228	\$ 9,486,669	\$ 8,710,383	\$ 8,710,383	\$ 776,286
Intermediate sources	1,139	0	1,139	0	0	1,139
State appropriations	10,147,236	10,357	10,157,593	10,185,052	10,185,052	(27,459)
Federal appropriations	616,687	377,526	994,213	890,000	890,000	104,213
Total revenues	19,758,503	881,111	20,639,614	19,785,435	19,785,435	854,179
Expenditures:						
Instruction	11,684,960	0	11,684,960	11,860,000	12,200,000	515,040
Support services	4,744,851	13,025	4,757,876	4,466,500	4,580,000	(177,876)
Non-instructional programs	22,276	840,053	862,329	804,000	820,000	(42,329)
Other expenditures	4,160,606	0	4,160,606	2,603,682	4,100,000	(60,606)
Total expenditures	20,612,693	853,078	21,465,771	19,734,182	21,700,000	234,229
Excess(deficiency) of revenues over(under) expenditures	(854,190)	28,033	(826,157)	51,253	(1,914,565)	1,088,408
Other financing sources, net	8,714,045	0	8,714,045	2,500	2,500	8,711,545
Excess(deficiency) of revenues and other financing sources over(under) expenditures	7,859,855	28,033	7,887,888	53,753	(1,912,065)	9,799,953
Balance beginning of year	2,043,311	41,332	2,084,643	1,595,376	1,595,376	489,267
Balance end of year	\$ 9,903,166	\$ 69,365	\$ 9,972,531	\$ 1,649,129	\$ (316,689)	\$ 10,289,220

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2007

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 \$1,965,818.

During the year ended June 30, 2007, expenditures in the support services, non-instructional programs and other expenditures functional areas exceeded the amounts budgeted.

Other Supplementary Information

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Mount Pleasant Community School District

Nonmajor 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.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2007

	Nonmajor Special Revenue Funds			
	Management	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 15,150	\$ 183,712	\$ 1,095	\$ 199,957
Receivables:				
Property tax:				
Current year delinquent	3,579	0	0	3,579
Succeeding year	280,000	0	0	280,000
Accounts	0	815	0	815
Due from other governments	0	1,090	0	1,090
TOTAL ASSETS	\$ 298,729	\$ 185,617	\$ 1,095	\$ 485,441
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,586	\$ 37,966	\$ 0	\$ 39,552
Salaries and benefits payable	120	0	0	120
Deferred revenue:				
Succeeding year property tax	280,000	0	0	280,000
Total liabilities	281,706	37,966	0	319,672
Fund balances:				
Unreserved, undesignated	17,023	147,651	1,095	165,769
	17,023	147,651	1,095	165,769
TOTAL LIABILITIES AND FUND BALANCES	\$ 298,729	\$ 185,617	\$ 1,095	\$ 485,441

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds			Total
	Management	Student Activity	Physical Plant and Equipment Levy	
REVENUES:				
Local sources:				
Local tax	\$ 240,793	\$ 0	\$ 0	\$ 240,793
Other	18,779	374,822	296	393,897
TOTAL REVENUES	<u>259,572</u>	<u>374,822</u>	<u>296</u>	<u>634,690</u>
EXPENDITURES:				
Current:				
Instruction:				
Other instruction	0	395,432	0	395,432
Support services:				
Administration services	160,646	0	0	160,646
Operation and maintenance of plant services	68,400	0	3,325	71,725
Student transportation	18,615	0	0	18,615
Other expenditures:				
Facilities acquisition	0	0	15,964	15,964
TOTAL EXPENDITURES	<u>247,661</u>	<u>395,432</u>	<u>19,289</u>	<u>662,382</u>
Excess(deficiency) of revenues over(under) expenditures	11,911	(20,610)	(18,993)	(27,692)
OTHER FINANCING SOURCES(USES):				
Transfer in	0	0	8,912	8,912
Transfer out	0	(8,912)	0	(8,912)
	<u>0</u>	<u>(8,912)</u>	<u>8,912</u>	<u>0</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	11,911	(29,522)	(10,081)	(27,692)
FUND BALANCE BEGINNING OF YEAR	<u>5,112</u>	<u>177,173</u>	<u>11,176</u>	<u>193,461</u>
FUND BALANCE END OF YEAR	<u>\$ 17,023</u>	<u>\$ 147,651</u>	<u>\$ 1,095</u>	<u>\$ 165,769</u>

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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.

<u>Contents</u>	<u>Page</u>
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 Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 4,731,052	\$ 5,025,225	\$ 5,320,690	\$ 5,709,341	\$ 6,347,734
Restricted	536,324	258,606	263,063	247,556	1,353,216
Unrestricted	567,126	951,049	1,383,874	1,803,653	1,391,261
Total governmental activities					
net assets	\$ 5,834,502	\$ 6,234,880	\$ 6,967,627	\$ 7,760,550	\$ 9,092,211
Business-type activities:					
Invested in capital assets, net of related debt	\$ 108,998	\$ 137,881	\$ 110,273	\$ 90,109	\$ 72,109
Restricted	-	-	-	-	-
Unrestricted	77,353	6,488	(56,861)	(48,777)	(2,744)
Total business-type activities					
net assets	\$ 186,351	\$ 144,369	\$ 53,412	\$ 41,332	\$ 69,365
Primary government:					
Invested in capital assets, net of related debt	\$ 4,840,050	\$ 5,163,106	\$ 5,430,963	\$ 5,799,450	\$ 6,419,843
Restricted	536,324	258,606	263,063	247,556	1,353,216
Unrestricted	644,479	957,537	1,327,013	1,754,876	1,388,517
Total primary government					
net assets	\$ 6,020,853	\$ 6,379,249	\$ 7,021,039	\$ 7,801,882	\$ 9,161,576

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 Five Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses:					
Governmental activities:					
Instruction	\$ 10,042,568	\$ 10,298,544	\$ 10,422,833	\$ 11,128,026	\$ 11,645,465
Student services	268,432	269,415	442,021	429,673	386,643
Instructional staff services	677,927	646,894	359,645	361,439	435,568
Administration services	1,420,849	1,506,863	1,804,106	1,767,827	1,939,513
Operation and maintenance of plant	1,005,065	1,002,220	1,101,224	1,339,952	1,323,762
Pupil transportation services	655,652	585,850	655,313	682,855	724,258
Community services	16,589	31,137	30,239	27,854	27,378
Facilities acquisitions	91,779	345,155	207,107	272,975	336,751
Interest on long-term debt	483,699	352,661	336,838	400,449	623,004
AEA flowthrough	597,757	576,385	589,500	615,215	673,277
Depreciation (unallocated)	354,116	361,153	356,474	356,087	387,080
Total governmental activities expenses	15,614,433	15,976,277	16,305,300	17,382,352	18,502,699
Business-type activities:					
Administration services	-	-	-	-	437
Operation and maintenance of plant	-	-	-	-	12,588
Nutrition services	689,460	743,172	829,836	820,338	840,053
Total business-type activities expenses	689,460	743,172	829,836	820,338	853,078
Total primary government expenses	\$ 16,303,893	\$ 16,719,449	\$ 17,135,136	\$ 18,202,690	\$ 19,355,777
Program revenues:					
Governmental activities:					
Charges for services:					
Instruction	\$ 1,432,703	\$ 1,544,611	\$ 1,563,064	\$ 1,449,860	\$ 1,534,144
Support services	-	1,140	1,354	1,941	1,683
Operating grants and contributions	1,717,612	1,615,435	1,804,605	1,902,569	2,072,239
Capital grants and contributions	19,985	121,584	-	-	10,346
Total governmental activities program revenues	3,170,300	3,282,770	3,369,023	3,354,370	3,618,412

(Continued on the following page.)

Schedule 2
Mt. Pleasant Community School District

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Business-type activities:					
Charges for services:					
Nutrition	431,983	432,058	454,220	472,689	492,724
Operating grants and contributions	247,668	268,464	296,227	335,301	387,883
Capital grants and contributions	-	-	-	-	-
Total business-type program revenues	679,651	700,522	750,447	807,990	880,607
Total primary government program revenues	\$ 3,849,951	\$ 3,983,292	\$ 4,119,470	\$ 4,162,360	\$ 4,499,019
Net (expense) revenue:					
Governmental activities	\$ (12,444,133)	\$ (12,693,507)	\$ (12,936,277)	\$ (14,027,982)	\$ (14,884,287)
Business-type activities	(9,809)	(42,650)	(79,389)	(12,348)	27,529
Total primary government net expense	\$ (12,453,942)	\$ (12,736,157)	\$ (13,015,666)	\$ (14,040,330)	\$ (14,856,758)

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 3
Mt. Pleasant Community School District

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (expense) revenue:					
Governmental activities	\$ (12,444,133)	\$ (12,693,507)	\$ (12,936,277)	\$ (14,027,982)	\$ (14,884,287)
Business-type activities	(9,809)	(42,650)	(79,389)	(12,348)	27,529
Total primary government net expense	(12,453,942)	(12,736,157)	(13,015,666)	(14,040,330)	(14,856,758)
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	4,350,685
Property taxes levied for debt service	901,441	895,660	885,670	889,960	881,673
Property taxes levied for capital projects	4,919	402,769	382,584	-	-
Income surtax	-	-	-	-	449,635
Sales tax	-	6,360	6,545	1,000,109	1,209,486
Unrestricted grants and contributions	6,876,322	7,212,979	7,770,824	8,080,458	8,702,151
Miscellaneous	963	2,273	19,090	1,178	108,618
Investment earnings	41,551	29,901	98,588	221,770	513,700
Transfers	-	-	-	-	-
Total governmental activities	12,846,900	13,093,885	13,669,024	14,820,905	16,215,948
Business-type activities:					
Miscellaneous	-	-	(11,964)	-	-
Investment earnings	974	668	396	268	504
Transfers	-	-	-	-	-
Total business-type activities	974	668	(11,568)	268	504
Total primary government	12,847,874	13,094,553	13,657,456	14,821,173	16,216,452
Change in net assets:					
Governmental activities	402,767	400,378	732,747	792,923	1,331,661
Business-type activities	(8,835)	(41,982)	(90,957)	(12,080)	28,033
Total primary government	\$ 393,932	\$ 358,396	\$ 641,790	\$ 780,843	\$ 1,359,694

Source: School District financial records.

Note:

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

Schedule 4
Mt. Pleasant Community School District

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

	Fiscal Year				
	1998	1999	2000	2001	2002
General Fund:					
Reserved	\$ 49,363	\$ 34,906	\$ 68,900	\$ 135,106	\$ 143,573
Unreserved	1,328,554	1,205,907	548,598	590,089	360,891
Total General Fund	\$ 1,377,917	\$ 1,240,813	\$ 617,498	\$ 725,195	\$ 504,464
All other governmental funds:					
Reserved	\$ -	\$ -	\$ 31,927	\$ 41,279	\$ 36,110
Unreserved, reported in:					
Capital projects funds	6,279,777	542,470	382,658	38,101	22,601
Debt service funds	(35,623)	(12,248)	-	-	-
Special revenue funds	356,664	468,389	405,063	390,088	375,509
Total all other governmental funds	\$ 6,600,818	\$ 998,611	\$ 819,648	\$ 469,468	\$ 434,220

Source: School District financial records.

		Fiscal Year							
		2003	2004	2005	2006	2007			
\$	112,196	\$	88,181	\$	106,550	\$	108,111	\$	118,731
	487,298		708,927		1,224,785		1,533,868		2,145,298
\$	599,494	\$	797,108	\$	1,331,335	\$	1,641,979	\$	2,264,029
<hr/>									
\$	31,890	\$	45,193	\$	41,546	\$	-	\$	1,124,223
	9,125		15,675		6,071		143,353		6,349,145
	-		-		-		-		-
	445,869		461,908		361,853		193,461		165,769
\$	486,884	\$	522,776	\$	409,470	\$	336,814	\$	7,639,137

Schedule 5
Mt. Pleasant Community School District

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

	Fiscal Year				
	1998	1999	2000	2001	2002
Federal sources:					
Federal sources:	\$ 263,723	\$ 184,596	\$ 232,213	\$ 280,643	\$ 321,531
Total federal sources	263,723	184,596	232,213	280,643	321,531
State sources:					
State sources:	\$ 7,118,286	\$ 7,373,766	\$ 7,741,654	\$ 8,155,668	\$ 8,006,538
Total state sources	7,118,286	7,373,766	7,741,654	8,155,668	8,006,538
Intermediate sources:					
Intermediate sources:	\$ -	\$ -	\$ -	\$ -	\$ -
Total intermediate sources	-	-	-	-	-
Local sources:					
Local taxes	\$ 3,849,577	\$ 4,137,428	\$ 4,186,143	\$ 4,479,842	\$ 4,561,334
Tuition	441,112	487,905	468,577	598,698	613,069
Other revenues	2,015,903	1,780,470	1,794,113	1,632,932	1,585,482
Total local sources	6,306,592	6,405,803	6,448,833	6,711,472	6,759,885
Total revenues	\$ 13,688,601	\$ 13,964,165	\$ 14,422,700	\$ 15,147,783	\$ 15,087,954

Source: School District financial records.

Fiscal Year				
2003	2004	2005	2006	2007
\$ 614,604	\$ 664,593	\$ 696,613	\$ 660,048	\$ 616,687
614,604	664,593	696,613	660,048	616,687
\$ 7,999,315	\$ 8,285,405	\$ 8,878,816	\$ 9,322,979	\$ 10,147,236
7,999,315	8,285,405	8,878,816	9,322,979	10,147,236
\$ -	\$ -	\$ -	\$ -	\$ 1,139
-	-	-	-	1,139
\$ 5,568,948	\$ 5,873,260	\$ 5,778,014	\$ 6,517,499	\$ 6,854,304
837,688	930,847	986,354	917,245	1,113,416
636,566	644,805	676,652	756,326	1,025,721
7,043,202	7,448,912	7,441,020	8,191,070	8,993,441
\$ 15,657,121	\$ 16,398,910	\$ 17,016,449	\$ 18,174,097	\$ 19,758,503

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				
	1998	1999	2000	2001	2002
Instruction	\$ 7,694,403	\$ 8,112,293	\$ 9,019,684	\$ 9,008,312	\$ 9,487,953
Student services	386,300	337,700	354,648	410,936	442,953
Instructional staff services	539,303	875,123	813,159	758,550	688,463
Administration services	1,328,303	1,347,710	1,487,605	1,492,285	1,418,897
Operation and maintenance of plant services	956,259	956,154	1,080,520	1,023,767	848,102
Pupil transportation services	429,055	422,509	432,000	927,035	404,439
Community services	3,297	13,872	9,913	9,696	10,266
AEA Flowthrough	549,792	569,566	589,283	621,353	600,884
Capital outlay:					
Facilities acquisition/construction	4,827,537	5,994,993	492,661	493,165	325,562
Other capital outlay	-	-	-	116,305	-
Debt service:					
Principal	544,076	499,116	567,807	562,631	603,571
Interest	613,115	578,172	549,403	687,609	512,843
Total expenditures	\$ 17,871,440	\$ 19,707,208	\$ 15,396,683	\$ 16,111,644	\$ 15,343,933
Debt service as a percentage of noncapital expenditures	6.92%	5.78%	7.82%	8.41%	7.85%

Source: School District financial records.

		Fiscal Year				
		2003	2004	2005	2006	2007
\$	10,030,242	\$ 10,343,640	\$ 10,356,502	\$ 11,127,651	\$ 11,684,960	
	268,432	265,028	450,752	434,672	386,392	
	665,625	656,180	358,960	361,439	435,568	
	1,432,775	1,489,839	1,803,819	1,798,910	1,917,398	
	994,885	975,237	1,081,100	1,334,449	1,314,755	
	444,703	466,903	523,168	997,830	690,738	
	21,322	21,286	21,254	22,452	22,276	
	597,757	576,385	589,500	615,215	673,277	
	99,211	291,286	351,793	623,208	2,261,377	
	-	-	-	-	-	
	660,883	695,838	724,376	742,099	799,377	
	481,826	386,055	354,994	365,451	426,575	
\$	15,697,661	\$ 16,167,677	\$ 16,616,218	\$ 18,423,376	\$ 20,612,693	
		7.85%	7.17%	6.95%	6.40%	6.32%

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				
	1998	1999	2000	2001	2002
Excess of revenues over (under) expenditures	\$ (5,743,043)	\$ (4,182,839)	\$ (973,983)	\$ (963,861)	\$ (255,979)
Other financing sources (uses):					
General long-term debt issued	-	2,160,000	-	4,695,000	-
Advance refunding of bonds	-	100,000	-	(4,530,000)	-
Accrued interest	-	-	-	-	-
Refunding debt issued	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	-
Proceeds on school bus lease	-	-	-	-	-
Proceeds from computer lease	-	-	-	-	-
Sale of capital assets	3,732	3,346	13,285	507	-
Proceeds on loans	-	-	158,420	555,871	-
Transfers in	-	-	-	-	198,238
Transfers out	-	-	-	-	(198,238)
Total other financing sources					
(uses)	3,732	2,263,346	171,705	721,378	-
Net change in fund balances	\$ (5,739,311)	\$ (1,919,493)	\$ (802,278)	\$ (242,483)	\$ (255,979)

Source: School District financial records.

Fiscal Year				
2003	2004	2005	2006	2007
\$ (40,540)	\$ 231,233	\$ 400,231	\$ (249,279)	\$ (854,190)
2,205,000	-	-	-	8,500,000
(2,185,000)	-	-	-	-
-	-	-	-	31,778
-	-	-	1,740,000	-
-	-	-	(1,693,753)	-
-	-	-	420,238	86,875
-	-	-	84,122	88,488
963	2,273	20,690	1,178	6,904
95,196	-	-	-	-
212,055	201,820	195,441	204,023	452,339
(212,055)	(201,820)	(195,441)	(204,023)	(452,339)
116,159	2,273	20,690	551,785	8,714,045
\$ 75,619	\$ 233,506	\$ 420,921	\$ 302,506	\$ 7,859,855

Schedule 8
Mt. Pleasant Community School District

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

(Unaudited)

Fiscal Year	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
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
2007	346,115,250	110,001,950	100,904,209	189,124,708	367,896,701	13.88995

Source: Henry County Auditor

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

(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	County	Community		City of		Town of		Town of	
						College	Mt. Pleasant	Salem	Rome	Westwood			
1998	\$10.02188	\$1.00500	\$2.56283	\$0.40639	\$7.69392	\$0.82984	\$11.30000	\$9.01147	\$8.10000	\$6.46277			
1999	10.53234	0.99001	2.68497	0.31457	7.42855	0.68873	11.01796	9.57119	6.83839	6.46280			
2000	9.83783	1.00500	2.58065	0.21769	7.68484	0.60605	11.00783	10.34971	10.78206	6.46277			
2001	10.01478	1.00000	2.43203	0.35312	7.81962	0.78870	11.08357	10.42049	11.21141	6.65983			
2002	9.93763	1.00000	2.38764	0.39142	7.31041	0.72115	11.41781	10.73317	10.45189	0.00000			
2003	10.39720	1.00000	2.34767	0.20759	7.20526	1.08184	11.51999	10.60912	10.32144	6.00017			
2004	10.29151	1.00000	2.22376	0.57620	7.52094	0.99765	12.63999	11.09504	11.19415	6.00009			
2005	10.60918	1.00000	2.31497	0.56505	8.55807	0.98283	12.63999	11.61646	10.42443	6.00009			
2006	10.73185	0.00000	2.31375	0.53489	8.86528	0.98258	12.64000	11.95950	8.37000	6.00344			
2007	10.96833	0.00000	2.27900	0.64262	9.38846	0.98827	12.24086	12.53413	8.37443	6.00328			

Source: Henry County Auditor

Notes: Assessed value equals estimated value.

Schedule 10
Mt. Pleasant Community School District

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

Taxpayer	2007			1998		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Wal-Mart Property, Inc.	\$ 19,033,760	1	5.17%	\$ 16,647,550	1	5.41%
Wal-Mart Stores East	8,792,792	2	2.39%	2,192,040	10	0.71%
Wal-Mart Real Estate Business Trust	6,733,910	3	1.83%			
WCK Mt. Pleasant LC	4,809,139	4	1.31%			
Pioneer Hi-Bred International	4,755,710	5	1.29%	5,817,210	2	1.91%
Hearth and Home Technologies Inc.	4,136,880	6	1.12%			
Metromail Corporation	3,787,522	7	1.03%			
Mt. Pleasant Assisted Living LLC	3,062,904	8	0.83%			
CECO Company	2,479,270	9	0.67%	2,581,867	9	0.85%
Prairie Ag Cooperative	2,454,300	10	0.67%			
Iowa Telecommunications Services				5,095,592	4	1.66%
BNSF Railway				3,990,297	6	1.31%
Mapleleaf Care Center				5,629,385	3	1.85%
Heatilator Inc.				4,001,421	5	1.31%
Blue Bird Body Co.				3,232,389	7	1.06%
Mt Pleasant Warehouse				2,624,440	8	0.86%
Total	<u>\$ 60,046,187</u>		<u>16.32%</u>	<u>\$ 51,812,191</u>		<u>16.94%</u>

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
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%	3,766	4,987,287	99.35%
2007	5,216,886	5,232,358	100.30%	-	5,232,358	100.30%

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	Revenue Bonds	Total Bonds	Percent of Actual Taxable Value of Property (a)	Per Capita (b)
1998	\$ 10,620,000	\$ -	\$ 10,620,000	3.45%	\$865
1999	10,295,000	-	10,295,000	3.31%	\$838
2000	9,945,000	-	9,945,000	3.05%	\$810
2001	9,725,000	-	9,725,000	2.68%	\$792
2002	9,285,000	-	9,285,000	2.56%	\$698
2003	8,835,000	-	8,835,000	2.41%	\$664
2004	8,315,000	-	8,315,000	2.23%	\$625
2005	7,770,000	-	7,770,000	2.03%	\$589
2006	7,295,000	-	7,295,000	1.91%	\$553
2007	6,705,000	8,500,000	15,205,000	3.99%	\$1,153

Source: School District financial records and Henry County Auditor.

Notes:

- (a) Actual taxable value of property includes Tax Increment Financing valuation. Assessed value equals estimated actual value.
- (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			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Revenue Bonds	Capital Leases			
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%	831
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%	600
2006	7,295,000	-	457,748	7,752,748	3.64%	588
2007	6,705,000	8,500,000	423,734	15,628,734	N/A	1,186

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, 2007

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
City of Mount Pleasant	\$ 27,998,000	100.00%	\$ 27,998,000
Henry County	280,000	64.43%	\$ 180,404
Jefferson County	525,420	0.39%	\$ 2,049
Lee County	-	0.37%	\$ -
Van Buren County	-	0.02%	\$ -
Great River Area Education Agency	1,900,000	12.78%	\$ 242,820
Southeastern Community College	9,733,220	12.78%	\$ 1,243,906
			29,667,179
			15,628,734
			\$ 45,295,913

Subtotal, overlapping debt

District direct debt

Total direct and overlapping debt

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)

	1998	1999	2000	2001	2002
Debt limit	\$ 20,323,238	\$ 21,565,519	\$ 23,032,439	\$ 24,842,043	\$ 24,868,159
Total net debt applicable to limit	10,620,000	10,295,000	9,945,000	9,725,000	9,285,000
Legal debt margin	\$ 9,703,238	\$ 11,270,519	\$ 13,087,439	\$ 15,117,043	\$ 15,583,159
Total net debt applicable to the limit as a percentage of debt limit	52.26%	47.74%	43.18%	39.15%	37.34%

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 2007

Actual assessed value (a)	<u>\$ 581,229,693</u>
Debt limit (5% of assessed value) (b)	\$ 29,061,485
Debt applicable to limit	<u>15,205,000</u>
Legal debt margin	<u>\$ 13,856,485</u>

2003	2004	2005	2006	2007
\$ 27,009,422	\$ 27,611,425	\$ 27,813,242	\$ 28,010,989	\$ 29,061,485
8,835,000	8,315,000	7,770,000	7,295,000	15,205,000
<u>\$ 18,174,422</u>	<u>\$ 19,296,425</u>	<u>\$ 20,043,242</u>	<u>\$ 20,715,989</u>	<u>\$ 13,856,485</u>
32.71%	30.11%	27.94%	26.04%	52.32%

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)
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	212,910,975	30,089	16,152	5.30
2006	13,182	N/A	N/A	N/A	4.30

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)

Employer	2007			1998		
	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	325	6	3.28%	310	6	2.95%
Mt. Pleasant Foods	250	7	2.52%			
Mackay Envelopes	218	8	2.20%			
CECO Buidling Systems	200	9	2.02%	200	10	1.90%
Goodyear Tire and Rubber Company	188	10	1.90%	240	9	2.29%
Motorola Inc.				750	2	7.14%
Bluebird Midwest Inc.				300	7	2.86%
The HON Company				250	8	2.38%
Total	3,878		39.16%	4,665		44.43%

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				
	1998	1999	2000	2001	2002
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	123.8	125.0	129.2	131.9	132.7
Special Education teachers	22.3	22.3	21.0	19.0	18.8
Paraeducators, Regular	13.5	16.6	18.3	21.0	17.0
Paraeducators, Special Education	16.0	20.0	22.0	25.5	29.0
Total instruction	175.6	183.9	190.5	197.4	197.5
Student services:					
Guidance counselors	6.0	6.0	6.0	6.0	6.0
Nurses	1.0	1.0	1.0	2.0	2.0
Media Specialists	3.0	3.0	3.0	3.0	3.0
Total student services	10.0	10.0	10.0	11.0	11.0
Support and administration:					
Clerical/secretarial	17.5	17.5	17.5	17.5	18.0
Custodial and Maintenance	17.5	17.5	17.5	17.5	17.5
Food Service	13.0	15.0	15.0	14.3	16.4
Bus Drivers	8.5	8.5	8.5	8.5	8.5
Total support and administration	56.5	58.5	58.5	57.8	60.4
Total	255.9	266.2	272.8	280.0	282.7

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change 1998-2007
2003	2004	2005	2006	2007	
1.0	1.0	1.0	1.0	1.0	0.0%
1.0	1.0	1.0	1.0	1.0	0.0%
4.0	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%
12.8	12.8	12.8	12.8	12.8	-7.2%
132.8	130.9	132.2	136.1	136.8	10.5%
19.0	21.0	21.0	21.0	21.5	-3.6%
19.5	17.0	17.0	25.0	25.0	85.2%
30.0	31.0	43.0	41.0	44.0	175.0%
201.3	199.9	213.2	223.1	227.3	29.4%
3.0	3.0	3.0	3.0	3.0	-50.0%
2.0	2.0	2.0	2.0	2.0	100.0%
1.0	1.0	1.0	1.0	1.0	-66.7%
6.0	6.0	6.0	6.0	6.0	-40.0%
17.7	17.7	17.7	17.7	17.7	1.1%
17.5	17.5	20.0	20.0	19.0	8.6%
16.4	16.4	14.6	14.6	14.6	12.3%
8.5	8.5	9.0	9.0	9.0	5.9%
60.1	60.1	61.3	61.3	60.3	6.7%
280.2	278.8	293.3	303.2	306.4	19.7%

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
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%
2007	2,190	17,056,907	7,789	5.83%

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 Students Receiving Free or Reduced-Priced Meals
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%
18,502,699	8,449	6.54%	158.3	13.83	32.20%

Schedule 20
Mt. Pleasant Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year				
	1998	1999	2000	2001	2002
Elementary:					
Harlan (1955)					
Square feet	12,410	37,410	37,410	37,410	37,410
Capacity	275	275	275	275	275
Enrollment	241	244	243	232	227
Lincoln (1950)					
Square feet	10,935	35,935	35,935	35,935	35,935
Capacity	275	275	275	275	275
Enrollment	252	255	253	242	237
Salem (1963)					
Square feet	13,617	13,617	13,617	13,617	13,617
Capacity	140	140	140	140	140
Enrollment	111	112	111	106	104
Van Allen (1963)					
Square feet	39,550	39,550	39,550	39,550	39,550
Capacity	440	440	440	440	440
Enrollment	402	407	406	386	378
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	501	483	489	494	476
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	676	689	709	689	650
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				
2003	2004	2005	2006	2007
37,410	37,410	37,410	37,410	37,410
275	275	275	275	275
234	239	249	246	246
35,935	35,935	35,935	35,935	35,935
275	275	275	275	275
244	249	260	256	256
13,617	13,617	13,617	13,617	13,617
140	140	140	140	140
107	109	114	112	112
39,550	39,550	39,550	39,550	39,550
440	440	440	440	440
391	398	415	391	391
67,370	67,370	67,370	67,370	67,370
525	525	525	525	525
469	446	453	483	483
115,000	115,000	115,000	115,000	115,000
750	750	750	750	750
670	669	641	676	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
2006-2007	\$27,415	\$58,394	\$45,579
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

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, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION (non-cash)	10.550	FY 07	<u>49,528</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 07	286,153
SCHOOL BREAKFAST PROGRAM	10.553	FY 07	41,345
TEAM NUTRITION GRANT	10.574	FY 07	500
			<u>327,998</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-G	193,835
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-GC	17,162
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	4536-D	23,619
			<u>234,616</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES (TITLE V PROGRAM)	84.298	FY 07	<u>2,495</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATES GRANTS	84.186	FY 07	<u>7,517</u>
FUND FOR THE IMPROVEMENT OF EDUCATION(FIE GRANT)	84.215K	FY 06	532
FUND FOR THE IMPROVEMENT OF EDUCATION(FIE GRANT)	84.215K	FY 07	264
			<u>796</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 07	<u>77,647</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 06	11,270
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 07	14,889
			<u>26,159</u>

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
<u>DEPARTMENT OF EDUCATION(CONTINUED):</u>			
<u>GREAT RIVER AREA EDUCATION AGENCY:</u>			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 07	<u>24,108</u>
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 07	<u>112,054</u>
ENHANCING EDUCATION THROUGH TECHNOLOGY(E2T2)	84.318	FY 07	<u>1,118</u>
DEPARTMENT OF HUMAN SERVICES: MEDICAID ASSISTANCE PROGRAM	93.778	FY 07	<u>2,112</u>
TOTAL			<u>\$ 866,148</u>

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Mount Pleasant Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 19, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Mount Pleasant Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mount Pleasant Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We identified no deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part 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, 2007 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of 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.

December 19, 2007

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and 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, 2007. 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 grant 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, 2007.

Internal Control Over Compliance

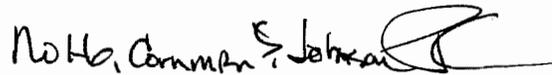
The management of Mount Pleasant Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mount Pleasant Community School District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

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.


NOLTE, CORNMAN & JOHNSON, P.C.

December 19, 2007

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies 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 significant deficiencies 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, 2007

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No reportable conditions were reported.

MOUNT PLEASANT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget - District disbursements for the year ended June 30, 2007, exceeded the amount budgeted in the support services, non-instructional programs and other expenditures functional areas.

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

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

Conclusion - Response accepted.

IV-B-07 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-07 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-07 Business Transactions - No business transactions between the District and District officials were noted.

IV-E-07 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-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-07 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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